

Independent School District 196
Rosemount-Apple Valley-Eagan Public Schools
Educating our students to reach their full potential

Series Number 704.2AR Adopted June 1993 Revised August 2021

Title **Purchasing and Contracting**

1. **Purpose**

- 1.1 The purpose of purchasing is to support the educational program of the district by providing the necessary supplies, equipment and services.
- 1.2 This regulation covers all purchasing activities except for purchases made with petty cash funds. For more information about petty cash, refer to Administrative Regulation 704.6AR, Petty Cash Funds.
- 1.3 Since the district is tax-exempt, all purchases using district funds shall be made using the district's tax identification number or tax exempt status. The district will not approve or reimburse the payment of Minnesota sales tax.
- 1.4 This regulation covers all competitive contracting including applicable expenditures and contracts in which the district provides the goods or services.

2. **Purchasing Process** – District purchases must be made in accordance with state and federal laws for a public purpose that benefits the public and is directly related to the school district's mission to educate students. Federal law may be more restrictive than state law, see section 4 below.

- 2.1 **Office and Classroom Supplies** – Office and classroom supplies should be ordered from the School Board-approved supplier.
- 2.2 **Printer Cartridges and Repairs** – Printer cartridges and printer repairs should be ordered from the School Board-approved supplier.
- 2.3 **Projector Lamps** - Projector lamps should be ordered from the School Board approved supplier.
- 2.4 **Central Receiving Supplies** –Envelopes, paper, laminating film and miscellaneous supplies should be ordered from Central Receiving.
- 2.5 **Purchase Orders and Procurement Cards** – All other purchases should be made with a purchase order or district-issued procurement card. These purchases must be approved by the appropriate school or district administrator. Purchase orders show purchasing authority to the vendor and provide the ability to enter and track purchasing, receiving and payment history.
 - 2.5.1 A purchase order is the preferred method of purchasing and must be used whenever the cost of a single physical item is \$500 or greater (see section 2.5.2 for physical and non-physical allowable procurement card purchases). If a vendor will not accept a purchase order, contact the district's Purchasing Department for further direction.

2.5.2 Procurement cards are issued following the application process described in Procedure 704.2.3.1P, Procurement Card Program Policy and Procedures Manual and may be used for the purchases described below if the vendor accepts VISA.

2.5.2.1 Using a procurement card is allowable for the following types of purchases: subscriptions, conference registrations, authorized travel, miscellaneous supplies (see 2.5.2.2), and certain field trip admissions.

2.5.2.2 Procurement cards may be used for purchases of supplies if:

2.5.2.2.1 Sections 2.1 – 2.4 are not applicable, and

2.5.2.2.2 No single item is \$500 or more, and

2.5.2.2.3 There is an urgent need for the supplies, and

2.5.2.2.4 A purchase order is not feasible under the circumstances.

2.5.2.3 Procurement cards may not be used for personal purchases. Cards will be audited and may be rescinded at any time. Unauthorized or inappropriate use may result in disciplinary action as described in the Procurement Card Program Policy and Procedures Manual.

2.6 **Check Requests** – The purpose of a check request is to provide payment or reimbursement for goods and services when the preferred purchasing options (purchase order) is not applicable (refer to Procedure 704.2.2P, Check Request Forms and Procedures).

2.7 **Issuance and Delivery of Accounts Payable Checks:**

2.7.1 Invoices are authorized for payment when Accounts Payable staff receives confirmation that the products have been received.

2.7.1.1 Items received by Central Receiving will be noted in the finance system.

2.7.1.2 Items not shipped to and received by Central Receiving require an authorized signature on the invoice.

2.7.1.3 Check requests, employee mileage reimbursements and event worker voucher forms for non-employees are authorized for payment after review and verification of the account code, required supporting documentation and authorized signature.

2.7.2 Vendor payments will be made based upon the contract terms, purchase order terms, vendor terms or within the standard payment period (within 35 days of the date of receipt);

- 2.7.3 Checks will be processed weekly and placed in U.S. Mail on Friday unless special circumstances require the check to be returned to the employee requesting the check;
- 2.7.4 If a scheduled check run falls on a legal holiday or a district holiday, payments due that day will be processed during the preceding check run, and
- 2.7.5 A vendor who does not receive their payment as scheduled should contact the Accounts Payable Department. The vendor may be asked to complete Procedure 704.2.5, Affidavit of Lost, Destroyed or Stolen Accounts Payable Check before a replacement check is issued.

3. **Conflict of Interest**

- 3.1 In addition to the gift prohibition set forth in Administrative Regulation 407.5AR, Conflict of Interest, employees, including School Board members, who are in a position to make direct purchases, recommend purchases, services and sources or supply and/or negotiate with suppliers and contractors *may not* do the following:
 - 3.1.1 Receive or solicit from such suppliers, sources and/or contractors, directly or indirectly, for themselves or anyone with whom they have family, business or financial ties, anything of economic value as a gift (as defined by Administrative Regulation 407.5AR), gratuity, loan, entertainment or favor, including gift certificates, credits or bonus points which can be exchanged for merchandise, frequent flyer miles, etc. This prohibition *shall not* apply to the gift exceptions specifically enumerated in Minnesota Statute 471.895, subd. 3 and section 3.1.3 of Administrative Regulation 407.5AR, Conflict of Interest;
 - 3.1.2 Use their position to influence district decisions for personal gain;
 - 3.1.3 Perform any work or service for remuneration for a supplier or contractor except as disclosures of conflict of interest are properly made (see Administrative Regulation 407.5AR, Conflict of Interest, for more information);
 - 3.1.4 Give preferential treatment to friends, relatives, or current or former district employees, or
 - 3.1.5 Disclose information about bids or other confidential matters which would compromise the district's ability to obtain the best price.
- 3.2 Any district employee, including any School Board member, who knows, or may reasonably be expected to know, that they, or their spouse, have a material financial interest in any transaction in which the district is or may be concerned, shall disclose such interest to the superintendent and disqualify themselves from participating in or influencing that transaction.

- 4. **Federal Grant Purchases** - District purchases using federal grant awards must adhere to the federal Uniform Grant Guidance when expending federal grant awards received by the district. To the extent any administrative, cost or audit requirement in the

Uniform Grant Guidance conflicts with an existing school district policy or regulation, whatever requirement is the most restrictive shall be followed when managing and expending federal grant awards. School District staff can find more information about the Uniform Grant Guidance on the Finance Department's page of the District 196 employee website. Members of the public seeking more information may contact the district's Purchasing Department.

5. **Competitive Contracting**

5.1 The total expense of a purchase or contract must be accurately estimated to determine the correct procurement method. The total expense of a lease contract is the sum of all payments required to satisfy the contract in full.

5.2 **Competitive contracting practices must be used** for all district expenditures or contracts with an estimated value exceeding \$25,000. Contracts or expenditures with an estimated value of \$25,000 or less may be determined by verbal or written quotations, direct negotiations or direct purchase. A state contract (Cooperative Purchasing Venture) or other joint powers contract MAY be used in place of bids or quotes for expenditures of any value. If a contract is estimated to exceed \$25,000, options available through the state's cooperative purchasing venture MUST be considered before purchasing through another source. Other exceptions to the bid and quotation requirements of this regulation may be made if authorized by law (e.g., certain professional services, real estate and commercial insurance).

5.2.1 Expenditures or contracts estimated to exceed \$25,000 but not to exceed \$50,000 require two or more written quotations.

5.2.2 Expenditures or contracts estimated to exceed \$50,000 but not to exceed \$175,000 require:

5.2.2.1 Either sealed bids or two or more written quotations, and

5.2.2.2 A formal written contract which must be approved and signed by the superintendent or director of finance and operations.

5.2.3 Expenditures or contracts estimated to exceed \$175,000 require:

5.2.3.1 Sealed bids;

5.2.3.2 School Board approval, and

5.2.3.3 A formal written contract signed by the superintendent or director of finance and operations.

6. **Quotations** – When quotations are required, schools and departments shall use the following process:

6.1 Obtain quotations;

6.2 Keep all quotations, successful and unsuccessful, on file at least one year from the date the product or service was received, and

- 6.3 Prepare the purchase order for the product or service; include the following information as a narrative line on the purchase order in the finance system:
 - 6.3.1 The competitive quotes received including the vendor's name and quoted amounts, and
 - 6.3.2 For purchase amounts greater than \$50,000, confirm that a formal written contract has been executed and signed by the superintendent or director of finance and operations.

7. **Bids** – When sealed bids are required, schools and departments shall use the following process:
 - 7.1 Develop specifications for the product or service;
 - 7.2 Contact the Purchasing Department to set a date for the bid opening and arrange for the bid to be advertised for two weeks prior to the bid opening in the newspaper designated by the School Board to be the district's official newspaper (detailed specifications may be made available on the district website or in recognized industry trade journals);
 - 7.3 Develop a list of vendors or contractors and send the specifications to them, using the language shown in Procedure 704.2.4.1P, Call for Bids, Instruction to Bidders and Official Bid Form;
 - 7.4 Send a representative to the bid opening;
 - 7.4.1 All bids must be submitted in sealed envelopes, plainly marked with the name of the bid and the time of the bid opening, and delivered to the designated place before the stated bid time. Verbal, telegraphic, telephonic, email or faxed bids and modifications will not be considered.
 - 7.4.2 Bids will be opened and read aloud at the time specified. All bidders will be invited to be present.
 - 7.4.3 The competence and responsibility of each bidder will be considered in making the award. The district may investigate as deemed necessary to determine the ability and responsibility of a bidder and any bidder shall give the district all such information and data for this purpose as requested by the district. The district reserves the right to reject any bid if the evidence submitted by, or investigation of, the bidder fails to satisfy the district that the bidder is properly qualified to perform under the terms of the bid specifications.
 - 7.4.4 Any bid received after the time and date specified will not be considered. Any bid may be withdrawn by the bidder prior to the scheduled time of the bid opening but may not be withdrawn by the bidder for a period of 30 calendar days after the opening of the bids.
 - 7.5 Prepare an exhibit requesting School Board approval;
 - 7.6 Prepare the purchase order for the product or service; include the following information as a narrative line on the purchase order in the finance system:

- 7.6.1 The competitive bids received, including the vendor's name and quoted amounts, and
 - 7.6.2 For purchase amounts greater than \$50,000, confirm that a formal written contract has been executed and signed by the superintendent or director of finance and operations, or
 - 7.6.3 For purchase amounts greater than \$175,000, confirm that the contract has been approved by the School Board, including the date of the approval.
- 7.7 Forward the original copy of the bid, including specifications, tabulations and bid bonds to the Purchasing Department to be kept on file for six years in accordance with the School District General Records Retention Schedule.
8. **Fixed Assets** – A fixed asset is any physical (tangible) item with an original purchase price greater than \$5,000.
- 8.1 At the time of receipt, Central Receiving is responsible for identifying, tagging, and recording all fixed assets.
 - 8.2 When an item that meets the fixed asset criteria is shipped directly to a school or department, staff at the receiving site must contact Central Receiving and complete a Fixed Asset Addition Worksheet.

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- References:**
- General Records Retention Schedule for School Districts, Information Policy Analysis Division, Minnesota Department of Administration, 2000
 - Minnesota Statute 10A.071, Certain gifts by lobbyists and principals prohibited
 - Minnesota Statute 123B.52, Contracts
 - Minnesota Statute 331A.03, subd.3, Alternative dissemination of bids and request
 - Minnesota Statute 471.345, Uniform Municipal Contracting Law
 - Minnesota Statute 471.895, Certain gifts by interested persons prohibited