

PURCHASING PROCEDURES**CH**

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

Section 1. Purchase Order Approval Authority:

- ❑ The Superintendent has delegated to the Assistant Superintendents for Business, Instruction, and Human Resources the authority to approve all purchases that are less than \$50,000 in the aggregate for the fiscal year.
- ❑ The Board of Trustees has delegated to the Superintendent the authority to award purchases of routine budget items that are purchased throughout the year but which aggregate to \$50,000 or more over the fiscal year. These items shall follow formal procurement requirements as required by the state.
- ❑ The Board of Trustees retains the authority to approve all contracts for the purchase of goods or services for any single purchase that is \$50,000 or above.

Section 2. 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, CV Local, and these written purchasing procedures.
- ❑ 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]
- ❑ All relevant statutes, regulations, board policies and procedures shall be made available to all purchasing stakeholders, as appropriate in a paper or electronic format.

Section 3. Requisition and Purchase Order Processing**Required Purchase Orders:**

- ❑ Goods and services shall be purchased through the requisition system whereby a requisition is produced, approved and a purchase order is then mailed, faxed, emailed or otherwise delivered to an approved district vendor by the business office or the ordering budget center. Due to the volume of goods purchased, routine supply purchases from approved vendors which are made by the Food Service Department, Operations Department, and Athletic Department, shall not require an approved purchase order prior to placing the order, but a requisition shall be entered immediately after the order is placed. On line purchases from approved vendors shall be allowed without an approved purchase order but a requisition shall be entered as soon as possible after the order is placed. For orders placed prior to having an approved purchase order, the budget center administrator is responsible for ensuring that the funds are available and the purchase is appropriate. Payments for utilities, bank charges, payroll, and payroll deductions shall not require the use of a purchase order.

- ❑ In rare circumstances, there may be a need to purchase goods or services without first getting a requisition approved through the system. Only the budget center supervisor has the authority to approve this type of purchase and only in amounts less than \$300 per purchase.
- ❑ Employees may buy and pay for goods and services with personal funds and the district may reimburse the employee for the purchase excluding sales tax. However, reimbursements shall not be made if receipts are over 30 days old. Because these purchases occur without prior district approval, the District reserves the right to deny reimbursement if the purchase is deemed inappropriate for district purposes. Purchases made by individuals are not financial obligations of the District until a purchase order to the employee for reimbursement has been finally approved.
- ❑ Computer hardware and peripherals shall not be purchased without the approval of the Director of Information Technology. Requests shall be reviewed for compatibility with district information systems and suitability for the job to be performed. All technology equipment shall be purchased from an approved vendor through a cooperative purchasing program to which the district belongs.

On-Line Requisition System:

- ❑ The district shall use an on-line requisition system for all purchases, except for non-purchase order purchases such as utilities.
- ❑ The Assistant Superintendent for Business shall create all requisition system users/approvers and assign the appropriate account code(s).
- ❑ The Assistant Superintendent for Business shall create all of the requisition approval paths that require the requestor to submit requisitions for approval to the appropriate budget center manager then on to the appropriate Assistant Superintendent for final approval.

Purchase Requisitions:

- ❑ Requisitions are internal documents and should not be forwarded to a vendor to place an order.
- ❑ All requisitions from grant funds (state and federal) shall comply with the **TEA Guidelines for Related Costs** and the **State & Federal Grants Manual**.
- ❑ Campus principals wishing to purchase from Federal Grant funds shall submit an **Order Form** along with a **Pre-acquisition Approval Form** to the Grant Manager to insure that the purchase qualifies as reasonable and necessary and that it meets the goals and objectives of the Campus Improvement Plan. The Grant Manager will start the requisition process after approving the Pre-acquisition Form.
- ❑ The requestor shall submit a purchase requisition using the on-line requisition system.
 - If the vendor that the requestor intends to purchase from does not exist in the vendor database, the requestor shall follow the **Adding and/or Renewing Vendors Procedures**.
 - If the account code(s) that the requestor intends to purchase with do not have sufficient funds, the requestors shall follow the **Budget Change/Amendment Procedures**.
- ❑ The requestor shall forward all attachments for requisitions such as order forms, registration forms, or other special instructions via email or interschool mail to the Accounts Payable Clerk. The attachment(s) shall include the system-generated requisition number.
- ❑ The budget center administrator will receive an email notifying him/her that a requisition(s) are pending approval.
- ❑ The budget center administrator shall review and approve or deny all requisitions.

- ❑ The Assistant Superintendent who does the final approval shall review the requisition for the following items:
 - Requestor name
 - Shipping address
 - Vendor name and number
 - Reason - Verify that the reason matches the purchase and is properly spelled out
 - Reference – Name of person the order is for
 - Bid Number – Bid, quote, or Co-Op contract number, as appropriate. NOTE. If the requisition is for goods or services that were competitively procured, a copy of all bid/proposals shall be on file in the purchasing department.
 - Catalog number
 - 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 the unit cost is equal to or over \$5,000 and the item has a useful life expectancy of over one year, the object code must be 66XX.
 - Account code(s) – the account code(s) must match the purchase and location/department
- ❑ If any deficiencies are noted with a requisition, the approving Assistant Superintendent shall return the requisition to the originator with notes that detail the discrepancies.

Purchase Orders:

- ❑ The various Assistant Superintendents shall serve as the final approver of all requisitions in accordance with the approval paths in the TxEIS Finance System. Upon approval by the Assistant Superintendent, the requisition becomes a purchase order and is assigned a system-generated number.
- ❑ The Accounts Payable Clerk shall print 3 copies of all purchase orders and distribute the purchase orders as noted below.

Purchase orders which are to be sent to the vendor by the business office:

- 2 District copies – 1 for the budget center for receiving purposes and 1 for accounts payable files
- 1 Vendor copy – Distribute to the vendor via mail, fax, or email

Confirming only purchase orders:

- 2 District copies – 1 for the budget center for receiving purposes and to be sent to vendor if required and 1 for accounts payable files

- ❑ The Accounts Payable Clerk shall file a district copy of all purchase orders in an alphabetic file pending receipt of the invoice, packing list, and receiving confirmation.
- ❑ The Accounts Payable Clerk shall generate an Aged Purchase Order Report on a monthly basis (at the end of the month) and research all aged purchase orders. The research shall entail a review with the receiving organization of all purchase orders pending receipt.

- All purchase orders that are pending receipt after 60 days shall be cancelled unless there is clear documentation that the order for goods or services will be filled within a reasonable amount of time.
- 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 Assistant Superintendent for Business shall record the aggregate amount in the respective fund group as Reserved for Encumbrances.

Section 4. Payment Authorization Form

Payment Authorization Form:

- A Payment Authorization Form shall be used by the business office when the offsetting entry is to some account other than an expenditure account or activity fund account, such as refunds of revenue and accounts payable at the beginning of the fiscal year.
- The Accounts Payable Clerk 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 Assistant Superintendent for Business shall approve all Payment Authorization Forms and forward to the Accounts Payable Clerk for payment.

Section 5. Competitive Procurement Methods and Procedures

The procurement methods and procedures to be utilized for all purchases with federal grant funds are found in the State and Federal Grants Manual.

Purchasing Methods:

- The Assistant Superintendent for Business (or the Superintendent) shall determine the appropriate purchasing method for each type of purchase as noted below:
 - All purchases of supplies, materials and equipment that, in the aggregate, are **less than** \$50,000 in a fiscal year, shall be made by selecting the lowest practical prices from the most qualified vendors or by purchasing from a vendor who has been selected by one of the purchasing cooperatives listed below. The use of quotations is encouraged for any purchase that exceeds \$3,000 that is made with local or state funds.
 - 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:
 - Interlocal contract or cooperative purchasing program
 - Competitive sealed proposals
 - Competitive bidding

- All purchases of professional services, such as architects, engineers, certified public accountants, etc., shall be obtained through a Request for Qualifications process
- All purchases with federal grant funds shall also adhere to the EDGAR Procurement Standards, including the requirements to get quotes for purchases that exceed \$3,000 but are less than \$50,000.
- When a conflict exists between the state and federal purchasing methods, the district shall adhere to the more restrictive of the purchasing methods

Competitive Procurement Procedures:

The following procurement methods and procedures shall be utilized to ensure that the district meets its purchasing goal(s).

Interlocal contract or cooperative purchasing program

- The district is currently participating in the following cooperative purchasing programs and goods offered through these programs have already been competitively procured. They may be purchased without other formal procurement methods:
 - Buy Board
 - TCPN
 - TexBuy
 - U.S. Communities
 - State of Texas Cooperative Purchasing Program
 - TIPS
 - West Texas Food Service Cooperative

Competitive Sealed Bids

- Competitive Sealed Bids shall be used by the district when the purchase of goods or services exceed \$50,000 if the acquisition of the goods or services lends itself to a fixed price contract and the selection of the successful bidder can be made principally on the basis of price. Bids must be solicited from an adequate number of bidders, but no less than two (2) bidders
 - The district shall publicly advertise all bids in accordance with state law, i.e. at least two (2) times in two separate weeks
 - The district shall provide no less than ten (10) days for bidders to prepare and submit their bids
 - Bids must contain detailed specifications to ensure that bidders have a clear understanding of the goods or services that the district is seeking to purchase
 - Bids must specify the time, date and district location where bids will be opened publicly
 - Bids must be awarded based on a fixed price contract to the lowest responsive and responsible bidder. The district shall consider discounts, transportation costs and life cycle costs only if these factors were included in the bid specifications.
 - Bids will be evaluated, ranked and a recommendation for award made to the School Board at a regularly scheduled board meeting.

- If no bidder is recommended, the district shall reject all bids and evaluate whether to modify the bid specifications to initiate a new bid process
- The district shall notify the successful bidder and process the contract documents and/or purchase orders, as appropriate
- The district shall notify all of the unsuccessful bidders to ensure that qualified bidders are encouraged to submit bids during future bid opportunities

Competitive Proposal Procedures

- Competitive Sealed Proposals shall be used by the district when the acquisition of the goods or services exceeds \$50,000 and does not lend itself to a fixed price contract and the selection of the successful bidder cannot be made principally on the basis of price.
 - Requests for Proposals (RFP) must be publicly advertised
 - The RFP shall identify the evaluation factors and their weight in awarding the proposal
 - Proposals shall be solicited from an adequate number of bidders, but no less than two (2) qualified vendors
 - Proposals shall be evaluated, ranked and a recommendation for award made to the School Board at a regularly scheduled board meeting
 - The district shall develop an instrument to evaluate each proposal and rank the proposals based on the evaluation scores
 - In accordance with state law, the vendor who is ranked highest as providing the “proposal most advantageous to the district” shall be notified of the potential award
 - The district may negotiate with the vendor only as it relates to potential cost savings
 - If the district and vendor ceases to negotiate, the district shall notify the vendor

Section 6. Vendor Selection and Relations

Vendor Selection:

- The Assistant Superintendent for Business shall oversee the selection of vendors.
- The Accounting Clerk shall maintain the vendor database in the TxEIS Finance System.
- The district shall select vendors for noncompetitively procured good or services that are qualified and capable of providing the goods and/or services to the district. Selections shall be made to foster competition to get the best price and service for the district.
- The vendor selection criteria for competitively procured goods and services (excluding construction projects) 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. For a contract that is not for goods and services related to telecommunications and information services, building construction and maintenance, or instructional materials, whether the vendor or the vendor's ultimate parent company or majority owner has its principal place of business in this state or employs at least 500 persons in this state.
 9. 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.]
- ❑ This criteria shall also be used to select vendor for the procurement of goods and services paid with federal grant funds.
 - ❑ The district shall establish and publish in construction services specifications, the relative weights of each criteria that will be used in the evaluation of the proposals.
 - ❑ 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 renewal – The district shall renew an inactive vendor who has not had a transaction in the last five years using the vendor selection criteria as if they were a new vendor. The district shall renew a vendor who has had transactions in the last five years without making the vendor provide additional information.
 - ❑ 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 Assistant Superintendent for Business shall notify the vendor [in writing] that they will be removed from the district's approval vendor database.
 - ❑ Vendor inactivation – Vendors with no inactivity over two (2) full fiscal years shall be inactivated.

Vendor Relations:

- ❑ 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.

Section 7. Receiving & Distribution

- ❑ The district shall utilize a decentralized receiving system for goods ordered through the purchase order process.
- ❑ The Accounts Payable Clerk shall forward a copy of all purchase orders to the ordering Budget Center for purposes of recording the actual delivery of the items ordered.
- ❑ Budget Center personnel shall open, count and record all goods received on the appropriate open purchase order.
- ❑ The signed, receiving copy along with any packing slips should be forwarded to the Accounts Payable Clerk for preparation of payment to the vendor.