

**TITLE 300. GRAND RIVER DAM AUTHORITY
CHAPTER 20. PURCHASING POLICY**

300:20-1-1. Introduction to purchasing rules

(a) **General.** These rules explain and facilitate understanding of the Authority's functions related to purchasing.

(b) **Application of the rules.** These rules are expressly designed to implement the Board's policy and state law. Procedures will conform to changes in rule or law and when necessary, procedures will be modified to refine the purchasing process. These rules shall apply to all GRDA purchases except where noted otherwise herein. These rules do not apply to repairs, construction, or improvements to GRDA facilities or land that are governed by Title 61 of the Oklahoma Statutes.

(c) **Repairs, construction, or improvements to GRDA facilities and land.** For purchases for repair, construction or improvements to GRDA facilities or land that are governed by the provisions of Title 61 of the Oklahoma Statutes, GRDA will utilize forms and processes comparable to those prescribed by the Office of Management and Enterprise Services ("OMES") Construction and Properties Division. Where the provisions of Title 61 and the rules promulgated thereunder refer to the "Construction and Properties Division" the GRDA Central Purchasing Unit shall perform the duties of the OMES Construction and Properties Division for GRDA purchases when GRDA is allowed under Title 61 to perform such processes or assume such responsibilities. Where the provisions of Title 61 or related administrative rules applicable thereto refer to the "Construction and Properties Division Administrator" or "Administrator" the employee designated by the GRDA Chief Financial Officer shall assume such responsibilities, in instances where the Construction and Properties Division has delegated such authority to state agencies or GRDA.

(d) **Exempt from competitive bidding processes.** Acquisitions of professional services as defined in Section 803 of Title 18 or acquisitions pursuant to the Oklahoma State Interlocal Cooperation Act, as well as power capacity, energy, transmission and ancillary services, insurance, banking, government relations or business expense acquisitions described in Section 300:20-1-15(c), employee training, conference registration, or utility acquisitions are exempt from the competitive bidding processes described herein. Similarly, the acquisition of coal, natural gas, or other energy resources may be confidential or may require special acquisition processes. Therefore the selection of vendors for these products or services may deviate from the guidelines set forth herein.

(e) **Definitions**

(1) **Acquisition.** The process of obtaining items, products, materials, supplies, services (including construction), and equipment by purchase, lease-purchase, lease with option to purchase or rental pursuant to the GRDA Purchasing Policy and Procedures and applicable State laws and directives.

(2) **Acquisition approval or signature authority.** The approval delegated by the Board of Directors or General Manager for a GRDA employee to approve a purchase order or resulting payment thereof.

(3) **Bid.** The cost proposal submitted by a vendor in response to a request or solicitation from the GRDA for a project described in plans and/or specifications provided by GRDA.

(4) **Board of directors.** The rule-making authority and governing body of the Grand River Dam Authority as defined by 82 O.S. § 863.2.

(5) **Central purchasing unit.** The specialist unit within the GRDA Finance Department that is responsible for supervising and managing the acquisitions of materials, supplies, and services that are used by the Authority and for administering procurement policies, rules, and procedures.

(6) **Emergency acquisition.** An acquisition made without following normal acquisition procedures in order to obtain goods or services to meet an urgent and unexpected requirement. An "Emergency" shall be identified as: an event that consists of one or more of the following:

- (A) Correction of an immediate hazardous condition which affects the safety of personnel or the public health;
- (B) Prevention of immediate damage to property or the reduction in reliability of electric generating equipment;
- (C) Avoidance of purchase of alternative power to replace otherwise generated power;
- (D) Maintenance of the efficient and orderly completion of work-in-progress;
- (E) Correction of an immediate regulatory compliance deficiency;
- (F) To obtain needed items when market conditions (e.g. natural disaster, terrorist act, etc.) limit the product or service availability, or when vendors may not be able to quote firm prices as would be possible under normal market conditions;
- (G) To prevent or minimize the serious disruption of services to customers;
- (H) To keep facilities operating, to ensure continuous transmission service, or when a Board meeting has been cancelled and thus it is necessary to avoid disruption of the purchasing process when a bid may expire prior to the next regularly scheduled Board meeting;
- (I) Emergency acquisitions made pursuant to Title 61 of the Oklahoma Statutes.

(7) **General manager or chief executive officer.** The GRDA employee who has oversight and managerial responsibility over all GRDA functions and is selected by the Board of Directors of the Grand River Dam Authority as authorized by 82 O.S. § 864.A.2.

(8) **GRDA or authority.** The Grand River Dam Authority, a governmental agency of the State of Oklahoma, as defined by 82 § 816, et seq.

(9) **Low Dollar Purchase.** A purchase for goods or services that does not exceed the competitive bid dollar threshold as determined by the General Manager.

(10) **Procedures.** Procedures are the prescribed means of complying with the applicable statutes and rules. Procedures provide GRDA personnel with the guidelines and, where appropriate, specific action sequences to ensure uniformity, compliance and control of all policy-related activities.

(11) **Solicitation.** An invitation for bids, a request for proposal, telephone calls, or any document or method used to obtain bids or proposals for the purpose of entering into a contract.

300:20-1-2. Purpose

The purpose of the Authority's acquisition practices is to maintain, at all times, a continuous supply of goods and services necessary to support GRDA's operations. The Authority shall:

- (1) Comply with the laws of the State of Oklahoma and the GRDA Bylaws governing policy and procedures for acquisitions.
- (2) Ensure the uninterrupted flow of production by obtaining and ensuring delivery of an acceptable quality of goods and services at the maximum end-use value per dollar spent.
- (3) Manage inventories of acquired goods so as to meet the use requirements of all GRDA departments at the lowest possible cost.
- (4) Treat all prices, technical information, and other bidder information submitted by suppliers as confidential until after a supplier is selected and the contract is awarded.
- (5) Amicably resolve complaints on all purchased goods and services.

300:20-1-3. Scope

These rules apply to all Board members, officers, and employees of the Authority, and to all those persons or entities doing business or seeking to do business with the Authority.

300:20-1-4. Responsibilities

- (a) The Board of Directors is responsible for promulgating comprehensive Purchasing Rules, and for approving or delegating approval of acquisitions.
- (b) The General Manager shall have authority to approve acquisitions as may be delegated by the Board of Directors.
- (c) Subject to the approval of the Board of Directors, the General Manager may delegate acquisition approval to other employees of the Authority and determine the dollar threshold for purchases that must be competitively bid.
- (d) The Central Purchasing Unit has the responsibility for obligating the Authority and for making the final determination of source of supply, ultimate quantities purchased, delivery schedule, price, and commercial terms. These decisions will be made in conjunction with other departments as appropriate.
- (e) The Central Purchasing Unit is to serve as the exclusive channel through which all requests regarding prices and products are handled. This Unit and no other shall conduct all communications with suppliers involving prices or quotations. Close communication and coordination between the Central Purchasing Unit and the department requesting supplies must occur. The General Manager is responsible for determining the dollar threshold for those purchases that may be competitively bid by departments or units of the Authority outside of the Central Purchasing Unit. Subsections (d) and (e) do not apply to emergency acquisitions and low-dollar purchases or purchases competitively bid by departments, units, or employees other than the Central Purchasing Unit.
- (f) The Chief Financial Officer or designee is responsible for maintaining a uniform set of procedures and forms to service the competitive bid process in accordance with the dollar thresholds determined by the General Manager, the process for non-competitive acquisitions (sole source, sole brand, State Use, etc.), and other acquisition matters, including, but not limited to, evaluation, award, change orders, contract administration, or disputes. These procedures shall be submitted to the Board of Directors for review. Central Purchasing Unit personnel and any other designated department, unit, or personnel are responsible for obtaining bids on all material or services covered under these rules as described herein or the internal uniform procedures.
- (g) The Central Purchasing Unit with the approval of the General Manager may develop, test, and implement new or alternative acquisition procedures and practices that hold potential for making the Authority's acquisition process more effective and efficient or to be consistent

with industry practices. Examples of such acquisition procedures and practices may include, but not be limited to, contract negotiations, reverse auctioning, electronic commerce for online solicitations, notifications, and award. If such practices substantially vary with any procedures herein, the General Manager will notify the Board of such variances on the monthly Purchase Order report provided to the Board.

300:20-1-5. Gifts and gratuities

The Authority and employees shall follow the rules promulgated by the Oklahoma Ethics Commission.

300:20-1-6. Inspections and defects

Sound receiving and inspection procedures shall be utilized at all locations where materials or services are received. Every reasonable effort shall be expended to verify the condition of merchandise received and quantities delivered. Departments should work with vendors to resolve discrepancies and if unable to resolve the user department should notify the Central Purchasing Unit as soon as possible.

300:20-1-7. Local purchases

Acquisitions from vendors in the State of Oklahoma will be referred to as local vendors. It will be the policy to encourage meaningful participation by local vendor sources, whenever possible, to provide useful and acceptable quality services or materials at competitive prices.

300:20-1-8. State of Oklahoma statewide and state use contracts

Non-mandatory statewide contracts awarded by the OMES, for use by certain local governments and state agencies may be utilized by GRDA. Statewide Contracts may be used when use of these contracts would result in a more efficient acquisition process or when the end result is timely delivery of an acceptable quality of goods and services. Those preparing requisitions should also consider other contracts (e.g., multistate, multi-governmental, multi-utility, etc.) when such contracts may be beneficial to GRDA. GRDA must also comply with the applicable provisions statutes and administrative rules related to the State Use Committee.

300:20-1-9. Purchases for employees

It shall be the duty of the Central Purchasing Unit to procure for the Authority and not attempt to invest Authority time in acquisitions for the personal gain of its employees. This policy does not include the Authority's program for supplying safety equipment for the employee at discounted rates, to acquisitions made for employee recognition purposes as may be allowed by state statutes, or such other acquisitions that may be approved by the General Manager.

300:20-1-10. Requisition review

This section applies to all ordinary acquisitions that are to be competitively bid. The GRDA employee soliciting bids shall have the responsibility and authority to review specifications and sources within the following guidelines:

- (1) The user and the GRDA employee soliciting bids are responsible for developing a list of acceptable vendors of a specific product or service whenever necessary and shall be responsible for the selection of a vendor or vendors from that list.

(2) The GRDA employee soliciting bids shall review the specifications of each acquisition requisition. The review shall include: requests for "sole source or sole brand" acquisitions; requests for goods of a quality or quantity that seem to be greater or less than required; requests that do not conform to Authority standards; and requests without proper authorization. Buyers shall not materially alter specifications without discussion with the requestor.

(3) Requisitions which do not contain enough specific information will be returned to the requestor for further attention.

300:20-1-11. Responsibilities, delegation, source selection, evaluations, and disputes
[REVOKED]

300:20-1-12. Change orders

All change orders shall be approved by the General Manager or designee, unless otherwise required by statute to be approved by the Board of Directors.

300:20-1-13. Emergency purchase orders

In the event the General Manager or designee determines that an emergency exists requiring purchase of an item or service or a series of related items or services, to ensure continued operation of transmission and generation capabilities, or as otherwise defined in Rule 300:20-1-1(e)(6), and the total cost exceeds the dollar threshold delegated to the General Manager by the Board of Directors, the General Manager may declare an emergency situation and immediately authorize the purchase of necessary materials or services. Such emergency purchases shall be presented to the GRDA Board for formal approval at the next regularly scheduled Board meeting.

300:20-1-14. Acquisition procedure

The Chief Financial Officer or designee shall, in conjunction with all other departments, promulgate, publish and maintain uniform procedures for the implementation of this Policy.

300:20-1-15. Business expenses

(a) The Legislature has recognized that GRDA is a unique agency, whose mission requires the district to function in competition with private industry within the competitive power market.

(b) The Legislature has further recognized and stated that GRDA shall document its business expenses which are necessary to carry out the business of the district and that such expenses shall meet current State of Oklahoma and Internal Revenue Service guidelines for business expense deductibility.

(c) Upon approval by the Board of Directors, the General Manager of GRDA may designate the individuals and the extent of their authority to expend monies for business expenses. Such business expenses may include, but are not limited to, the following:

(1) Meals for GRDA personnel, Directors, or State Officials, when dining with customers or prospective customers or otherwise conducting GRDA business;

(2) Memorials to individuals and entities whose activities have contributed to the mission of GRDA, not to exceed \$100.00 in any one fiscal year;

(3) Marketing tools, including clothes, hats, or other items which may bear the GRDA logo or State of Oklahoma emblem;

- (4) Assessments from regulatory agencies, trade association memberships, or training for GRDA personnel, GRDA Directors and GRDA customers;
 - (5) Lodging expenses for GRDA personnel, Directors, state officials, customers and prospective customers when conducting and in furtherance of GRDA business;
 - (6) Miscellaneous business expenses which meet current State of Oklahoma and Internal Revenue Service guidelines for business expense deductibility.
- (d) Reimbursement for such business expenses shall not exceed the amount of the expense incurred.
- (e) To the extent practicable, the General Manager or his designee shall authorize the expense prior to it being incurred. All such expenses shall be approved by the General Manager or his designee prior to reimbursement and a summary provided monthly to the Board of Directors.
- (f) Each and every request for reimbursement shall include a justification for the expense for which reimbursement is requested and be supported by specific receipts and/or invoices, or other appropriate documentation to support the expense incurred, which shall be maintained in accordance with Internal Revenue Service guidelines.

300:20-1-16. Reverse auction bidding [REVOKED]

300:20-1-17. Advanced payments

GRDA generally shall not make advanced payment unless such is reviewed by legal counsel or approved by the General Manager, or designee. This review and approval shall include guidance included in the OMES Procedures Manual, applicable laws, or experience with the applicable vendor.