



SAN MIGUEL COMMUNITY SERVICE DISTRICT

December 16th 2021

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DISTRICT PURCHASING POLICIES, PROCEDURES, AND REGULATIONS GOVERNING CONTRACT AND PROFESSIONAL SERVICES BIDDING PROCEDURES, PURCHASES OF MATERIALS, SUPPLIES, AND EQUIPMENT

PURPOSE: To assure that the financial resources of the San Miguel Community Services District (“District”) are utilized in the most effective and efficient manner, all purchases shall adhere to these established procedures (attached herewith) and shall conform to the State of California laws and regulations pertaining to local agency purchasing policies, procedures and practices. The District purchasing procedures and practices shall conform to these provisions, and also to any adopted District Fiscal Policy and regulations, existing or amended.

The District's purchasing authority is the District General Manager or his/her designated representative. All references in this manual to the District’s purchasing authority shall automatically mean the individual acting in the capacity of District General Manager (“Manager”) and include “or his/her designee.” The fiscal limitations and thresholds contained in this manual apply on a per fiscal year basis (July 1st thru June 30th).

To implement and carry out these Purchasing Policies, Procedures, and Regulations, the District shall give special consideration in the following circumstances:

Local Vendor Preference

It shall be the policy of the District to give local vendors preference given that quality, prior performance, availability of service and parts, delivery schedule and price are equal. In matters of price, the local vendor shall be given full credit for local sales taxes, shipping/freight fees and any other fees or charges that might be applicable had the purchase been made from a non-local vendor.

Cooperative Purchasing

It shall be the policy of the District to encourage and participate, whenever possible, in cooperative purchasing endeavors with other public agencies to receive benefits of lower pricing due to the quantities of materials, supplies, equipment or services which would not otherwise be available to the District as a sole purchaser.

Limited Availability

Occasionally, required materials, supplies, equipment or services are of a proprietary nature, or are otherwise of such specific design or construction, as to be only available from one source. After receiving evidence that reasonable efforts have been made to find alternative vendors, the Manager may waive the minimum requirement for quotes, bids or proposals.

Emergency Conditions

An emergency is hereby defined as a breakdown in machinery or equipment resulting in the interruption of an essential service, or a distinct threat to public health, safety or welfare. In such cases, the Manager may waive formal purchasing requirements, but reasonable efforts shall still be made to locate the lowest cost giving due consideration to quality, prior performance, availability of service and parts and delivery schedule.

Other Agency Procurement Contracts

Minimum purchasing requirements are waived when the District elects to participate in a purchase contract of another public agency wherein they undertook a competitive bidding or purchasing process that is similar to the District's. The other public agency purchasing process must have occurred within the last twelve months in order to qualify for the District's participation, unless their purchasing contract was clearly multi-year in nature.

Internal Controls

An integral component of any policy that endeavors to maximize the use of limited fiscal resources is internal controls. Accordingly, purchasing procedures shall also contain provisions relating to access and use of District gasoline credit cards, merchant cards and travel & educational expenditures.

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PURCHASING POLICIES, PROCEDURES AND PAYMENT PROCEDURES MANUAL

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PURCHASING POLICIES, PROCEDURES, AND PAYMENT MANUAL

In order to carry out the purchasing policy of the District, the purchase of supplies, services, equipment or public works projects shall adhere to the procedures as set forth in this manual. This purchasing and payment procedures manual has been drafted to provide consistency with adopted District Fiscal and Financial Policies.

Section 1.0 PURCHASES LESS THAN \$5,000

Provided that there are adequate budget appropriations available and that no administrative restrictions have been imposed by the General Manager or his/her designee, a Department Head or Supervisor may purchase supplies and services up to \$5,000.00 without approval of the Manager, Board of Directors or issuance of a purchase order except as follows.

Section 2.0 EXCEPTIONS TO SECTION 1.0

- a) All computers must be purchased with prior approval of the Manager.
 - b) All software regardless of cost must be approved by the Manager.
- Preference to local vendors shall be encouraged given that quality, service, and price are similar.

Section 3.0 PURCHASES GREATER THAN \$5,000 BUT LESS THAN \$25,000

Provided that there are adequate budget appropriations available and that no administrative restrictions have been imposed by the General Manager or Board of Directors, a Department Head or Supervisor may purchase supplies and services over \$5,000.00 but less than \$25,000.00 subject to purchase order approval from the General Manager. The purchase order must be prepared and approved prior to the purchase commitment.

The Manager must solicit competitive bids prior to the preparation and issuance of a purchase order. Bid results should be attached or noted on the face of the purchase order. Preference to local vendors shall be encouraged given that quality, service, and price are similar.

Section 4.0 PURCHASE ORDERS

Purchase orders shall be issued for acquisitions of supplies, equipment, and services (including professional), wherein the estimated total purchase is expected to exceed \$5,000.

Purchase orders should be issued for the estimated total amount, even when individual, repeat acquisitions are less than \$5,000. Examples include the transport of sewer sludge wherein any individual transport is less than \$5,000 but the estimated total annual cost exceeds \$5,000. Another example might be the purchase of chlorine.

Subject to the requirements and limits set forth in this manual, the General Manager may approve a purchase order for up to \$25,000.00. Any purchase orders greater than \$25,000.00 or more shall require the Board of Director's concurrence.

Purchase orders may have multiple budgetary account numbers and may include multiple departments.

The issuance of purchase orders shall be made prior to any purchase commitment to the vendor pursuant to the following procedures:

1. The department shall complete a purchase order form providing all the required data in the spaces provided. [For example: Each purchase order issued shall be numbered sequentially with two components, Calendar year and sequential purchase order number (IE 2021-001), wherein the first component consists of the four digit of the calendar year; the second component consists of three digits representing the sequential purchase order number(to be assigned)].
2. Upon completion of the purchase order, the purchase order shall be signed by the Manager. Upon approval or denial, the purchase order is sent to the initiating department. If approved, the purchase order shall be distributed as follows:
 - a) Copy to Vendor
 - b) Copy to District Financial Officer
 - c) Original to issuing department

Section 5.0 QUOTATIONS AND BIDS

Department Head or General Manager may exercise their own discretion with regard to vendor choice for purchases of less than \$5,000.00.

For purchases greater than \$5,000.00 but less than \$25,000.00 General Manager shall endeavor to solicit quotations from at least three vendors. The lowest responsive bid shall be awarded by the General Manager. After the bid is awarded, a purchase order shall be issued in accordance with Section 4.0 herein. The purchase order or an attachment to the purchase order should note the vendors contacted and the amount of their quote.

For purchases greater than \$25,000.00 the General Manager shall solicit competitive bids through sourcing vendors, or wherein a legal notice shall be published in an officially designated newspaper and/or in trade journals or association bidding websites that maintain or publish public agency competitive bids. The bid(s) shall be submitted directly to the General Manager, who shall hold said bid(s) until the advertised date and time of opening the proposing company demonstrating the best value to the district shall be awarded by the Board of Directors. After the bid is awarded, a purchase order shall be issued in accordance with Section 4.0 herein.

Local Vendor Preference

The District endeavors to stimulate the local economy by using its purchasing power to support local businesses within boundaries of SMCS D and promote the creation and retention of local jobs. To that end, the District may grant a preference to local vendors when comparing bids or quotations for the purchase of discretionary goods and services, subject to the guidelines set forth in this section.

The preference shall only apply to the procurement of materials, supplies, equipment, and services as set forth herein. In addition, the preference shall not apply to procurement that is restricted by Federal or State laws or regulations that proscribe such a preference, or to public projects subject to the California Public Contracts Code.

The preference may be granted only if the Manager determines that the local vendor is able to provide comparable goods or services as the next lowest responsive bidder. In determining whether to grant the preference, the Manager may take into account other District fiscal policies and/or criteria.

The preference shall be five percent (5%) of the local vendor's bid or quotation; however, in no event shall the total preference exceed \$5,000 for any single purchase order or contract.

The 5% preference will be used solely to determine to whom the contract should be awarded and will not in any way alter the final contract amount. A 'local vendor' must meet all the following criteria:

1. The vendor owns, leases, rents or otherwise occupies a fixed office or other commercial building or a portion thereof that has a street address within the District. A post office box shall not qualify as a local business address.
2. The vendor possesses a valid and verifiable business license issued that reflects the vendor's local address.
3. The vendor's business is staffed during business hours by an employee, or employees, employed by the vendor and conducting the vendor's local business.
4. Where the State sales tax will be paid for the purchase, the vendor must possess a valid resale license from the State Department of Equalization reflecting the vendor's business address.

To qualify for the preference, a vendor must certify in writing, in its bid or quotation to the District, that it meets the criteria of a "local vendor". The Manager shall determine if a vendor qualifies as a "local vendor". Any vendor falsely claiming to qualify as a "local vendor" shall be ineligible to transact any business with the District for a period of up to 24 months as determined by the Manager. The Manager and/or Board of Directors may also terminate all or part of any contract entered into with such a vendor. The decision of the Manager may be appealed to the Board of Directors pursuant to the review process used for bid protests.

Section 6.0 PROFESSIONAL SERVICES

Per the guidelines and expenditure thresholds set forth in section 5.0, the Manager shall solicit competitive bids wherein a legal notice shall be published in an officially designated newspaper and/or in trade journals or association bidding websites that maintain or publish public agency competitive bids. The bid(s) shall be submitted directly to the Manager, who shall hold said bid(s) until the advertised date and time of opening. The procurement of professional services

shall be based on qualifications. Such professional services shall include, but not be limited to, those provided by: engineers, management services for construction projects, architects, urban planners, geologists, hydrologists, land surveyors, landscape architects, rate consultants and assayers, real estate appraisers, licensed environmental assessors and ecologists, accountants and providers of financial services, actuaries, personnel and insurance consultants, psychologists, medical doctors, entertainers, and performers, claims consultants, and attorneys at law.

If the cost of the work to be performed is estimated to not exceed \$25,000, the Manager may issue a purchase order pursuant to Section 4.0 with the Board of Director's concurrence.

Section 7.0 SOLE SOURCE VENDORS

In the case of sole-source vendors, quotation and bid requirements may be waived by the Manager and/or the Board of Directors when in his/her/their judgment the District is best served by a particular vendor.

A purchase order and a written explanation for justification of sole sourcing shall be submitted to the Manager and/or the Board of Directors for approval. If approved, a copy of the written explanation shall be attached to the copy of the purchase order.

Section 8.0 PETTY CASH

The Manager shall be responsible for the management and accounting of petty cash funds according to the internal control procedures established by this Manual. Petty cash funds may be used for any purpose including non-overnight travel and meetings or for residual final travel accounting amounts due to an employee. Petty cash vouchers and/or petty cash reconciliation forms will be provided.

A \$100 limit shall be established for each separate use of petty cash funds except that said limit may be waived by either the Manager or his/her designee, up to a maximum of \$100.00.

In recognition that employees cannot be expected, nor required, to use personal funds to make petty cash purchases on behalf of the District, petty cash advances may be approved by the Manager.

In the case of petty cash advances, the employee receiving the advance will promptly upon making the purchase, return the receipt and any cash change to the petty cash fund and complete the petty cash voucher. Receipts are required for all petty cash expenditures. Travel per diems wherein receipts are not required is not an appropriate use of petty cash funds. However, amounts due to employees less than \$100 as determined by completion of the final accounting section of a pre-authorized travel and meeting expense claim may be reimbursed from petty cash funds.

Requests for the replenishment of petty cash funds used shall be made to the Manager on petty cash reconciliation/reimbursement request forms. The request shall summarize the amount to be replenished by the budgetary account number and have attached all expenditure receipts. The

Manager shall process said requests in accordance with established payment processing procedures.

Section 9.0 WARRANT FOR PAYMENT REQUESTS

In recognition that needs arise for the issuance of a District warrant for purposes that may not be appropriate for the issuance of a purchase order, (i.e. deposit refunds, and receipt overpayments, payroll-related needs, etc.), the Manager shall establish a warrant for payment request procedure for issuing a payment without a purchase order. Warrant for payment requests shall be processed on a basis consistent with the payment processing schedule; exceptions may be made by the Manager when the best interests of the District might be best served by the accelerated issuance of a warrant payment.

Section 10.0 TRAVEL, MEETINGS AND EDUCATION AUTHORIZATIONS

It shall be the practice of the District to reimburse expenses incurred by officials, officers, and employees of the District when expenses are incurred while on authorized travel, meetings and educational events for District business. The allowances and amounts advanced to persons traveling or meeting on official business shall be established on the basis of specific guidelines set forth below. Administrative procedures are to be amended to conform to the guidelines of this policy.

Advances and/or reimbursements for authorized travel and meetings shall be made by the Manager upon receipt of a properly completed and approved travel and meeting authorization form unless waived in writing by the Manager and/or the Board of Directors.

Travel and meeting authorization forms are available upon request. Department Heads or supervisors shall exercise reasonable effort to complete and submit authorized travel and meeting authorization forms for warrant issuance on a timeline conducive to the payment processing schedule as established by the Manager.

Requests for advances and/or reimbursements for District travel, meetings and education shall be in accordance with the procedures and requirements as noted below:

1. Travel, Meeting and Education Authorization/Expense Reconciliation

Travel on official business which exceeds a cost, actual or estimated, of \$200 or calls for an overnight stay requires the completion of the District's Travel and Meeting Authorization Form and approval by the employee's immediate supervisor and/or the General Manager. When a District vehicle is used, the cost of such use, using the current mileage rate, shall be included in determining the total cost. Travel which exceeds \$2,500 or provides for out of state travel must be submitted on a Travel and Meeting Authorization Form to the Manager for approval prior to incurring any expenses: Payment may be advanced to the traveler based upon estimated costs as detailed on the Travel and Meeting Authorization Form. Within five (5) days of return, the Travel and Meeting Authorization Form shall be completed and submitted to the Manager wherein

actual travel expenses, including amounts advanced, must be reconciled on the Travel and Meeting Authorization Form.

A Department Head and/or the Manager may exercise his/her own discretion, regardless of the length of stay, as to whether an employee receives a per diem per subsection 4 below or receives an 'advance' for itemized expenses per subsection 5 below.

However, in all cases, if any amounts paid in advance for transportation, lodging, and registration, etc. wherein overpayments occur and are refunded directly to the employee, the employee must turn over such amounts to the District.

2. Transportation

a. Commercial Carrier

Air travel for District officials and employees shall be authorized and reimbursed at the lowest possible fare class with a major air carrier. Air travel other than the lowest possible fare class will be authorized ONLY when scheduling does not permit the use of the lowest possible fare class of flight, or when the flight is four (4) hours duration or more.

District officials and employees shall endeavor to book air travel to take advantage of discounts offered for purchasing flight tickets in advance of departure; i.e. 14 or 21 days and take advantage of non-refundable ticket fares where practical.

Transportation costs for commercial carriers shall be paid by the District directly and separately whenever practical. Round trip tickets shall normally be purchased whenever commercial carriers are used. Travel expenses of a family member of an official or an employee are not eligible for payment by the District. Travel arrangements and payment of costs for family members are to be handled directly by the employee.

b. Personal Vehicles

The use of personal vehicles, when approved as a mode of travel to and from destinations, will be reimbursed at the established mileage rate. When a commercial carrier is used, a traveler will be reimbursed for personal vehicle mileage to and from the airport and the actual cost of airport parking regardless of airport location.

(1) Travel in San Luis Obispo County

Employees receiving monthly auto allowances shall not, except under special circumstances as authorized by the Manager, be eligible to use a District vehicle or receive mileage reimbursement for use of personal vehicles when travel is within San Luis Obispo County.

(2) Travel Outside San Luis Obispo County

The use of personal vehicles on District authorized business outside San Luis Obispo County will be reimbursed at the authorized mileage rate for all District officials and employees. Payment of mileage will be based upon the most direct route from point of departure to point of destination. A District official or employee may leave from his/her home for a meeting, conference, seminar or training session. However, the mileage from home to the destination should not exceed the mileage from District offices to the destination.

3. Lodging

Hotel accommodations should be arranged directly by the District, not traveler. Receipts for lodging must be attached to the Travel and Meeting Authorization Form in order to obtain reimbursement. Hotel expenses for District officials and employees only will be reimbursed at the single occupancy rate. Room movies and other miscellaneous, such as alcoholic beverages are not eligible for reimbursement including room service meals if a per diem has been provided.

4. Per Diem

Each person traveling on official District business, which includes an overnight stay, may (1) receive a per diem for meals, taxes, gratuities, and incidental expenses equal to \$75.00 if travel time is 4 hours or more per day provided that receipts are submitted to the District. If the amount shown on the receipts is less than \$75 the difference is considered taxable income; or (2) receive a per diem equal to the IRS regional allowance, in which case no receipts are required, and the full amount is non-taxable.

Meals and food charged to a motel/hotel room via room service shall be counted on the final reconciliation of the Travel and Meeting Authorization Form towards the per diem. Per diem shall be paid for travel days just prior and just after the event. One-half of the daily rate shall be paid if the distance to the event is less than 275 miles except that if the event ends later than 3:00 p.m. a full day per diem may be paid. A full day per diem shall be paid if the one-way distance is greater than 250 miles. Expense reimbursement for amounts over the per diem amount must include receipts for all expenses.

5. Itemizing Expenses

If travel encompasses not more than a single day, the traveler shall itemize the expenses incurred for reimbursement. Upon return, supporting documents such as receipts or paid invoices must be submitted on the Travel and Meeting Authorization Form. In the case of overnight travel, the traveler may claim actual expenses rather than per diem. However, all receipts or paid invoices must be submitted with the Travel and Meeting Authorization Form in order to be reimbursed.

6. Registration Fee

Registration fees charged for any authorized convention, conference, seminar or meetings are reimbursable and should be paid in advance. Effort should be made to pay registration fees directly by the District.

7. Taxi, Car Rental, Shuttle Service and Parking

Expenses incurred for car rental and limousine service will not be reimbursed unless authorization is received from the Manager prior to the travel. Whenever possible, District officials and employees should utilize hotel courtesy buses or local shuttle services. Whenever possible, hotel accommodations should be within easy access to the functions for which the travel was authorized. Taxi service should be used only when no other convenient, less costly transportation is available. Expenses for parking shall be reimbursed in addition to any other allowances paid to the traveler. Effort should be made to pay any transportation fees directly by the District.

8. District Merchant Cards

Merchant card receipts for all charges on the credit cards shall be attached to the final reconciled Travel and Meeting Authorization Form submitted to the Manager.

Fuel credit cards issued to the District may only be used to purchase fuel, diesel exhaust fluid (DEF) and oil in a District owned vehicles. Use of District fuel credit cards for personal vehicles is strictly prohibited, regardless of whether or not the use of the personal vehicle was for authorized District business.

9. Mileage Rate

The mileage rate for personal vehicle use shall be determined each January 1st by the Manager. The mileage rate shall be equal to the mileage rate allowance as set by the Internal Revenue Service for business use of a vehicle as confirmed by the Manager.

10. Miscellaneous Meetings

Miscellaneous meetings wherein food, beverages, and related sundries are provided either on-site or at a dining establishment may be paid and/or reimbursed by District when required for official business. Payment and/or reimbursement may be made via; petty cash, merchant card, vendor charge account, purchase order, warrant request or Travel and Meeting Authorization Form.

In all cases, the payment and/or reimbursement request shall be accompanied by a receipt or other documentation and in the case of the use of a merchant card, the customer copy of the merchant card charge slip. The receipt and/or payment request should clearly identify the purpose of the meeting, the general attendees (i.e. lunch with auditors) and the budgetary account number. A Travel and Meeting Authorization Form need only be utilized when the cost of an individual, miscellaneous meeting exceeds \$200.

11. Discretion

These procedures do not claim to have addressed all contingencies and conditions. Any necessary and reasonable expenses that may from time-to-time be justified due to circumstances or opportunities for the District will be honored upon approval by the Manager in the form of reimbursements to the traveler and upon adequate documentation and justification.

Section 11.0 PAYMENT REQUIREMENTS

The issuance of warrants for petty cash, warrant requests and travel, and meeting authorizations shall be made by the Manager upon receipt of the properly completed documentation and in accordance with the payment schedule as established by the Manager.

For purchase orders, preparation of the vendor payment shall be initiated by the Department Head or the Manager upon receipt of the signed "payment" copy of the purchase order. Partial payments are acceptable. Authorization for partial payment(s) may be initiated by the Manager by submitting the invoice through the Accounts Payable procedure.

For purchase orders issued for materials and/or services to be provided over time, the Manager shall initiate vendor payment solely upon receipt of the appropriate invoice(s). In order to expedite the Accounts Payable process, the following vendor invoice delivery arrangements should be made:

Invoices and Statements should be mailed to the District office and should be processed in the same manner as the daily mail. In the case where a regular vendor emails a invoice or statement it should be emailed to the Financial Officer. In the case a vendor emails an invoice to someone other than the Financial Officer it should be forwarded to the Financial Officer for processing. All invoices and statements are to be included in the general mail processing and be coded for payment by the appropriate Department Head or General Manager prior to payment.

In all instances, vendor payments shall be processed in accordance with the payment schedule unless the Manager determines that the best interests of the District would be best served by accelerating the issuance of a particular vendor payment.

The current payment schedule, as established by the Manager, is that warrant for payment requests with an invoice attached received by noon on Wednesday will have a check issued no later than the fourth following Friday except as otherwise established by the Manger.

DO NOT UNDER ANY CIRCUMSTANCES PROMISE OR OTHERWISE INDICATE TO A VENDOR THAT PAYMENT WILL BE RECEIVED ANY SOONER.

Section 12.0 MERCHANT CARDS

Purchases made by merchant card shall be made in conformance with established Fiscal Policy, the purchasing rules and restrictions as identified in Section 1.0 through 9.0 and shall in no event exceed

or circumvent the regulations set forth therein. A single purchase by credit card shall not exceed \$2,500 or the credit card account limit, whichever is less.

Merchant card account limits will be between \$2,000 and \$10,000 per month. Account limits apply to the account, not the card. For example, an account may have a limit of \$5,000, with two cards issued. Therefore, the aggregate spending total of both cards must not exceed \$5,000 per month.

Each Department Head or Supervisor will be informed of the limits placed on cards issued to his/her department and/ or divisions.

Purchases will be denied by the card issuer for any account that is delinquent or has exceeded its account limit. Departments must track their monthly spending so that they do not exceed the merchant card account limit.

1. Business Use Only

The merchant card is to be used for District purchases ONLY.

2. Conditions for Use

The total of a single purchase to be paid using the merchant card may be comprised of multiple items and cannot exceed the authorized single invoice limit. Purchases will be denied if the authorized single purchase limit is exceeded. Payments for purchases are not to be split in order to stay within the single purchase limit.

All materials, supplies, and services purchased over the counter and paid for by using the Merchant Card must be immediately available. No back-ordering is allowed unless authorized by the Manager.

All materials, supplies, and services purchased by telephone order to be paid for by merchant card must be delivered by the merchant/vendor within the 30-day billing cycle. The order should not be placed without this assurance. (Please see "Telephone Purchase Procedures" below). Merchant card use for employee travel must comply with established District travel policy.

3. Telephone Purchase Procedures

Telephone purchase procedure, as used in these instructions, means a procedure where an order is placed, or a purchase is made by telephone. The supplies or services are provided by the merchant/vendor and payment is made using the merchant card.

When placing a telephone order to be paid using the merchant card, the employee will:

- a. Confirm that the merchant/vendor agrees to charge the merchant card when the shipment is made so that receipt of the supplies may be certified on the monthly Statement of Account.
- b. Instruct the merchant/vendor to fax, mail or email the charge slip to the cardholder when the credit card is charged.
- c. A log should be used to record telephone merchant card orders (see Attachment 4). The documentation should be held until the monthly billing statement is received and then attached to the statement, along with the charge slips, when it is submitted for payment.

4. Internet Purchase Procedures

Internet purchase procedure, as used in these instructions, means a procedure where an order is placed, or a purchase is made, by internet website access. The supplies or services are provided by the merchant/vendor and payment is made using the merchant card.

When placing an internet order to be paid using the merchant card, the employee will:

- a. Confirm that the web site utilizes security protection software.
- b. Confirm that the merchant/vendor agrees to charge the merchant card when the shipment is made so that receipt of the supplies may be certified on the monthly Statement of Account.
- c. Print out a hard copy of the order confirmation before exiting the site.

5. Documentation, Reconciliation and Payment Procedures

a. Documentation

Any time a purchase is made that will be paid using the merchant card, whether it is done over the counter or by telephone or by internet, a document must be retained as proof of purchase. The documents will later be used to verify the purchases shown on the merchant card monthly statement. When a purchase is made over the counter, the employee is to obtain a customer copy of the charge slip, as well the separate invoice if any, which will become the accountable document (make sure all carbons are destroyed).

When making purchases by telephone, the employee is to immediately document the transaction on a log and attach the charge slip (and invoice, if any) when received from the vendor, along with any shipping documents associated with the order.

b. Missing Documentation

If for some reason the employee does not have documentation of the transaction to send with the statement, he/she must attach an explanation that includes a description of the item, date of purchase, merchant's/vendor's name and why there is no supporting documentation and signed by the Manager. If documentation is received after the statement has been sent for payment, the employee should send the documentation to

accounts payable with a note referencing the date of the statement to which it should be attached.

6. Merchant Card Restrictions

The following list covers purchases for which merchant card use is **prohibited**:

- a. Fuel purchases. Fuel purchases for District vehicles only must be made using a District Fuel credit card.
- b. Cash advances through bank tellers or automated teller machines.

7. Payment and Invoice Procedures

- a. Purchases made by employees will be paid by accounts payable once the purchases are coded by the Department(s) and the General Manager's approval of the transaction has been completed. Account coding shall be summarized by budget account.
- b. Original invoices, receipts and/or charge slips should be stamped with the "Approved for Payment" stamp with all fields completed, then put into the Credit Card Receipts folder in the Financial Office. If the employee wishes to retain a copy of the invoice, a copy should be made before the original is sent to the General Manager.
- c. The "Statement of Account" requires the Department/Division to review the statement and to note any errors on the bill. The Department/Division should attach to the statement all receipts (sales drafts/charge slips) received at the time of purchase with the budget account number noted on each. Travel expense charges must include a copy of the final accounting of the travel authorization form, as well as receipts pertaining to Travel purchases made by credit card. The Supervisor or Manager stamps the invoice or receipt with an "Approved for Payment" stamp, assigns account codes for each item, writes the grand total of the amount to be paid in the "amount" area provided by the "Approved for Payment" stamp, attached the summary by budget account and secures the signature of the Manager certifying items purchased and received and forwards to the accounts payable within five (5) working days after it is received. Noncompliance may mean denial of future use of cards. Merchant Card Monthly Statement Payment: The Financial Officer will match all Credit Card Receipts with the monthly statement. Any missing receipts will be requested by the Financial Officer. The final packet of Statement and receipt back ups will go to the Manager for approval before payment.

8. Approval

Approval of the transactions that employees have made using the merchant cards will not be totally defined in these procedures. Department Heads or supervisors, because of their knowledge of the job responsibilities of employees, are required to look at each employee's purchases, and at the merchant, who made the sale in order to determine if these items were for Official Use and if they were items allowed to be purchased in accordance with the instructions provided.

If, for any reason, the Manager questions the purchases(s), it is his/her responsibility to resolve the issue with the employee. If he/she cannot be satisfied that the purchase was necessary and for Official Use, then the employee must provide a Credit Voucher proving item(s) have been returned for credit, or a personal check or cash for the full amount of that purchase. Resolution for improper use of the merchant card will be the responsibility of the Manager to resolve, and disciplinary action for misuse will also be his/her responsibility to process.

9. Disputes

If items purchased with the merchant card are found defective or the repair of services faulty, the employee has the responsibility to return the item(s) to the merchant for replacement or to receive a credit on the purchase. If the merchant/vendor refuses to replace or correct the faulty item, then the purchase of this item will be considered to be in DISPUTE.

A disputed item must be noted on the statement of the account. In addition, an "Employee Statement of Questioned Item" form (Attachment 1) must be completed by the employee with appropriate documentation attached, if necessary. The Manager shall notify the merchant card issuer in accordance with the instructions on the "Employee Statement of Questioned Item" for adjustment. The form should be attached to the statement of account, with a copy retained by the Department for follow-up the following month to be sure the proper credit is received on the statement of account.

It is essential that the time frames and documentation requirements established by the merchant card issuer be followed to protect the employee's rights in dispute. Dispute policies and procedures issued by the merchant card issuer will be provided at the time merchant cards are issued to employees.

10. Requests for Initial, Additional or Changes to Merchant Cards and/or Credit Cards All requests for new accounts, additional cards or changes in account names or limits will be done by submitting "Request for Merchant or Credit Card" form to the Manager. The form will be processed by the Manager and the requesting Department Head or Supervisor will be notified when the request is processed. A minimum of thirty days should be allowed for processing requests.

11. Inventory of Merchant and/or Fuel Credit Cards

At least once annually, the General Manager will provide a list of credit cards to be issued and a physical inventory of credit cards will be performed by the Financial Officer and a report will be provided to the General Manager of the results of the inventory.

12. Lost or Stolen Merchant and/or Credit Cards

Should any employee lose or have a District credit card stolen, it is the responsibility of the Manager to immediately notify the merchant card issuer of the loss. The telephone number of the merchant card issuer will be provided when the merchant card is issued.

In addition to notifying the merchant card issuer, the Manager must notify the Board of Directors of the lost or stolen credit card WITHIN ONE WORKDAY after the discovery of the loss or theft of the card. The Manager will be required to make a written report to the Board of Directors WITHIN FIVE (5) WORKDAYS that will include the complete information on the loss, the date the loss was discovered, the location where the loss occurred if known, the purchases that the employee had made prior to the loss, and any other information that may be considered necessary.

13. Terminating Employee

The Manager shall be responsible to collect merchant and/or fuel credit cards from terminated employees.

If the Manager is unable to collect the merchant or fuel card when an employee leaves, the Manager shall notify the Board of Directors by email and immediately take action to ensure the card is voided.

The merchant or fuel card issuer shall be notified to void the merchant card to prevent any purchases after the employee leaves.

Section 13.0 CONTRACT CHANGE ORDERS

To establish a uniform procedure for documenting, review and authorization of Change Orders affecting construction contracts, these procedures shall apply to changes in the work that results in alterations, amendments or deviation from an awarded contract; thereby modifying the scope of the contract, the cost, completion schedule, material and/or equipment furnished under the awarded contract.

A Change Order is the written authorization that changes the awarded contract as noted above. The Change Order shall be for similar kinds of work as that awarded in the original contract and shall only arise in good faith from unforeseen items and/or events since the time of the bid award. Request for Change Order authorization to the General Manager shall be accompanied by a purchase order. Change Order authorization limits are established as follows:

Contracts up to \$25,000. The General Manager is authorized to approve change orders, in aggregate, up to 25% of initial contract amount.

Contracts \$25,000 - \$75,000. The General Manager is authorized to approve change orders, in aggregate, up to 20% of initial contract amount. The General Manager shall place an item on the next Board of Directors meeting for Board review.

Contracts greater than \$75,000. For contracts with an initial contract amount of \$75,000 or more, the General Manager may approve change orders, in aggregate, up to \$15,000. Change orders in excess of the aggregate \$15,000 must be approved by the Board of Directors at a scheduled board meeting.

In all cases where a Change Order would increase the cost of the project beyond the existing budget, the Change Order shall be presented to the Board of Directors along with an appropriation resolution for their consideration and approval.

Section 14.0 CONTRACTS WITH OTHER PUBLIC AGENCIES

It may be beneficial to contract with other public agencies for goods and services. In such cases, the Manager may waive normal bidding procedures if it can be shown, via the quotation procedures contained in Section 4.0, that contracting directly with another public agency is equal to or less than the cost of a private sector competitive bid contract

Section 15.0 UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING

The District shall, hereby, approve these Purchasing Policies and Procedures incorporating, by reference, the Uniform Public Construction Cost Accounting standards, and practices. This provides the opportunity for the District to undertake public projects of \$25,000 or less by force account, negotiated contract or by purchase order.

For projects greater than \$25,000 but less than \$75,000, the District may undertake an “informal” bidding procedure as set forth by State regulations. In all such cases wherein, the District opts to utilize the Uniform Public Construction Cost Accounting method, State procedures governing this procedure shall supersede the District’s purchasing procedures as identified herein.

Section 16.0 ACCOUNTS PAYABLE PROCESS

When purchasing from a new vendor, the Department Head or General Manager should provide the vendors contact information to the Financial Officer so the vendor can be entered into the accounting software and appropriate vendor information collected (i.e W-9 forms).

Invoices received for payment should be stamped with the “Received By” stamp on the date received and put into the Accounts Payable folder for the General Manager’s signature. For an invoice to be paid, the Department Head or supervisor must stamp the invoice with the “Approved for Payment” stamp and fully complete it. The General Manager will review and sign all invoices, after signed by the Department head or Supervisor but before they are entered for payment by the Financial Officer.

“Approved for Payment” stamp: Department Head or supervisor should fully complete the stamp with:

- the current date
- purchase description, resolution # or project name to be assigned to the purchase in the District’s accounting software
- list the budget account(s) the amount due should be coded to
- initials or signature of the Department Head or supervisor

Department Head or supervisor should include any special instructions with the invoice. Example: a copy of the invoice or permit should be included with payment, or if the check should not be mailed out.

Credits: Department Head or supervisor should indicate on a credit if there is a specific invoice the credit should be applied to and stamp the credit with the “Approved for Payment” stamp and fully complete it.

Vendor Statements: when received should be stamped with the “Received By” stamp and put into the AP folder for review by Department Heads, supervisors and the General Manager. All Statements should go to the Financial Officer, who will review it against the District’s records. Any open invoices/credits will be pursued, otherwise if no action is needed the statement will be filed into the vendors accounting file.

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