



London N. Breed  
Mayor

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Acting Director and Purchaser

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To: Contracting Officers

From: Alaric Degrafinried, Acting Director and Purchaser, OCA

Subject: Reminder about Term Contracts

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This memo reminds departments of the procedures surrounding the creation and use of term contracts. It is critical that departments order items on term contracts **only** from the vendors that are awarded term contracts, and that departments use **purchase order releases** against the citywide blanket to pay for the purchase.

By conducting a bid for term contract items, the City has promised the vendor that we will buy those items from that vendor. Ordering the items from other vendors violates City policy, penalizes the successful bidder, and places the City in an unfavorable position the next time we conduct a bid for those items.

We have term contracts in place for a wide variety of products and services. The most heavily used term contracts include: office supplies, fuel, Technology Marketplace, and the CopySmart program. Purchasing maintains a list of term contracts as described below.

### Procedural steps

#### 1. Review the term contract

If you are not familiar with the term contract, review it. The term contract log is available on the OCA website. To find the list of current term contracts, visit:

<https://sfgov.org/oca/vendor-information>

Scroll down to "Types of Contracts and Awards" Section

Click on [FY2018-FY2019 Term Contract Workbook \(9-4\).pdf](#)

## **2. Create a purchase order release against the citywide term contract**

There is only one approved method for paying for term contract purchases: a purchase order release against the vendor's citywide Supplier Contract ID. This method allows us to monitor spending under the contract.

No other payment method should be used, including direct vouchers, departmental purchase orders (Prop Q orders), or departmental blankets.

Remember:

- Create the PO, citing the Term Contract Supplier Contract ID to properly release off of the contract.
- Do not order any non-term contract items on the PO release.
- Purchase Orders amounts should only be set for immediate purchases, not future/unspecified purchases.
- DO NOT set up Purchase Orders for the entire year/future/unspecified purchases.
- Purchase Orders for the entire year/future/unspecified purchases may be canceled by OCA.

## **3. Send the PO release to the vendor**

Send the document to the vendor by fax, e-mail, or U.S. Postal Service. This is required by Section 21.17 of the Administrative Code for orders in excess of \$2,500.00.

## **4. When the shipment arrives**

Compare the shipment against the order and note any discrepancies or backordered items. The person who receives the shipment should be different from the person who placed the order and the person who approves the invoice.

## **5. Approving the invoice**

The invoice could arrive with the shipment or be mailed separately. Check the invoice's prices against the PO release's pricing, check the invoice's quantities against the shipment's quantities, and when everything is in order, have the invoice signed by someone other than the person who placed the order and other than the person who

received the order. Send the approved invoice to your accounting staff to be paid.

If the PO release does not contain the unit prices for what you ordered (most PO releases do, but some do not), then someone must check the invoice against the unit prices in the contract documents posted PeopleSoft to verify that the vendor has invoiced the City correctly.

**How well is the vendor performing?**

If you experience good or poor service from a term contract vendor, please let us know. These are opportunities to improve the scope of work and specifications when the contract is ready to rebid.

**For more information and if you have suggestions**

Satellite departments should call their satellite purchasers. Other departments should call the OCA Term Contract Team Lead.

OCA is always interested in your suggestions for items we could add to existing term contracts, or new term contracts. Please let us know what we can do to make term contracts more useful for your department.