

DATE: 12-5-2014
MEETING OF: 12-16-2014
FROM: David Kegebein
RE: New Business #1 - AB 2490's Purchasing Policy Requirements

BACKGROUND:

AB 2490 was designed to transfer more oversight of the District Ag Association's to the local DAA boards. With this transfer comes the requirement that each DAA develop their own individual purchasing policy.

AB 2490 takes effect on January 1st 2015. Since a fully developed & vetted purchasing policy will require some time and legal advice fair managers have been advised to have their respective boards acknowledge the requirements of AB 2490.

AB 2490 specifically addresses policies regarding construction project contracts over \$25,000 (on page 2 of the analysis) and procurement contracts over \$100,000 (on page 4). None of these type of contracts or procurements are currently planned for or expected to take place in the next year.

FISCAL IMPACT:

None

STAFF RECOMMENDATION:

That the board approve the 2015 Managers Delegation of Authority document (even though it will not be required to be submitted to F & E). Previously the board authorized the manager to sign contracts up to \$10,000 and one year. For 2015 I am requesting the dollar amount be increased to \$20,000 and the duration remains one year.

Within the motion I recommend the board direct the manager to continue to follow current purchasing practices until such time as the board adopts a new 14th DAA Purchasing & Contracting Policy as outlined in AB 2490

ATTACHMENTS

- D2014-03 Circular Letter from F & E dated 11-24-2014
- 2015 Delegation of Authority
- AB 2490 Analysis & Detail – Effects on DAA's



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

Karan Ross, Secretary

November 24, 2014

D2014-03

TO: All District Agricultural Association CEOs and Board Members

SUBJECT: Assembly Bill 2490 Legislation Effective January 1, 2015

The purpose of this circular letter is to provide information regarding the passage of AB2490 (Eggman), which will be effective January 1, 2015. While this legislation changes District Agricultural Associations' (DAAs) procedures and requirements in many areas, this letter provides some highlights regarding changes to contracting and purchasing requirements.

AB2490 requires each DAA Board of Directors to develop policies and procedures for contracting and purchasing. As an interim measure, Boards may want to adopt the existing purchasing and contracting procedures as they work to develop their own purchasing and contracting procedures. Please note that DAAs are still subject to all applicable state laws, except the following:

- Purchasing (goods) - Exempt from Public Contract Code (PCC) requirements.
- Information technology (goods and services) - Exempt from PCC requirements.

The legislation did not exempt DAAs from PCC requirements for service contracts or construction contracts. The legislation also does not exempt DAAs from Section 19130 of the Government Code regarding personal services contracting. DAAs should continue working with the Department of Food and Agriculture's (CDFA) Human Resources Branch to ensure compliance.

Effective January 1, 2015, service contracts, rental agreements, and sponsorship contracts do not require CDFA review or approval. Contracts involving hazardous activities still require review and approval of the insurance and insurance requirements by the California Fair Services Authority (CFSA). If you are not a member of CFSA, this role falls to the Department of General Services.

CDFA and the Western Fairs Association are working to develop more guidelines for DAAs regarding implementation of this new legislation with distribution to the DAAs slated for January 2015. In the meantime, please feel free to contact me at 916-900-5025 or John.Quiroz@cdfa.ca.gov with any questions that you may have.

Best regards,

John Quiroz

Division of Fairs & Expositions

cc: Gay Faivre, Personnel Officer, CDFA Human Resources Branch
Becky Bailey-Findley, Executive Director, CFSA
Stephen Chambers, Executive Director, WFA



CHAPTER 15: PURCHASING

15.0 OVERVIEW

The Department of General Services (DGS) delegates purchasing authority to DAAs. Some of the major purchasing options, limitations, and bidding procedures are outlined below for your convenience.

15.1 WRITTEN PROCEDURES AND INTERNAL CONTROLS

Each fair should produce and disseminate written procedures which establish internal controls such as:

- the conditions under which employees may make purchases
- obtaining and granting approval of purchase
- the documentation required

The fair's written procedures must consider and conform to the state options and requirements outlined below. They should also contain a reminder to employees that poor planning constitutes neither an emergency nor grounds for exemption from purchasing procedures.

15.11 Accounting Controls

- Prior to paying an invoice, make sure that the quantities and unit prices have been correctly ordered, billed, and delivered.
- Check that an authorized vehicle license number appears on the charge and the purchase order for gasoline.
- Make payments to vendors only when or after goods are received.
- Make payments in a timely manner to prevent assessment of finance or service charges and to take advantage of available discounts.

15.12 Documentation Required

The individual authorized to issue and/or approve purchases must set up and maintain logs and files for audit purposes:

- **Purchase Order Logs** (Delegated or Opportunity Purchase) - Lists purchase orders numerically, include date of purchase, name of vendor, and all items purchased
- *Small Business and DVBE* control log is required to prove a fair's compliance with the state's goals for the dollar value of purchases placed with these special businesses

15.2 DELEGATION OF AUTHORITY (DAA ONLY)

DAAs Delegations of Authority (Delegation) is approved by their Board for the following year annually. The Board must determine what level of contract approval authority to delegate to their DAA CEO and/or other staff. This Delegation is based upon dollar amount and type of contracts. For all contracts that do not fall under the Delegation,

individual Board approval and a formal Board resolution is required prior to entering into the contract. Please ensure that your DAA's Delegation is heard, approved, and submitted to Fairs and Expositions annually prior to beginning a new year. Following are information regarding Delegations for contracts and a sample Delegation format.

- Each DAA's *Delegation for contracts* **expires annually on December 31st**.
- The DAA's Board must annually re-hear, approve, and submit to Fairs and Expositions a new Delegation.
- Each time the DAA appoints a new CEO or other authorized person, a new Delegation must be heard, approved, and submitted.
- Contracts exceeding one year do not fall under the Delegation.
- The *Delegation* may give more than one person authority, as long as all information for each person is included.
- Typically, a Board still requires that at subsequent meetings they receive a listing of all contracts executed using the Delegation for their review and information.

The *Delegation* is documented in the form of an excerpt of the Board meeting at which it was approved. It must include:

- The Board meeting date.
- The expiration date of the Delegation (the following December 31st).
- Who motioned and who seconded.
- The name and title of the person(s) to whom the Delegation is given.
- The types of contract and dollar amounts approved.
- Description of any subsequent contract review requirement.
- "Certified to be a True Copy" signed and dated by the CEO.
- For any person receiving authority who is not the CEO, their dated signature must also be included on the Delegation.

DELEGATION OF AUTHORITY
14TH District Agricultural Association

Excerpt from Board of Director's Meeting held on December 16, 2014.

Upon motion of Director _____ seconded by Director _____ and carried, General Manager Dave Kegebein is authorized to execute Rental Agreements and Standard 2 Agreements up to \$20,000.00, as long as these contracts do not exceed a one year term, without further authorization from the Board of Directors.

All such executed agreements; however, are to be submitted to the Board of Directors for review at the subsequent meeting. This *Delegation* is effective through December 31, 2015.

Certified to be a True Copy

General Manager

Date

