

# United General District 304

## Policy Manual

### 845 Procurement and Accounts Payable

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#### Overview

United General District 304 requires the practice of ethical, responsible, and reasonable procedures related to purchasing, agreements, contracts and accounts payable. The policies in this section describe the principles and procedures staff shall adhere to in completion of their duties relating to procurement and accounts payable.

The goal of District 304 is to ensure that the expenditure of public funds for the purchase of and contracting for goods, services, supplies and materials shall comply with all applicable state law requirements as set forth in the Revised Code of Washington (RCW) and the Washington Administrative Code (WAC), in addition to the Federal Uniform Guidance for federal funds.

#### Purchasing Code of Ethics

The purpose of this Code of Ethics is to give guidance to District employees so that they may conduct themselves in a manner that is in the best interest of the District. Reference policy #104 Business Ethics and Conduct.

Proper purchasing procedures require that:

- Actions of District employees be impartial and fair.
- Purchasing decisions should strive to be based upon equitable distribution of vendors selected, as well as what is fiscally responsible and practical (realistic, feasible, possible and doable).
- District purchasing decisions must be made and approved by the proper authorities. Refer to Management Limits of Authority for specifics.
- There be good communication among employees procuring goods or services to avoid unnecessary or duplicative purchases.
- District employees may not solicit, accept, or agree to accept gratuity for themselves, their families or others that would or could result in financial or personal gain, advancement, or establish or satisfy some obligation for or on behalf of the employee, the employee's family or friends that exceed \$100.00 in value. This includes political participation, nepotism or any form of bribery. Purchasing decisions must be made impartially. Reference policy #812 Gifts for more specifics.

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### Potential Conflict of Interest

On an annual basis, the District Board of Commissioners, Superintendent, Chief Operating Officer, Human Resource Manager, Office Supervisor, and potentially others involved with material purchases will be required to review and sign a conflict of interest statement.

If a Commissioner or employee has any influence on transactions involving purchases, contracts or leases, it is imperative that he or she disclose to the Superintendent or Human Resources Manager as soon as possible the existence of any actual or potential conflict of interest.

Reference policy #108 Conflicts of Interest.

### Management Limits of Authority (formerly policy #823)

TYPE <sup>1</sup>	SUPERVISOR <sup>2</sup>	CHIEF OPERATING OFFICER & HR MGR	SUPERINTENDENT	BOARD
Operating Expenses less than \$1,000	YES	YES	YES	N/A
Operating Expenses/Capital Items BUDGETTED over \$1,000	NO	YES	YES	N/A
Operating Expense/Capital Items NOT BUDGETTED less than \$10,000	NO	YES	YES	N/A
Operating Expense/Capital Items NOT BUDGETTED over \$10,000 but less than \$20,000	NO	NO	YES	N/A
Operating Expense/Capital Items NOT BUDGETTED over \$20,000	NO	NO	NO <sup>3</sup>	Y
Contract Terms three years or less	NO	YES <sup>4</sup>	YES	N/A
Contract Terms more than three years	NO	NO	NO	Y

<sup>1</sup>Purchasing and procurement requirements outlined in the “Thresholds” section of this policy must be adhered to.

<sup>2</sup>Additionally, Accountants and/or Fiscal Analysts are authorized to approve invoices for recurring payments, such as utility bills, contractual obligations and intercompany transfers from the Foundation of District 304 to the District. The maintenance crew lead is also authorized to make purchases necessary under the scope of maintenance and repair.

<sup>3</sup>Superintendent/CFO may pre-approve expenditures above \$20,000 if necessary to properly manage District operations and will notify Commissioners as soon as possible. In the Superintendent/CFO’s absence, the Chief Operating Officer or Human Resource Manager may have the same authority limits.

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<sup>4</sup>The Chief Operating Officer and the Human Resources Manager can sign agreements and amendments (with the exception of construction/contractor related agreements which need to be signed by the Superintendent) for a term of three years or less and do not to exceed \$100,000. Additionally, as the benefits administrator for the District, the Human Resources Manager can, after consultation with the Superintendent, sign agreements related to employee benefits. Supervisors are not authorized to sign contracts on behalf of the District.

Supervisory staff have the authority to compose memorandum of understandings (MOUs) and letters of agreements (LOAs). However, the Superintendent/CFO, Chief Operating Officer or Human Resource Manager must review and sign.

### Procurement Committee

The District has a Procurement Committee that typically meets once per year, and more often if needed. The committee members will typically consist of the Superintendent, Human Resources Manager, Chief Operating Officer, Accountant, Fiscal Analyst and Office Supervisor. During the meeting the committee will review a list of vendors paid in the current year and/or previous year. The Committee will discuss, along with other pertinent matters, the following:

- Should the same suppliers/vendors be used; based upon cost, quality, timeliness, reputation, integrity, customer service, potential conflict of interest and compliance with public policy.
- Should new suppliers/vendors be considered for similar products and services currently being purchased. If a new supplier/vendor is used, the District may continue to use an existing supplier/vendor to ensure there is proper equitability of suppliers/vendors used.
- Are there current suppliers/vendors used that the District has concerns with that possibly shouldn't be used any longer (for all vendors used). In some cases, the District may verify if the supplier/vendor is in good standing and there aren't any suspension or debarment concerns. This can be verified through the [www.sam.gov](http://www.sam.gov) and [www.lni.wa.gov](http://www.lni.wa.gov) websites.
- Are there products or services the Committee is aware of that might be purchased in the next 6 months requiring the District to obtain quotes (Small Purchase threshold) or sole source determination.
- Administrative related contracts will be reviewed to determine if the Committee suggests any changes should be considered to current contractual arrangements.
- If appropriate, the Committee should discuss any upcoming potential lease vs. purchase transactions, and if a cost analysis needs to be completed.

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### Types of Purchases

- **Materials, Supplies and Equipment** – typically goods or products that are tangible in nature.
- **Purchase Services (Ordinary)** – Ordinary purchased services are those provided by vendors for routine, necessary and continuing functions of the District. Examples of these types of services are janitorial, pest control and landscape maintenance. Some ordinary services require payment of prevailing wages – check with L&I.
- **Personal Services** – personal service means hiring an individual to provide professional or technical expertise to accomplish a specific statement of work. Examples of this type of work are guest speakers or graphic designers.
- **Professional Services** – examples of professional services are legal, auditing or real estate broker services.
- **Architectural & Engineering Services** – these services are to be acquired under the authority and procedures outlined in RCW 39.80.
- **Public Works** – public work is all work, construction, alteration, repair, maintenance or improvement that the District has performed or contracted. Prevailing wage must be paid. Note: sole owner/operators (one person, zero employees) do not have to pay prevailing wage, however, they still must file a Statement of Intent to Pay Prevailing Wages with the Department of Labor and Industries (L&I).

### Determining the Cost

The estimated cost of the goods and/or services will generally determine what competitive selection process you may need to follow. Estimated costs should include all associated costs such as sales tax, shipping costs, permit fees, etc.

NOTE: Bid Splitting or the issuance of several PO's or orders under the dollar limit or breaking a project into phases to avoid bidding is against state law.

### Thresholds

- **Micro Purchases - \$10,000 or less:** No required quotes. However, price must be considered reasonable based on research, experience, purchase history, or other information. To the maximum extent practical, purchases should be distributed equitably among suppliers. Supplier would typically be considered vendors, purchased, personal or professional services.

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- **Small Purchases (not related to public works) - \$10,001 to \$250,000:** Obtain quotes from an adequate number of qualified sources (at least three) when possible. Can be informal (e.g. phone call or web search). All quotes, including phone calls, web searches, etc., must be documented and kept in procurement records. To the extent practical, distribute equitably among suppliers. Supplier would typically be considered vendors, purchased, personal or professional services. Reference Obtaining Quotes for Small Purchases. For public works projects reference Public Works section. The District deemed the FAR (Federal Acquisition Regulation) or State limit threshold for small purchases as appropriate for our entity.
- **Sealed Bids - \$250,001 or greater:** Typically used for construction contracts. Reference Public Works CBPW requirements. *In lieu of the State threshold, the more restrictive Federal low threshold of \$250,001 or greater will be used.*
- **Competitive Proposals (not related to public works) - \$250,001 or greater:** Used when conditions are not appropriate for sealed bids. Requires Request-for-Proposal (RFP) process and solicitation from an adequate number of qualified sources. Written method of evaluation, considering price and other factors. Contract awarded to firm whose proposal is most advantageous to the District. Note: District will abide by the procedures outlined for Architectural and Engineering Services outlined by RCW 39.80 regardless of expected cost.
- **Non-Competitive - \$10,000 or greater:** The District Superintendent is authorized to waive bids and request-for-proposals (RFP) requirements when one or more of the following criteria is met:
  - Item/service only available from a single source
  - Emergency situation which does not allow time for solicitation
  - Authorized by awarding or pass-through agency
  - Competition is determined to be inadequate after solicitationDocumentation of authorization must be retained.
- **Public Works** – Public works projects are categorized by the State of Washington in the following way:
  - **Small Public Works below Bid Limit – under \$5,000.**

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See table “Public Works Thresholds” below for requirements. No small works roster required.

- **Limited Public Works – Under \$50,000.**

See table “Public Works Thresholds” below for requirements. Note: the District has the option of soliciting bids from at least three contractors on the small works roster category, or notifying all on the roster category.

- **Small Works Roster (SWR) – \$50,000 to \$250,000.**

*Note: State law requires public hospital districts to competitively bid or use a SWR for public works projects between \$75,000 and \$350,000. However, the more restrictive District low threshold and Federal high threshold will be used.*

See table “Public Works Thresholds” below for requirements. Note: the District has the option of soliciting bids from at least five contractors on the small works roster category, or notifying all on the roster category.

- **Competitively Bid Public Works (CBPW) – \$250,001 or greater.**

*Note: State law allows a low threshold of \$350,000, however, the more restrictive Federal guideline will be used.*

See table “Public Works Thresholds” below for requirements.

**TABLE: Public Works Thresholds**

Public Works Thresholds and Requirements	Small Works below Bid Limit	Limited Public Works	Small Works Roster (SWR)	Competitively Bid Public Works (CBPW)
	<\$5,000	<\$50,000	\$50,000 - \$250,000	> \$250,000
Small Works Roster Required	No	✓	✓	N/A
Notice to Small Works Roster	No	✓	✓	N/A
Advertisement Required	No	No	No	✓
Bid guarantee	Optional	Optional	Optional	✓
Electronic, fax, phone quotes allowed	✓	✓	✓	No
Informal quote opening	✓	✓	✓	No
Sealed bids	No	No	No	✓
Public bid opening	No	No	No	✓
Formal Award	No	No	No	✓
Award can be delegated <sup>5</sup>	✓	✓	✓	No
Performance and Payment bonds	Optional	Optional	✓	✓
Retainage	Waived	Waived if <35k	✓	✓
Prevailing wages	✓	✓	✓	✓

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The District will use the small works roster maintained by the Municipal Research and Services Center ([www.mrscrosters.org](http://www.mrscrosters.org)). All public works projects will be awarded to the lowest, responsible bidder.

The District maintains a list of public works projects awarded. The list will include contractor name, brief description of the project, award date and project dollar amount.

<sup>5</sup>The District typically does not allow delegation of the award.

### **Vendor Status**

Prior to any sort of purchase agreement, the district will verify that vendors expected to be paid over \$25,000 annually have not been suspended or debarred from doing business with the Federal or Washington State governments. This can be verified through the [www.sam.gov](http://www.sam.gov) and [www.lni.wa.gov](http://www.lni.wa.gov) websites.

### **Prevailing Wages**

The Washington State Public Works Act, also known as the Prevailing Wage Law, is outlined in RCW 39.12. This law requires that workers be paid certain hourly wages for all public work and public service maintenance contracts no matter what the dollar amount. The District will notify contractors that prevailing wage must be paid. The contractor should typically file a Statement of Intent to Pay Prevailing Wages with the Department of Labor & Industries prior to the commencement of work. The District can monitor this requirement via the Awarding Agency Portal available on the Department of Labor & Industries website. Additional information is available at [www.lni.wa.gov](http://www.lni.wa.gov), [PW1@lni.wa.gov](mailto:PW1@lni.wa.gov) or 360-902-5335.

### **Project Management**

The District may act as its own Project Manager for Sealed Bids and Competitive Proposals, however, it will typically retain architectural & engineering Services (A&E) for construction type work. If the District retains an A&E firm as the Project Manager, the District will work in conjunction with the A&E firm to ensure the construction project is compliant with local, state and federal regulations.

### **Obtaining Quotes for Small Purchases not Related to Public Works**

When obtaining supplier quotes the following may be considered during the selection process:

- Expertise and knowledge of industry
- Tenure in industry
- Reputation for quality products/services/outcomes (references may be obtained if needed)

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- Minority, small, women owned businesses, and labor surplus area if applicable. The U.S. Department of Labor maintains a list of labor surplus areas.
- Availability of supplier
- Ability to meet goals and project scope
- Ability to meet deadlines
- Ability to comply with all local, state and federal regulations
- Cost/price based upon market
- Ensure quote include prevailing wages if applicable
- Other criteria may apply based upon the service or product needed by the District

To assist in the decision-making process, the District may use a “scoring grid” noting the items or services for consideration. It should be noted that a potential supplier receiving the highest score isn’t automatically awarded the purchase/contract as there may be other factors for consideration. In addition to the “scoring grid”, the District may also include an explanation on how the final supplier was selected and which District employees were involved in the selection process.

#### **Purchase Orders (POs)**

Purchase orders can be created by District Superintendent, Human Resources Manager, Accountant(s)and/or Fiscal Analyst. Refer to the Management Levels of Authority for appropriate approval signature.

#### **Expense Reimbursement**

Reasonable expenses incurred by District Commissioners, employees and interns for business travel and miscellaneous business purchases will be reimbursed, based upon management personnel approval. Expenses will typically be submitted for approval on a check request form with supporting receipts attached. In cases where receipts are not obtainable, purchases may be approved by management personnel with other supporting documentation (i.e., proper explanation of expenditure). If possible, reimbursement requests should be submitted within five business days after the expense has occurred. Expense reimbursements must all be within the Micro Purchase threshold.

#### **Credit Cards**

The District has authorized District credit cards for limited use. Only Micro-Purchases and travel expenses associated with pre-approved District travel should be made on District credit cards.

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In rare circumstances when purchases are made that exceed the Micro Purchase threshold (greater than \$10,000), the transaction needs prior approval by the Superintendent. Reference policy #822 Credit Card Use.

### Petty Cash

The District has established a Petty Cash Fund of \$600 by Resolution. A change fund of \$400 is retained in the Fitness Center. Fitness Center employees use the fund for exchanging money denominations for member payments. The fund is not to be used to make District purchases. A petty cash fund of \$200 is retained in Administration. The petty cash fund for Administration may be used for unanticipated, minor business expenses as well as programmatic activities where funds are needed to make change for customers/clients.

### Accounts Payable

The District typically processes accounts payable on a weekly basis.

The following is a summary of the processes & requirements for accounts payable processing:

- All disbursements must be properly supported with the appropriate vendor invoice, check request, contractual agreement or other documentation.
- The Accountant and/or Fiscal Analyst confirms that proper documentation is present and approved by the appropriate management and/or administrative personnel before issuing payment. The following positions are authorized to approve invoices and check request based upon their area of responsibility: Superintendent, Human Resources Manager, Chief Operating Officer, Supervisors, Fiscal Analyst and Accountant. The Accountant and/or Fiscal Analyst are authorized to approve invoices for recurring payments, such as utility bills and contractual obligations. If the employee approving invoices and check requests is absent from work for an extended period (i.e., week-long vacation), they can designate another employee in their department to approve invoices and check requests.
- Prior to printing warrants, the Accountant and/or Fiscal Analyst compiles the documentation for the weekly warrant run and notifies the Superintendent when the bills/invoices and supporting documentation are ready for review.
- After the Superintendent's review, each individual bill/invoice is approved or rejected in Quickbooks. If bills/invoices are rejected, the Superintendent notifies the Accountant and/or Fiscal Analyst of the reason and for any possible follow-up matters.
- Approved bills/invoices are processed for payment by the Accountant and/or Fiscal Analyst and warrants are printed.

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- On a monthly basis the District Board of Commissioners receives copies of the recent warrant registers and approves accounts payable warrants during the Board meetings.
- If the Superintendent is unavailable for review and signature, the above process is completed by the Human Resources Manager or Chief Operating Officer.
- The Superintendent, Human Resources Manager and Chief Operating Officer have warrant/check signing authority.