



# **FISD Purchasing Manual**

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## SECTION 1: PURCHASING DEPARTMENT

### *Introduction*

As a support organization of the District, the Purchasing Department is charged with the procedural processes for the acquisition of goods and services required by the District that are the most cost effective and efficient. The Purchasing Department staff will function in a manner consistent with applicable laws, School Board policies, the Uniform Commercial Code, Texas Government Code, and other sound business practices, while establishing a competitive opportunity for all qualified vendors.

The Purchasing Department reports to the Assistant Superintendent for Business and Finance.

### *Mission Statement*

To support the educational goals of the District by acquiring the necessary resources through prudent purchasing practices and excellent customer service.

### *Goals*

- To provide quality products, services, and material to the District, at the best value, in accordance with relevant statues and policies.
- To foster good vendor relations and a strong competitive environment.

### *Objectives*

- To assist in the prudent use of District resources through efficient use of competitive bidding and proposals, purchase cards, and purchase order process.
- To promote and apply ethical business practices.
- To educate and train District personnel.
- To improve processes and implement the best purchasing practices.

## SECTION 2: PURCHASE ORDER GUIDELINES AND PROCEDURES

### *Overview*

State law requires all school districts to process an authorized purchase order (PO) *prior to* placing an order, or in any manner, committing district managed funds. See Texas Education Code 44.031 regarding Texas purchasing laws.

A PO conveys to the vendor that if they provide the goods or services, the district promises to promptly pay for the goods or services upon receipt of invoice and satisfactory receipt of goods or services.

All end users must be mindful of the following:

- Purchase commitments shall be made by an authorized purchase order.
- A purchase order is not authorized until it is manually initialed by the Assistant Superintendent for Business and Finance or designee in her absence.
- Persons making unauthorized purchases shall assume full responsibility for all such debts.

### **Purchase Requisition Process**

The purchase requisition process is an internal electronic process by which a campus or department requests a purchase order. A requisition is not an approved purchase order; therefore, a requisition number should never be given to a vendor.

Requests for purchase must be planned for and submitted timely to allow for the required processing – at the campus/department office as well as at the Purchasing Department.

### **Purchase Requisitions**

- Requests for purchase must be submitted to and approved by the campus/department budget administrator.
- Requests for purchase must be submitted timely for processing before the items or services are needed.
- Upon budget administrator's approval, designated campus/department personnel enters the request for purchase into the on-line requisition system.
- Once the request for purchase is entered and posted, the funds are encumbered, and a system-generated requisition number is assigned. Requisitions are internal documents and are not authorized. They are not to be used to place an order.
- Requisitions are reviewed by the Purchasing Specialist for completeness, compliance with competitive procurement requirements and proper account coding.
- In order to avoid being rejected or delayed, requisitions must include all information necessary and clearly define the needs:
  - Bid/Proposal contract number, if applicable
  - Complete and accurate description per line item
  - Correct account code(s)
  - Discount, if applicable
  - Freight, if applicable
  - Any special instructions
- Upon approval by the Purchasing Specialist, the requisition becomes a purchase order and a system-generated PO number is assigned.

### Attachments

- Attachments to POs can be uploaded into the system as supporting documentation (docs). The attachment will be linked to the PO and accessible in the system.
- If an attachment is uploaded, the “Attach” field on requisition should be marked “Yes”. This will alert the vendor that they should receive an attachment with the PO.
- If the attachment is to be sent to the vendor with PO, it should be identified as a FISD PO attachment.
- Attachments that provide vendor with bill to information must have Fredericksburg ISD, Accounts Payable, 234 Friendship Lane, Fredericksburg TX 78624 as the bill to. Ship to must have the requesting campus/department information.
- If payment is requested upon PO approval, appropriate payment document must be attached. “Include Check” should be selected from "Delivery Instruction" drop down options. Payment from PO is limited to certain instances. (i.e.: memberships, annual agreements, magazine subscriptions, etc.)

### Purchase Order Process

- The Purchasing Specialist runs a job to print all copies of the POs.
- Accounting (pink) PO copy is given to the Assistant Superintendent for Business and Finance for final review and authorization (initialed). ***At this point, and no sooner, PO is authorized.***
- Vendor (white) PO is emailed, faxed, or returned to campus/department secretary as indicated by requester on PO.
- Campus/Department (green) PO copy is returned to the campus/department secretary for campus/department record.
- Receiving (yellow) PO copy is for order receiving purposes and may be kept in the campus/department office or forwarded to the requester. This is a campus/department decision, but it is important that it goes to the person responsible for checking in the order when it is received.

Note: When the order is to be shipped to Technology or Maintenance for equipment, software and/or supplies requiring receipt by the Technology/Maintenance department, a copy of PO is sent to Technology/Maintenance to identify the order and requester. After order is received, checked, and delivered to requester, is the **responsibility** of original requester to send the yellow copy to Accounts Payable marked as "Ok to pay".

- Accounting (pink) PO copy remains in the Accounts Payable department in the Business Office.
- If payment is requested, sufficient backup is required to process payment. Payment from PO is limited to certain circumstances (i.e.: memberships, annual agreements, magazine subscriptions, etc.), and appropriate payment document must be submitted. In these instances, a yellow copy is not printed.

### Purchase Order Procedures

#### **Accounting for Receipt of Services and Goods**

Monitoring the delivery and receipt of orders is the requester’s responsibility. This ensures the district actually receives what it purchases.

### **Prompt Payment**

We must pay our vendors timely. In order to be in compliance with state law, we must generate payment to vendors within 45 days after the later of:

- the date the goods/services are received/provided, or
- the date invoice is received

If we fail to generate payment within the required timeframe, we are obligated to pay 1% compounded monthly interest to the vendor on past due amounts whether the vendor requires it or not. If late payment is due to untimely submission of proper documentation to Accounts Payable by requesting department, late charges will be charged against the requesting department's budget. See Texas Government Code chapter 2251 for details on the Prompt Payment Act.

### **Services**

- After requested service has been provided, sign and date yellow PO copy and submit to Accounts Payable in the Business Office.
- If a Contract Services form was required, return completed form with yellow PO copy. Contract Services form acts as invoice for payment.

### **Goods Inspection**

- We have the right and responsibility to inspect goods before authorizing payment.
- Order must be inspected for errors and damage in a timely manner.
- Compare the goods and quantities received to the PO (and packing slip if one was included with shipment).
- If order or any part of order is damaged, wrong, or if order is incomplete, it is the responsibility of the ordering campus or department to report to vendor.
- All communication with vendor must be documented and kept until issue is resolved, at which time it is to be sent to Accounts Payable with resolution noted.
- Accounts Payable should be notified of discrepancies and be kept informed of status.
- Returns/resolution arrangements should be made prior to approving the order for payment. Accounts Payable should be notified to ensure that the vendor issues the proper credit and/or refund.

### **Payment Authorization**

- If/when order is complete and satisfactory, requester or designee signs and provides date(s) items were received on yellow PO copy and submits to Accounts Payable along with packing slip, if applicable.
- An original invoice is usually sent from the vendor directly to Accounts Payable in the Business Office at the same time merchandise is shipped. The invoice is matched up with the pink PO copy and payment is made when Accounts Payable has received the yellow PO copy indicating order is satisfactorily received.

- If invoice is received with the order or received by the requesting campus/department directly from vendor at any time, send to Accounts Payable in the Business Office. Failure to do so will cause the vendor to go unpaid.
- If an invoice is received by Accounts Payable, and the yellow PO copy has not been received, a copy of the invoice stamped with “O.K. to Pay” will be sent to the campus/department secretary for distribution to the person responsible for checking in the order. If merchandise has been received, invoice must be signed, dated with date merchandise was received, and returned along with the yellow PO copy to Accounts Payable in the Business Office.

### **Open Purchase Orders**

(See also HEB & Wal-Mart Card Use Procedures in separate file)

An open PO is an open purchasing agreement between the District and a vendor to provide multiple purchases under a single PO number. Open POs are an effective way to make small commodity type purchases that are bought frequently and for services provided periodically.

This type of PO is basically a line of credit and must be closely monitored and controlled.

Open POs are not intended to be used to acquire items or services needed for specific one-time requirements.

### **General Purpose**

- Eliminate the need for numerous individual POs for small dollar-value items or repeated services.
- Provide a means of acquiring urgently or untimely needed items.

### **Information Required**

- Estimated total amount to be needed for the specified time period. Estimating too high will encumber funds that could be used for other purchases; estimating too low will cause extra work in processing increases. Staying within budget allocation for these requests is also an important factor.
- Description beginning with “OPEN PO FOR...(general description and purpose of items or services)”
- “OPEN THROUGH... (date through which PO is to be kept open)”
- Names of District personnel that are authorized to make charges against the open PO. If no names are listed, the person named as requester will be the sole authorized signer.

### **Guidelines for Use**

- Open POs are to be used for recurring small dollar-value item purchases.
- Open PO purchases and dollar balances must be closely monitored. This is the responsibility of the PO requester.
- The requestor is responsible for maintaining records of all transactions and to keep a current balance with each transaction so that at all times the amount remaining will be

accurate and known. (Useful for this purpose is the Open PO Balance form available on the BillieNet under Business Office Forms.)

- Note: PO balance inquiries in the Skyward system may not be accurate as they may not reflect purchases made but not yet paid.
- Any and all purchases which exceed the balance on a PO are unauthorized. According to District policy CH (local), “Persons making unauthorized purchases shall assume full responsibility for all such debts.”
- Infractions to open PO guidelines may result in open PO privileges being revoked.

### **Changes To**

- If during the specified time period (and before the PO is closed) it is found there are insufficient funds remaining on an open PO to meet additional needs, the PO may be increased.
- A Purchase Order Change Request (POCR), available on the BillieNet under Business Office Forms, must be completed and sent to Accounts Payable.
- An increase to a PO must be approved in advance of the additional expenditures, and the additional funds are not available until the POCR has been processed and the requester notified.
- Funds must be available in the appropriate budget before a PO can be increased.
- If funds need to be transferred to cover a POCR, a budget transfer (BT) must be submitted, and it should be indicated on the POCR.
- A POCR cannot be processed on a closed PO.

### **Invoice Guidelines**

- Each receipt for purchase should reference the appropriate PO number, be signed by the purchaser, and be submitted to the campus or department office for review and approval.
- The budget administrator should address any questionable purchase with the purchaser and document the discussion.
- After review and approval, the fund administrator or designee must sign and submit to Accounts Payable in the Business Office.
- If a payment against an open PO expends the balance, the PO will be closed out with that payment.

### **Purchase Orders for Technology Products**

All purchase requests for technology equipment and first time purchase of software or website access must be approved by the Technology Department. Requests for renewals of previously approved software and website access do not require re-approval.

### **Purchase Orders for Food or Snacks**

POs prepared for food items for students must adhere to the TX Department of Agriculture and US Department of Agriculture nutrition standards for providing healthy food to students under the Healthy and Hunger Free Act of 2010 and adjustments to the Act since that time. Additionally,

there are TX Department of Agriculture rules to include time and place restrictions that must be followed. See FISD Wellness Plan on the business office website.

All must meet requirements as noted in:

<http://www.squaremeals.org/Programs/NationalSchoolLunchProgram/SmartSnacks.aspx>

For ease of meeting the guidelines, please contact the School Nutrition Department if you desire to purchase food for students. Discuss your plans, and they will provide guidance for you.

Upon entering your purchase requisition indicate that the purchase has been approved by the SN Department.

Should you purchase the food through the SN Department, they will bill you and after approval, the accounting department will charge your account via journal entry. No purchase order will be required in those instances.

### **Purchase Order for Review of Materials**

- Materials to be previewed must be ordered on a PO in the same manner as a normal purchase.
- Review of the materials and/or a decision to purchase or not, must be made within thirty (30) days or the agreed upon timeframe after receipt of merchandise.
- If the merchandise is returned within thirty (30) days or the agreed upon timeframe, close the purchase order through Accounts Payable.
- If the merchandise is to be kept, have the vendor send an invoice to Accounts Payable for the amount on the purchase order.

### **Cancelling a Purchase Order**

POs may be canceled for the following reasons:

- Vendor fails to make delivery within a reasonable amount of time. Requesting campus/department must first contact vendor to inquire on order status.
- Vendor delivers goods, which do not meet specifications and does not promptly replace with acceptable goods.

The requesting campus/department placing the order must notify the vendor of the cancellation of the PO. Written confirmation of cancellation should be obtained from the vendor to ensure attempts are not made to process the order.

If a PO is canceled, the yellow PO copy is to be marked “CANCELED”, with the reason for canceling noted, and submitted to Accounts Payable in the Business Office.

The Accounts Payable Department will close the purchase order and liquidate the funds encumbered.

### **Purchasing Card (P-Card) Program**

Details about the district's Purchase Card Program may be found on the District's Business Office site. Specific questions can be addressed with the Assistant Superintendent for Business and Finance.

### **Warehouse Requisitions**

The District keeps an inventory of white letter-size copy paper in the District warehouse. The Financial Assistant orders the paper using an on-line inventory re-stock purchase requisition. Paper is purchased in truckload quantity, which reduces the cost and provides sufficient stock to be readily available. Campus/departments order paper by a warehouse requisition in the on-line requisition system. A PO is not required. After processing the requisition, the paper is removed from the warehouse stock and delivered to the appropriate delivery destination. The paper is charged via the system. Other warehouse items stored in the business office include Permanent Files and Records Management File boxes. Please contact the business office for these items.

## **SECTION 3: VENDOR RELATIONS**

The Purchasing Department is primarily responsible for vendor relations, contact, and communication. However, campuses, departments, and staff may also communicate with vendors to obtain information necessary to properly prepare requisitions, as well as to discuss matters that may arise during order process and delivery. Therefore, every employee involved in procuring goods or services for the District is responsible for fostering good vendor relations.

It must be understood that contact and communication with vendors by campuses, departments, and staff are not to represent a commitment to purchase.

### **Contract Vendor / Approved Vendor**

A **contract vendor** is a vendor that has been awarded a bid/proposal through a formal competitive procurement process defined by state purchasing statutes. By such process, they have met the requirements which afford us the opportunity to make purchases from them compliant with the purchasing laws. Contract vendors are preferred because they have competed for business through the competitive process and normally provide greater value than non-contract vendors.

The District does not have a published comprehensive list of all contract vendors. There are some contract vendor lists posted on the District's website under the Business Office. This information is updated regularly, so printed documents may become outdated frequently. If unclear from whom to purchase a good or service, please contact the Purchasing Department prior to contacting a vendor.

An **approved vendor** is a vendor that has been approved and added to our vendor file system. An approved vendor is not necessarily a contract vendor. Vendors must be in the online system in order to make a purchase from and payment to them. This applies to activity fund orders and payments as well as budgeted funds orders and payments.

An **approved contract vendor** is a competitively awarded contract vendor that is in our vendor file system.

### **Requesting a New Vendor**

Prior to requesting a new vendor, efforts must be made to locate the needed items or services: first, from an approved contract vendor; second, from an approved vendor. Email the Purchasing Specialist if assistance in finding a vendor is needed.

If a new vendor is necessary, the requester (**not the vendor**) must **legibly** complete a Vendor Request Form. The fillable form is available on the District's Business Office website under forms. All information requested on the form is required. If form is incomplete or illegible, it may be return to the requester which will delay or may negate approval of vendor.

A completed IRS Form W9 is to be requested from the vendor. Any payment that FISD makes, whether from the District office or a school, is subject to IRS 1099 reporting requirements, and the W9 provides us the pertinent information.

Send the completed form along with the vendor's completed IRS Form W9 to the Purchasing Department.

Vendor requests for FISD employees for reimbursement or refund purposes must be submitted on a Vendor Request Form and the specific purpose for payment must be stated. A W9 is not required on employees.

Vendor requests for students and parents for activity fund reimbursement or refund purposes do not need to be submitted on a Vendor Request Form, and a W9 is not required. In these instances, email the Purchasing Specialist the name and address of the payee and state if it is a parent or student.

### **Vendor Performance/Evaluation**

Cost/benefit or value is always a consideration. Additionally, evaluation of vendor performance is an important aspect of purchasing. Factors to consider when dealing with vendors:

• Timeliness of deliveries	• Quality of products or services received
• Service performance	• Damaged goods
• Completeness/accuracy of the order	• Unserviceable merchandise

Whenever problems are encountered with a vendor, (i.e., a vendor fails to deliver certain items or delivery does not meet specifications) it is important to document the problem, noting the date and an accurate description of the problem.

It is the responsibility of the ordering campus or department to report any problems to the vendor. All communication with vendor must be documented and kept until issue is resolved, at which time it is to be sent to Accounts Payable with resolution noted.

If the problem is not resolved, coordinate with the Purchasing Department to prepare written correspondence to include documentation of all previous communication with the vendor, stating the problem, the vendor's failure to correct the problem, and the corrective action required.

### **Visits from Vendors**

Solicitors, vendors, collectors, or salespersons shall not be permitted to confer with students or employees during school hours without the prior approval of the Superintendent or designee.

Under no circumstances shall such persons be permitted to interrupt classes or conduct personal business with employees.

Campus administration and managers of school facilities shall be responsible for compliance with this procedure within the confines of their facilities.

Vendors desiring to visit schools for educational purposes must have permission from the district office and the campus administration.

## **SECTION 4: STATUTES, REGULATIONS, AND BOARD POLICY APPLICABLE TO PURCHASING**

1. The Texas Education Code, Purchasing Contracts (Primarily sections 44.031 through 44.047). An electronic version of the Texas State Education Code can be obtained at the following website address:  
<http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.44.htm#44.031>.
2. The Texas Education Agency (TEA) Financial Accountability System Resource Guide Purchasing Module. The TEA Resource Guide can be accessed at the following website address:  
[http://tea.texas.gov/Finance\\_and\\_Grants/Financial\\_Accountability/Financial\\_Accountability\\_System\\_Resource\\_Guide/](http://tea.texas.gov/Finance_and_Grants/Financial_Accountability/Financial_Accountability_System_Resource_Guide/).
3. FISD Board Policy (Sections CH...). The Board Policy can be accessed at the following website address: <http://pol.tasb.org/Home/Index/510>

4. For Federal Funds, Title 2, part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. This can be accessed at the following website address: [http://www.ecfr.gov/cgi-bin/text-idx?SID=daf9f454d79344ef884779e46a9acd2f&node=pt2.1.200&rgn=div5#\\_top](http://www.ecfr.gov/cgi-bin/text-idx?SID=daf9f454d79344ef884779e46a9acd2f&node=pt2.1.200&rgn=div5#_top)  
Specific purchasing under EDGAR can be found under separate cover on the FISD website.

### SECTION 5: PURCHASING AUTHORITY

Under the Texas Education Code § 44.0312 (a), the board of trustees of the District may, as appropriate, delegate its authority under this subchapter regarding an action authorized or required by this subchapter to be taken by a school District to a designated person, representative, or committee.

1. Under Board policy CH (Local) the procurement function is assigned to the Superintendent or designee. The following persons have been delegated authority to act as agents for FISD in carrying out the purchasing activities of the District:
  - Purchasing Specialist
  - Assistant Superintendent for Business & Finance
  - Superintendent
2. Budget owners have the authority to initiate and approve purchase requisitions within their authorized budget.
3. Purchasing Card (P-Card) holders have the authority to make purchases in accordance with statutes, Board policy, and the Purchase Card manual.
4. Every employee involved in procuring goods or services for FISD is responsible for earnestly working to attain the District's procurement goals and objectives.
5. Principals share purchasing authority with the purchasing department concerning purchases made from Internal Finance Funds.

The purchasing department shall supervise the purchase of all materials, supplies, equipment, and services for the District.

The purchasing department shall develop appropriate procedures to assure:

- Purchases are made in accordance with appropriate statutes, regulations, and Board policy.
- The existence of a list of approved vendors who have a record of good products, services, and prices.
- Effective advertising for the procurement of products and services and for the sale of used, obsolete, and surplus materials, supplies, and equipment.
- The existence of current specification files and expertise in developing meaningful product and service specifications.

Under Board policy CH (Local) Responsibility for Debts, 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 shall assume full responsibility for all such debts.**

### SECTION 6: PURCHASING ETHICS

Public purchasing and the expenditure of public funds require that ethical standards be incorporated into every aspect of the District's purchasing functions. Purchasing personnel and school District employees face the difficult task of developing good vendor relations and encouraging vendor competition while avoiding even the appearance of favoritism or other ethical misconduct. In an effort to get the job done successfully and on time, one may be tempted to circumvent policies, procedures, and laws, or make their own liberal "legal" interpretations of existing policies. Such activity, although well intentioned, will cause ethical problems.

In addition to the information provided in this section, please read the following Board Policy and Administrative Regulation:

- Board policy DH (Legal/Local), Employee Standards of Conduct. This policy resides on the District's web site.
- Administrative Regulation Section DH: Employee Standards of Conducts location on the First Class Email system/Administrative Regulations.

The Texas Education Agency (TEA), *Financial Accountability System Resource Guide – General Ethical Standards and other documents*, prescribes common standards of ethics governing the conduct of employees involved in the purchasing function, which are incorporated in the procedures prescribed below.

**Sequential Purchases** – District employees shall not make purchases, over a period, of items that in normal purchasing practices would be made in one purchase.

**Component Purchases** – District employees shall not make purchases of the component parts of an item that in normal purchasing practices would be made in one purchase.

**Separate Purchases** – District employees shall not make purchases separately in order to circumvent board approval of items that in normal purchasing practices would be made in one purchase.

**Conflict of Interest** – [Local Government Code Chapter 176](#) provides information regarding conflict of interest statements to be filed by vendors and certain school district employees. [HB 1491](#) passed by the 80<sup>th</sup> Legislature made modifications to the requirements for conflict of interest statements. Refer to the [Texas Ethics Commission website](#) for additional information and sample forms. <https://www.ethics.state.tx.us/>

**Gifts** - A district employee who exercises discretion in connection with contracts, purchases, payments, claims, or other pecuniary transactions shall not solicit, accept, or agree to accept any benefit from a person the public servant knows is interested in or likely to become interested in any such transactions of the District. *Penal Code 1.07(41)(A), (E), 36.08(d)*

**Financial Interest** - District employees shall not participate directly or indirectly in procurement when the employee or the employee's family member has a financial interest pertaining to the procurement.

**Personal Use** - District employees shall not make any commitment to acquire goods or services in the name of the District for personal use or ownership.

**Equal Consideration** - District employees shall grant all competitive suppliers equal consideration insofar as state or federal laws and District policy permit. This is especially important when evaluating bids and proposals.

**Relatives** - No District employee with purchasing authority may authorize the purchase of anything from any person or from any firm that is controlled, owned, or operated by that employee or from a relative within the second degree by blood or marriage of the employee.

### **Texas Education Code 44.032**

<https://statutes.capitol.texas.gov/Docs/ED/htm/ED.44.htm>

(b) An officer, employee, or agent of a school district commits an offense if the person with criminal negligence makes or authorizes separate, sequential, or component purchases to avoid the requirements of Section 44.031(a) or (b). An offense under this subsection is a Class B misdemeanor and is an offense involving moral turpitude.

(c) An officer, employee, or agent of a school district commits an offense if the person with criminal negligence violates Section 44.031(a) or (b) other than by conduct described by Subsection (b). An offense under this subsection is a Class B misdemeanor and is an offense involving moral turpitude.

(d) An officer or employee of a school district commits an offense if the officer or employee knowingly violates Section 44.031, other than by conduct described by Subsection (b) or (c). An offense under this subsection is a Class C misdemeanor.

(e) The final conviction of a person other than a trustee of a school district for an offense under Subsection (b) or (c) results in the immediate removal from office or employment of that person. A trustee who is convicted of an offense under this section is considered to have committed official misconduct for purposes of Chapter 87, Local Government Code, and is subject to removal as provided by that chapter and Section 24, Article V, Texas Constitution. For four years after the date of the final conviction, the removed person is ineligible to be a candidate for or to be appointed or elected to a public office in this state, is ineligible to be employed by or act as an agent for the state or a political subdivision of the state, and is ineligible to receive any compensation through a contract with the state or a political subdivision of the state. This subsection does not prohibit the payment of retirement benefits to the removed person or the payment of workers' compensation benefits to the removed person for an injury that occurred before the commission of the offense for which the person was removed. This subsection does not make a person ineligible for an office for which the federal or state constitution prescribes exclusive eligibility requirements.

(f) A court may enjoin performance of a contract made in violation of this subchapter. A county attorney, a district attorney, a criminal district attorney, a citizen of the county in which the school district is located, or any interested party may bring an action for an injunction. A party who prevails in an action brought under this subsection is entitled to reasonable attorney's fees as approved by the court.

Employees involved in the purchasing process are exposed to more than ordinary temptations because they are involved with the expenditure of large amounts of public money. Strict adherence to the above standards are critical to the protection of the employee's and the District's reputation. Any violations to these standards shall be reported immediately to the District's Fraud, Waste, and Abuse Hotline at 817-814-1971.

## **SECTION 7: CONTROL ENVIRONMENT**

Texas Education Agency guidance states that "A district needs a strong control environment in which to perform the purchasing function". See separate FISD Internal Control Manual for more details. Three activities govern a strong and successful control environment:

1. A comprehensive purchasing manual.
2. Monitoring purchasing activities by all employees involved with the procurement of goods and services.
3. Training personnel on purchasing procedures.

The purchasing *manual* is a primary tool for establishing a strong control environment and must be adhered to by employees of the District. The purchasing manual provides written procedures designed to detect and prevent the circumvention of statutes, regulations, and board policy applicable to purchasing.

If a situation occurs which is not addressed in the purchasing manual, it should be brought to the attention of the purchasing department to determine the proper course of action. If it is likely that this situation will reoccur, the proper procedures will be included in a revision to the purchasing manual.

In addition to the purchasing manual, the following activities enhance the control environment and require monitoring by those involved in procuring goods and services:

- ***Approval of purchase requisitions at the campus and departmental levels.*** The campus principal or department head should review for need and approve purchase requisitions before they are submitted to the centralized purchasing department for processing. If a purchase is grant funded, approval by the appropriate compliance officer is required.
- ***Approval of purchase orders.*** The purchasing buyer and or other designated personnel will review requisitions for compliance before approving purchase orders for issuance to vendors.
- ***Supervision of purchasing process.*** Vigilance in the supervision of the entire purchasing function on a daily basis is essential.
- ***Segregation of duties among purchasing and accounting personnel.*** The Purchasing Specialist along with the Assistant Superintendent for Business & Finance, and ultimately the Superintendent are responsible to ensure that duties among purchasing and accounting personnel are properly segregated (to the degree possible) to provide a checks-and-balances environment.
- ***Maintenance of purchasing files and records.*** The purchasing staff should be trained and supervised so that purchasing files and records are complete and maintained in an orderly fashion for the period required by law.
- ***Control over incoming merchandise.*** Receiving personnel (either centralized or decentralized) should be trained and monitored to ensure that the proper procedures are followed with incoming merchandise (i.e., the counting and inspection of merchandise received, and the completion of receiving reports).
- ***Verification of invoices with purchase orders and on-line receiving information.*** Although receiving personnel are responsible for the initial verification, accounts payable personnel verify that the invoice, the purchase order, and the on-line receiving information match before presenting the invoice for approval for payment.
- ***Verification of delivery.*** All campuses and/or departments are responsible for ensuring that the deliveries are in agreement with its original purchase order.

- ***Internal review of the purchasing processes.*** An internal review of the purchasing activities should be performed periodically. This review is usually conducted by the District's internal audit department and ensures that purchasing policies and procedures are being followed by district personnel.
- ***Training of district personnel.*** Informal individual training is conducted at least annually normally at the beginning of the school year. However, training and communication should be ongoing throughout the school year through revisions to the purchasing manual and emails/newsletters to a purchasing news group.

### **Risk Management**

There are numerous risks factors associated with the procurement of goods and services. A few examples would include:

- Violating statues and regulations governing appropriate procurement methods.
- Failing to comply with Board policies.
- Initiating purchases without Board approval or an approved purchase order.
- Abusing purchasing authority and committing fraud.

### **Responsibilities**

In order to maintain a strong control environment for the procurement function, the following responsibilities and actions shall be taken in order to minimize risk.

#### **Assistant Superintendent for Business/Finance**

- Shall establish and maintain a reliable and financially accountable control environment for procuring goods and services.
- Act as Purchasing Specialist in the absence of such.

#### **Purchasing Specialist**

- Shall establish procedures within the Purchasing Department for monitoring procurements in order to comply with the statutory requirements and Board policies.
- Shall continually monitor the District's procurement activities, assess risks, and improve the procurement control activities.
- Shall be authorized personnel to make purchase commitments and issue purchase orders. Because schools and departments must contact vendors to obtain information to prepare purchase requisitions, it must be communicated and explained to the vendor that the request for information does not represent a commitment to purchase.

#### **Assigned Budget Owners**

- Shall plan purchases for each budget year in order to maximize opportunities to use competitive procurement options.

- Shall coordinate purchases with the Purchasing Department for competitive procurement if no approved vendor exists for the particular purchase.
- Shall process all requests for procurements that costs or aggregate to a cost of \$50,000 or more through the Purchasing Department for Board approval.
- Shall only initiate and approve purchase requisitions that are within their approved budget and ensure proper account coding.
- Shall only make purchases within authorized expenditure limits and in accordance with the District's purchasing procurement card policies and procedures.

### All employees

- Shall strictly adhere to the Board policy and this manual to control procurement activities.

## **SECTION 8: Cooperative/Interlocal Agreement Purchases**

A centralized purchasing function can also be performed on a regional level through a cooperative/interlocal agreement among districts or the regional education service center. Cost savings through a regional centralized purchasing function are achieved through both discounted prices and administrative cost savings to individual districts. If the district participates in a cooperative purchasing program, it satisfies any law requiring it to seek competitive bids. *Local Government code 791.001, 791.011, 791.025 (b(-f); Atty Gen. Op. JC-37 (1999)*

The most common cooperative/interlocal agreements utilized by our district are as follows. Additionally, each of these cooperatives maintains websites to awarded contract and vendors that we can purchase from. Contact the Purchasing Specialist for assistance.

### **Texas Association of School Boards (TASB BuyBoard)**

The Texas Local Government Purchasing Cooperative was created to increase the purchasing power of government entities throughout Texas and to simplify their purchasing by using a customized electronic purchasing system, called the BuyBoard. Each product and service on the BuyBoard has been competitively bid and awarded based on Texas Statutes, thereby satisfying the requirements under Texas Education Code 44.031 (a); (b). The website is [www.buyboard.com](http://www.buyboard.com)

### **2013 Purchasing Cooperative**

#### **Educational Technology**

The 2013 Purchasing Cooperative assists member districts in reducing costs and improving the quality of technology-related purchases. The cooperative solicits bids for Year 2000 compliant items. Product categories include: Apple microcomputer products, MS-DOS microcomputer products, business office equipment, educational software, network hardware services, and other educational technology products and services requested by member districts and approved by the Executive Committee.

### ***General Supplies***

The 2013 Cooperative assists districts in reducing costs and improving the quality of the products purchased. The cooperative solicits bids for office and computer supplies, paper supplies, art supplies, PE supplies, custodial supplies, reproduction supplies, lawn and garden supplies, fire extinguishers, graphing calculators and floor care products and machine pads. The general supplies bid covers the areas of athletic equipment, band instruments, carpet/flooring, first aid and medical supplies, maintenance, merchandise, playground equipment, and uniforms.

The website is [www.esc20.net/](http://www.esc20.net/).

### **TEXAS 20 Purchasing Cooperative**

The TEXAS 20 Food Purchasing Cooperative is a dynamic group offering procurement services for school food service programs. It uses the collective buying power of its members securing the best price on a variety of items. Training, resources and exceptional customer service are also provided to help manage members' child nutrition programs. The website is <http://programs.esc20.net/>.

### **Purchasing Association of Cooperative Entities (PACE)**

The Purchasing Association of Cooperative Entities (PACE) is designed to give its members additional awarded contract tools to assist their entities in meeting bidding requirements, saving valuable staff resources. PACE finds vendors to assist members in meeting their operation goals and save funds when obtaining best value supplies.

PACE was created by Education Service Center, Region 13 in Austin, Texas and Education Service Center, Region 20 in San Antonio, Texas. PACE is administered by Education Service Center, Region 20. Education Service Center, Region 20 was established by the Texas Legislature in 1967 to assist school districts and charter schools in improving efficiencies and student performance. Region education service centers are non-regulatory, intermediate education units. Texas Education Code, Chapter 8, gives each school district the opportunity to voluntarily be served by and participate with a regional educational service center.

PACE welcomes public and government entities, including cities, counties, independent school districts, higher education institutions, non-profit agencies, political subdivisions, and others. The website is [www.pacecoop.org](http://www.pacecoop.org).

### **OMNIA PARTNERS (formerly TCPN and National IPA and US Communities)**

OMNIA is available for use by all public and private schools, colleges, universities, cities, counties, and other government entities in the State of Texas. Participation by government entities can provide the legally required competition for contracts for commonly purchased items thereby saving the individual entity the cost of going through the competitive process. Vendors are

competitively solicited and publicly awarded. The website is <https://www.omniapartners.com/publicsector>.

### **ESC-Region 19 Purchasing Allied States Cooperative**

The ESC-Region 19 Purchasing (Allied States Cooperative) is a national governmental purchasing cooperative which competitively bids and awards contracts to local, regional, and national vendors in compliance with local, state, and federal procurement laws and regulations.

The ESC-Region 19 Purchasing (Allied States Cooperative) contracts are available to public schools, charter schools, private schools, community colleges, universities, cities, counties, other governmental agencies, and non-profits.

No fees are charged to the ESC-Region 19 Purchasing (Allied States Cooperative) members. As a member, your entity deals directly with the vendor who can provide the goods and/or services you may require. The savings for members are realized through dealing with vendors who have been evaluated and verified to provide a quality product or service at a competitively bid price in compliance with bidding requirements. The website is [www.alliedstatescooperative.com](http://www.alliedstatescooperative.com).

### **The Interlocal Purchasing System (TIPS)**

TIPS is a national purchasing cooperative that offers access to competitively procured purchasing contracts to its membership. TIPS is housed at and managed by the Region 8 Education Service Center located in Pittsburg, Texas.

TIPS serves state and local governments as well as non-profit organizations. No fees are charged to members. The website is [www.tips-usa.com](http://www.tips-usa.com).

### **Choice Partners Cooperative**

Choice Partners a division of Harris County Department of Education (HCDE), is national cooperative offering procurement and contract solutions to meet government purchasing requirements. Interlocal government-to-government agreements are between HCDE and the government entity wishing to use the Choice Partners cooperative contract.

Staff at Choice Partners complete the legal, competitively bid government procurement process so you can act immediately to access the contract you need, saving time and money on the bidding process and purchase. Contract procurement services are offered for education, facilities, food, supplies and services, and technology.

Choice Partners national cooperative provides quality services, legal procurement and contract solutions for governmental entities, including school districts, private and charter schools, colleges and universities, municipalities, counties and nonprofits. The website is [www.choicepartners.org](http://www.choicepartners.org).

### **Texas Procurement**

The Texas Comptroller's Statewide Procurement Division connects vendors with state purchasers and contract opportunities. The website is <https://comptroller.texas.gov/purchasing/>.

1. Texas Smart Buy  
<http://www.txsmartbuy.com/>
2. **TXMAS** – Texas multiple award schedule (TXMAS) contracts that have been developed from contracts that have been competitively awarded by the federal government or any other governmental entity of any state. As the responsible federal entity, the General Services Administration's (GSA) Federal Supply Service awards Federal Supply Schedule contracts by competitive procurement procedures for more than 50 schedules that cover multiple commodities and services. The prices reflected on GSA schedule contracts are the most favored customer (MFC) prices and the maximum price allowable. TXMAS contracts take advantage of the MFC pricing and under certain circumstances, an agency or local government entity, may negotiate a lower price for the goods or services offered on a schedule contract. A "best value" purchase can be made by following the TXMAS purchasing procedures.  
<https://comptroller.texas.gov/purchasing/contracts/txmas/>

### **Sourcewell (formerly National Joint Powers Alliance)**

Sourcewell operates under the authority outlined in Minnesota Statute 123A.21. The Alliance offers participating members contract purchasing benefits through nationally leveraged, competitively solicited contracts. All RFP respondents understand that these contracts shall be used by member governmental, educational and non-profit agencies throughout the United States. Participating Members have no financial or organizational liability. The website is <https://www.sourcewell-mn.gov/>.