

WASHINGTON COUNTY SCHOOL DISTRICT FINANCE & ACCOUNTING MANUAL

PURCHASING

LAST UPDATED: SEPTEMBER 2016

General Information

Schools and departments are to foster a competitive procurement environment by seeking multiple quotes or bids prior to making a purchase as required by these guidelines.

Not all purchases (photography services, building rentals, banquets, etc.) lend themselves to a formal bidding process. However, care should be taken to select vendors who make an effort to serve public entities by competitively pricing their goods and services. All on-going purchasing procedures and arrangements should be periodically reviewed to permit vendors the opportunity to be part of a competitive procurement environment.

Each employee is expected to avoid conflicts of interest. If an employee has a family or professional relationship with a vendor (for example: a District employee is an owner, creditor, debtor, employee, or member of the board for a vendor of the District), the employee should not initiate or approve any purchase with the vendor. The employee's supervisor should conduct the business in the place of the employee in order to avoid the appearance of a conflict of interest, and to ensure transactions are conducted at an arms-length.

Small Purchases

The purchase of items and services costing less than \$10,000 are designated as small purchases and are to be procured following these guidelines. The guidelines apply regardless of funding source.

Level I (Purchases from \$0 to \$999)

1. Bids are not required.
2. Schools and departments are encouraged to buy from the District warehouse first.
3. If District bids or state contracts are available they should be used.
4. Purchases may not be artificially divided in order to avoid the next level.

Level II (Purchases from \$1,000 to \$4,999)

1. Schools are encouraged to buy from the District warehouse first.
 2. District bids or state contracts should be used
 3. If 1 or 2 above are not used then two oral quotes are required. Purchasing will assist if needed.
- Purchases may not be artificially divided in order to avoid the next level.

Level III (Purchases from \$5,000 to \$9,999)

1. Schools are encouraged to buy from the District warehouse first.
 2. District bids or state contracts should be used
 3. If 1 or 2 above are not used then three written bids are required. Purchasing will assist if needed.
- Purchases may not be artificially divided in order to avoid the next level.

Large Purchases

Level IV (Purchases \$10,000 and above)

1. District bids or state contracts should be used.
2. \$10,000 purchases and greater approved by Board of Education.
3. Contact the Purchasing Department prior to creating a requisition.

When following the guidelines above for both small and large purchases, remember that:

- Purchases are not to be artificially subdivided.
- Dollar amounts are per order, not per item.
- Similar items that would typically be purchased at the same time from the same vendor should not be divided into multiple orders. For example, shorts and the coordinating jersey for a soccer team should not be placed on separate orders.
- All equipment purchased with school funds must be tagged and recorded as a fixed asset in accordance with District guidelines described in the fixed asset section of this manual.
- District and State Contracts for supplies and equipment should be used when available.
- All items purchased for resale or fund-raisers are governed by district purchasing policy.
- Shipping or freight costs should always be included in quote requests. If there are no shipping charges, indicate "Free shipping" in the last line of the requisition. When requesting quotes for shipping/freight, ask for FOB Destination Freight Prepaid and Add. Shipping costs should be included on the last line of a requisition. If an exact freight quote is not available, an estimate should always be included.

Approval Process

All district requisitions and purchase orders must have appropriate administrative approval. All purchases must have prior authorization and the approval must be documented in writing.

District purchase orders must also be approved by the purchasing department. All warehouse orders will also require at least a principal approval. All purchases made for the District require prior approval according to district guidelines. Principals may approve up to \$1,000 on district level accounts and \$5,000 on school level accounts.

Verification of Purchases

These procedures are to be followed so that prompt and accurate payment can be made to our vendors. The District can take full advantage of all discounts and maintain a positive working relationship with the vendors and within the District. Before an Accounts Payable technician can pay an invoice from a vendor, the PO must be marked on the SunGard system that the item has been received. It is the responsibility of the school or department to verify that the invoiced goods or services were received and payment should be made. Every school and department should have someone designated to follow-through on verification requests. This individual is normally the person who created the PO. This person acts as the liaison between Accounting and the school / department. This person follows-up with teachers or others in receiving verifications. No receiving is necessary on blanket requisitions, but it is still the school / department responsibility to ensure that invoices are paid and when a blanket PO should be closed. No payments will be made on blanket purchases that have been overspent.

Verifications must include:

- The Purchase Order number

- An indication whether the PO is fully received and therefore should be closed (aka “complete”) or whether the PO is only partially received and therefore should remain open (aka “partial”).
- If marked “complete”, the PO will be closed to future payments.
- Accounting sends copies of invoices to the schools / departments when Accounting has not yet received a verification for the shipment. This invoice copy must then be verified and sent back to Accounting as soon as possible. Note that a school or department may receive a copy of the invoice before Accounts Payable, but the school or department should still send in the verified invoice to ensure timely payment and avoid misunderstandings with Accounts Payable.
- If a problem occurs with a vendor, schools and departments must keep Accounts Payable informed while the school or department works with the vendor to resolve the problem. (For example, a vendor says they shipped something but it was not received, or a vendor owes a refund.)

Since schools have checking accounts, invoices for schools sometimes are sent to Accounts Payable and invoices for Accounts Payable sometimes get sent to schools.

If the school has an invoice for something ordered on a District PO, it must be sent to Accounts Payable. The school should do a regular verification before sending to Accounts Payable.

If Accounts Payable has an invoice for something meant to be paid with a school check, Accounts Payable must be informed to that effect. If a District Purchase Order was created for something and the school changes its mind and now wants to pay for it with a school check, the school must inform Accounts Payable.

Secondary School Purchase Orders

It is recommended that all secondary schools establish and use a purchase order system using pre-numbered forms. The original PO is sent to the vendor indicating approval for the purchases and tax exemption (it would be appropriate to print the school’s tax id number on the face of the P.O.) All school purchases are subject to the District Purchasing Policy outlined above.

School purchase orders may not be used for purchases greater than \$5,000. Schools should submit a District P.O. for such purchases and may reimburse the District if the amount should have come out of a school program.

For example, if the school is buying new band uniforms that will cost more than \$10,000, the school should submit a District P.O. coded to the school checking account. Once the purchase has been completed and paid by accounting, the school may send a school check, expensed from the band program, to reimburse the District for the exact actual cost. All checks issued need to be supported by an invoice and P.O. approved by an administrator. Before issuing the purchase order, make sure that all necessary details are completed (i.e. date, vendor, item description, price, quantity, and amounts.) The principal or one of his/her assistants must sign each purchase order before it is remitted to the vendor.

When an invoice is received, compare it with the purchase order and indicate which items have been billed, any price changes, and the school check number written to pay the invoice.

Methods of Procurement

All purchases not paid directly by check should be made by using a purchase order, district credit card, or reimbursement form. If supplies need to be purchased from a vendor that does not accept purchase orders, petty cash should be used or an employee should use personal funds and request reimbursement. However, to keep cash transactions to a minimum, these stores should not be frequented.

Unknown Dollar Amounts

Occasionally, a school employee may need to make a purchase without being able to determine the exact cost.

1. First verify with the vendor if they will accept a school purchase order. The person should then get a school purchase order and fill in the vendor, item, quantity, description and an estimated price. Then have the P.O. signed by the principal.
2. Have the teacher/administrator take the signed P.O. to the vendor and make the purchase. Once the purchase is made the exact price should be given to the school secretary along with the sales slip. (Caution: If the actual price exceeds 110% of the estimated price, the vendor may not accept the purchase order.) The secretary would then write the actual purchase price on the P.O. copy and pay the vendor when the invoice is received.

At a minimum, the following should be incorporated into school purchase orders:

- School name
- School address
- School telephone number and fax number
- Pre-numbered – purchase order number
- Date
- Sales tax id number
- Vendor
- Quantity
- Description
- Unit Price
- Total
- Grand Total (this should be the total cost of the items purchased)
- Administrator's signature

Other Purchasing Scenarios

Resale Items (vending, student stores, etc.)

Items purchased for resale are subject to State and District purchasing guidelines.

Sole Source

Single or sole source procurement is appropriate when only one business or service provider possesses the unique and singular capability to meet the specific requirements on a solicitation, such as technical qualification(s), compatibility and/or standardization of equipment, software, or testing purposes.

A single/sole source form must be submitted to the purchasing department for validation and approval.

A single/sole source form does not need to be completed when procuring the following:

- Utilities;
- Conferences, workshops, or tuition fees, when the desired service is offered by only one provider;
- Media advertising for placement of ads, i.e. newspaper, television, radio;
- federal/state/city provided services;
- Renewal of software licenses or maintenance agreements already in use in the district;
- Professional licenses or dues to association, when they are the only provider;
- School associated student activities, i.e. tournaments, field trips, summer camps etc;
- Competitive student trips, when the travel and accommodations are pre-arranged or are required by the sponsoring agency;
- Fundraisers, when the product offering is unique to the vendor;
- Textbooks;
- Library books, the price of these books are established by the publisher and are the same regardless of vendor;
- Professional development training required for professional licenses or certification;
- Student assessment testing;
- Amusement Parks, Recreation & Entertainment Centers (e.g. SeaWorld, Disney Parks, Lagoon)
- Royalty fees for student productions (detailed description is needed for the purchase);

Contracts

The president of the Board of Education or the Business Administrator signs all contracts or warrants that bind Washington County School District. School principals can sign a contract or purchase agreement for less than \$5,000, if it is consistent with the District Small Purchases Guidelines, District-wide contracts, or District policy (travel, building rental, etc.)