PROCUREMENT

Manual

Irvine Ranch
WATER DISTRICT

Revised January 2016

Procurment Manual 2017

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IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***<u>Purchasing Overview</u>***
DATE: ***January 1, 2017***

1.0 PURPOSE:

The purpose of this document is to establish uniform procedures for Centralized Procurement Authority of equipment and services consistent with the Board approved procurement policies for the Irvine Ranch Water District.

2.0 SCOPE:

These procedures apply to procurement activity of all equipment and services within the Irvine Ranch Water District.

3.0 MISSION STATEMENT:

The Mission of the Purchasing Department is to provide our customers with reliable, quality service and materials in a professional, and timely manner, using ethical procurement standards, in order to achieve a high level of customer satisfaction.

4.0 RESPONSIBILITY:

The primary function of the Purchasing Department is to locate sources of supply for materials or services and to interview prospective suppliers determining such factors as lead-time, present market conditions, price discounts offered, and availability. The Purchasing Department processes requisitions, negotiates price and terms, verifies validity and completion of required documentation, issues Purchase Orders and follows through to closure of order. The Purchasing Department and its professional staff will comply with Board approved resolutions.

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Proper performance of the Purchasing function is vital to the smooth operation of many other departments within the District. As a service organization, Purchasing is to perform these tasks in a professional and timely manner.

It is the responsibility of each employee involved in the procurement activity to understand the policy, upon which these procedures are based, and the meaning and intent of the procedures themselves.

If there are any questions or concerns relative to either the policies or procedures, or the ability of the employee to respond effectively to the requirements of the procedures, then it is the responsibility of the employee to bring such matters to the attention of the Purchasing Manager.

Note: The procedures set forth in this manual have been reviewed and approved by the Director of Finance and the General Manager of Irvine Ranch Water District in accordance with authority given them by the Board of Directors.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***Purchasing Department Ethics Policy***
DATE: ***January 1, 2017***

1.0 PURPOSE:

The purpose of this policy is to define the ethical standards in which the Purchasing department at the Irvine Ranch Water District will conduct themselves. All dealings between IRWD and Suppliers/Contractors must be on an ethical basis. In this respect IRWD's drive for value of goods and services must not compromise standards of conduct. It is of the utmost importance that the integrity of individual members of staff and the integrity of IRWD as a whole should not only be maintained but should be perceived to be maintained.

2.0 GUIDING PRINCIPALS:

The guiding principles of ethical behavior in procurement are as follows:

- The conduct of individuals should not foster the suspicion of any conflict between their official duty and their private interest
- The action of individuals in their official capacity should not give the impression to anyone whatsoever that they have been or might be influenced by a gift or consideration to show favor or disfavor to any person or organization
- The dealings with companies and others must at all times be equitable and fair
- Strive to obtain the maximum value for each dollar of expenditure
- Decline personal gifts or gratuities.
- Grant all competitive suppliers equal consideration insofar as policy permits
- Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***Purchase Order Types and Definitions***
DATE: ***January 1, 2017***

1.0 INTRODUCTION

The following procedure defines the four (4) different types of Purchase Orders that are generated at the Irvine Ranch Water District and the method of use for each one. This procedure also defines the professional and non-professional services categories in regards to Purchase Orders/Contracts.

2.0 DEFINITIONS

Open Purchase Order: The Open Purchase Order is used for repetitive, routine commitments for goods or services with a preferred Supplier/Contractor and billed to the District on a regular monthly or quarterly basis. All open purchase orders will be reviewed before fiscal year end and if it falls under the procurement policy guidelines for competitive bidding, and is in the best interest of the District to do so, will be sent out to bid per procurement policy and procedures. A list of Open Purchase Orders greater than $100,000 will be submitted for Board approval prior to Fiscal Year end.

Blanket Purchase Order: The Blanket Purchase Order is considered the most effective method where a high volume of low dollar purchases can be made to local suppliers. Under this system, an original Blanket Purchase Order is generated for a specific supplier. As the using departments develop needs for materials, a blanket release

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purchase requisition is entered in the system and a PO number is assigned from the original Blanket Purchase Order number. This release becomes the Blanket Purchase Order Release that is associated to the particular parts and equipment procured.

The blanket order enables the District to get more favorable discounts on the items purchased due to the increase of quantities being ordered. All blanket purchase orders will be reviewed before fiscal year end and if it falls under the procurement policy guidelines for competitive bidding, and is in the best interest of the District to do so, will be sent out to bid per procurement policy and procedures.

<u>Regular Purchase Order:</u>

The Regular Purchase Order is used for goods and services that are required within the District on an <u>as needed basis</u> or for <u>replenishment of the Districts revolving inventory</u>, and do not fall under the criteria for an Open or Blanket Purchase Order. All procurements under the regular purchase order must meet with the requirements for competitive bidding per District policy.

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<u>Professional Services</u> are services involving the provision of a:

Report	Recommendation
Study	Analysis
Plan	Review
Design	Opinion
Specification	Inspection
Document	Investigation
Program	Audit
Advice	Brokering

Representation of the District before or in dealings with another party, or any other services which require a special skill or expertise of a professional, scientific or technical nature. Design-build contracts shall not be considered to include Professional Services. This definition is per District Procurement Policy

All professional services purchase orders/contracts must be reviewed and approved by staff per Procurement Policy

<u>Non Professional Services</u> :

All services other than professional services, and will include repair and maintenance services

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PURCHASING PROCEDURES

TITLE: ***Purchase Requisition Generation***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the steps and documents required to process a Purchase Requisition initiated by the originator within the Irvine Ranch Water District.

2.0 PROCEDURES:

When the originator for a product or service determines a need, a Purchase Requisition is entered into the Purchasing system. In **rare cases**, the originator may need to research and contact multiple sources in order to determine source capability. In most cases, the associated Buyer needs to be involved from the very beginning of this process. Originator may discuss Price and availability **only for budgetary purposes.**

***Note: Any product or service in the amount of $10,000 or more must have (3) competitive bids accompanying the Purchase Requisition per District Policy. Any exceptions are noted below.**

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TITLE: ***<u>Purchase Requisition Generation</u>***
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<u>Competitive Bidding Exceptions:</u>

CMAS contracts when available
State contracts that can be piggy backed
Employee Benefit Providers (are researched by HR)
Lobbyists
Banks
Bond Funds
Legal Counsel
District Insurance Coverage
Encroachments/Permits
Water Purchases
Solids and Residual Disposal
Trash Disposal
Standard Utilities
Engineering Standard Specification Items for Inventory
Sole Source Form
Memberships
Sponsorships
Purchasing Cooperative Agreements
District Insurance Claims
Property Taxes
Multi Agency Agreements

After the originator has completed the input of the Purchase Requisition, the Requisition moves to the appropriate Buyers screen for review and processing. The Buyer will contact the suggested Supplier, and other sources if applicable, to get pricing, availability, and terms of the order. Unless negotiated with Supplier, the acceptable terms are net 30 days from the date of receipt of invoice. and receipt of goods or services.

The Buyer will contact the originator if further clarity of the order is needed. The completed Purchase Requisition is electronically routed to the appropriate individual(s) for approval per the signature authorization system.

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Note: Signature authorization forms for specific departments are located on the (S) drive, as well as original signatures maintained within the Purchasing department.

Upon approval of the requisition, the Buyer issues the purchase order to the supplier either verbally or with a hard copy purchase order. An electronic record of the requisition routing process and approval is kept within the purchasing system for historical purposes.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***Sole Source Procurement Justification***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the process and the form to be completed when it is determined that a sole source for a specific procurement of goods or services is required without following the competitive bid guidelines.

2.0 PROCEDURES:

The originator will complete a Sole Source Procurement Justification form when requesting the use of a specific supplier in orders for an item costing $10,000 or more which includes sales tax and shipping charges. The following information is to be supplied by the requester before forwarding to their specified Buyer:

A. Supplier Information :

Name of Company or Organization
Purchase Requisition Number

B. Project Information:

Project name and number

C. Justification Definition:

Check the appropriate box

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TITLE: ***Sole Source Procurement Justification***
DATE: ***January 1, 2017***

The requester signs and dates the form and obtains the signature of the specific Department Director. **All Professional Services Contracts betweent $75,001 and $100,000 must be reviewed and approved by the General Manager**
This justification is then forwarded to the department's assigned buyer for processing.

The Buyer enters the associated Purchase Order number and forwards to the Purchasing Manager.

The completed form is filed with a copy of the Purchase Order in the associated procurement files, and is kept for record and audit purposes.

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TITLE: ***<u>Purchase Order Generation</u>***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the steps and documents required to process a Purchase Order initiated by a Buyer from the Purchasing Department within the Irvine Ranch Water District. The Contracts & Services guidelines are a separate document defining in more detail the Purchase Order package check lists for informal contracts (purchase order only), formal contracts, professional services contracts, and reimbursement contracts.

2.0 PROCEDURES:

The associated Buyer reviews the requisition when it appears in their Oracle Work List s. A purchase for goods and materials is placed with the supplier after the requisition is approved. It is the Buyer and Contract Support staff's responsibility to make sure that all the associated required documentation for services is complete and acceptable per policy and contracts and services guidelines.

Purchase Orders under $10,000 will be printed with the associated Buyers system generated signature approval. All purchase orders in the excess of $10,000 are to be reviewed by and signature approval obtained from the Purchasing Manager. If an error or discrepancy is found with the Purchase Order documentation, the Purchasing Manager will return the package to the Buyer for correction.

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The complete purchasing package will include the following as it applies:

Quotation (Phone or Hard Copy)
Multiple Bids
Formal Contract as applicable
Drawings or Specifications
Project Manual as applicable
Sole Source Justification as applicable
Certificate of Insurance as applicable
Other related correspondence

Open purchase orders that are active are kept in a separate filing system maintained by the Purchasing Coordinators.

Completed purchase orders are electronically filed into Webdocs by the Purchasing Department.

All contract documentation is to be maintained by the Purchasing Department and available for review when required. Separate desk instructions detail the maintenance and contents required in the Contracts file.

IRVINE RANCH WATER DISTRICT
PURCHASING POLICIES AND PROCEDURES

TITLE: ***<u>Purchase Order Follow-up/Update</u>***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the steps and documents required following up on an open Purchase Order for the purchase of goods, and continuing through the process of updating the Purchasing system. The Back Order report lists items that have not been received by the date specified on an original purchase order.

2.0 PROCEDURES:

On Monday of every week a Back Order Report is generated and distributed by the Senior Buyer. This Report only contains items that are to be received within the purchasing system receiving process. The Warehouse personnel check to see if any of the items have been received since the report was generated, and so notes on the report. The Buyers are given the report for their specific departmental responsibilities for review and further updates.

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IRVINE RANCH WATER DISTRICT
PURCHASING POLICIES AND PROCEDURES

TITLE: ***Returns and Exchanges***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the steps and documents required to return or exchange an item(s) against a Purchase Order generated by the Purchasing Department within the Irvine Ranch Water District.

2.0 PROCEDURES:

In the event that an item(s) is received at IRWD and it is defective, incorrect, or not needed the following is completed:

1.) The Supplier is contacted for a RA (Return Authorization) number and instructions on return by the Buyer or Material Control Clerk.

2.) A computerized shipper is completed with the following information:

A.	Ship to Address	F.	Authorization
B.	Date	G.	IRWD Requestor
C.	Attention	H.	Coding (if applicable)
D.	PO# (if applicable)	I.	Insurance
E.	RA# (if applicable)	J.	Quantity Shipped

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K. Item Description
L. Reason For Return
M. IRWD Contact
N. Signature of Shipper
O. How Shipped

One copy of the Shipper goes with the shipment and one copy to file in Receiving

The Original Purchase Order should also reflect on the Purchasing copy the action that is taking place and the reason for such action. If a Change Order were necessary, the Buyer would generate it at this time following the Change Order procedure.

If this is an exchange, receipt of the item is recorded on the original Purchase Order and the Buyer prepares the order for closure.

THERE WILL NOT BE ANY ITEMS THAT ARE RETURNED TO OR EXCHANGED WITH A SUPPLIER WITHOUT A SHIPPER AND THIS PROCEDURE FOLLOWED.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***<u>Change Orders</u>***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the steps and documents required to generate and process a Change Order to an original Purchase Order in accordance with the Districts procurement policy.

2.0 PROCEDURES:

A Change Order to an original Purchase Order needs to be generated if the following occurs:

1.) Price increase or significant decrease

2.) Additions to the Purchase Order by the Originator

3.) Extension of term of the Purchase Order

4.) Deleting items from Purchase Order

Any Change Order to an existing Purchase Order must follow the guidelines detailed in the Districts procurement policy.

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TITLE: ***<u>Change Orders</u>***
DATE: ***January 1, 2017***

The Change Order Requisition is input into the computer system either by the originator or the Buyer. The completed Change Order Requisition is then routed via online for signature approval by the authorized personnel, via the on-line Purchase Requisition system.

After the on line signature approvals have been complete, and the criteria for the type of change order are defined, the change order is printed. In the event that the change order exceeds $10,000, the Purchasing Manager will review and wet sign the original and copies. The Change Order is attached to the original Purchase Order and placed in the appropriate file. The originator will receive an email notifying them that the change order has been printed.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***<u>Petty Cash</u>***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the steps and documents required to process and maintain the Petty Cash box assigned to the Purchasing Department.

2.0 PROCEDURES:

The Purchasing Department has been issued a Petty Cash box in the amount of $1,000 by the Accounting Department. This combination cash box is kept in a locked box in the Purchasing Department. The only individuals that possess a key are the Purchasing Coordinators.

This box is used for small dollar purchases, safety shoe reimbursements, mileage, and meal reimbursements that do not exceed $99. The proper form is generated by the originator and must be approved by the appropriate supervisor. An advance is given when the completed form is brought to the Purchasing Department. The originator must return with a receipt and change (if applicable) within 1 day. The Purchasing Coordinator follows up for any forms and receipts not returned within the
1-day limit. The completed form is kept in the Petty Cash box until the originator returns with the receipt.

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TITLE: ***<u>Petty Cash</u>***
DATE: ***January 1, 2017***

Upon the return of the receipt and change (if applicable) the Coordinator verifies the amount, attaches the receipt, computes the change and updates the Petty Cash box. The Coordinator initials the right hand corner of the form and places it in the folder within the safe.

The Petty Cash box is balanced weekly. This takes into account all money in box, receipts, cash advances and U.S. Postal Stamps. The Coordinator records each amount in the Petty Cash Log Book. This packet is delivered to the Accounting representative at the Sand Canyon facility for reimbursement. Upon reimbursement of the cash, the Coordinator will recount and verify the amounts received.

In the event that the Petty Cash box does not balance the Coordinator informs the Purchasing Manager for review and action to be taken.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***Repair Process***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the steps and documents required to return an item for repair beginning with supplier contact, through shipment, to receipt of the repaired item at the warehouse.

2.0 PROCEDURES:

When an item(s) is brought to the warehouse for return to supplier for repair, the following steps are followed:

1.) Assigned Buyer receives a Purchase Requisition from the requestor with the following information:

- Vendor name, address and phone number
- Detail explanation of the problem
- Part to be repaired and serial number

2.) Assigned Buyer contacts Supplier to arrange repair or replacement and obtains replacement value for shipping insurance purposes.

3.) Assigned Buyer completes an IRWD Shipper and Bill of Lading when applicable.

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TITLE: ***Repair Process***
DATE: ***January 1, 2017***

4.) Assigned Buyer notifies originator via e-mail on shipment/repair status during the process.

5.) If the repair is determined to be cost effective after receiving repair charges from the supplier, the Assigned Buyer performs the following steps:

A. Assigned Buyer provides the Supplier with the Requisition number and instructs Supplier to proceed. The Supplier is instructed to reference the Requisition number on the invoice(s).
B. When the Invoice is received it is to be scanned to the NO PO Basket.
C. Assigned Buyer will update the Requisition amount
D. Assigned Buyer will create the Purchase Order when the Requisition receives final approval
E. Assigned Buyer will update the invoice in the NO PO Basket.

6.) If the item cannot be repaired, or repair is determined not to be cost effective, the following steps are taken:

A. Assigned Buyer contacts the originator to evaluate remaining options
B. Assigned Buyer returns or scraps damaged item

7.) When the item is received after repair Material Control Clerk will deliver to the originator.

8.) Originator will complete Oracle Work Confirmation.

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TITLE: ***Repair Process***
DATE: ***January 1, 2017***

For Large Item Repairs

When an item is picked up in a department shop/field for return to supplier for repair, the following steps are followed:

1.) Originator contacts supplier to arrange repair.

2.) Originator enters a Purchase Requisition.

3.) Originator or Buyer prepares four copies (Originator, Buyer, Warehouse, Supplier) of an IRWD Shipper with note to contact Buyer with repair costs. One Bill of Lading, will also be completed if applicable.

4.) Assigned Buyer reviews repair costs or replacement with Supplier and Originator.

5.) Assigned Buyer instructs the Supplier to proceed. Assigned Buyer instructs the Supplier to reference the Requisition number on the invoice(s).

6.) When the item is received by the Originator after repair, Originator will complete an Oracle Work Confirmation.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***Filing/Documentation***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the specific documentation held in files within the Purchasing Department as complete packages and the maintenance of this filing system by the Purchasing Coordinator to meet requirements set forth by Procurement Practices and Audit purposes.

2.0 PROCEDURES:

The Purchasing Department maintains the following Documentation in files maintained by the Purchasing Coordinators.

1.) Purchase Orders awaiting receipt of goods or services filed alphabetically by Vendor.
  A. Original Purchase Order
  B. Quotes or Bids
  C. Follow Up form (if applicable)

2.) "Open" and "Blanket" Purchase Orders filed alphabetically by Vendor

  A. Original Purchase Order
  B. Blanket Release Purchase Requisitions
  C. Packing Lists

3.) Closed Purchase Orders are electronically filed
  A. Original Purchase Order
  B. Quotes or Bids
  C. Follow up form (if applicable)
  D. Packing List
  E. Shippers (if applicable)

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PURCHASING PROCEDURES

TITLE: ***Filing/Documentation***
DATE: ***January 1, 2017***

4.) MSDS (Material Safety Data Sheets) Forms:

5.) Filed Alphabetically by Trade Name (see MSDS form procedure

6.) Supplier Assessment File

7.) Certificates of Insurance

8.) Procurement Card Documents

9.) Contracts File

All contracts for professional services and non-professional services will be filed by Contractor/Supplier. (See separate desk instructions for details)

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***<u>Invoice Processing</u>***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the steps and documents required to process incoming Invoices against Purchase Orders generated by the Purchasing Department.

2.0 PROCEDURES:

All invoices are sent to the Purchasing Department for processing. **The Purchasing Coordinator date stamps all invoices** on the date the invoice is received in Purchasing. The Coordinator scans the invoice into the online invoice-scanning program when all information is noted on the invoice and the purchase order is valid. In the event that the invoice is incomplete or inaccurate the Purchasing Coordinator will investigate to get the correct information. Each invoice is scanned into the appropriate Webdocs basket in preparation for AP processing. The original invoice is held by Purchasing for 30 days and then discarded per the District retention policy.

The Procurement Support Coordinator in the Purchasing Department processes all "open" purchase order invoices. After the invoice has been coded and matched, the Coordinator marks the invoice "ready to process" and scans into Webdocs for Accounts Payable processing.

Any discrepancies between the invoice and the purchase order will be routed to the specific Buyer via the "No PO basket" in Webdocs. The Buyer will then research and follow up with any action they need to take in order to process payment. Any invoice, which states that a time dependent discount applies, MUST be processed immediately and entered into the "manual basket" in Webdocs as to take advantage of these cost savings.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***Receiving Process***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the steps and documents required to expeditiously process incoming materials for accountability and proper storage.

2.0 PROCEDURES:

The Material Control Clerk verifies that incoming material is in good condition. If visible damage is recognized, it is noted on the packing slip and the Buyer is notified. The package is held until the carrier is notified and a report is completed as necessary if applicable.

The Material Control Clerk opens the package and removes the item(s) and compares them with the packing slip. If there is a discrepancy, the Buyer is notified and the items are held in the receiving area until resolution. Follow up with the Buyer is the responsibility of the Material Control Clerk. ***Problem items should not remain unresolved for any longer than a one-week period.***

If the item(s) in the package matches perfectly, the Material Control Clerk completes the following steps:

1.) A checkmark is placed next to the quantity received for each item

2.) Packing Slip stamped "Received" with the associated date and initials of the clerk

3.) Count verified with packing slip stamped and signed by the second Material Control Clerk for inventory items only

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PURCHASING PROCEDURES

TITLE: ***Receiving Process***
DATE: ***January 1, 2017***

4.) Material Control Clerk uses packing slips to receive items against the associated Purchase Order in the on line receiving program.

5.) Packing Slip stamped "Posted to Computer" with the associated date and initials of the clerk

6.) In the event that this is the final receipt of items against a particular purchase order, the packing slip is stamped "Complete".

If the package is shipped Federal Express or UPS Red, it is considered a high priority and the originator is notified immediately of its arrival.

The Material Control Clerk places inventory items in the assigned location in the warehouse.

Items received other than for warehouse inventory are delivered to the originator along with a copy of the packing slip. Deliveries at Operations are done on a daily basis; deliveries for Sand Canyon are routinely done via interoffice mail as required.
Packing slips are forwarded to the Purchasing Coordinator and attached to the associated Purchase Order. Upon receipt of all items to the Purchase Order, the completed package is filed in the closed files located in the Purchasing office.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***Parts Issuance from Inventory***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the steps and documents required for the removal of parts and equipment from District inventory to a specific project or department expense. Inventory houses commonly used parts and equipment.

2.0 RESPONSIBILITY:

It is the responsibility of the Purchasing Manager to maintain an accurate and complete inventory and to work with the District Managers and Supervisors to set minimum and maximum levels and re-order points.

3.0 PROCEDURES:

Issuing an item from Inventory:

The Material Control Clerk locates the item(s) needed by an active IRWD employee and pulls it from the inventory. The following information is entered into the on-line inventory program:

1. Enter Miscellaneous Issue
2. Coding as supplied by the requestor
3. The IRWD item number and quantity required is entered into the associated fields the system will automatically bring up the description.
4. Input name of requesting individual.

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TITLE: ***Parts Issuance from Inventory***
DATE: ***January 1, 2017***

Return to Stock:

All regular inventory item material to be returned to the warehouse or yard must be recorded through the On-line inventory program. The following information is entered:

1. Enter Miscellaneous Receipt
2. Coding as supplied by the requestor and previously issued to
3. The IRWD item number and quantity of the item to be returned is entered into the associated fields. The system will automatically bring up the description.
4. Input name of requesting individual.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***<u>Surplus Equipment Disposal Documentation</u>***
DATE: ***January 1, 2017***

1.0 PURPOSE:

The purpose of this document is to establish uniform procedures for the sale and/or disposal of surplus or obsolete materials.

2.0 SCOPE:

These procedures describe the sale and disposal sequence of surplus materials from the receipt and acceptance of equipment from each department through the housing of the equipment to final disposition.

3.0 RESPONSIBILITY:

It is the responsibility of the Purchasing Manager to maintain the surplus warehouse and its contents. The Purchasing Manager is responsible for the sale and disposal action.

4.0 PROCEDURE:

When an originating department has an item(s) that is no longer needed for the function of the department, Surplus Authorization Form is generated. The Warehouse WILL NOT accept any equipment for surplus WITHOUT the completed Surplus Authorization form and referenced item(s). ALL surplus items will be routed through the Purchasing Department via the Purchasing Manager.

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PURCHASING PROCEDURES

TITLE: ***Surplus Equipment Disposal Documentation***
DATE: ***January 1, 2017***

The following information is required on the Surplus Authorization Form:

1. A detailed description of the item(s) Including any model or part numbers and Serial numbers.

2. The condition of the item(s), as to whether it is in good working condition or a scrap item.

3. IRWD Asset number (if available)

4. Estimated dollar value of the item(s) described.

5. A signed authorization from the appropriate authorized individual(s) * See note below

***Note:** If the item values $500 or less the authorization the Specific Department Manager must approve form. If the item values over $500 the item must be approved by the specific Department Manager, associated Director and the General Manager
If applicable a recommendation as to disposition of the item(s) would be included on the form.

The Surplus Authorization Form and the item are then delivered to the Warehouse for processing by the Purchasing Manager.

The Purchasing Manager will evaluate and complete the following as required:

a. Verify the item matches the information on the Surplus Authorization Form

b. Assign a sequential identification number to each item.

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PURCHASING PROCEDURES

TITLE: ***Surplus Equipment Disposal Documentation***
DATE: ***January 1, 2017***

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c. Enter information into the Surplus Item Number Log.

1. Item Number
2. Asset Tag # (if applicable)
3. Date received into Surplus
4. Description of item
5. Final Disposition
6. Date of Disposition
7. Sale Amount (if applicable)

d. Tag the item(s) and deliver to the Surplus Warehouse.

e. File the completed surplus authorization form in appropriate file.

Disposition of equipment to outside source:

It is the responsibility of the Purchasing Manager to locate and contact sources interested in the surplus items the District has for sale and disposition. When the District receives and accepts an offer to purchase, the following procedure is completed:

1. A shipper is generated recording the item(s) to be purchased and the sale amount. The shipper will also serve as a bill of sale with the following statement recorded in the body:
   Note: The above mentioned items are sold "AS IS"

2. A copy of the shipper and a check made out to the District will be sent to Finance for processing.

3. Any IRWD asset numbers are recorded on the shipper and routed to the Accounting Department for processing.

If items are found not to have any monetary value, the disposition of the item will be noted on the Surplus Item Number Log. Only in the event that an item contained an IRWD Asset tag number would Accounting be notified of the disposition.

IRVINE RANCH WATER DISTRICT PURCHASING PROCEDURES

TITLE: ***Surplus Equipment Disposal Documentation***
DATE: ***January 1, 2017***

Surplus Vehicles

All vehicle and equipment determinations of surplus are the responsibility of the Fleet Services Department. Surplus authorization forms will be completed by the Fleet Maintenance Manager and submitted to the Purchasing Manager for appropriate processing. Vehicles will either be dispositioned via an auction service or surplus vendor.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***MSDS Procedure***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the steps and documents required to maintain the MSDS Log and information required by law for any chemical procured for use at the Irvine Ranch Water District.

2.0 PROCEDURES:

At the time of procurement of any chemical or solution the associated Buyer checks the "MSDS SEARCH" program to see if that specific MSDS is on file. If not, the Buyer requests one to be sent with the shipment.

After receiving the MSDS form, enter the new MSDS number and trade name of the chemical or solution in the 3-ring binder kept in the Purchasing file area.

In the "MSDS Maintenance" file in the computer, enter the MSDS number and this will put you into the screen for entering all of the vendor information.

A. Date information entered
B. Manufacturer's information
C. Telephone number and emergency phone number
D. Manufacturer Part Number
E. Trade name or common name
F. Press "OK" and all this information will be updated.
G. Label the new MSDS form with the MSDS number and trade name.

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IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***MSDS Procedure***
DATE: ***January 1, 2017***

Each MSDS must be checked and confirmed as being contained in the MSDS program

Occasionally we will receive a revision for an MSDS already entered. Review each MSDS to locate original and revision history dates, update accordingly. Update new or updated information in the computer system. Send a copy to the Safety Office with a note to revision.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***Procurement Card Procedure***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the steps and documents required to monitor Purchasing Card usage by designated employees as assigned from the Purchasing Department Program Administrator.

2.0 PROCEDURES:

The District Credit Card is utilized for designated employees to make purchases directly related to an employee's job duties, which may include travel arrangements. The following steps are taken to administer and monitor the program:

a. The Director of Treasury / Risk Management completes a Delegation of Authority form assigning the Purchasing Manager as the Program Administrator. The Program Administrator assigns two Purchasing staff as additional Program Administrators.

b. The Program Administrator completes a cardholder account setup form for designated credit card users. Industry restrictions and spending limits are assigned on this form.

c. The Program Administrator has each designated cardholder read and sign the Credit Card User Agreement and Credit Card Manual. The department Director is required in all cases to approve this request.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***Procurement Card Procedure***
DATE: ***January 1, 2017***

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d. The Program Administrator will issue the individual credit cards.

e. The Cardholders will be fully trained on how to utilize the District Credit Card by the Program Administrator and/or the Purchasing Coordinator. The cardholder is provided a copy of the Credit Card Manual.

f. Cardholders will verify card charges, assign coding and upload the Credit Card Statement and back up into Oracle iExpense

g. The Program Administrator will receive a Monthly Billing Statement showing all District Credit Card activity.

h. The Program Administrator will forward the remittance billing statement to the Purchasing Coordinator for verification with the Credit Card Statement

i. Credit Card Monthly Statements, and Receipts are scanned into Webdocs by the Purchasing Department.

j. The monthly electronic Credit Card billing statement is downloaded by the Program Administrator and forwarded to Accounts Payable.

k. Each cardholder will receive notification from Accounts Payable when their monthly credit card statement is ready for review.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***Supplier Assessment***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the steps and documents required to evaluate a potential Supplier for the Irvine Ranch Water District.

2.0 PROCEDURES:

This Supplier Assessment procedure is utilized when a potential Supplier requests to be added to the Districts approved Supplier List. The following steps are taken:

1. Suppliers are directed to the Purchasing Website.

2. The Supplier opens the New Supplier Link.

3. The Supplier completes the "Supplier Assessment Information Sheet".

4. The Supplier e-mails or faxes the completed Supplier Assessment Information Sheet to Purchasing Coordinator and Registers at E-Purchasing Website. The Purchasing Coordinator e-mails or faxes a Customer Survey of Supplier Capabilities and Performance to Supplier references.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***Supplier Assessment***
DATE: ***January 1, 2017***

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5. When the completed "Customer Survey of Supplier Capabilities and Performance" is returned the Purchasing Manager reviews and makes a final decision:

   Option 1: If Supplier **does not** meet the Districts requirements, the Purchasing Coordinator sends the Supplier a non-acceptance e-mail.

   Option 2: If Supplier **does** meet the Districts requirements, the Purchasing Coordinator sends the Supplier an acceptance e-mail.

6. The approved Supplier is then added to the Approved Supplier List for future consideration.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***<u>Inventory Obsolescence</u>***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the steps and criteria required to remove inactive material from the Districts Warehouse Inventory.

2.0 PROCEDURES:

The Purchasing Manager will review Warehouse Item History on a yearly basis before end of fiscal year.

Obsolescence material criteria:

> Material without any activity within a three-year period. (***Note: Inventory carrying costs become a factor between a three to four-year period of time, when the material is no longer worth it's purchase price and continues to cost the District to store the material.)
>
> Exceeds the item (s) shelf life
>
> Industry Obsolescence

The inactive material will be reviewed by Purchasing and Operations Management for concurrence that items should be removed from inventory and disposed of.

After a decision is made to obsolete specific material from inventory one of the following options will be completed:

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***<u>Inventory Obsolescence</u>***
DATE: ***January 1, 2017***

A. If the material is a special long lead-time item, it will be moved to the Emergency Preparedness Supply Inventory.

B. The material can be given to either Department 40 or 50 for storage

C. If the material has an expired shelf life and does not have any future use for the District, it will be scrapped utilizing existing surplus/scrap vendors.

Monitoring Obsolescence:

All obsolete material will be removed from inventory via the on-line Inventory system utilizing a designated departmental expense charge number (650). We will write off the items from inventory and have reporting capabilities to monitor this activity.

IRVINE RANCH WATER DISTRICT
PURCHASING PROCEDURES

TITLE: ***Warehouse Inventory Cycle Check***
DATE: ***January 1, 2017***

1.0 INTRODUCTION:

This procedure identifies the steps required to verify the existing warehouse inventory records (quantity), to correlate inventory records with financial records.

2.0 PROCEDURES:

The Purchasing Manager requests the non-annual inventory audit selection program from Oracle to get the cycle counts sheets for the warehouse inventory. Cycle counts done on a semiannual basis.

The inventory cycle check sheets are then forwarded to the Material Control Clerks that will do the following procedures:

1. Physically count each item on the sheets, checking warehouse location and receiving area.

2. If material location has changed, clerk updates the count sheet and makes the location change in the inventory maintenance program.

3. Compares completed count sheets with Oracle inventory inquiry system.

4. In the event that the counts do not match the following will be done:

    a. Recount of the inventory
    b. Check receiving area for item(s)
    c. Check past purchase order receipts and transaction history

5. If the discrepancy cannot be resolved, the count sheets are submitted to the Purchasing Manager for further process review.

6. Purchasing Manager reviews discrepancy counts with Material Control Clerks before making any cycle count adjustment in Oracle program Inventory maintenance program.

7. Purchasing Manager files cycle check count sheets for future status update against monthly tactical measures.