

Title:		Contents:	<b>A-0300</b>
<b>DEPARTMENTAL AUTHORITY</b>		Submitted By:	<b>Purchasing Division</b>
		Approved By:	<b>Purchasing Agent</b>
Effective Date:	<b>11/22/16</b>	Supersedes No.:	<b>11/01/11</b>
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**General**

Acquisitions of personal property are made by the Purchasing Agent pursuant to:

- California Government Code 25501, et seq.;
- County Code, Title 2, Chapter 2.81; and
- Section 24 of the County Charter.

**Delegation of Purchasing Authority to Departments**

The Purchasing Agent has the authority to delegate certain types and dollar values of procurements to individual County departments when it is determined to be more efficient, cost effective and in the best interest of the County. This delegation requires the respective department to comply with established Purchasing policies and procedures, and to meet other standards established for training and accountability as prescribed by the Purchasing Agent, as well as internal certification and control standards established by the Auditor-Controller. The level of authority delegated by the Purchasing Agent varies depending on whether the goods or services are considered to be "Agreement" or "Non-Agreement" purchases.

**Agreement Purchases**

The Purchasing Agent establishes agreements with a wide variety of vendors for commonly purchased supplies and equipment. County departments are delegated the authority to make purchases against these agreements since prices, terms and purchase conditions have already been established by the Purchasing Agent.

In most cases\*, departments are not limited as to the amount they may purchase against an agreement (i.e., since the prices have already been established). However, in all cases, departments must ensure that any purchases made are within their budgetary authority.

*\*Exceptions:*

- a) Photocopier Agreements. Departments can purchase photocopy equipment up to \$250,000 per order through an agreement vendor, without the involvement of the Purchasing Agent. Any aggregate total of photocopy equipment that exceeds \$250,000 must be processed, via electronic requisition, through ISD Purchasing Division for solicitation among the agreement vendors.
- b) Computers, Software and Peripherals Agreements. Departments can purchase up to \$100,000 per order through an agreement vendor, without the involvement of the Purchasing Agent. Any aggregate total of computer, software or peripheral equipment that exceeds \$100,000 must be processed, via electronic requisition, through the ISD Purchasing Division for solicitation among the agreement vendors.
- c) Furniture. Departments can purchase up to \$100,000 per order through an agreement vendor, without the involvement of the Purchasing Agent. Any aggregate total of furniture that exceeds \$100,000 must be processed, via electronic requisition, through the ISD Purchasing Division for solicitation among the agreement vendors.
- d) Capital Equipment (Fixed Assets). All Capital Equipment purchases must be submitted, via electronic requisition, to the ISD Purchasing Division for processing in accordance with the agreement.
- e) Badges. All badge requests (except for the Sheriff's Department) must be processed by the Purchasing Agent, regardless of dollar amount.

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**Non-Agreement Purchases**

“Non-Agreement” purchases reflect instances where the County does not have an existing agreement with a vendor or a group of vendors for a specific service or commodity. In these cases, a vendor is selected on a purchase-by-purchase basis.

Purchasing materials or services from non-agreement vendors that are otherwise available via a County agreement is only authorized when the items or services can be obtained at a lower price than the agreement pricing, and are within the department’s delegated purchasing authority, and in compliance with the applicable bidding requirements.

Subject to compliance with County purchasing and internal control standards, the Purchasing Agent has established three levels of delegated authority for County departments, to make non-agreement purchases of equipment, supplies and services.

**Level One - \$5,000**

County departments with Level One authority may purchase non-agreement goods or services up to \$5000 without the direct involvement of the Purchasing Agent. These departments are responsible for ensuring their procurement practices (e.g., price quotes, etc.) comply with County purchasing requirements.

**Level Two - \$15,000**

On August 31, 1998, the Purchasing Agent established a Board approved, Increased Delegated Purchasing Authority program in conjunction with recommendations made by the California State Auditor. This program increases the delegated authority for approved departments from \$5,000 to \$15,000 for non-agreement purchases. Departments must request to participate in the program, and must certify adherence to, and strict compliance with, County purchasing policies and procedural requirements. In addition to certification, the Purchasing Agent verifies compliance with Internal Control Plans with the Auditor-Controller, before approving a department to participate in the program.

**Exception**

Sole source purchases over \$5,000, which are reported to the Board by the Purchasing Agent on a monthly basis, are not delegated to departments regardless of their delegated authority.

**Level Three - \$5,001 up to 24,999**

On October 1, 2016, the Purchasing Agent established a Simplified Acquisition Process (SAP), which applies to departmental purchases from \$5,001 up to \$24,999. It applies only to spot purchases made from a certified Local Small Business Enterprise, a certified Disabled Veteran Business Enterprise or a certified Social Enterprise, herein referred to as “Preference Program Entity” or PPE.

Subject to the exclusions and restrictions stated herein, County departments are authorized to acquire goods or services from \$5,001 up to \$24,999 directly from a PPE by using a two-bid process.

**Solicitation Criteria**

Departmental authority to conduct solicitations for non-agreement purchases must conform to the following criteria:

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- a) **Up to \$1,500** – Only one quote is required. However, unless there is a compelling need to expedite the purchase or there is a known low cost source, at least two quotes are encouraged when conducting a solicitation. These quotes may be solicited and received via telephone, fax or other electronic means.
- b) **\$1,501 to \$5,000** – A Minimum of three quotes are required, unless a department uses a PPE to fulfill the requirement in which case the department only need document the PPE information for the transaction. Otherwise, a minimum of three quotes are required.

**Note:** For purchases of \$1,501 to \$5,000, if a price is solicited from only one vendor or PPE, evidence must be kept on file for auditing purposes to justify the single source. Such evidence must include either substantiation of a true monopoly or a record based on prior competitive effort to prove the best source is being used or the department selected a PPE (see County Purchasing Policy No. P-3700, Sole Source Purchases).

Unless granted **Level Two** authority by the Purchasing Agent, **any requirements over \$5,000** (that is not a **Level Three** authority bid) shall be submitted, via electronic requisition in the eCAPS procurement system to the Internal Services Department's (ISD) Purchasing Division.

- c) **\$5,001 to \$15,000** - (Excluding Sole Source Purchases, see **Exception**, above) – A minimum of three quotes are required for these solicitations (vendor fax quotes or other vendor source documents are required). Any solicitation over \$10,000 must be posted on the County's bid webpage, unless it is a **Level Three** Authority bid, as noted herein.

The below requirements shall also apply to **Level Two** solicitations:

- All solicitations over \$5,000 require the execution of the PPE preference. For any bids released after October 1, 2016, departments are required to apply the 15% cost component preference to any PPE that is certified and claims the preference. For further information on the PPE Preference Program, please refer to the Department of Consumer and Business Affairs website at <http://www.dcba.lacounty.gov>.
  - Per Board Policy 5.020, Reporting Requirement for Bids/Contracts over \$10,000, all solicitations and awards over \$10,000 must be posted on the County's bid website. The exception to this requirement is a **Level Three** Authority solicitation, explained in **paragraph d** below. Departments may obtain further information regarding the posting of bids, attachments, and awards by contacting the ISD Purchasing Division's Program Support Section Help Desk, at (323) 267-2729.
  - Departments with **Level Two** authority granted by the Purchasing Agent must submit any requirement over \$15,000 (that is not a **Level Three** Authority bid), via electronic requisition in the eCAPS procurement system to the ISD Purchasing Division for solicitation.
    - All Capital Equipment (Fixed Assets) purchases must be submitted, via electronic requisition, to the ISD Purchasing Division for processing.
- d) **\$5,001 to \$24,999** – A Minimum of two quotes are required from a PPE. Departments must obtain a valid bid from at least two PPEs in order to process an award.
- A "No Bid" quote is not an acceptable bid form.
  - The following exclusions and restrictions shall apply to the SAP:

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- Personal services agreements for medical or health related patient care services are excluded from the SAP.
- Social Service contracts that require department-specific monitoring efforts or measurable outcomes are excluded from the SAP.
- Any service that is, or will, be ongoing and over \$25,000 in the aggregate is excluded from the SAP.
- The SAP is restricted to PPE that are certified with the Department of Consumer and Business Affairs (DCBA).

For additional information regarding the SAP, please refer to Purchasing Policy No. P-4700

### **Departmental Solicitations, Prohibited Practices and Purchases**

The following is a list of departmental solicitation requirements, prohibited practices and purchases. Departments that violate these restrictions may have their department's Delegated Purchasing Authority reduced or revoked at the discretion of the Purchasing Agent. Departmental personnel that willfully violate these processes may be subjected to appropriate corrective and/or administrative action by their department.

#### 1. Soliciting and Receiving Quotes from Vendors

- Depending on the Bid Level Authority referenced in paragraph b), c) and d) above, departments must obtain a valid bid from each of the minimum number of vendors in order to process an award. A "No Bid" quote is not an acceptable bid form.
- Departmental personnel conducting the bid process shall be responsible to generate a list of qualified vendor, including PPEs by commodity code to be used in the acquisition, via the associated web portal link on the Purchasing & Contracting webpage at: <http://purchasingcontracts.co.la.ca.us/>.
- Where multiple vendors and/or PPEs are identified for any given commodity or service, the selection of PPEs to participate in the bid process should be on a rotational basis.
- For Level One (over \$1,500), Level Two and Level Three solicitations - each participating vendor and/or PPE must be provided the same information, specification(s) and/or statement of work (in written form) and at the same time by which to provide a quote by the soliciting department. This information may be provided, and quotes received in person, via fax, .pdf, or other electronics means.
- Whenever more than one quote is being solicited, departmental personnel conducting the solicitation shall be responsible to ensure that quotes are due by a specific date and time from the participating vendors and/or PPEs. In no instance shall departmental personnel share or otherwise disclose quotes with or between participating or other PPEs, or other vendors before the quotes are received and evaluated.
- The resultant award must be made to the low bid vendor or PPE that meets the department's specifications or statement of work. The department shall be responsible to maintain all records and documents regarding solicitations and awards, including, but not limited to: the written specifications and/or statement of work provided to the participating vendor(s) and/or PPEs; the participating vendor(s) and/or PPEs and their written responses; the cost evaluation; the award; and any justification that shows a low bid did not meet the departments requirements.

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- Departments are prohibited from using or transcribing specifications or a statement of work prepared by a vendor or contractor. Similarly, departments are not to prepare a specification or statement of work that narrows or restricts competition.

2. Conducting Solicitations Above Delegated Purchasing Authority

County departments are not authorized to conduct bids for the acquisition of equipment, services or supplies beyond their delegated purchasing authority, or for those purchases that are explicitly prohibited (i.e. Sole Source purchases). Departments may solicit a written estimate from vendors for information and/or budgeting purposes, and attach the quote(s) to a properly completed requisition to be submitted to the ISD Purchasing Division as reference for the Purchasing and Contracts Analyst who will conduct the solicitation. However, there should be no expectation that any quotes submitted with a requisition will be used to issue a purchase order nor may a department commit or obligate the County to purchase from any single vendor.

3. Supplementing, Changing or Otherwise Altering Purchase Orders

County departments are not authorized to change the prices, terms and conditions of a Purchase Order issued by the Purchasing Agent. Official changes and/or supplements to purchase orders must be processed through and approved by the Purchasing Agent.

4. Fragmenting or Splitting Purchase Orders or Sub Orders on a Blanket PO

Under no circumstances shall a Purchase Order be fragmented or otherwise split to exceed the department's delegated purchasing authority, or to bypass established County purchasing solicitation requirements.

5. Prohibited Purchases

County funds, including Departmental Incidental Expense funds, may not be used for any of the following purposes:

- Any good or service that is otherwise illegal or unlawful to purchase, possess or contract for\*;
- Any good or service where the purchase is solely for an individual's personal use, benefit or enjoyment, and the purchase is not in furtherance of a legitimate County objective;
- Goods or services that are unallowable per regulations of the authority providing the funding (e.g., federal funds subject to OMB Circular A-122 could not be used for unallowable or prohibited items identified in the Circular, even if otherwise allowable under this policy).
- Alcoholic Beverages; with the exception of in those instances where the beverages are included in the registration fee for a conference, training session or similar event; or for authorized County law enforcement or investigative personnel during the conduct of an official investigation\*;
- Illegal Drugs or Drug Paraphernalia\*;
- Any gambling device, including but not limited to equipment specified in California Penal Code § 330 Et Seq and United States Code Title 15 § 1171\*;
- Any gambling wager, or to purchase entry to or participation in any lottery, raffle or other game of chance\*;

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- Adult Entertainment material or services\*.

\* Authorized County law enforcement and investigative personnel are exempt from these prohibitions IF the purchases are necessary in furtherance of an official investigation.

6. Special Terms, Conditions and Limitations for Services

Suppliers, contractors and vendors are entitled to receive payment for goods and services provided to the County for the Purchase Order price amount. Under no circumstances will suppliers, contractors or vendors who supply goods or services to the County of Los Angeles be entitled to or paid for more than the contract or purchase order amounts.

Under no circumstances may a supplier, contractor or other vendor be paid more than amount of the Purchase Order established by the Purchasing Agent; and in no event shall the Department supplement or otherwise order additional services once the amount of the Purchase Order has been exhausted.

Notwithstanding any other provision of the Standard or special Terms and Conditions listed herein, at no time may any vendor receive payment(s) in excess of a department's Delegated Purchasing authority in the aggregate total for the same or similar service under any one Purchase Order.