



**Policy Type:** Administrative

**Category:** Procurement

**Policy Name:** Small Dollar Purchase Policy Using Field Purchase Orders

**Policy Owner:** Procurement Department

### **Policy Purpose**

The purpose of this policy is to provide County employees with the **Small Dollar Purchase Policy Using Field Purchase Orders**.

### **Policy Summary**

The Field Purchase Order is a mechanism for the Director of Procurement to delegate authority to departments to make small dollar purchases for acquisition of services, supplies, materials, equipment or other personal property that are not on contract and cannot be contracted for on a P-Card. When making these purchases, all departments must follow the policies, procedures and guidelines contained in the **Small Dollar Purchase Policy Using Field Purchase Orders**.

### **Procedures**

See the **Small Dollar Purchase Policy Using Field Purchase Orders**. The **Small Dollar Purchase Policy Using Field Purchase Orders** can be found online at

[url]

/sites/policies/FormsrelatedtoPolicies/Small%20Dollar%20Purchase%20Policy%20Using%20Field%20Purchase%20Orders.pdf.



## **Definitions**

None.

## **Frequently Asked Questions**

### **1) What has changed?**

Specific Direct Pay Codes will be eliminated, and new codes will be introduced.

### **2) Why is the current Direct Pay process for the small dollar purchase of goods and services changing?**

A 2009 Finance Internal Audit of Direct Pay indicated there was a need to ensure that the acquisition methods currently used for the purchase of goods and services provide more control, visibility and accountability. Over \$156 million in spend on small dollar purchases for County operations were acquired through Direct Pay and P-Card.

There are currently no standard procedures or standard contractual documents that insure risk mitigation and vendor performance. In addition, there are no good reporting tools that allow us to identify and potentially leverage the Countywide spend for these types of acquisitions.

### **3) How were the changes in the Direct Pay Codes determined?**

A Center for Leadership Transformation team (CLT) was established to focus on the specific categories of current Direct Pay Codes. The team performed research and analysis of the targeted categories and data analysis of the dollar volume and activity for each category. In addition, the CLT team conducted in-depth interviews of the County Departments with the highest spend utilizing the targeted Direct Pay categories, which included Santa



Clara Valley Medical Center (VMC), Social Services, Probation Department, Employee Services Agency, Department of Correction, Facilities and Fleet Building Operations, and Roads and Airports. The results of the research and finding provided the data for the changes made to the Direct Pay Codes.

#### 4) **What are the new Direct Pay Codes?**

The Direct Pay committee will release the new recommended Direct Pay list at the 2011 training class.

#### 5) **Can Field Purchase Orders be used to contract for services?**

Yes. Under specific circumstances, Field Purchase Orders can be used for services. However, additional documentation and processing is required prior to order placement.

#### 6) **What are the advantages to the County using these new processes?**

Use of the new tools will:

- Improve visibility of spend for small dollar purchases;
- Allow Departments to maintain accountability and responsibility for the purchase of non-contract goods and services;
- Introduce an alternative mechanism for making small dollar purchases with increased delegation of authority to department heads;
- Identify potential contracting opportunities;



- Streamline Direct Pay Codes; and
- Enhance the Procurement Card (P-Card) Program

7) **How will these changes impact VMC?**

VMC currently uses a three-way match to pay vendors/suppliers. Therefore, the change to the small dollar purchase process will have little impact at VMC. The VMC Product Management team has been an integral part of this CLT project.

8) **When do all these new processes go into effect?**

All changes will be effective on July 1, 2011.

9) **Could Field Purchase Order be used to purchase inventory items?**

No. Field Purchase Order shall not to be used for inventory items.

10) **Could Field Purchase Order be used to purchase Fixed Asset items?**

No. Field Purchase Order shall not to be used for Fixed Assets.

11) **Who do I call if I have questions regarding the new process or how to create a Field PO in SAP?**

Call TLC support at 918-7000, or send an email to [tlc@isd.sccgov.org](mailto:tlc@isd.sccgov.org).

12) **What if I find a product at a better price then what is offered on the County Contract?**



You can use the P-Card to make the purchase, however please provide the quote and current County Contract price as documentation.

**13) What does “recurring” services mean?**

Recurring services mean services rendered more than once. However, under the Small Dollar Purchase Policy, departments may use the Field Purchase Order (FPO) for recurring orders. Once the total value of orders reaches \$25,000, it is recommended that the department contact the Procurement Buyer to discuss the opportunity for a master contract to be established.

**14) Do I need to create a Field Purchase Order before we receive the goods or services?**

Yes. It is good business practice which Procurement recommended that department to create a purchase order in SAP prior to good/services being rendered.

**15) Can I change the existing line at the FPO to increase the quantity or dollar value?**

No. You will need to add a new line to the existing Field Purchase Requisition and append to the FPO.

**16) Can I still use a Direct Pay code if it is not on the list to be removed?**

Yes. Any Direct Pay codes not on the recommended list to be removed may be used as usual.

**17) Do I need to provide documentation for Field PO?**



Yes. Please attach all documentation to your Field Purchase Requisition.

**18) My department currently use code H4 to process payments for staff training. There may be times when we send two staff and per class is \$4000 which would go over the \$5000 limit. What other options do I have?**

Use P-Card in this situation and submit a request to increase the dollar limit.

**19) At my department, any purchase up to \$2,500 requires the approval from my manager. Since the FPO and P-Card have a dollar limit of \$5,000, will this approval process be the same?**

Departments can continue their own internal approval process as they deem appropriate.

**20) How insurance should be handled with the Field Purchase Order?**

The Standard Terms and Conditions for Field Purchase Orders includes indemnification language designed to protect the County's interest against liability exposure in the acquisition of services. The Standard Terms and Conditions for Field Purchase Orders must be supplied to the contractor/supplier with each and every order.

### **Related Policies**

- Procurement Card (P-Card) Policy - <https://saecommon.sccgov.org/countypolicy/Procurement-Card-Policy.pdf>



**Related Forms and Information**

- Small Dollar Purchase Policy Using Field Purchase Orders -  
[url]  
</sites/policies/FormsrelatedtoPolicies/Small%20Dollar%20Purchase%20Policy%20Using%20Field%20Purchase%20Orders.pdf>

**History**

Date	Changes Made
3/14/2014	Policy Uploaded. (Kyle Larson)