

SABINE ISD PURCHASING PROCEDURES

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 and local procedures.

Section 1. Purchasing Ethics:

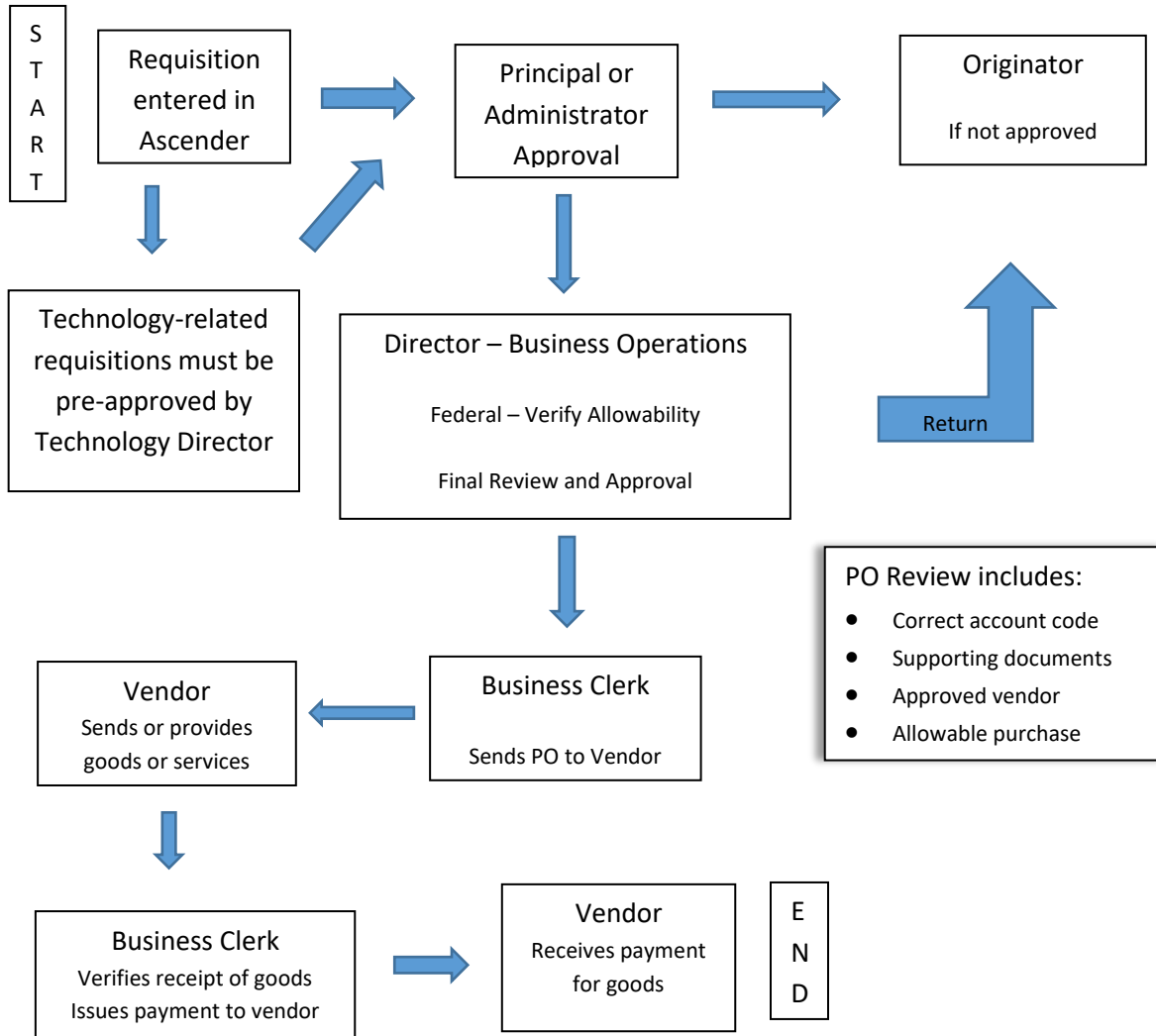
- In accordance with Board Policy CAA Local – Financial Ethics, all Trustees, employees, vendors, contractors, agents, consultants, volunteers, and any other parties who are involved in the District's financial transactions shall act with integrity and diligence in duties involving the District's fiscal resources.
- Fraud and financial impropriety shall include but not be limited to:
 - Forgery or unauthorized alteration of any document or account belonging to the District.
 - Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
 - Misappropriation of funds, securities, supplies, or other District assets, including employee time.
 - Impropriety in the handling of money or reporting of District financial transactions.
 - Profiteering as a result of insider knowledge of District information or activities.
 - Unauthorized disclosure of confidential or proprietary information to outside parties.
 - Unauthorized disclosure of investment activities engaged in or contemplated by the District.
 - **Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the District, except as otherwise permitted by law or District policy. [See CB, DBD]**
 - Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment.
 - Failure to provide financial records required by federal, state, or local entities.
 - **Failure to disclose conflicts of interest as required by law or District policy.**
 - **Any other dishonest act regarding the finances of the District.**
 - Failure to comply with requirements imposed by law, the awarding agency, or a pass-through entity for state and federal awards.
- In coordination with legal counsel and other internal or external departments or agencies, as appropriate, the Superintendent, Board President, or Director of Business Operations shall promptly investigate reports of potential fraud or financial impropriety.

Section 2. Purchase Order Approval Authority:

- The Purchasing Flowchart depicts the path of a PO from origination to final approval and payment:
- The Superintendent has delegated the Director of Business Operations 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 single purchase that exceeds \$50,000 before the transaction or commitment is made. [Source: Board Policy CH Local].
- No District employee shall order and secure goods or services without an approved purchase order. Violators may be held personally responsible for the debt incurred and may be subject to disciplinary employment action.

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Sabine ISD – Purchase Order Flowchart (All Funds)



Section 3. 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.
- **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 August 1, 2020.**
- All relevant statutes, regulations, board policies and procedures are available to all purchasing stakeholders at the links below:
 - Texas Education Code – Chapter 48 Fiscal Management: <http://www.statutes.legis.state.tx.us>
 - EDGAR Regulation – [2 CFR Part 200](#)
 - School Board Policies - <https://pol.tasb.org/Home/Index/542>

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Section 4. Requisition and Purchase Order Processing

On-Line Requisition System:

- The district shall use an on-line requisition system (Ascender) for all purchases, except for non-purchase order purchases such as petty cash.
- The Director of Business Operations shall create all requisition system users/approvers and assign the appropriate account code(s).
- The Director of Business Operations shall create all of the requisition approval paths in accordance with the district's **Purchasing Flow Chart** (refer to Exhibits).
- The **Anatomy of a Purchase Requisition** illustrates information that should be on a purchase requisition.
 1. Order for – Person that items were ordered for – who will the goods be delivered to
 2. Reason – what is being ordered, brief description
 3. Reference number – travel dates or other specifics
 4. Vendor name
 5. Bid Category – identify an awarded bid, if applicable, or the Purchasing Cooperative (such as ESC 8 TIPS, BuyBoard, ESC 6 EPIC6, etc.)
 6. Campus/department – enter the 3 digit number – this determines the routing for approval
 7. Bid Number – identify an awarded bid number, if applicable, or quote number, Co-Op contract number
 8. Not used
 9. Select the priority if other than regular – U for Urgent
 10. Work order – enter the work order number, if applicable
 11. Freight cost – enter a flat freight cost, if applicable
 12. Confirm only – Check the box if the purchase order is a confirming copy only
 13. Attachments – Check the box if there are any additional attachment are being forwarded via pony mail
 14. Catalog number – enter the catalog number of the item(s) ordered
 15. Description – enter the description of the item(s) such as product name, size, color, etc.
 16. Quantity – enter the quantity of items being ordered
 17. Unit of measure – select the unit of measure such as Each, Gallon, Case, Months, etc.
 18. Unit price – enter the unit price of the item(s)
 19. Commodity code – enter the like-item category (aka commodity code) from the drop-down list
 20. Long description – enter any additional description on this 2nd line
 21. Status – select the drop down box if the item(s) are Free
 22. Discount % - enter the discount percentage, if applicable
 23. Discount amount – enter the discount amount, if applicable
 24. Freight % - enter the freight percentage, if applicable
 25. Freight amount – enter the freight amount, if applicable
 26. Account codes – enter the account code(s) for each line item (or use the Uniform Account Code Distribution tab to enter one or multiple accounts that will apply to all line codes.
 27. Requisition Total – this is a Display Only field that represents the total of the requisition.

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The Anatomy of a Requisition

The screenshot shows the 'Purchasing' system interface. At the top, there are navigation tabs: Maintenance, Inquiry, Next Year, Utilities, Reports. Below this is a header with 'Maintenance > Create/Modify Requisition' and 'SessionTimer: 28 min and 39 sec'. The main form contains various input fields for requisition details, including Requisition Number, Originator, Requestor, Date Request, Date Required, Reason, Order For, Reference Nbr, Sort Key/Vendor Name, Vendor Nbr, Shipping Addr, Campus/Dept, Credit Card Code, Priority, Work Order, Freight Cost, and Confirm Only. A table below the form lists items with columns for Note, Item, Catalog Nbr, Description, Quantity, Unit of Issue, Status, Unit Price, Discount %, Discount Amt, Freight Elig, Freight %, Freight Amt, and Totals. A 'Accounts for Item 001' section is also visible at the bottom.

31 - The Documents tab is displayed AFTER you save the requisition.

Delete	Note	Item	Catalog Nbr	Description	Quantity	Unit of Issue	Status	Unit Price	Discount %	Discount Amt	Freight Elig	Freight %	Freight Amt	Totals
	Note	001												

Purchase & Travel Requisitions:

- Requisitions are internal documents and should not be forwarded to a vendor to place an order. If an employee forwards a requisition to a vendor to place an order, the employee shall be held personally responsible for the debt and may be subject to disciplinary action.
- All requisitions from grant funds (state/federal) shall comply with the state and federal regulations and the district's **State & Federal Grants Manual**.
- The approval path of requisitions shall be as noted in the district's **Purchasing Flowchart**.
 - The requestor (and/or the campus secretary/bookkeeper) shall "submit" a purchase requisition using the on-line requisition system (Ascender).
 1. 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**.
 2. If the account code(s) that the requestor intends to purchase with do not have sufficient funds, the requestors shall request assistance from the Director of Business Operations.
 - Requisitions can be submitted for a single purchase or an **Open Purchase Order** for multiple purchases (monthly, quarterly or annual). Annual service contracts are an example of the use of an Annual Open PO. [Note. Invoices must be paid on a regular, monthly basis, so supporting invoices and documentation for all Open POs must be submitted by the respective department or campus.]

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- Other guidelines related to particular types of purchases and/or departments are noted below:
 1. If the requisition is for travel, follow the **Travel Procedures**.
 2. If the requisition is for a field trip, Co-Curricular, or Extra-Curricular trip, follow the **Student Travel Procedures**.
 3. If the requisition is for the purchase of food and non-food items, follow the **Child Nutrition Program Financial Management & Procurement Manual**.
 4. If the requisition is for professional services, follow the **Contract Management Procedures**.
 5. If the requisition is from federal grant funds, follow the **Quotation Procedures**. [Note. These procedures shall apply to all purchases with federal grants funds (Funds 2XX) as of July 1, 2021.
 6. If the requisition is for a purchase that exceeds the aggregate competitive procurement threshold (\$50,000), follow the **Competitive Procurement Procedures**. [Note. The EDGAR-related competitive procurement procedures shall apply to all purchases with federal grant funds as of July 1, 2018.
- The requestor's supervisor (campus principal or department head) should receive an email notifying him/her that a requisition(s) is pending approval.
- The campus principal or department head shall review and approve all requisitions initiated from their campus and/or department at least on a daily basis to ensure prompt processing of the campus and/or department requests.
- All requisitions from federal grant funds shall be reviewed and approved by the appropriate grants manager in accordance with **the State and Federal Grants Manual**.
- The Director of Business Operations shall review and approve the pending requisitions at least once a day, but throughout the day as time allows.
- The review shall include the following:
 1. Requestor name
 2. Shipping address
 3. Vendor name and number
 4. Reason - Verify that the reason matches the purchase and is properly spelled out
 5. Reference – Name of person (and room number if classroom teacher) that goods should be delivered to
 6. 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.
 7. Catalog number
 8. Description – Detailed description of item or service (exceptions may include: Web Order, Order List attached, Contract/Scope of Services attached, etc.
 9. Unit of measure
 10. Unit price – If equipment with a unit cost equal to or over \$1,000, the object code must be 6398; if equipment with a unit cost equal to or over \$5,000, the object code must be 663X.
 11. Account code(s) – the account code(s) must match the purchase and location/department
- If any deficiencies are noted with a requisition, the Director of Business Operations shall contact the requestor to resolve the discrepancies.
 1. If the discrepancies cannot be remedied, the Director of Business Operations shall “return” the requisition to the requestor.
- The Director of Business Operations shall “approve” all requisitions that meet the required review.

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Purchase Orders:

- The Director of Business Operations shall serve as the final approver of all requisitions. Upon approval by the Director of Business Operations, the requisition becomes a purchase order and is assigned an Ascender Purchasing system-generated number.
- 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 Business Clerk shall print and distribute the purchase orders as noted below:
 - 1 District copy for Accounts Payable files
 - 1 Vendor copy – Distribute to the vendor via fax or email
- The Business Clerk shall file a district copy of all purchase orders in numerical order pending receipt of the invoice, and receiving confirmation.
- The Business Clerk shall generate an Aged Purchase Order Report on a monthly basis (at the end of the month) and research all aged purchase order. The research shall entail a review with the Director of Business Operations of all purchase orders pending receipt to determine if any of the items have been invoiced by the vendor.
 - 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 canceled or re-entered in the following fiscal year, if applicable.

Section 5. Quotation Procedures

- The Director of Business Operations (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.
- Federal grant (EDGAR) Quotation Threshold:
 - If the requisition exceeds \$10,000 **and** is from federal grant funds, the purchase must be made in accordance with the Small Purchase Procedures in accordance with EDGAR. According to EDGAR, the purchase must be supported by an adequate number of quotations. An adequate number of quotations has been defined by the district as no less than three (3) quotes.
 - If the requisition or purchase exceeds \$10,000 **and** is from Child Nutrition Program federal funds, the purchase must be made in accordance with the ARM Procurement regulations.
- It is recommended that 3 quotes be obtained from vendors that are approved through Purchasing Co-operatives as the purchasing contracts in the cooperatives have been subjected to competitive procurement, vendor qualification and in some instances, evaluation of the goods and/or services. A list of the Purchasing Co-Operatives that the district has joined are available from the Business Department.
- All quotes shall be attached to the purchasing requisition with the **Quote Comparison form**. The Quote Evaluation form shall indicate the reason(s) for the vendor selection.

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Section 6. Competitive Procurement Methods and Procedures

Purchasing Methods:

- The Director of Business Operations (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 using the **Quotation Procedures**.
 - 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 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.
 - 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).

- **Inter-local contract or cooperative purchasing program**
- **Competitive Sealed Proposals**
- **Competitive bidding**
- **Noncompetitive Proposals (such as ESCs)**

Specifications:

The specifications for the competitive procurement shall be developed by district officials and **not** vendors or vendor representatives. The specifications shall identify the specific goods and/or services that will meet the district's needs without expressly requiring a name brand. It is preferable to identify the goods or services as detailed as possible, but add a statement such as "or approved equal".

The specifications may include the vendor selection criteria including the weights applied to each criteria.

Section 7. Vendor Selection and Relations

Vendor Selection:

- The Director of Business Operations shall oversee the selection of vendors and the maintenance of the district's approved vendor database.

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- The Business Clerk shall maintain the vendor database in the Ascender Finance System in accordance with the **Internal Control Procedures: Vendor Maintenance**.
- The **Adding/Renewing Vendors Procedures** shall be adhered to in the selection, renewal and removal of district approved vendors. At a minimum, a completed **New Vendor Packet** will be required for all new vendors.
- 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. 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 vendors for the procurement of non-competitively procured goods and services.
- This criteria shall also be used to select vendor for the procurement of goods and services paid with federal grant funds.
- In addition to the criteria list above, the district shall establish and publish in construction services specifications, the relative weights of each criteria.
- 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 using the vendor selection criteria.
- 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 Director of Business

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Operations shall notify the vendor [in writing] that they will be removed from the district's approval vendor database.

- Vendor inactivation – The Director of Business Operations may inactive a vendor due to inactivity over one (1) full fiscal year, or as appropriate, if the vendor ceases to provide goods or services to the district or the general public.

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.
- ❑ No district employee shall forward a purchase order to a vendor, unless prior authorization has been approved by the business department.
- ❑ 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, shall be 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.

Section 8. Receiving & Distribution

- ❑ The district shall utilize a **centralized receiving system** for all goods ordered through the purchase order process for the High School and Middle School. Items for the Elementary campus will be delivered there, with a few exceptions. Goods for the Maintenance Department may be delivered directly to the Maintenance Department.
- ❑ The Central Receiving Area shall be in a controlled environment to protect the goods until they can be inspected, counted and labeled for delivery.
 - No goods shall be removed from the Receiving Area (the front area of the Central Administration offices) without the prior approval of the Superintendent's Secretary, the Business Clerk, or the Director of Business Operations.
- ❑ Goods which are too large or on pallets shall be delivered to the Maintenance Department. The Maintenance Director shall notify the Business Clerk if any goods were received at the Maintenance Department.
 - If goods include goods that require assembly, the Maintenance Director shall open, inspect and sign-off in receipt of the goods. The packing list shall be forwarded to the Business Clerk within two (2) of receipt. The Maintenance Director shall assign the assembly of the goods to one of the Maintenance staff members.
 - In no event, shall goods received at the Maintenance Department not specifically for them remain in that department for more than two (2) days.
- ❑ On at least a daily basis, the Superintendent's Secretary or person receiving packages shall inspect all packages/boxes received for damage. If damages have occurred, the vendor should be promptly notified.
- ❑ The quantity of items received shall be entered on the ASCENDER Business system.
- ❑ If the order includes inventory (equal to or over \$1,000 per item) or fixed asset equipment (equal to or over \$5,000 per item), the appropriate "tag number" should be generated by the Business Clerk and

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sent to the department supervisor to whom the equipment is being delivered. They will then affix the tag number to the equipment.

- All boxes/packages should be labeled for delivery to the appropriate campus or department.
- At least quarterly, the Business Clerk shall generate and review an Aged Purchase Order report [over 60 days].
- All orders that have been outstanding for more than 60 days should be researched and cancelled, if appropriate, by the Business Clerk. All order cancellations should be relayed to the campus/ or department and the Director of Business Operations.

Section 10. Disposal of Obsolete and Surplus Property

- The disposal or obsolete and surplus property shall be in accordance with the **Fixed Asset Tracking Procedures**.