

Barton Springs/Edwards Aquifer Conservation District

Staff Policy - Purchasing Guidelines

Implemented 7/30/98

Revised 2/18/00, 6/16/00, 10/21/03, 6/8/06, 10/26/06, 09/11/08, 05/14/2009, 9/27/2012

Guiding Principles

This policy is intended to facilitate the successful completion of District activities within the financial requirements and guidelines contained in the District's Rules & Bylaws and in applicable State statutes. Communication and diligence are the keys to an efficient District financial management program.

The General Manager is ultimately accountable for all of the District's finances. The Administration Team Leader is responsible for forecasting and executing required balance transfers between the District's TexPool funds and the District's checking accounts to maintain the necessary account balances. Programmatic Team Leaders and Project Managers are responsible for coordinating their teams' activities and identifying their financial needs to the General Manager and to the Administration Team Leader on an ongoing basis.

General Authorities

The general authorities differ, depending on whether purchases are for professional services or non-professional goods and services.

Part 1 – Non Professional Services and Purchase Orders

The following guidance in this Part 1 refers to procurement of goods and services that are not professional services.

Each individual employee will have "signature authority" on purchase orders (POs) and reimbursements up to \$100.00 for purchases within a team's approved budget. Documentation for purchases less than \$100.00 will no longer be required to be submitted to the General Manager for prior approval. Project Managers and Team Leaders will have personal signature authority for team-budgeted expenses up to \$500.00. The Assistant General Manager will have signature authority for budgeted expenses up to \$2,000.00. The General Manager will have signature authority for budgeted expenses up to \$5,000.00, and the Board must approve expenses beyond \$5,000.00, or expenses that require a budget amendment. Only the General Manager will be authorized to approve expenditures, whether by PO/check or by reimbursement/check, beyond the requesting individual's signature authority. Receipts will be required on any purchased item in an amount of \$20.00 or greater for any purpose and by any method.

Expenditures by or reimbursements of any employee from *petty cash* will be authorized in the maximum amount of \$75.00 per purchase, and will require the employee to furnish only a receipt (if

over \$20.00) and a notation of purpose. The petty cash fund will be maintained at \$300.00 to accommodate this increased authorization. While all employees are authorized to make expenditures up to \$100.00, provided the expenses are budgeted, reimbursement for any expenditure(s) over \$75.00 (or otherwise not using petty cash) will require properly completing, including receipts and approval as needed, an *Employee/Director Expense Reimbursement* form, wherein a check will be issued for the total reimbursement amount claimed. Any purchase defrayed directly by District check, i.e., not a reimbursement check, in any amount must have a Purchase Order properly filled out and approved, as needed, before the purchase is made.

Purchase orders are not necessary for travel expenses, as employee travel is either pre-approved by the Board for out-of-state travel, or pre-approved by the General Manager for in-state travel. All such travel will be authorized via a properly completed *Request for Authorization to Travel* form. Travel expenses for out of town travel are reimbursed via the *Travel Expense Report* form, and travel and incidental expenses for in-town travel are reimbursed via the *Employee/Director Expense Reimbursement* form; both of these must be approved and signed by the General Manager before reimbursement. All travel expenses of any kind must be consistent with the District's travel policy to be eligible for reimbursement, a judgment made at the discretion of the General Manager. Requests for *per diem* or other travel advances must be made in reasonable advance of the need on the *Request for Authorization to Travel* form, to ensure requested funds are available.

Non travel-related credit card purchases on the District credit card by employees for expenses that are beyond their signature authority will require completed and approved purchase orders before such purchases are made. Credit card purchases made on the District credit card by employees for amounts within their signature authority must provide receipts and document the purpose of the purchase to Accounting immediately upon returning to the office.

Procurement of all goods and services not previously purchased and greater than \$250.00 but less than \$500.00 requires 3 phone quotes, recorded on the *Competitive Pricing Bids* form. Such purchases greater than \$500.00 but less than \$5,000.00 require 3 written quotes from vendors and the General Manager's verbal or written authorization to obtain bids. All purchases greater than \$5,000.00 require prior Board approval. Approval may come from within a Board approved grant, similar type contractual authorization, adopted budget, or other Board action.

If a good or service is demonstrably sole source, bid and quote requirements are waived; however, the basis for the sole-source selection must be documented on a *Competitive Pricing Bids* form. Long-term contract services such as newsletter production and maintenance agreements can be competitively bid for extended periods of time.

All invoices for goods and services presented to the District for payment shall provide adequate documentation to assure the expense is properly recorded and authorized within established budget constraints, District policy, and generally accepted accounting practices (GAAP).

Part 2 - Professional Services Procurement

Procurement/purchase of professional services is addressed in this Part 2.

Purchase of any and all professional services, as defined by Government Code Chapter 2254 and Water Code Chapter 36, must adhere to the State's Professional Services Procurement Act (PSPA). Selection of such services, regardless of contractual level of effort and size, must be demonstrably based first on qualifications of those offerors with whom there is a reasonable likelihood of negotiating a contract acceptable in all respects, and then (and only then) on selecting the most qualified of those offerors to attempt negotiation of an acceptable price and other conditions. If such negotiation is unsuccessful, then the District will negotiate with the second most qualified offeror, and so on. In no circumstance will selection of a professional services provider be based first and/or foremost on bid price, and competitive bidding for professional services based on cost is expressly prohibited.

All professional services for the District must be procured with a properly executed services agreement. The General Manager will involve both staff and the Board as required for evaluating the technical merits and approving the commercial aspects of the services agreement, respectively. The General Manager is provided some discretion in how the demonstration of compliance with the PSPA is documented, roughly corresponding to the size of the District's likely contractual commitment:

- For professional services up to \$1,000.00, which tend to be less customized and more standardized services, documented verbal discussions with two or more prospective vendors on qualifications and availability and their agreement to a general estimated amount will be acceptable as a demonstration of compliance with the PSPA and as a basis for a specific negotiation.
- For efforts from \$1,000.00 to \$5,000.00, i.e., up to the signature authority of the General Manager, informal solicitation and receipt of qualifications materials, properly documented telephone interviews, and simple written statements of interest, capabilities, and conditions, if any, from at least three prospective offerors will be used to demonstrate qualifications-based selection before specific negotiations take place.
- From \$5000.00 to \$25,000.00, written requests for information from at least three prospective offerors will be made, informal discussions and, where possible, in-person interview(s) with interested offerors will be conducted by the General Manager and staff, and then a more comprehensive letter proposal to the Board of Directors will be solicited from the offeror(s) judged more qualified. These letters should set forth the scope and schedule, and the reasons why a prospective offeror should be selected for negotiation of a final contract and any conditions attendant to such contractual work; these letter proposals will serve as the basis for selection of the District's (first) choice for negotiation, with the selection and the negotiated contract approved by the Board in a posted meeting.
- For contractual amounts likely in excess of \$25,000.00, a similar, dual-stage but more formal process will be used, including a written Request for Qualifications/Interest, consensus selection of a short list of prospective offerors, issuance of a more formal Request for Proposals to the short list, and a more rigorous, written evaluation matrix applied to all proposals received. This process will be used to recommend a first-choice candidate to the

Board for negotiations, which will approve entering into such negotiations and ultimately, if successful, will approve the final negotiated contract and contractual party.

For any of these, sole-source procurement of professional services is not prohibited but requires rigorous documentation of its necessity and its consistency with the fundamental requirements of the PSPA. Generally the rigor demanded here increases with the size of the contractual commitment. In some instances, an “emergency” sole-source procurement may be required that varies from the procedures above, including absence of prior approval by the Board of Directors, due to timing problems associated with posting and meeting as a Board. But such procurements should be initially as restricted as possible and will then be subsequently deliberated and authorized, in a less restricted condition, as warranted, in a following Board action.

Contractually approved professional services do not require a PO but do require an invoice from the professional services provider, and each invoice must be approved by the General Manager and, if greater than \$5,000.00, by the Board before payment. All invoices presented to the District for approval and payment shall provide adequate documentation and/or the right to be furnished additional documentation that assures the expense is properly recorded and authorized within established budget constraints, District policy, and GAAP.

Additional Guidance on Specific Expense Types

Grant Related Expenses

Grant Managers are encouraged during the budget development process to be as specific as possible in identifying grant expenditure needs. Grant Managers may authorize expenditures up to \$1,000.00 if the expense is specifically itemized in the approved annual District grant budget. If an expense is not specifically itemized in the approved annual District grant budget, Grant Managers can authorize expenses up to \$500.00 without prior approval from the General Manager if the expense is within normal budget constraints. All expenses over \$1,000.00 or any non-budgeted expenses over \$500.00 require prior written or verbal authorization from the General Manager.

A copy of all Open Grant Contracts must be kept on file with the Administration Team Leader. Legal, engineering, or consultant service contracts that are part of grants should be solicited through a *Request for Qualifications* and the solicitation and selected offeror require approval by the Board of Directors.

Grant Managers will keep the General Manager and the Administration Team Leader apprised in advance of all necessary expenditures, so that necessary fund transfers may be facilitated.

Project Related Expenses

Project Managers are encouraged during the budget development process to be as specific as possible in identifying project expenditure needs. Project Managers may authorize expenditures up to \$500.00 if the expense is specifically itemized in the approved annual District project budget. All expenses over \$500.00 and/or those that are not specifically itemized in the approved annual District project budget require prior written or verbal approval from the General Manager.

Project Managers will keep the General Manager and the Administrative Program Manager apprised in advance of all necessary expenditures in order to facilitate the necessary fund transfers.

Administrative Related Expenses

All office supplies, administrative outsourcing, copying charges, etc., will be coordinated through the General Services Team Leader. Planning is the key. If you plan to produce a report, or need office supplies, etc., please work with Administration to be sure we have stock to accomplish what you need. Office supply purchases that are not grant, program, or project related of more than \$500.00 require advanced verbal approval by the General Manager or the Assistant General Manager, if any, along with an approved PO. Unless the amount is less than \$75.00 and petty cash is used to make the purchase, routine office supply purchases require a PO that can be initiated and approved by any staff member up to their signature authority, provided the purchase is within normal budget constraints, or otherwise with prior verbal authorization from the General Manager or Assistant General Manager.

Routine Lab Expenses

Lab supplies and laboratory services -- normal and routine supplies that are not grant-specific or itemized in the annual District budget (e.g., chemicals, reagents, tubing, glassware, D.O. water, etc.) and the use of an outside laboratory -- up to \$500.00 can be approved by a Team Leader or Project Manager without prior verbal authorization from the General Manager. Purchases of lab supplies or laboratory services over \$500.00 require prior approval from the General Manager or Assistant General Manager, if any.

If an outside lab is being used for special sampling services, cost recovery from the well owner is suggested prior to obtaining the service from the contract laboratory.
