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| SUBJECT: Delegated Purchasing | NUMBER: 125-3-230 |
| DIVISION: Procurement, Fleet & Surplus Services Division State Procurement Office | EFFECTIVE DATE: 10-01-02 |

APPROVED:

**POLICY/
PURPOSE:**

To explain the policies and procedures allowing the purchase of commodities and trade services (OAR Chapter 125 Divisions 30, 300, 310, 320, 330 and 360). This is a delegation of purchasing authority to Agencies that allows them to purchase directly, obtain price quotes and place purchase orders directly with contractors. The appropriate policies or OARs to reference when making such purchases are listed in parentheses following the subjects.

Authorization does not extend to items or services available from Price Agreements (Policy 125-3-220), Qualified Rehabilitation Facilities (125-3-330) or Printing Purchases (Policies 125-5-101 through 103). This policy excludes Personal Service Contracting (OAR Chapter 125 Division 020) and Architects and Engineering Contracting (OAR 125 Division 065).

AUTHORITY: ORS 279.712; ORS 279.727

APPLICABILITY: State Agencies Subject to Department of Administrative Services (DAS) Authority under ORS 279.712

ATTACHMENTS: None

DEFINITIONS: None

GUIDELINES:

- I. Scope: Unless specifically exempted by statute, agencies shall purchase directly from vendors within the limits set forth in this policy. Care should be taken to assure that prudent purchasing practices are observed. Needs should be forecast and grouped together to gain economic advantage of volume purchasing.
- II. Recycled Products: ORS 279.545 through 279.650 require all Agencies to give preference to the purchasing of materials and supplies manufactured from recycled materials, if the price is within 5% of the comparable virgin product. In the case of paper products, the preference is 12%. The 5% or 12% purchasing preference shall be applied to the value of that portion of a bid for which verifiable recycle content exists (OAR 125-030-0028 and 125-030-0029).

Reciprocal Preference: Additionally, ORS 279.029 requires public contracting agencies, in determining the lowest responsive, responsible bidder, to add a percent increase to each nonresident bidder's bid price equal to the percent, if any, of the preference given to the bidder in the state in which the bidder resides (OAR 125-030-0070).

Preference Application: All solicitations shall encourage bidders to propose products that incorporate the use of recycled materials (see "Preference Policy" 125-3-501 for more details on the DAS Central Purchasing policy for Recycled Products). The award of such solicitations shall include applicable recycled preferences and reciprocal preference applicable to nonresident bidders.

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III. Classes: Below are four procurement classes with set dollar limitations for goods and services addressed in this policy:

- Class A: Unlimited Purchasing Amount
- Class B: \$75,000 Maximum Purchase Amount
- Class C: Miscellaneous
- Class D: Specific

Except for Class A or Class C, all purchases more than \$5,000, but less than \$75,000, shall require a minimum of three competitive quotes. Documentation must be kept showing the source and amount of the quotes received. Such documentation shall become a public record. If three quotes are not available, a lesser number shall suffice, provided that a record is made of the effort to obtain the quotes. For purchases of less than \$5,000, quotes should be obtained when feasible or if required by agency policy. Agencies, at their option, may make purchases of less than \$5,000 without the issuance of a purchase order.

DAS encourages the use of the electronic, on-line Vendor Information Program (VIP) for the informal quote process for those procurements less than \$75,000. Potential vendor lists electronically faxed back to agencies via the VIP System shall be considered acceptable documentation of competition.

IV. CLASS A: UNLIMITED PURCHASE AMOUNT. This class has no restrictions on dollar amount or number of purchases.

1. Sole source copyrighted materials (i.e. newly adopted textbooks, workbooks, curriculum kits, reference materials, audio and visual media, and non-mass-marketed software, as defined by OAR 125-310-0060 Copyrighted Materials).
2. Emergency purchases, subject to Policy 125-3-250.
3. Food spot buys in accordance with OAR 125-310-0135.
4. Medical and hospital purchasing cooperative in accordance with OAR 125-330-0330.
5. Equipment repair or overhaul, when:
 - a. The service or parts required are unknown and the cost cannot be determined without extensive preliminary dismantling or testing; or
 - b. The service or parts required are for sophisticated equipment for which specially trained personnel are required, and such personnel are available from only one source, and the agency purchases within the limits and pursuant to the method described as follows: If the repair or overhaul contract is anticipated to be more than \$75,000, the Agency shall document in its procurement file the reasons why competitive bids or quotes were deemed to be impractical (OAR 125-310-0035).
6. Fresh fruits and vegetables. NOTE: Verbal or written informal quotes are required. Because of the seasonal nature of this product and pricing volatility, multiple purchases in the same fiscal period are not considered repetitive.

V. CLASS B: \$75,000 MAXIMUM PURCHASE AMOUNT. In this class, the total value of any contract shall not exceed \$75,000. Each contract that is \$5,000 or more must be fully documented as described on the last page of this policy. This delegation of authority includes, but is not limited to, the following:

1. Sole source items (see OAR 125-300-0100).
2. Equipment rental having a value of less than \$75,000 for the term of the contract, including any extensions.

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3. Research equipment and supplies provided by grant funds.
4. Registration fees, meals, lodging and related expenses of attending or sponsoring conferences, workshops and training programs.
5. Non-repetitive freight and cartage expenses.
6. Supply and capital outlay items whose annual repetitive expenditure by commodity category does not exceed \$75,000 within a 12-month period. This includes all related expenses, including freight, handling, extended warranties, maintenance, and training. Notice of repetitive supply and equipment purchases that are likely to resemble other agency purchases should be forwarded to the Division to enable creation of statewide price agreements.
7. Service contracts having a value of less than \$75,000 for the term of the contract, including any extensions.

NOTE: All service contracts require insurance. Include types of coverage, limits of coverage and language as written by the Department of Administrative Services Risk Management Division.

8. Public works contracts: Contracts for material or labor used to improve or extend the value of real property. For any purchase in this category, please consult the Disadvantaged Business Enterprise, Emerging Small Business, and Minority or Women Business Enterprise Certified Directory for potential contractors. (The directory is available from the Office of Minority, Women and Emerging Small Business, Department of Consumer and Business Services.)

NOTE: There are special contract requirements for all public works contracts. Below are the Oregon Administrative Rule references that apply. Contact the Division for assistance.

All Public Works Contracts Shall Include:

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| OAR 137-030-0008 | Eligibility to bid |
| OAR 137-030-0010 | Terms and conditions applicable to public works contracts |

Insurances shall be required. Include types of coverage, limits of coverage and language as written by DAS Risk Management Division.

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| OAR 137-030-0005 | Competitive procurements |
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If the amount of the contract is \$75,000 or more, the following apply:

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| OAR 137-030-0035 & 125-360-0020 | Bid security |
| OAR 137-030-0140 & 125-360-0020 | Performance security |
| OAR 137-040-0010 | Prevailing wage rate notice |

VII. CLASS C: MISCELLANEOUS. The following items are delegated to the Agencies for direct purchase and may be purchased without competitive bidding and without the issuance of a purchase order (at the Agency's option, a purchase order may be prepared as a supporting document). This class has no restrictions on dollar amount or number of purchases.

1. Charges for utility services regulated by federal, state or local regulating authority, in accordance with OAR 125-310-0400 Price Regulated Items. (Agencies must consider possible deregulation of certain industries when making purchases. This class does not include charges for services that were previously regulated and now are deregulated. Such purchases would be made according to Class B, Item 7.)

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2. U. S. postage, which does not include express mail services, in accordance with OAR 125-310-0040 Price Regulated Items.
3. Advertising in accordance with OAR 125-310-0005.

VIII. CLASS D: SPECIFIC. The Division may authorize deviations from the above stated Delegated Authority Policy for specific contracts or classes of contracts without formally amending this policy. All authorized deviations from this policy will be in the form of an Interagency Agreement between the Division and the requesting agency. Standing delegations or single, one-time delegations may be authorized by the Division in writing. To obtain specific delegated authority, a written request for delegation must be submitted to the DAS State Purchasing Manager. This request shall be signed and dated by the Agency head or designee and shall contain the following information.

1. Project description, including parties involved, the nature of the work or product required, timing and location issues.
2. Project cost.
3. Contract term, including both beginning and ending dates, delivery dates, or other milestones.
4. Proposed contracting method, including solicitation type to be used (RFP, ITB, etc) and descriptions of any alternative methods proposed.

Delegations of Authority granted do not eliminate formal bidding requirements. Formal bidding requirements may only be eliminated through a formal Exemption (Policy 125-3-380).

Comments

Equipment and services purchased shall comply with all Federal (OSHA), State (Oregon Safety Code, UL, FM, ANSI, etc.) and local requirements. Patient care and equipment must further comply with Oregon Association of Hospitals standards for medical devices.

This document supersedes and voids all previous delegated authorities by policy.

PROCEDURES:

| <u>Step</u> | <u>Responsible Party</u> | <u>Action</u> |
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| 1. | Agency | Determine need. |
| 2. | Agency | Determine need is not available from DAS State Surplus Property or existing Division Price Agreements. If not available from these sources, Agency shall verify product is not available from a Qualified Rehabilitation Facility (QRF). |
| 3. | Agency | Determine need is not available from solicitations released but not yet awarded. Check the VIP System to see if your Agency's needs may be added to another Agency solicitation – resulting in potential saving for all participating agencies needing same products/services. |
| 4. | Agency | Determine delegated purchasing authorization by reviewing policy classes. |
| 5. | Agency | If purchase is estimated to be \$5,000 or more, Agency shall, prior to purchase, notify the Advocate for Minority, Women and Emerging Small Business of the contracting opportunity. |

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The VIP System will meet the notification requirement for the Advocate for Minority, Women and Emerging Small Business when:

- a) The Agency has notified the Advocate, in writing, of the intent to use the VIP System as the official notification vehicle for contracting opportunities;
- b) The Agency has notified vendors on its bid list that it will use the VIP System for notification of informal contracting opportunities; and
- c) The quotation or advertisement notice is placed on the VIP System for a minimum of five (5) calendar days.

6. Agency Explore availability of recycled products, when applicable.
7. Agency Obtain and document at least three price quotes for all contracts that are \$5,000 or more and less than \$75,000 (unless otherwise required by class), or provide documentation explaining why quotes were not required or available.
8. Agency Apply recycled and reciprocal preferences, where applicable.
9. Agency Assure purchases will be within the dollar limitation authorized in this policy.
10. Agency Assure taxpayer information required by Form 1099 reporting (Form W-9) has been appropriately collected.
11. Agency Issue a purchase order and maintain documentation regarding purchase in accordance with the "retention schedule" established by the State Archivist. Agencies, at their option, may acquire commodities and trade services that are less than \$5,000 without a purchase order.
12. Agency Any Agency deviating from this policy or desiring to procure goods and services on its own, of \$75,000 or more, shall request delegated authority from the DAS State Purchasing Manager.
13. Division Authorize or deny deviations from this policy.
14. Division Prepare an Interagency Agreement for delegated purchasing authority for \$75,000 or more for all deviations from the policies outlined herein.
15. Division Forward a copy of the Interagency Agreement to the Secretary of State, Division of Audits.