



**Newport-Mesa**  
Unified School District

# PURCHASING HANDBOOK

Taking Education to the Future

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## Introduction

The purpose of this handbook is to provide information about the policies and operating procedures for Procurement, Competitive Bidding, and Related Services in support of the educational goals of the Newport-Mesa Unified School District.

Policies and procedures identified in this handbook comply with all State and Federal Laws, regulations of the District's Governing Board, and represent the best business and purchasing practices applicable to school districts and other governmental agencies throughout the State of California.

The following information should be used as a guide to District resources and services that are available to assist your procurement and contracting requirements. Purchasing staff members are available to help you in a variety of ways, including preparation of purchase requisitions, sourcing products and services, publishing requests for proposal, preparing bid packages and processing competitive bids, processing warehouse stores orders, creating and reviewing specifications and establishing terms and conditions for purchased products and services, among others.

Purchasing Department staff members, their contact information, and responsibilities can be found on the [NMUSD website](#).

Thank you.

Purchasing Department  
Newport-Mesa Unified School District

# Mission Statement

Our mission is to provide the acquisition of equipment, supplies, materials and services needed to ensure academic success throughout the District. By doing so, we continue to practice and educate our sites in the matter of being fiscally responsible but nevertheless provide the highest level of professional and timely service to all school and administrative sites; to provide the lowest price possible without sacrificing quality or service; and to maintain a positive work environment for purchasing associates and co-workers.

## Accomplishing Objectives

The objectives in the mission statement will be accomplished by:

- Maintaining a collaborative effort among buyers, suppliers and internal customers.
- Complying with public contract code and other related regulations.
- Listening to our internal customers and their concerns.
- Being receptive to new ideas and purchasing concepts.
- Educating internal customers about principles of effective purchasing practices and product standards.

## Responsibilities

- Purchase equipment, supplies, materials and services for school and administrative sites as cost effectively as possible.
- Develop and process bid packages and related contracts and board agenda items for construction and maintenance projects and acquisition of equipment and supplies.
- Coordinate construction and maintenance projects through the Project Facilitation Process developed in conjunction with Maintenance and Operations and Accounts Payable.
- Facilitate the management of forms with the Warehouse.
- Participate, along with the Warehousing Department, with the return of equipment for disposal, receiving into BusinessPlus and product returns to suppliers.

## Purchasing Code of Ethics

- Give primary consideration to the interest of the School District by which we are employed.
- Apply objective practices, seeking to obtain the maximum benefit for each tax dollar spent.
- Maintain fairness in all dealings with qualified vendors, contractors, material suppliers, service providers and employees.
- Provide courteous and professional behavior to vendor representatives and others.
- Apply continuous improvement practices.
- Cooperate with all organizations and individuals who conduct business with the District.
- Foster and promote ethical and legal trade practices.



# Purchasing Processes

## Purchasing Policy

Newport-Mesa USD operates with a centralized Purchasing program. While school and administrative sites initiate requisitions in BusinessPlus, the District's order processing and financial system, a purchase order, properly numbered, authorized and signed by the Purchasing Department is the only document by which the District obligates itself to a vendor. The Purchasing Department is the only entity authorized to sign and issue purchase orders. This policy is supported by California Education Code section 42632, which requires that school purchases have District approval prior to the receipt of goods and services.

In order to conduct business with NMUSD, the District recommends vendors familiarize themselves with all of the State of California applicable codes, rules and regulations that affect the acquisition of goods and services for school districts.

## Before You Buy

The first step in acquiring goods or services for your site is to define your needs. In essence, what problem, need, request or challenge do you want to solve? Once this is determined, you can develop a detailed specification for use in the purchasing process.

A specification may include any or all of the following:

- Quantity
- Model Numbers
- Color
- Training Requirements
- Maintenance Requirements
- Estimated Price or Total Cost and Unit of Measure
- Freight Charges
- Measurements

The Purchasing Department is available to assist in finding sources for goods and services. It maintains a database of vendors. Many items are available through existing District or piggyback bids and CMAS contracts that allow the District favorable terms, conditions and pricing. Formal bids may require a lead time of up to three months before they are available for use (see Competitive Bid Summary for terms and conditions). While school sites and administrative offices initiate purchase requisitions, the Purchasing Department must review and execute the final purchase order.

## **Creating the Purchase Requisition**

Requisitions are created using BusinessPlus. A requisition will include the following information:

- Actual vendor or dummy vendor if not in BusinessPlus database.
- Requisition number that is created by BusinessPlus
- Account Line
- “Ship to” location and code
- Buyer code
- Requestor name
- Date materials or services are needed
- Quantity and description of materials or services being ordered
- Unit of measure
- Unit price
- Estimated freight charges if known
- Sales tax
- Special delivery instructions, as necessary
- Warranty Information

After the approval process moves through BusinessPlus, the appropriate buyer will receive the requisition for final evaluation and approval. Upon approval, the Purchasing Department will print purchase orders for distribution to vendors, contractors, suppliers, consultants or service providers. A requisition alone does not obligate the District to a purchase, as it is not a signed, approved purchase order.

## **Unauthorized Purchases**

In accordance with California Education Code section 42632, only authorized individuals appointed by the Governing Board may financially obligate the Newport-Mesa Unified School District. The District requires issuance of a signed purchase order prior to a vendor providing services or materials, including Internet vendors.

The Purchasing Department shall conduct or supervise all purchase transactions for the District. In the event that an unauthorized purchase is made, the following applies:

- Any purchaser of supplies, equipment or services by staff members, without a prior purchase order approved by the Purchasing Dept., may not be paid for by the District.
- Purchases made in the name of the District without an authorized purchase order shall be considered an obligation of the person making the purchase and not an obligation of the District. Deliveries of materials or services, which are made without an approved purchase order or contract, are made at the Seller’s risk.

## Open Purchase Orders

The requisition for an open purchase order must have:

- “Not to exceed” amount
- Valid dates for the fiscal year
- Names of employees authorized to sign for and/or pick up orders from vendors
- A full description of the materials being ordered

Signed packing lists and/or signed invoices by the employee making the pickup must be forwarded to the Accounts Payable Department the first working day after the purchase is made or goods received. The purchase order number must be indicated on all invoices and packing lists. If the receiving documents are delayed to Accounts payable, payments to vendors may be delayed.

## Changes to Purchase Orders (Change Orders)

There may be a need to add an additional dollar amount to the original purchase order. There are many different reasons to change the original PO amount, for example, the vendor may have changed prices or an open purchase order has been depleted. Change orders are facilitated by creating a change order requisition in BusinessPlus using Vendor Number V7804039, cross referencing the original purchase order number. After the normal approval process, the assigned buyer will add the change order to the original purchase, thus increasing the value of the original purchase order. To enact the change order, the original purchase order is reprinted, which identifies the newly added line item(s). However, please note that the District Policy states, **that you can only add no greater than 15% of the original PO Dollar amount to the PO Change Request. If Change Order is over 15% of the original requested dollar amount, a new PR must be submitted for the full requested amount.**

## Dummy Order

A Dummy purchase requisition (vendor is not in BusinessPlus) is created using Account Number V7803897. In the body of line item one, the originator should identify the name, address and phone numbers of the vendor using code IT in the right column of the screen. All other aspects of the requisition follow purchase requisition protocols. Upon receipt of the order, the assigned buyer will add the vendor in BusinessPlus, converting the Dummy vendor to the actual vendor, and process the purchase order.

### **Disclaimer:**

Before requesting or purchasing items and before submitting a PR from a Dummy vendor, please clear it with Purchasing first.



## Requesting Checks for Vendors

Occasionally there is a need to purchase supplies or equipment from vendors which will not accept a purchase order, however, this method is strongly discouraged unless there is absolutely no other choice because of the unique nature of the product. In this event, you must complete a "Request for Check" form for an advance payment and the purchase order must contain information about the advance payment requirement. Please follow the steps below:

- Obtain an exact written price quote and an invoice from the vendor. Verbal quotes are not allowed. Original invoices are most preferred, faxed copies are least preferred.
- Complete the requisition and purchase order process in BusinessPlus, including the reason for the request for an advanced check to the vendor.
- Forward a copy of the purchase order to Accounts Payable.

## Commonly Used Object Codes

While there are numerous object codes available for use (as part of the 14-digit account line), this section identifies some commonly used codes:

- 4301 Instructional Supplies
- 4350 General Supplies
- 5620 Contract Services

The following object codes required a fixed asset tag:

- 4401 New Equipment Non-Capitalized
- 4406 New Equipment Non-Capitalized
- 4409 New Equipment Non Capitalized
- 6401 New Equipment Capitalized
- 6403 Vehicle Lease/Purchase Capitalized
- 6406 Equipment/Computer Capitalized
- 6409 Equipment/Software Capitalized

The District's Chart of Accounts contains a complete listing of the Pseudo Code Structure Layout (14 digits):

Fund XX  
Site XX  
Function XX  
Cost Center XXXX  
Object Code XXXX

## Warehouse Stock Orders (Stores)

The District's central warehouse carries over 300 inventory items listed in the "Stores" catalog. These items are available to sites and departments for purchase without doing a purchase requisition to an outside vendor. There are six categories of items in the catalog:

- Audio Visual Supplies
- Custodial Supplies
- Forms
- General Office and Art Supplies
- Health Supplies
- Physical Education Supplies

In order for a site or department to place an order for these items, a "Stores Order" must be created in BusinessPlus. Stores Orders are different than Purchase Requisition and are entered using a different method. Stores Orders must contain the following:

- Description (destination of order)
- Purchaser's name
- Date
- Ship to ID
- Quantities
- Items numbers from catalog
- Account numbers

Once a Stores Order is entered, the site prints it to the Warehouse printer where Warehouse personnel print it and fill and deliver the order. These orders are usually filled within a one to two-day period and delivered on the normal scheduled delivery day of the site or department. Once an order is filled it is automatically charged to the account line on the order.

Returns may be processed for anything purchased within the fiscal year. For example, if an item was purchased in June the site would not be allowed to return it in August. In order to request a return, the site or department would need to fill out the "Stores Return for Credit" form, which can be found on the District website under Forms under Purchasing. Once completed, the form should be mailed or faxed to the Purchasing Department, which will review it and then issue to the Warehouse personnel to arrange for pickup. After the item has been picked up and returned to warehouse stock, the merchandise will be credited back to the site.

## **U.S. Mail**

Outgoing mail is processed every afternoon by the Warehouse personnel and delivered to the Post Office for mailing. Interoffice mail is distributed around the District on a daily basis by Warehouse personnel. Outgoing mail is picked up and taken to the warehouse for processing on a daily basis by warehouse personnel.

## **JIT (Just-in-Time) Orders**

JIT orders are for office and classroom supplies. The JIT process is designed for next day delivery of supplies. In addition to quick delivery, JIT offers other benefits not associated with regular purchases. Whereas regular buyout orders are a one-time purchase, JIT orders are facilitated using an Open PO for Office Depot only.

Office Depot Open PO's allow for multiple purchases on an as needed basis, each purchase typically listing several items, precluding the creation of multiple buyout PO's and the requirement of carrying a large inventory of supplies at the school or administrative site.

Through the competitive bid process, the District has awarded office and school supplies to Office Depot for up to a three-year period, reviewed annually and approved by the Board of Education.

## **Merchandise Returns to Vendor**

All orders by District purchase order that need to be returned to vendors are processed by the Purchasing Dept. However, there is a \$25 threshold to be eligible for the return. If the product to be returned is valued at \$25 or less, then the site is to keep or discard the item, but not physically return the item.

The following information is required when contacting the appropriate buyer:

- Vendor Name
- Purchase Order Number or Requisition Number
- Reason for the return (If broken or damaged, please provide a complete description)

Do not send "return merchandise" to the warehouse without prior approval from Purchasing. Each buyer will request a return authorization from the vendor and subsequently arrange for the physical return to the vendor. In the event of the return not meeting the dollar threshold, then the buyer will request a credit only from the vendor.

## **Maintenance Agreements (Copiers and other Office Equipment)**

Copier maintenance agreements for standalone copiers do not require a separate approved document. MA's are facilitated through quarterly copier usage and billed according to a cost per copy charge. The MA's include toner supplies, repairs, and parts, but not staples or paper.

MA's for smaller desktop copiers require a signed maintenance agreement document. These agreements are typically limited to 10,000 annual copies after the 90-day warranty period. Currently, the District is in the process of standardizing MA's to coincide with the District fiscal year (July-June).

A requisition, using object code 5620, at the District level or site level is required to fund the maintenance agreement. The Purchasing Department will advise sites when their MA is due for renewal. If there are any questions about the cost of your particular maintenance agreement for budget purposes, call Purchasing to clarify the cost.

Maintenance agreements for more complex equipment, i.e., elevators, are documented by a District Service Agreement or the service provider's agreement form, depending on which form serves the District's interest more favorably.

## **Surplus Property Disposal (TOE—Transfer of Equipment)**

School and administrative sites prepare the Transfer of Equipment (TOE) Request form, then send the form to the Warehouse, which schedules pick up of the equipment. The Purchasing office accumulates the TOE forms for the purpose of requesting the Board of Education to approve the disposal of the equipment. Subsequently, the equipment is removed from the district's asset data base and the district disposes of the equipment through its previously approved methods of disposal, such as the Liquidation Company, E-waste Co, General Auto Auction and Inter-Scholar and in compliance with state regulations.

## **Vendors' Communication with Sites Policy**

The District requires vendors to communicate directly with the Purchasing Department on all purchasing related matters, including sales calls, sales presentations, price quotes, promotions, catalog distributions, returns, exchanges and substitutions. Vendors are not allowed to contact school or site personnel without the express permission of the Purchasing Department. In all dealings the Purchasing Department maintains a fair and competitive environment in its approach to acquiring goods and services.

## New Vendors

To be placed on the District's vendor or bidder's list, a new vendor must register on the Purchasing Dept. page of the District's website. Because of the number of suppliers and vendors the Purchasing Department conducts business with, submitting a request letter does not guarantee a vendor will be notified every time a quotation or bid for that particular commodity or service is sent out or published. Vendors are advised to regularly check the legal notices section of the Orange County Register for published bid notices or the District's website at [www.nmusd.us/bids](http://www.nmusd.us/bids).

A contract or purchase order (P.O.) authorized by the Purchasing Department are the only methods by which the district obligates itself to a vendor. Therefore, vendors are strongly advised not to provide materials or services to the District without first obtaining an authorized purchase order from the Purchasing Department. Purchases made in the name of the District without an authorized purchase order or contract may be considered a donation to the District or a personal obligation of the person making the purchase and not an obligation of the District.

Upon receipt of an authorized purchase and the subsequent delivery of materials or services, invoices must include the following information:

- 1) Purchase Order Number
- 2) Date of Invoice
- 3) Invoice Number
- 4) Bid Number, if applicable
- 5) Appropriate Purchase Detail
- 6) Vendor Remittance Information

Invoices lacking the required information are subject to delay or return for correction. All school purchases are subject to California sales tax. Vendors may expect payment within (30) thirty days of billing, provided proper compliance with invoicing procedures.

Vendors are required to provide Material Safety Data Sheets (MSDS) from manufacturers for all products that are hazardous, as defined by California Code, Title 8, General Industry Safety Orders, Section 5194.

## **Statements of Work**

Written statements of work are used in the public bidding, RFP and quote process to describe the required level of quality, quantity, delivery and specifications. In addition to the statement of work, certain terms and conditions governing purchases are also outlined in the District's bid, RFP, quote and purchase order and Service Agreement forms and attachments. For more information, please contact the Purchasing Department.

A vendor may expend considerable time and money presenting a product or service to the District in the desire to make a sale. The purchase may eventually be made by competitive bid according to the Public Contract Code and other regulations. The expenses incurred by a vendor for designs, samples, demonstrations, drawings, layouts, or travel do not guarantee that the District will purchase from the vendor.

## **Public Bid Process**

### **Basis for Bid Award**

Based on Public Contract Code, the District awards bids to the lowest qualified responsible bidder. This means the lowest priced bidder who offers the best responses in quality, fitness, capacity and trustworthiness to the requirements of the proposed work. Such factors as delivery, time, quality, compatibility, references, experience, parts and service, freight costs, among others, influence an award to the "lowest qualified responsible bidders".

A "responsive" bid/proposal is one that conforms to the requirements of the statement of work, specification(s), solicitation, instructions and the District's contractual terms and conditions and Public Contract Code. This would also include such factors as completeness of the quotation and bid forms, inclusion of references and attachments and completion of required responses.

Informal quotes, bids or proposal for goods and/or services may be requested and received verbally and/or in writing by mail, e-mail and facsimile. Informal bids apply to purchases below the formal bid limits described herein.

## **Policy Guidelines for Major Purchases and Public Bidding**

1. If a project is less than \$10,000, supplier can be sole sourced if the District has previous positive experience with the supplier. However, the project initiator has the option to obtain three proposals. The project will require approval according to current procedures.
2. If a project is greater than \$10,000, but less than \$14,000, the project initiator will obtain a minimum of three proposals. The Deputy Superintendent, Chief Business Official or the Superintendent may waive this requirement in an emergency.
3. Projects over \$14,000 will be evaluated on a case-by-case basis to determine if they meet the \$15,000 threshold for public works projects or the maintenance and equipment threshold of \$92,600 (increased annually for inflation).
4. Public works projects \$15,000 or over or public works projects over \$92,600 will be subject to Board approval and the competitive bidding process. A Competitive Bidding Summary that describes the various bidding categories is attached for reference.
5. On all projects, the scope of work shall be clearly written in order to avoid change orders and the appearance of bid splitting. Part 3, Chapter 1, Article 3, Section 20116 of the CA Public Contract Code addresses the issue of separating projects into smaller segments to avoid competitive bidding.

## Competitive Bidding Summary

### **PCC 20111(a). Public projects exceeding \$92,600**

- Purchase of equipment, materials or supplies
- Services, Non-construction
- Repairs and maintenance

Note: Projects in this category typically do not require a Notice to Proceed and Notice of Completion, since the purchase is facilitated by P.O. and no construction is conducted. The bid threshold is adjusted annually by the State Dept. of Education.

### **PCC 20111(b). Public projects (excluding maintenance) exceeding \$15,000**

Construction, reconstruction, erection, alteration, renovation, improvement, demolition and repairs involving facilities.

#### *Examples:*

- The installation of fascia trim if it were a work of improvement or an alteration to a facility
- The removal and replacement of the entire carpet
- Removal and replacement of an entire roof
- Upgrading or improving an existing wiring system to increase the capacity of the system
- Painting or repainting of facilities (painting an entire school, structure, or building)

### **PCC 22002 (d)/20115. Maintenance—Bidding not required unless project exceeds \$92,600**

The bid threshold is adjusted annually by the State Dept. of Education.

- Routine, recurring and usual work for the preservation or protection of any facility for its intended purpose.
- Minor repainting, including any painting of less than an entire facility or less than whole plant, building, ground facility or real property, or the painting of a room, wing or portion of an entire building or structure.
- Resurfacing of streets at less than one inch
- Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants and servicing of irrigation and sprinkler systems
- Ordinary upkeep or repair work such as replacements in kind, repainting, re-plastering and reroofing

#### *Examples:*

- The replacement of existing fascia trim
- Repairing or replacing a portion of a roof
- Repairing or replacing a portion of the entire carpet
- Replacing or repairing existing wiring that has failed
- Use of day labor or force account not exceeding 350 hours