

## 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 31<sup>st</sup>**.
- 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 31<sup>st</sup>).
- 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**  
**14<sup>TH</sup> District Agricultural Association**

**Excerpt from Board of Director's Meeting held on January 26, 2015.**

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, 2016.

**Certified to be a True Copy**

\_\_\_\_\_  
**General Manager**

\_\_\_\_\_  
**Date**