

# IOWA PARK CONSOLIDATED ISD

## PROCEDURES: PURCHASING

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Goal: To ensure a systematic process to review and approve the purchase of goods and services in compliance with federal grants requirements, state law, Board Policy CH and local procedures.

### **Purchase Order Approval Authority**

- ❑ The Superintendent and the Chief Financial Officer have the authority to approve all purchases that are less than \$50,000.
- ❑ The Board of Trustees retains the authority to approve all contracts for the purchase of goods or services for any purchase that exceeds \$50,000.

### **Statutes, Regulations and Board Policies Applicable to Purchasing**

- ❑ The district shall comply with all Texas laws, regulations and Attorney General Opinions related to the purchasing of goods and services.
- ❑ The district shall comply with all local policies and procedures, such as School Board Policy CH Local and these written purchasing procedures.
- ❑ The Board shall assume responsibility for debts incurred in the name of the District so long as those debts are for purchases made in accordance with adopted Board policy and current administrative procedures. *The Board shall not be responsible for debts incurred by persons or organizations not directly under Board control.* **Persons making unauthorized purchases may assume full responsibility for all such debts.**
- ❑ For all purchases with federal grant funds, the district shall comply with the federal regulations, EDGAR related to the purchasing of goods and services. [2 CFR 200.317-200.326] effective July 1, 2017.
- ❑ The Texas Education Code Section 44.032 addresses the penalties for circumventing the law with component purchases, separate purchases and sequential purchases.

### **Purchase Requisitions**

- ❑ Requisitions are internal documents and should not be forwarded to a vendor to place an order.
- ❑ All requisitions from grant funds (state/federal) shall comply with the **TEA Guidelines for Related Costs** and the **State & Federal Grants Handbook**.
- ❑ The requestor shall submit a purchase requisition to the campus principal or supervisor for approval.
  - The vendor that the requestor intends to purchase from should be listed on one of the District's purchasing coops.
    - If the vendor that the requestor intends to purchase from is not listed on one of the district's purchasing coops, the requestor shall contact the Business Office.
  - If the account code(s) that the requestor intends to purchase with do not have sufficient funds, the requestors shall complete and attach a **Budget Transfer Form**.

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- ❑ The campus principal or department head shall review and approve all requisitions.
- ❑ The principal/supervisor shall submit the requisition and all attachments such as order forms, registration forms, or other special instructions to the business office.
  - If the requisition is for travel, follow the **Travel Procedures**.
  - If the requisition is for a field trip, Co-Curricular, or Extra-Curricular trip, follow the **Travel Procedures**.
- ❑ All requisitions from federal grant funds shall be reviewed and approved by the appropriate grants manager. **Refer to the State and Federal Grants Manual.**
- ❑ The Accounts Payable Manager shall review all requisitions prior to creating a Purchase Order.
- ❑ The review shall include the following:
  - Requestor name
  - Shipping address
  - Vendor name and address
  - Reference/Shipping – Name of person that goods should be delivered to
  - Attachments – if necessary, such as an order form
  - If the requisition is for goods or services that were competitively procured, a copy of all bid/proposals shall be on file in the business office.
  - Catalog number, if needed
  - Description – Detailed description of item or service (exceptions may include: Web Order, Order List attached, Contract/Scope of Services attached, etc.)
  - Unit of measure
  - Unit price – if equipment with a unit cost equal to or over \$5,000, the object code must be 663X.
  - Account code(s) – the account code(s) must match the purchase and location/department
- ❑ If any deficiencies are noted with a requisition, the Accounts Payable Manager shall contact the requestor to resolve the discrepancies.
  - If the discrepancies cannot be remedied, the Accounts Payable Manager shall return the requisition to the requestor.
- ❑ The Accounts Payable Manager shall “approve” all requisitions that meet the required review and create a purchase order.
- ❑ **NOTE:** The submission of a purchase requisition to a principal/supervisor **does not** mean that the purchase order has been approved. All purchase orders must be assigned a number, processed, and approved by the Chief Financial Officer or designee. Any purchase of \$50,000 and over must be approved by the Board of Trustees and go through the bid process or be purchased through one of the Iowa Park CISD member coops.

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### **Technology Purchases**

- ❑ All requisitions for technology purchases such as equipment and software should be reviewed by the Technology Department.

### **Purchase Orders**

- ❑ The Chief Financial Officer, Superintendent or designee shall serve as the final approver of all purchase orders.
- ❑ Purchase Orders are similar to a “promissory note” in the sense that it conveys to the vendor that if they provide the goods or services, the district promises to promptly pay for the goods or services.
- ❑ The Accounts Payable Manager shall print 3 copies (white, yellow and pink) of all purchase orders and they shall be distributed as follows:
  - White copy – Distribute to the vendor either by fax, email or mail or follow any special instructions shown on the requisition.
  - Yellow copy – Accounts Payable files
  - Pink copy – Distribute to the requestor to confirm that the order has been placed.
- ❑ The Accounts Payable Manager shall file a district (yellow) copy of all purchase orders in an alphabetic file pending receipt of the invoice, packing list, and receiving confirmation (pink copy of the purchase order).
- ❑ All Iowa Park CISD purchase orders instruct the vendor to mail invoices to the business office. Approval should be given when all items listed on the invoice are received and examined for quality and condition. The requestor will then sign and return the pink copy of the purchase order to the business office approving payment of the invoice.
- ❑ Once all documents have been received by the A/P Manager, a check shall be issued and mailed to the vendor.
- ❑ The Accounts Payable Manager generally issues checks paid out of budget funds on Thursday, and checks paid out of Student Activity Accounts on Friday of each week.
- ❑ At the end of the fiscal year, all purchase orders shall be either cancelled or carried forward to the following fiscal year.
  - If the purchase order is carried forward to the following fiscal year, the Chief Financial Officer or designee shall record the aggregate amount in the respective fund group as Reserved for Encumbrances.

### **Blanket Purchase Orders**

- ❑ A blanket purchase order is a purchase order which has been issued to one vendor in which multiple purchases can be made throughout a period. Blanket purchase orders are issued for miscellaneous supplies, materials, or services available as needed by the user department.
- ❑ The general purpose of blanket purchase order is to:

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- Eliminate the need for numerous individual purchase orders for small dollar-value items or services.
- Provide a purchase order for items ordered regularly throughout the month (transportation/maintenance repair supplies)
- Individual items to be capitalized (such as machinery, furniture, cabinets, or equipment) **should not** be purchased on blanket purchase orders; individual requisitions **should** be issued for such items.

### **Payment Authorizations**

- A **Payment Authorization Form** shall be used for the following types of payments:
  - Non-purchase order payments such as legal and audit fees, certification fee reimbursements, membership dues, travel, conference and other registrations, and recurring invoices such as utilities, copier payments, etc.
- The A/P Manager shall review all Payment Authorization Forms to ensure that funds exist in the account code(s) and that the vendor exists in the Vendor database.
- The Chief Financial Officer or designee shall approve all Payment Authorization Forms and forward to the A/P Manager for payment.

### **Contracts-Consultants/Other Services**

- Consultants and other service providers are non-employees who are contracted to perform a service for the District. The most common categories of contracted services are as follows:
  - **Contracted Services provided by an ESC (object 6239)**
  - **Professional Services (object 6219)** – These are services that are limited to specific professions, including accounting, architecture, medicine, professional nursing, and certain others that are required to be licensed or registered with the state.
  - **Consulting Services (object 6291)** – These services are delivered by an independent contractor whose practice is to help districts improve performance through analysis of existing problems and development of future plans. **Consulting does NOT include routine service/activity that is necessary to the functioning of a school district’s programs, such as hiring additional people on contract to supplement existing staff.** It also does not apply to services provided to conduct organized activities, such as training, professional development, or other similar educational activities.
  - **Miscellaneous Contracted Services (object 6299)** – Contracted services that do not fall under any of the above categories may be classified as “miscellaneous” or

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“other” contracted services. These may include guest speakers for workshops, tryout judges, game officials, and others.

- Additional types of contracted services are defined and described in the TEA Financial Accountability resource Guide (FAR) and codified in the District’s chart of accounts. Regardless of the type of service, **only the Superintendent, Chief Financial Officer or designee is authorized to sign contracts on behalf of the District.** No other employee is authorized to sign a contract on behalf of the District. Contracts that exceed \$50,000 shall be approved by the Board of Trustees.
- Contracts that exceed \$50,000 shall be sourced and awarded according to the competitive procurement requirements established in the appropriate state law (Education or Government Code). The evaluation criteria, such as cost and prior performance, for the review of proposals shall be determined prior to the solicitation for proposals/bids. The originator of the contract request should work collaboratively with the business office to develop the request for proposals/bids and evaluations.
- If a contract for a consultant or service will be funded through a federal grant, the District will follow the rules and regulations as required by EDGAR. The Grants Manager shall ensure that the contract is: 1) allowable under the grant program requirements; 2) included in the grant application; 3) included in the grant budget; and 4) approved by the granting agency (usually TEA). **NOTE: See “Addendum Contract Provisions for Contracts Under Federal Awards” Form**
- The contract originator (campus or department administrator) shall be directly responsible to ensure the contractor performs the services covered by the contract. The originator is also responsible for obtaining the following documents from the service provider:
  - W-9 Form
  - Felony Conviction Form
  - Conflict of Interest Questionnaire (CIQ)
  - Criminal History Verification (if applicable)
  - Certification of Interested Parties-Form 1295 (if applicable)

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## Competitive Procurement Methods and Procedures

The District is a member of numerous purchasing cooperatives. This eliminates the need for the District to process its own formal bid to purchase products from the list of numerous approved vendors since the purchasing cooperative has already done this. For assistance, please contact the Business Office.

All vendors with current contracts under a purchasing cooperative that the District belongs to are Approved Vendors. The District may purchase directly from these vendors. Questions concerning cooperative bids that are available and/or any purchasing related questions may be directed to the Business Office.

### **Purchasing Methods:**

- The Chief Financial Officer or the Superintendent shall determine the appropriate purchasing method for each type of purchase as noted below:
  - Purchases less than \$20,000 shall require one quote only.
  - Purchases of \$20,000-\$49,999.99 shall either be made through one of the purchasing co-ops (or Inter-local contract) of which Iowa Park CISD is a member, or shall require 3 quotes, if possible. See the Iowa Park CISD website for a list of member purchasing co-ops.
  - If an item is sole source, the vendor will need to fill out a Sole Source Affidavit.
  - Purchases of supplies, materials and equipment that, in the aggregate, are **more than** \$50,000 in a fiscal year, shall be made by one of the procurement methods allowed by state law and/or federal regulations, as appropriate based on the source of funds.
  - The priority order of competitive procurement methods for the district shall be as noted below:
    - Inter-local contract or cooperative purchasing program
    - Competitive sealed proposals
    - Competitive bidding
  - All purchases with federal grant funds shall also adhere to the **EDGAR Procurement Standards, effective July 1, 2017**, as follows:
    - Micro-purchase procurement (less than \$49,999.99)
    - Small purchase procurement (up to \$150,000)
    - Non-competitive procurement (sole source, etc.)
  - When a conflict exists between the state and federal purchasing methods, the district shall adhere to the more restrictive of the purchasing methods.

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## Vendor Selection, Adding/Renewing/Removal of Vendors and Relations

### **Vendor Selection:**

- ❑ Prospective vendors (those that are not part of a purchasing coop) shall contact the Iowa Park CISD Business Office for information on how to become an approved vendor.
- ❑ The Chief Financial Officer and the Accounts Payable Manager shall oversee the selection of vendors and the maintenance of the district's approved vendor database.
- ❑ After the final approval, the vendor shall be added on the vendor database. **NOTE:** Vendors will be added to the vendor database only if a purchase requisition has been submitted by the requestor.
- ❑ The A/P Manager shall maintain the vendor database in the Skyward Finance System.
- ❑ The District shall use the auto name key feature in the Skyward finance database. **At no time, shall a vendor key be reused as this will create data quality issues for historical finance files.**
- ❑ The A/P Manager shall make changes to the vendor database upon receipt from a vendor of a change in address, phone number, email, etc.
- ❑ Vendor selection – The district shall select vendors that are qualified and capable to providing the goods and/or services to the district. The vendor selection criteria for competitively procured goods and services shall include:
  1. Purchase price.
  2. The reputation of the vendor and of the vendor's goods and services.
  3. The quality of the vendor's goods or services.
  4. The extent to which the goods or services meet the District's needs.
  5. The vendor's past relationship with the District.
  6. The impact on the ability of the District to comply with laws relating to historically underutilized businesses.
  7. The total long-term cost to the District to acquire the goods or services.
  8. Any other relevant factor specifically listed in the request for bids or proposals. *Education Code 44.031(b)*. [Examples: Vendor response time, compatibility of goods/products purchased with those already in use in the district.]
- ❑ These criteria shall also be used to select vendors for the procurement of non-competitively procured goods and services.

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- ❑ These criteria shall also be used to select vendor for the procurement of goods and services paid with federal grant funds.
- ❑ The district shall not use vendor selection criteria that restricts full and open competition among qualified vendors.
  - Specifically, the district shall not consider the following in selecting vendors for purchases or goods or services with federal grant funds (EDGAR), as this criteria may restrict full and open competition among qualified vendors:
    - Unreasonable requirements on firms for them to qualify to do business,
    - Requiring unnecessary experience and excessive bonding,
    - Noncompetitive pricing practices between firms or between affiliated companies,
    - Noncompetitive contracts to consultants that are on retainer contracts,
    - Organizational conflicts of interest
    - Specifying a brand name instead of allowing an approved-equal product in specifications,
    - Any arbitrary action in the procurement process.
- ❑ Vendor removal – The district shall investigate all vendor complaints such as non-responsiveness, poor quality of goods or services, or other documented, substandard performance. In the event that the complaint is verified and not remedied on a timely basis by the vendor, the Superintendent shall notify the vendor [in writing] that they will be removed from the district’s approval vendor database.

### **Vendor Relations:**

- ❑ The district operates under a centralized purchasing system; therefore, the business department is tasked with distributing the Purchase Order to the vendors and corresponding with vendors regarding pending purchase orders.
- ❑ Unless specifically requested, the A/P Manager will distribute all Purchase Orders to vendors.
- ❑ Purchase order initiators, such as campus-based or department-based staff, are **strictly** prohibited from ordering goods or services from vendors without a purchase order. Such orders, if any, may be determined to be the financial responsibility of the initiator. Furthermore, this action will be in violation of the district’s School Board Policy CH Local.
- ❑ Business department staff and purchase order initiators are strictly prohibited from establishing close, personal relationships with vendors as these types of relationships may result in a conflict of interest or a perception of improper vendor relations.



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### **Receiving & Distribution**

- ❑ The district shall utilize a decentralized receiving system for all goods ordered through the purchase order process.
- ❑ Goods which are too large or on pallets shall be delivered to the Maintenance Barn. Prior arrangements should be made with the Maintenance Supervisor.
- ❑ The A/P Manager shall file all receiving copies of purchase orders in alpha order.
- ❑ The signed pink copy of the purchase order should be forwarded to the A/P Manager for payment to the vendor once the order is complete.

### **Disposal of Property**

- ❑ The Superintendent or designee is authorized to declare District materials, equipment, and supplies to be unnecessary and shall dispose of those items for fair market value. If the unnecessary property has no value, the Superintendent or designee may dispose of such property according to administrative discretion.
- ❑ Items obtained as federal surplus shall be managed according to federal regulations.