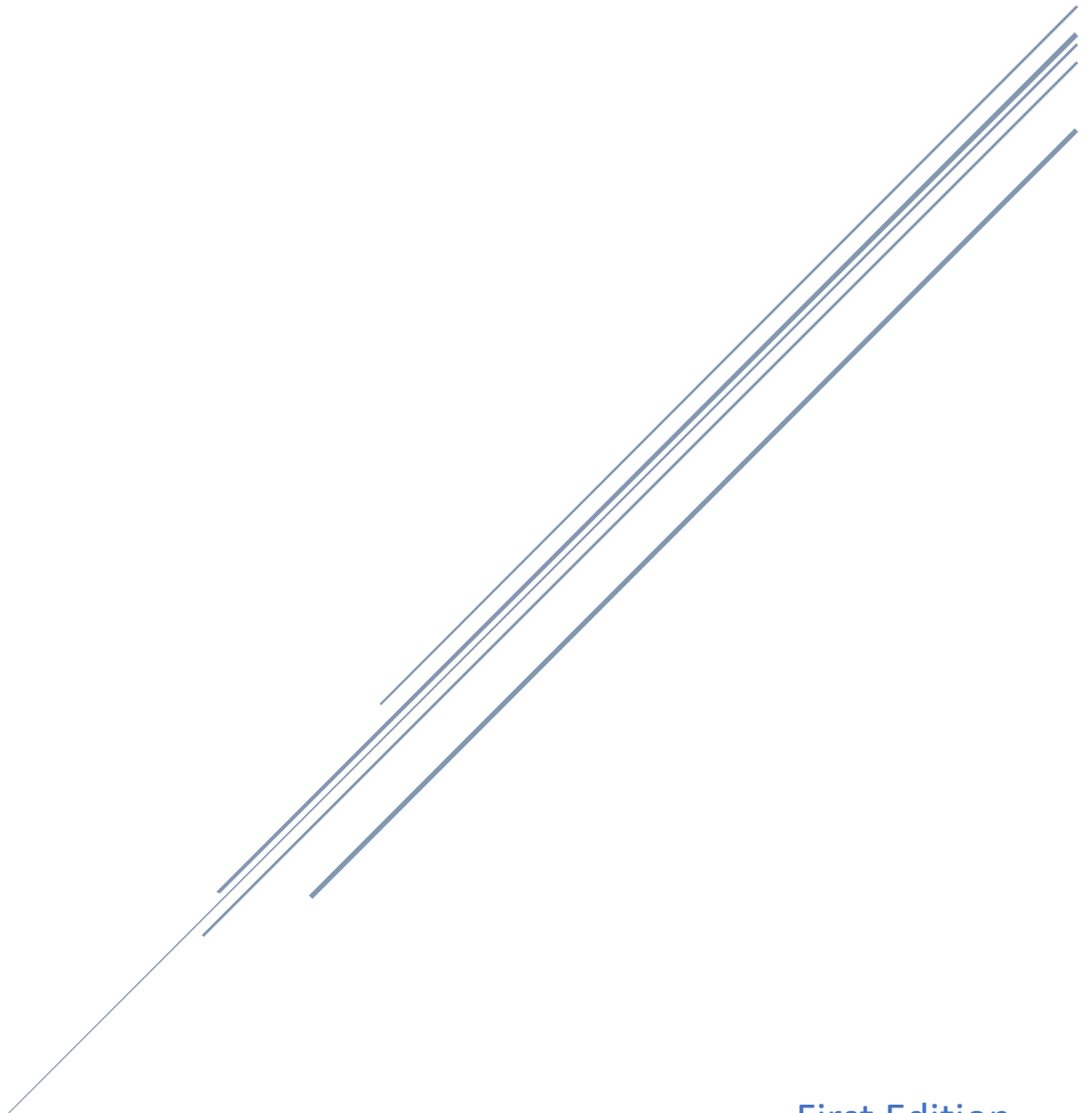


FINANCIAL MANAGEMENT MANUAL

Standard Operating Procedures for Purchasing



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Table of Contents

Chapter 1: SMALL PURCHASE STANDARD OPERATING PROCEDURE.....	3
1.0 Policy.....	3
1.1 Supplies and Regular Services Small Purchase Process:	3
A. Competition for Small Purchases of Supplies or Services Between \$500 and \$25,000.	3
1.2 Essential elements of the process:	3
A. Create a Procurement Record Binder.....	3
B. Develop a Scope of Work or Specifications.	3
C. Write a Letter to GSA	3
D. Wait 10 days for a response.....	3
E. Draft a Determination of Need (DON).....	4
F. Call or email Vendors	4
G. Record any and all oral discussions.....	4
H. Award the procurement to the lowest responsive and responsible bidder.	4
I. Certify the Procurement Record.	4
J. Keep ALL invoices and e-mails	4
1.3 Professional Services Small Purchase Process:	4
A. Conditions for Use.	4
B. Essential elements of the process:.....	5
C. Develop a Scope of Services	5
D. Call DOA and examine any current “Statements of Qualifications” on file with DOA.	5
E. If no current Statements are on file with DOA,	5
F. Wait a reasonable amount of time for a DOA response.	5
G. Draft a Determination of Need (DON).....	5
H. Call or E-mail Vendors to obtain three written “Statements of Qualification”	5
I. If you don’t get three Statements of Qualification	6
J. Examine the Statements of Qualifications.....	6
K. Audio Record any and all verbal negotiations/discussions.....	6
L. Award the procurement to the most qualified responsible Vendor	6
M. Executive Director signs a Contract with the Vendor.....	6
N. Certify the Procurement Record.	7
Chapter 2: PETTY CASH FUND PROCEDURES.....	9
2.1 General.....	9
2.2 Policies.....	9
2.3 Purchasing Procedures.....	9
2.4 Replenishing the Cash Fund Procedures	10
2.5 Safeguarding the Petty Cash fund.....	10
2.6 Audit	10
CHAPTER 3: RECEIVING REPORT STANDARD OPERATING PROCEDURE.....	13
Policy	13
Receiving Report Procedures	13

SMALL PURCHASE STANDARD OPERATING PROCEDURE

Chapter 1: SMALL PURCHASE STANDARD OPERATING PROCEDURE

1.0 Policy

To provide standard procedures for the Guam Ethics Commission and to guarantee that all small purchases follow the Guam Procurement Law.

The head of an agency or entity has the authority and ability to conduct its own small purchase procurement pursuant to 2 GAR, Div. 4 § 3111(b)(1) and (2). Agencies do not have to go through GSA for small purchases of either supplies, regular services, or professional services.

1.1 Supplies and Regular Services Small Purchase Process:

A. Competition for Small Purchases of Supplies or Services Between \$500 and \$25,000.

(1) *Procedure.* Insofar as it is practical for small purchases of supplies or services between \$500 and \$[25,000], no less than three positive written quotations from businesses shall be solicited, recorded and placed in the procurement file. Awards shall be made to the lowest responsible and responsive bidder.

(2) *Records.* The names of the business submitting quotations to include the date and amount of each quotation shall be recorded and maintained as a public record.

2 GAR, Div. 4 § 3111(c) (emphasis added).

1.2 Essential elements of the process:

- A. **Create a Procurement Record Binder** (i.e., “Procurement File”). This is required under 5 GCA § 5249: “Record of Procurement Actions. Each procurement officer shall maintain a complete record of each procurement.” (emphasis added).
- B. **Develop a Scope of Work or Specifications.** Put it in the Procurement Record Binder. Include any brochures or reference materials used to develop the Scope of Work/Specifications in the Procurement Record Binder, and all drafts. 5 GCA § 5249(d).
- C. **Write a Letter to GSA** asking if they have the required supplies and/or services available. This is required under 5 GCA Section 5130(d).
- D. **Wait 10 days for a response.** This is required under 5 GCA Section 5130(d). If you receive a response, put it in the Procurement Record, and follow it. If no response is received, proceed with the small purchase.

- E. **Draft a Determination of Need (DON).** 5 GCA Section 5249(e): “The record shall include the following: ... (e) the requesting agency’s determination of need.” This must be signed by the DIRECTOR and placed in the Procurement Record BEFORE you obtain the three quotes.
- F. **Call or email Vendors** or Print out price from the internet to obtain three written quotes for the Scope of Work/Specifications you developed earlier. Put the written quotes with the name, date, and amount of the quote in the Procurement Binder. 2 GAR, Div. 4 § 3111(c).
- G. **Record any and all oral discussions** you have with any of the vendors! This is required under 5 GCA Section 5249(c): “The record shall include: ... sound recordings of all pre-bid conferences; negotiations arising from a request for proposals and discussions with vendors concerning small purchase procurement;” (emphases added).
- H. **Award the procurement to the lowest responsive and responsible bidder.** 2 GAR, Div. 4 § 3111(c). This means that you first have to determine that the lowest bidder is “responsible.” See 2 GAR, Div. 4 § 3116 (b)(4): “Responsibility of Bidders and Offerors...4) Duty Concerning Responsibility. Before awarding a contract, the Procurement Officer must be satisfied that the prospective contractor is responsible.”
- I. **Certify the Procurement Record.** This is required under 5 GCA § 5250. Certification of Record. Then, use a Purchase Order or whatever document your agency uses to finalize the small purchase.
- J. **Keep ALL invoices and e-mails** and put them in the Procurement Record, both before and after the EXECUTIVE DIRECTOR signs the Purchase Order or other document and the agency receives the required supplies or services. Keep the Procurement Record Binder for 5 years. This is required under 5 GCA § 5249(b) and 5 GCA § 5247.1. Retention of Electronic Mail Correspondences.

1.3 Professional Services Small Purchase Process:

Here is the general rule for obtaining “professional” services through a small purchase procurement:

- A. **Conditions for Use.** If it is expected that the services of accountants, physicians, lawyers, dentists, architects, engineers, or land surveyors can be procured for less than \$[25,000] and more than \$500, the methods specified in this Section may be used in lieu of the procedures specified in § 3114 (Competitive Selection Procedures for Services Specified in § 2112) and § 5108 (Architect-Engineer and Land Surveying Services of these Regulations).

2 GAR, Div. 4 § 3111(f)(1) (emphasis added).

- B. **Essential elements of the process:**
Create a Procurement Record Binder (i.e., "Procurement File"). This is required by 5 GCA § 5249 ("Record of Procurement Actions. Each procurement officer shall maintain a complete record of each procurement.") (emphasis added).
- C. **Develop a Scope of Services** This should include information regarding the type of matter to be handled---enough information that any conflicts of interest could be identified. Put it in the Procurement Record Binder. Include any brochures or reference materials used to develop the Scope of Services in the Procurement Record Binder, and all drafts. 5 GCA § 5249(d).
- D. **Call DOA and examine any current "Statements of Qualifications" on file with DOA.** See, 2 GAR, Div. 4 § 3111(f)(2) ("Before contacting any person to perform the required services, the Procurement Officer shall examine any current statements of qualifications on file with the territory. Based on this examination, the Procurement Officer shall contact the most qualified firm and attempt to negotiate a contract for the required services at a fair and reasonable price. If no current statements of qualifications are on file or the statements on file are inadequate to determine the most qualified firm, technical proposals or statements of qualifications shall be solicited.").
- E. **If no current Statements are on file with DOA,** write a Letter to DOA asking if they have this type of professional services available from any government personnel, retired or otherwise. This is required as a prerequisite for the Determination of Need required under 5 GCA Section 5249(e); see also 2 GAR, Div. 4 § 3114(c)(2) "the head of the using agency must determine: ...that a reasonable inquiry has been conducted, which shall include requesting the appropriate Personnel Services Department to report on the availability of such personnel, and the territory does not have the personnel nor resources to perform the services required under the proposed contract...."
- F. **Wait a reasonable amount of time for a DOA response.** If you receive a response, put it in the Procurement Record, and follow it. If no response is received, proceed with the small purchase. If no response received, put a Memorandum in the Procurement Record that "a reasonable inquiry was conducted and no response was received from DOA within ____ (____) days" and the DIRECTOR signs this memo.
- G. **Draft a Determination of Need (DON).** See, 5 GCA Section 5249(e) ("The record shall include the following: ...(e) the requesting agency's determination of need."). This must be signed by the DIRECTOR and placed in the Procurement Record BEFORE you obtain the three statements of qualification.
- H. **Call or E-mail Vendors to obtain three written "Statements of Qualification" for the Scope of Services you developed earlier.** You must request the following

information to be provided from the Vendors: “(d) Statement of Qualifications. When the services specified in §3114(a) (Application) are needed on a recurring basis, the Procurement Officer shall actively solicit ... statements of qualifications in a prescribed format which shall include the following information: (1) technical education and training; (2) general or special experience, certifications, licenses, and membership in professional associations, societies, or boards; (3) an expression of interest in providing a particular service specified in §3114(a); and (4) any other pertinent information requested by the Procurement Officer.” 2 GAR, Div. 4 § 3114(d).

DO NOT ASK FOR PRICES AT THIS TIME. “A price or fee shall not be solicited until the most qualified firm is chosen and only the most qualified firm will be requested to submit a price.” 2 GAR, Div. 4 § 3111(f)(2) (emphasis added).

- I. If you don't get three Statements of Qualification, and you only get two or fewer, then draft a Written Determination justifying the consideration of only one or two firms and put it in the Procurement Record once it is signed by the DIRECTOR (i.e., because we only received 2 or 1). 2 GAR, Div. 4 § 3111(f)(2).
- J. Examine the Statements of Qualifications, rank them, and “contact the most qualified firm and attempt to negotiate a contract for the required services at a fair and reasonable price.” Id.
- K. Audio Record any and all verbal negotiations/discussions you have with any of the vendors! This is required by 5 GCA Section 5249(c) (“The record shall include: ... sound recordings of all pre-bid conferences; negotiations arising from a request for proposals and discussions with vendors concerning small purchase procurement”).

If after negotiations with the first choice, a fair and reasonable price cannot be agreed to, move on to the second most qualified Vendor, etc.---"negotiations will be terminated with such firm and negotiations begun with the next most qualified firm. The process shall continue until a contract can be negotiated at a fair and reasonable price to the territory.” Id. Create a Written Determination stating the reasons for any discontinued negotiations, signed by the DIRECTOR and put it in the Procurement Record.

- L. Award the procurement to the most qualified responsible Vendor with whom a reasonable price can be agreed for the Services. 2 GAR, Div. 4 § 3111(c). This means that you first have to determine that the Vendor is “responsible.” See 2 GAR, Div. 4 § 3116 (b)(4) (“Before awarding a contract, the Procurement Officer must be satisfied that the prospective contractor is responsible.”).
- M. Executive Director signs a Contract with the Vendor to finalize the small purchase of professional services. Put the Contract in the Procurement Record.

N. **Certify the Procurement Record.** This is required under 5 GCA § 5250. Certification of Record. The AG's Office can provide a sample Certification of Record Form. Place it on your agency/entity letterhead and replace all blanks and highlighted areas with the information that is specific to your procurement, and have it signed by the DIRECTOR.

Keep ALL invoices and e-mails and put them in the Procurement Record, both before and after the Director signs the Contract and your agency receives the professional services. Keep the Procurement Record Binder for 5 years. This is required by 5 GCA § 5249(b) ("a log of all communications between government employees and any member of the public, potential bidder, vendor or manufacturer which is in any way related to the procurement"); and 5 GCA § 5247.1 ("Retention of Electronic Mail Correspondences. All incoming and outgoing electronic mail (email) correspondences pertaining to matters related to the procurement of goods and services as governed by this Chapter shall be retained for a period of not less than five (5) years. Such electronic mail (email) correspondences may be used for evidentiary purposes in the appellate procedures contained in this Chapter.").

PETTY CASH FUND PROCEDURES

Chapter 2: PETTY CASH FUND PROCEDURES

2.1 General

In our pursuit of maintaining the highest ethical standards within the government of Guam

A petty cash fund is established to improve the efficiency of Guam Ethics Commission operations. These funds are available to purchase minor items when it would be otherwise impractical to purchase items through the usual purchasing methods. The maximum petty cash fund amount is \$500.00. The maximum requested amount is \$500.00

2.2 Policies

- A. A fund may be used for small repetitive or emergency purchases under \$500.00 as prescribed by a department and approved by the appropriate authority.
- B. The Procurement Officer will receive and review request for funds.
- C. The size of the fund should be the minimum practical to meet requirements and may not exceed the amount approved for the department.
- D. Small repeat purchases from petty cash should not be used to avoid purchasing procedures where volume and bidding might secure lower prices.
- E. A fund will be only used as outlined in this instruction. Petty Cash fund will not be used for payroll, to cash checks, make change, make cash advances (IOUs), etc. A fund which is unused or improperly used may be withdrawn.

2.3 Purchasing Procedures

1. The requestor completes the Petty Cash form (Use Form GETHC PCC-01) justifying the need for a petty cash. Procurement Officer approval is required.
Petty cash

ORIGINAL receipts must be submitted within 3 days of receiving approval. The correct change (if any) must be submitted with the original receipts. If items are not purchased within 3 days or by an approved date by the Procurement Officer, the petty cash fund must be returned to refund the petty cash box. Petty cash fund is replenished as soon as the fund balance reaches \$100.00.

2. Fund management - Responsibility for management and operation of the fund is delegated by the Director to the designated and approved Procurement Officer with overall accountability resting with the appropriate administrator. When funds transfer between Procurement Officer and cash requestor both parties must be present. Individual holding funds shall take accountability of the cash and present original receipts and change (if any) to Procurement Officer. Both Procurement Officer & cash requestor shall count funds together and acknowledge that funds match accountability (Use Form GETHC PCC-02). Should any discrepancy exist at time of transfer, Director must also sign acknowledging discrepancy.

3. Authorization for purchase - approval for purchase is secured from the custodian before making the purchase using fund money. Prior approval is necessary to insure that:
 - a. There is a valid business purpose for the purchase.
 - b. The proposed purchase can properly be made from petty cash.
 - c. The department authorized the purchase.
 - d. The purchaser understands the procedures for purchase and requirements for receipts.
4. Making purchases - Upon approval by the custodian for specific purchase and the amount to be spent, the individual will:
5. Secure 3 quotes from vendors, the lowest quote will be awarded
6. Fill Form GETHC-PCC-01 to request for Petty Cash
7. Make the authorized purchase.
8. Secure a receipt or itemized ticket signed and mark "Paid" by the vendor.
9. Return receipt to Procurement Officer.

Note: Purchases made to Military Base stores are not permitted.

2.4 Replenishing the Cash Fund Procedures

When cash on hand in the fund reaches a level where replenishment is required, a Petty Cash Replenishment Report is required to be submitted to the Department of Administration. The custodian needs to:

1. Count remaining cash and verify that the total cash plus the total receipts equals the total authorized fund (Use Cash Count Form - GETHC PCC-02);
2. Document any shortage with an appropriate explanation entered, and the form (GETHC PCC-02) signed by the custodian.
3. Reconcile funds by using DOA's Petty Cash Forms (see below). A copy of receipts and 3 quotes (telephonic or email) must be attached to the forms.
 - a. DOA Form ACC-PCC001 - Petty Cash Replenishment Report Without Divisions
 - b. FORM ACC-PCB001 – Cash Count Report
 - c. Form ACC-PCA001 – Petty Cash Voucher

2.5 Safeguarding the Petty Cash fund

All cash and sales slips, receipts, or other applicable documents of the fund should be logged in the Cash Receipts and Cash Payments Journal, it must also be secured and safeguarded in a metal lock box and placed in a locked desk, locked cabinet, or locked safe.

2.6 Audit

The Executive Director will periodically (announced or unannounced) make an audit of the fund. The custodian is to ensure that the fund is always balanced and available for audit.

Discrepancies in petty cash fund and non-compliance with procedures found by the Executive Director may result in personal reimbursement of the fund by the petty cash custodian and possible disciplinary action.

Forms

Form GETHC PCC-01 – Request for Petty Cash

Form GETHC PCC-02 – Cash Count Form

DOA Form ACC-PCC001 - Petty Cash Replenishment Report Without Divisions

FORM ACC-PCB001 – Cash Count Report

Form ACC-PCA001 – Petty Cash Voucher

RECEIVING REPORTS

CHAPTER 3: RECEIVING REPORT STANDARD OPERATING PROCEDURE

Policy

Receiving reports are an essential component of the payment process. They serve as documentation that goods or services have been received by the Guam Ethics Commission and are therefore eligible for payment. These reports also help prevent fraud and ensure accountability in the use of public funds.

Receiving Report Procedures

1. Request or retrieve invoice from vendors onset of each month.
2. Review invoices for accurate information. Check for: amount of invoice, purchase order number, and month.
3. Generate Receiving Report Form. Fill out necessary information:
 - a. Date Submitted
 - b. Purchase Order Number
 - c. Vendor's information
 - d. Invoice Number
 - e. Description of rendered service, quantity, and subtotal.
4. Sign Receiving Report Form and Attach the vendor's invoice and the Commission's Purchase Order.
5. Adjust the FY23 Requisition/Purchase Order Master Log according to invoice subtotal. Input amount expended for the invoice.
6. Review and approve by the Purchasing Staff.
7. Transmit Receiving Report electronically to Department of Administration to DOA.invoice@doa.guam.gov.