



## *Memo*

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To: Board of Directors  
From: Larrie Ann Davis  
Date: December 1, 2017  
Subject: Spending Limits Policy

With the change that has occurred within the management of the District, we feel it would be appropriate to review the authorized spending limits for the new General Manager and staff.

Some monthly operational costs can range from \$7,000 to over \$80,000 per month (i.e.: Edison, CLAWA and others). Payments are processed for these items by check, with two signatures required. These are also reviewed by the Directors at the monthly board meeting.

If there are special purchases in large dollar amounts, even if they are budgeted, the General Manager has generally obtained approval from the Board of Directors before making the purchase. Examples of this would be major equipment or vehicle purchases, or before proceeding with projects such as the new Tyler billing software and implementation project.

Staff auditors at Rogers, Anderson, Malody and Scott currently use the following approved purchasing authorization limits when performing their field work.

- The District is bound by purchasing guidelines established in County Water District Law (section 30000, Part 3); no ordinance has been passed by the board of directors establishing more stringent guidelines or limits on the ability of certain employees regarding ability to approve purchases.
- The board approves large construction related projects and other expenditures by means of a capital project budget and an operating budget.
- The General Manager and Office Manager have the authority to approve most purchases that fit within the framework of the approved budget. They also have the authority to issue purchase orders up to \$50,000, however, if a purchase is over \$5,000 and not approved by the board as part of the budget, it is typically taken to the board for approval. The Field Supervisor can authorize purchase orders up to \$5,000.

- The District also establishes and approves a pipe vendor by asking for quotes at the beginning of the fiscal year. When an approved vendor is established, the Field Supervisor may approve purchase orders from that vendor throughout the “construction season” (generally May 1 to October 31). Other purchases require approval from the General Manager or the Office Manager.
- Aside from the approved pipeline vendor, the Supervisors follow an informal limit of \$300.00. It should be noted that even with the approved pipeline vendors the supervisors generally follow the \$300.00 informal limit and request approval from either the General Manager or the Office Manager on purchases that are larger.
- The General Manager has a \$5,000 credit card limit, and the Office Manager has a \$2,500 credit card limit. No other employees have access to credit cards.

This item is on the agenda for discussion and possible action by the Board.