



PURCHASING MANUAL

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Kentucky Model Procurement Code

Kentucky law provides two basic methods of procurement for local school districts. These methods are Model Procurement (KRS 45A) and the Bid Law (KRS 424.260). The Bid Law requires less record keeping but very little flexibility. Model Procurement requires more written documentation but provides more purchase options. The KDE Division of Finance recommends Model Procurement for school districts. Mercer County Schools operates under the Model Procurement code.

The superintendent is hereby designated as the chief purchasing officer for Mercer County Schools. The superintendent delegates the finance officer to act as purchasing officer with authority to oversee purchasing and to make written determinations and findings with respect thereto.

All Mercer County Schools staff with purchasing authority are encouraged to acquire goods, services or construction through local bids, cooperative bids, (KPC) or state price contract. This is the most efficient method of procurement. If these methods are not feasible, non-competitive negotiations or small purchase policy may be used. Note that there are different levels of documentation required for alternative procurement methods. Please refer to applicable sections of the purchasing manual for more information.

All purchasing transactions must be conducted in a manner that provides full and open competition, consistent with the ethical standards specified in state and federal statutes, all Mercer County Schools policies and procedures, and this manual. Pursuant to KRS 45A.455, no employee shall participate in the selection or administration of a contract or purchase order with a related party, or where a conflict of interest exists. Such a conflict of interest would arise when the employee or any member of his/her immediate family, his/her partner, or an organization which employs or is about to employ one of the parties, has a financial or other interest in or a tangible personal benefit from a vendor considered for a contract. No employee shall solicit or accept gratuities, favors, or anything of monetary value from contractors, vendors, or parties to any awards, contracts, or agreements unless it is an unsolicited gift with a value of less than \$50 as set forth in KRS 45A.445.

Mercer County Schools Procurement

The District may purchase supplies and/or equipment outside an established price contract of the federal government (GSA), the State Division of Purchases, a cooperative agency bid approved by the Board, or a District bid if:

1. The supplies and/or equipment meet the specifications of contracts awarded by the Division of Purchases, a federal agency (GSA), a cooperative agency, or a District bid;
2. The supplies and/or equipment are available for purchase at a lower price;
3. The purchase does not exceed \$2,500; and
4. The District's finance or purchasing officer has certified compliance with the first and second requirements.

What must be bid?

Any group of like items that total more than \$40,000 district wide in one fiscal year must be bid either through one of the Board approved cooperatives, locally, or through a state price contract.

Artificially splitting an order to avoid the total is illegal and is punishable by fine and/or imprisonment. 'Aggregate amount' (as defined in 45A.345) means the total dollar amount during a fiscal year of items of a like nature, function and use, which can be reasonably determined at the beginning of the fiscal year. Items, the need for which could not reasonably be established in advance, need not be included in the aggregate amount. The \$40,000 amount is that amount purchased by the total district (including activity funds) in a fiscal year, not just the purchases of one location.

If a bid vendor offers the item, it must be purchased from the bid vendor unless the item meets applicable criteria. Often, the same item may appear to be cheaper from another source. Bidding is meant to ensure fairness in the marketplace and to produce the least expensive price for the length of the contract. The item may be cheaper because of cash and carry or a discount store that does not provide ordering, delivery, and/or billing. If you consider employee time to make the purchase and travel cost, the cost of the item increases.

The following are not required to be bid under the terms of the Kentucky Model Procurement code but may be bid if it is determined by the local district that it is in the best interest to do so:

Non-Competitive Negotiations

A local public agency may purchase through noncompetitive negotiation only when a written determination is made that competition is not feasible and it is further determined in writing that:

1. An emergency* exists which will cause public harm as a result of the delay in competitive procedures; or

2. The item is from a **sole** manufacturer (not available from any other source) (not by brand, but by salient features); copyright materials (source must be the holder or owner of the copyright);
3. The purchase is for the services of a licensed professional, such as an attorney, physician, psychiatrist, CPA, RN, an educational specialist or an artist such as a sculptor, aesthetic painter or musician; or
4. The purchase is for perishable items purchased on a weekly or more frequent basis, such as fresh fruits or vegetables (not canned items);
5. The purchase is for replacement parts where the manufacturer or franchise is the only source available to supply parts for manufacturer's equipment;
6. The purchase is for proprietary items for resale;
7. The purchase is for reasonable expenditures made on authorized trips outside of the boundaries of the local public agency;
8. The purchase is for supplies which are sold at public auction;
9. The contract is for life, health, accident, liability, workers compensation and unemployment insurance;
10. The purchase is for supplies at reduced prices that will afford a purchase savings** to the local public agency;
11. In school districts the contract relates to an enterprise in which the buying or selling by students is a part of the educational experience.

*An emergency must be documented in writing and documentation attached to the invoice and purchase requisition and retained in the paid invoice file. Emergency procedures may be used for things like a boiler explosion or waterline break. The superintendent would use emergency procedures when the delay caused by competitive procedures might result in harm to students, staff or the general public. Only the Superintendent has the authority to declare something an emergency.

**Both the Model Procurement Law and the Board's Model Procurement Policy allow for the purchase of supplies at reduced prices that will afford a purchase at a significant savings to the district. A purchase of items at reduced costs will be treated in the same manner as small purchase items, and written justification and documentation will be with the paid invoice file. (see attachments)

The determination as to the level of savings which allows a staff member to purchase outside bid prices contract, etc., is subjective. It is difficult to determine to what extent 45A.380, which authorizes purchases at reduced prices/savings, supersedes 45A.345 aggregate amount, which refers to like items with a cost of \$40,000 or more. Attorney General Opinion states that "a local public agency may enter into contracts by noncompetitive negotiations and without bidding, if it simply makes a written determination that competitive negotiations are not feasible and the contract is for a sale of supplies at reduced prices that will afford a purchase at savings to the local public agency."

Mercer County Schools uses three types of bids in its purchasing process: State price contracts, cooperative bids and local bids.

State/Federal Price Contracts

The school district is considered a political subdivision of the state. Therefore, purchases can be made under the terms of any state, GSA and other multi-agency contracts. These contracts, when in place, meet all bidding requirements of the Kentucky Model Procurement Code and therefore no local bid is required for those items unless deemed in the best interest of the school district. A copy of applicable State, GSA and other contracts are available online. State agency price contract awards are made on hundreds of items annually. School systems are afforded the right to purchase under the terms of the contract. State/Federal Price Contracts are contracts that have been established by state or federal agencies to ensure that goods and services are being acquired at a rate that overall are in the best interest of the Commonwealth. These contracts ensure that common products are being acquired at a favorable price. They are established for goods and services that are likely to be purchased universally by agencies or sub-units of governments. KRS 156.076 permits local Boards of Education to purchase from vendors who have contracts with the state. Items such as computer equipment, vehicles, chairs, and file cabinets are typical products for which state/federal contracts are established.

State Price Contracts may be accessed via the following website:
<http://finance.ky.gov/services/eprocurement/Pages/contractinginfo.aspx>

Cooperative Bids

Cooperative groups of school districts also bid items (i.e. KEDC, CKEC, KPC, HPS etc.) typically on an annual basis in an attempt to obtain better pricing. The Mercer County Board of Education currently is a cooperative member. Cooperatives bid various items in large quantities in an effort to provide cost savings for school districts. Cooperative bids meet all bid requirements per the Kentucky Model Procurement Code. Therefore, no local bid is required for those items unless deemed in the best interest of the school district. All items offered by these bids must be purchased through these vendors unless it meets one of the following criteria:

- a. local bid award is in place for like items.
- b. state, GSA or other multi-agency contract is available for similar items that would afford savings to the district.
- c. significant savings to the district.

KEDC Bidding Opportunities:

KPC Awarded Vendor List <http://kpc4me.com/all-awarded-vendors>

CKEC Bidding Opportunities:

KYAEP A Awarded Vendor List <https://www.kyaepa.org/>

Local Bids

The Mercer County School District may award local bids when a cooperative bid or state price contract etc. is not available and/or the superintendent feels it is in the best interest of the school district. A copy or listings of all local bid awards are available in the district finance office. All such bids must be approved at a meeting of the Board of Education. The length of the contract will be determined by the superintendent/designee as deemed in the best interest of the district.

Small Purchases by Local Public Agencies 45A.385

The local public agency may use small purchase procedures for any contract for which a determination is made that the aggregate amount of the contract does not exceed thirty thousand dollars (\$40,000) if small purchase procedures are in writing and available to the public. All purchases of Kentucky Education Technology System (KETS) components shall adhere to KETS architectural standards and procedures or have KETS office approval.

Tips When Obtaining Quotes from Vendors

- If obtaining phone quotes, advise vendors that the district is obtaining quotes from several vendors. Names of other vendors from whom quotes are being obtained cannot be shared.
- For email/fax quotes, have vendor email/fax the quote, terms, etc. complete with their signature.
- Always give a complete address for the “Ship To” location. Don’t use P.O. Box Numbers.
- Always make freight term deliverable to the school/location where the goods will be used.
- Contact the manufacturer if a Brand Name is required to determine authorized dealers to promote competition.

Purchasing Guidelines

What is a Purchase Order?

A purchase order serves several very important functions, including:

- Protection against overspending – The primary function of a PO is to ensure funds are available before they are committed to a purchase of goods or services. A PO is a legally binding document, committing Mercer County Schools to purchase from that vendor either for the specific items listed on the PO or up to the amount of a blanket PO. Obtaining a PO after an order is placed eliminates the opportunity to confirm funds are available in the budget.

- Account code integrity – The PO is the source document to indicate how the purchase will be recorded in the financial management system. If the account code is inaccurate on the PO, the payment of the invoice will be recorded improperly and the reports generated in Munis will be inaccurate and less meaningful.
- When a PO is approved, funds are “set aside” as an encumbrance from that organization and/or project code so the budget administrator will know they are no longer available for spending.
- When the corresponding invoice is paid, the encumbrance is reduced and an actual expenditure recorded. This action does not change the amount of available funds in the budget but rather replaces the encumbrance with the expenditure.

Example 1:

<i>A PO is approved for \$100</i>			
Encumbrance	Revenue	Expenditure	Available
\$100.00	\$500.00	\$0.00	\$400.00
<i>The invoice is paid</i>			
\$0.00	\$500.00	\$100.00	\$400.00

Example 2:

<i>A PO is approved for \$100</i>			
Encumbrance	Revenue	Expenditure	Available
\$100.00	\$500.00	\$0.00	\$400.00
<i>The invoice is sent up and the actual cost was \$90, no other items will be received. Close the PO.</i>			
\$0.00	\$500.00	\$90.00	\$410.00
<i>The invoice is sent up and the actual cost was \$90, other items are waiting to be received. Keep PO open.</i>			
\$10.00	\$500.00	\$90.00	\$400.00
<i>The second item is received and the invoice is sent up. Close the PO.</i>			
\$0.00	\$500.00	\$100.00	\$400.00

Types of Purchase Orders

There are two types of purchase orders: (standard) purchase orders and open purchase orders.

- Purchase order – To be utilized unless an Open PO is in place.
- Open purchase order – Created for a period of time (monthly, quarterly, or annually depending on the situation) and invoices are liquidated against the total. Open POs are useful in situations involving agreements with scheduled charges or vendors where frequent small dollar purchases are made.

Approval of Purchase Orders

In accordance with Board Procedure 04.3111, a purchase order is required for every purchase in advance of ordering or receiving the goods or services except for the following: salaries and benefits, district utility payments, bond payments, contractual agreements, and reimbursements to employees for approved travel.

The Director of Finance (or designee) shall approve every purchase order through workflow. As part of the approval process, he/she will review the purchase order for the proper account code, proper commodity code(s), documentation of compliance with Model Procurement Code, indication of 1099 vendor, and fixed asset compliance.

If an approver will be unavailable for more than two consecutive days, work with Finance to ensure another person is set up in workflow to approve.

Payment of Invoices

With the exception of recurring monthly payments such as utilities and fixed charges, no bill shall be paid without the following supportive information:

- A purchase order signed by the Superintendent or his designated representative;
- An invoice as to goods or services received; and
- Confirmation that invoiced materials were received in accurate quantity and in good order.
- Travel reimbursement request forms inclusive of substantiating documentation provided in the expense reimbursement policy and prior Board approval, as applicable.

Invoices are required to process a payment. Payments shall not be made from statements. When the receiving document is received, the bookkeeper will match it to the invoice and approved purchase order and send to the Account Clerk for payment.

Checks will be issued weekly in most cases. Exceptions to this rule may happen when there are holidays or outside of district work commitments for the Finance Department. Staff who complete purchasing actions for the district will be notified of these exceptions.

Budgets

No purchase order shall be issued in excess of the funds available in the current year for the organizational code and/or project code, as applicable. "Funds available" is considered to be the sum of available funds in object codes 03XX through 09XX unless the grantor or donor requires individual budget line items to be within the approved budget.

Each budget administrator is responsible for monitoring each spending unit's budget to which they are assigned and has the authority to submit a Budget Amendment Request form (see attachments) to Finance if they choose to revise a budget. Upon approval by the Director of Finance or designee, the budget amendment will be posted to Munis. Budget amendments are not

required unless the grantor or donor requires them or unless the budget administrator is requesting it.

Gifts

Gifts for staff are only permitted to be purchased with staff-generated funds, sales from school pictures or yearbooks, other income not generated by students, and SBDM Funds only if the SBDM Council approves and only if the purchase is for gifts to the entire staff in the location (Example: Staff lunch, Staff shirts, etc.). Outside entities (local business, booster organization, private donor) may provide gifts directly to staff within limits allowable per the Internal Revenue Service. No gift cards are to be purchased with any district or school funds.

Determination of Worker Status for Purchased Professional Services

The Internal Revenue Service requires employers to make appropriate determination of worker status between independent contractor and employee. Any purchase involving purchased professional services by a vendor not already approved and listed as active in Munis will be reviewed by the Director of Finance or designee for the purpose of determining worker status. Prior to making an agreement for an individual to perform services for the district or a school, the requesting department shall submit to Finance a W-9 form for the individual. Finance/HR will make the final determination regarding worker status. Only workers determined to be independent contractors will be paid through accounts payable. Workers determined to be employees will follow the same procedures as any other district employee. In the event a clear determination cannot be made, the worker will be designated as an employee.

Game officials and security officers assigned by the Kentucky High School Athletic Association (KHSAA) are always paid as independent contractors and are exempt from the determination process described above. These vendors will be paid through ArbiterPay.

ArbiterPay for Game Officials

As of March 13, 2020, the Mercer County Schools will utilize ArbiterPay in paying game officials. The school bookkeeper will need to ensure there are funds available from the Athletic District Activity Funds in ArbiterPay in order to make payments to the game officials. Pay for game officials will be processed in ArbiterPay on the 15th and 30th of every month. Payment on the 15th will be for anytime worked between the 30th of the prior month to the 14th of the current month, payment on the 30th will be for any time worked between the 15th of the current month and the 29th of the current month.

Bookkeepers will need to send a standard invoice to the Director of Finance in the amount they would like added to their ArbiterPay account. Payments to ArbiterPay will be made on the next

check run day. Please allow for processing in the ArbiterPay system, which may take up to three business days.

Purchasing Fixed Assets

Fixed assets are defined as real or personal, stand-alone property that has an estimated life of greater than one year and an original cost equal or greater than \$5,000.

In addition to the procedures outlined above, if a fixed asset is being purchased, it should be coded object code series 07XX for purchases of fixed assets that exceed the capitalization threshold of \$5,000. If the purchase does not meet the capitalization threshold, use object code series 06XX to record the purchase. It is typical to apply the capitalization threshold to individual assets (a single device), but in cases of large quantities of items that reach \$25,000 or over together, capitalization should be applied as well.

Employee Expense Reimbursement

Provided the Superintendent/designee has given prior approval to incur necessary and appropriate expenses, the Board shall reimburse school personnel for school related travel when such travel is a required part of the duties of the employee or for school related activities approved by the Superintendent and, when appropriate, the School Council. Travel expenses of school-based personnel in SBDM schools shall be paid from Council funds, unless a District or School Activity should reimburse the expense. In the case of expenses reimbursed from internal accounts, the Principal shall be the authority for approving reimbursement. Travel expenses for guests of employees shall not be reimbursed.

The expense reimbursement process shall require documentation of the funding source/category used to pay expenses for all approved trips.

Reimbursement Form

Travel vouchers shall be submitted within thirty (30) days of the travel. No requests for travel reimbursement will be considered unless filed on the proper form and accompanied by itemized receipts. Receipts shall be required for all expenditures. (see attached form)

Without proper documentation, individuals shall not receive reimbursement, and, if it is determined that reimbursement was made based on incomplete or improper documentation, the individual may be required to reimburse the District.

Reimbursements will be made by direct deposit on the 10th of each month, so long as the travel voucher with all approval signatures has been received in the finance department by the 5th of the month. If the 5th or 10th fall on a holiday or weekend, the due date and payment date will be the day immediately prior. The direct deposit account used for employees will be the same account used for their main payroll direct deposit account, unless otherwise notified by the employee, and a new Vendor EFT form has been completed.

The Board will be responsible only for actual expenses. Allowable expenses are:

- **Mileage** - Actual mileage between official work stations within the school system and actual mileage for trips outside the school system which have been approved by the Superintendent and the Council in SBDM schools will be reimbursed following the Kentucky Department of Education mileage reimbursement rate when the employee uses a personal vehicle.
- **Gasoline** - Actual cost of gasoline and oil purchased and placed in a Board-owned vehicle by an employee while engaged in school-related travel. Purchase must be substantiated by a receipt showing total gallons and total charges.
- **Tolls and Fees** - All tolls and parking fees incurred in school related travel. (Tolls are not to be charged for District vehicles being operated in state in an official capacity.)
- **Car Rental** - Car rental charges when approved by the Superintendent and the Council in SBDM schools. Charges must be substantiated by a receipt.
- **Common Carriers** - All charges or fares for necessary travel on common carriers (plane, bus, train, subway, taxi, ferry, etc.). Sightseeing and pleasure tours are not reimbursable.
- **Out-of-State Travel** - Reimbursement for out-of-state travel by privately owned vehicles shall be made on the basis of airplane coach fare or mileage rate, whichever is the lesser amount.
- **Food and Lodging** - Actual monies spent for food and lodging while on out-of-District trips, when an overnight stay is required. Any meals must be substantiated by a receipt. Maximum allowable food expenditure per day shall be \$40.00 unless an exception is approved by the Superintendent or the Board.
- **Emergency Repairs to Vehicles** - Reimbursement will be made for emergency repairs or road service to Board-owned vehicles if incapacitated while out of District. Drivers may not obligate the Board for major repairs without the permission of the Director of Transportation or Superintendent.
- **Superintendent's Travel Expenses** - Prior to granting approval for payment, the Board shall review itemized reimbursement requests for the Superintendent's travel expenses in an open board meeting.

Fifth Third Purchase Card Procedures

Mercer County Schools has implemented the Fifth Third Purchasing Card Program to facilitate the purchase and payment of low-cost goods and services. The main purpose of this program is to establish a more efficient, cost-effective method of purchasing items for District programs and activities. Purchasing Cards are a privilege and facilitate acquisition of goods for the organization. Purchasing Cards must only be issued to employees who have the recurrent need to make purchases, and have a history of complying with all purchasing and financial policies. Cards must be kept in a safe place, preferably in a locked safe. All prospective cardholders must agree to the conditions of use before the card will be released to them.

All purchases made with a purchasing card require a Purchase Order before the order can be made. Using the Purchasing Card does not supplant any of the policies required to make

purchases with District Funds. Once the Purchase Order has been approved and the originator has received the pdf copy, the person responsible for the purchase or their bookkeeper will need to complete the Request for Purchase Card Credit Limit Increase form located here:

<https://docs.google.com/forms/d/e/1FAIpQLSdXnnc->

[JNcSnoW3HlkLVpboDBtsgq5r5HH5121YC5KUGUCHKA/viewform?usp=sf_link](https://docs.google.com/forms/d/e/1FAIpQLSdXnnc-JNcSnoW3HlkLVpboDBtsgq5r5HH5121YC5KUGUCHKA/viewform?usp=sf_link). The credit limit increase will be considered within 24 hours of submittal. The requester will receive an email once the request has been either approved or denied. If an emergent need to use the purchase card arises, please contact the Director of Finance for emergency approval and a credit limit increase. If it has been longer than the 24 hours and a response has not been received, contact the Account Clerk in the Finance Department.

All purchase card purchases must be made within 10 days of the purchase date on the Request for Purchase Card Credit Limit Increase form. In some cases, it may be less than 10 days. The requester will be contacted if that is the case.

Once the purchase has been made, a receipt for the purchase should be attached to the Purchase Order and sent to Accounts Payable within five days of the receipt of the purchase. In cases where the Account Clerk must request the receipts and Purchase Orders, due to the purchaser's negligence to submit them in a timely fashion, will result in the suspension of purchase card privileges.

The Director of Finance is responsible for administering the program for the District. The Fifth Third Purchasing Card is similar to any other credit card, except that all statements must be paid in full each month. It includes controls to make it functional for large organizations. These controls ensure the card can be used only for specific commodity purchases and vendor types within specific dollar limits. Improper card use may result in card cancellation and disciplinary action, which could result in termination of employment and/or criminal prosecution.

Acceptable Purchase Card Uses:

- Hotel Accommodations
- Airline Reservations
- Emergency Circumstances
- Office Supplies
- Food for Meetings Purchased Locally
- Emergency Subscriptions- Fees or Dues to be paid with board card only
- Educational Supplies
- Online Resources
- Technology Supplies

This list is not exclusive to all of the acceptable purchases, it is for example purposes.

Unacceptable Purchase Card Uses:

- 1099 Expenditures - (i.e., Referees or Police Supervision)

- Any item exceeding your budget or card limit Any merchant, product or service reasonably considered an inappropriate use of District Funds
- Any computer equipment that is NOT on the approved technology list; i.e. routers, hubs, wireless access points, switches, network cables, memory, hard drives, (internal or external,) optical drives, CD, DVD.
- Anything that plugs into the District Network
- ATM Machines
- Cash Advances
- Cash Cards for the purpose of purchasing supplies, services or equipment
- Computers
- Computer Software for multiple computers or a server
- Gift Cards (Please reference Employee Gifts and Awards Guidelines)
- Any meals not already approved
- Software
- Unauthorized Travel
- Kentucky State Sales Tax (except travel related items)
- Personal Use (Individuals will be held responsible for any items deemed personal)

Built-in Card Restrictions

Some vendors Merchant Category Code's (MCC's) have been "blocked" from usage in the program. If you present your card to any of these vendors, the transaction will be denied. If you are denied and feel the denial should not have occurred, call the Account Clerk. It will be determined if the purchase was denied because of merchant blocking, exceeding the monthly credit limit, or single purchase limit imposed on your card.

Monthly Reconciliation

Receipts and/or invoices must be reconciled monthly with the Purchase Card statement. The cardholder is responsible for resolving all discrepancies. The District Account Clerk will reconcile the Purchase Card statement and contact purchasers if items are missing. In cases where the Account Clerk must request the receipts and Purchase Orders, due to the purchaser's negligence to submit them in a timely fashion, will result in the suspension of purchase card privileges.

Purchasing Card Administration

The Director of Finance will determine whom cards are issued to, and how the cards will be used. The Purchasing Card Administrator (Director of Finance) must oversee the use of all cards.

Cards will be issued with an employee name on the card and Mercer County BOE under the employee name. The employee is acting on behalf of Mercer County Schools when using the purchase card, and should follow all policies and procedures for the District in doing so.

Purchase Card Responsibilities

1. Purchasing cards will be issued with the employee's name on the card, but it is the property of Mercer County Schools, and is only to be used for authorized District purchases. Cards must be kept in a secure location, preferably a locked safe. Purchase Cards should not be kept with personal credit cards to minimize the exposure of using the District Purchasing Card for personal use.
2. If a purchase card holder terminates employment with Mercer County Schools, the card must be returned to the Director of Finance before the end of the contract period or the last physical day of work, whichever is sooner.
3. In the event that a purchase card is lost or stolen, the Director of Finance should be immediately contacted.
4. If there is an issue with a purchase that was made with the purchase card, please contact the Account Clerk.
5. If the purchase card is denied, please contact the Account Clerk during normal office hours (Monday-Friday 8 a.m. – 4:30 p.m.). Contact the Director of Finance if it is after hours or on the weekend.
6. In the event that another individual other than the cardholder needs to use the purchasing card, The Credit Card Sign In/Out Log (FA-SA-13) will need to be used (see attachments). This form is regulated by the Accounting Procedures for Kentucky School Activity Funds (Redbook).
7. All approvals are required and must be obtained prior to signing out the card. The approvals shall be in the form of a purchase order.
8. Cardholders are responsible for staying within their budget(s) account balance.
9. The cardholder must ensure all purchase documentation (receipt, invoice, purchase order, registration forms, etc.) is securely attached to the corresponding purchase orders. Missing documentation or other audit exceptions must be noted with an explanation which must be approved by the Director of Finance.
10. It is the responsibility of the cardholder to inform the vendor of the District's nontaxable tax status for each purchase. If the vendor charges sales tax in error, the card user is liable. Contact the vendor to remove the sales tax from the receipt, or personally pay the sales tax to the school or department. If the sales tax is paid to the school/department, the receipt from the school/department must be attached to the purchase documentation.
11. The cardholder will not lend their Purchasing Card to anyone who is not authorized to make purchases for Mercer County Schools.
12. It is the responsibility of the Director of Finance to have a Purchase Card Agreement on file at all times. When a new card is issued, the Director of Finance will complete all documentation and setup the cardholder's card information.
13. The cardholder will need to call the number on the front of the card to activate the use of the card. The last four digits of the cardholder's social security number is used to confirm identity. There is no other use of the cardholder's social security number and nothing is reflected on the cardholder's credit at any time. This is used for identification purposes only.

14. The Account Clerk will reconcile the Purchase Card Statement monthly. During this process the Account Clerk will confirm that all purchase orders and corresponding receipts are attached to one another and in place before paying Fifth Third. In the event there is an issue with a purchasing card purchase, the Account Clerk will immediately notify the person responsible for the transaction. The responsible person will need to immediately, within 24 hours remedy the issue at hand.
15. Cardholder's must sign the Fifth Third Purchase Card Agreement (see attachments) before the card will be released to them.

Account Coding

Account coding of POs and invoices is critical to the accuracy and reliability of financial data generated by the district. The account code used to requisition funds must be the account code which is appropriate for the expenditure being made. Refer to the [Chart of Accounts on the KDE website](#) (with segment descriptions) to determine the appropriate code to use. Account coding will be reviewed by Finance during the requisition approval and payment process.

The account shall be selected based on the actual expenditure being made, not based upon where there is available budget. Budget administrators have the ability to request budget amendments to move funds among line items (see attachments). The budget is a planning tool whereas the expenditures recorded reflect the actual results for the year.

All transactions in Munis require an account code that is comprised of three segments:

Organization (Org), Object, and Project. Consider this sample account code:

0701118-0610-070S

The first part of the account code (0701118) is the Organization (Org) code which describes **WHO** the transaction is for. The Org has three sections: the Unit, the Fund, and the Key Code.

070 | 1 | 118

The first three digits of the Org represent the Unit. The Unit identifies the location. For schools, the Unit is the school location number.

- 000 - District-wide
- 001 - Central Office
- 015 - Mercer County Senior High School
- 027 - Day Treatment
- 035 - King Middle School
- 040 - Harlow/Mercer Central
- 050 - Mercer County Intermediate School
- 070 - Mercer County Elementary School
- 901 - Transportation
- 920 - Maintenance

- 971 - District Athletic Center

The fourth digit of the Org represents the Fund.

- 1 - General Fund
- 2 - Special Revenue Fund (Grants)
- 21 - District Activity Fund
- 25 - Student Activity Fund
- 310 - Capital Outlay Fund
- 320 - Building Fund
- 360 - Construction Fund
- 400 - Debt Service Fund
- 51 - Food Service Fund
- 52 - Daycare Fund

The last three digits of the Org code represent the Key Code. The Key Code is the KDE identifier for specific functions, program, or instructional levels. A complete list of orgs arranged in order by key code can be found in the [Chart of Accounts on the KDE website](#).

The second part of the account code is the Object code which describes **WHAT** is being purchased. Examples of objects include salary, FICA, supplies, electricity, and travel. The object code in the sample, 0610, is General Supplies. Other object codes can be found in the [Chart of Accounts on the KDE website](#). They have also been provided for you in your Principal or Bookkeeper Manual.

The third part of the account code is the Project code which describes the **TYPE** of funds being used. The project code allows us to create a separate set of balancing accounts for specific revenue sources or to track money set aside for specific purposes. In most cases, the fourth digit of the project code indicates the year the funding was awarded. For example, project code 310I indicates the funding was awarded in fiscal year 2021-22 denoted by the “I”.

2014-15: A	2026-27: N
2015-16: B	2027-28: O
2016-17: C	2028-29: P
2017-18: D	2029-30: Q
2018-19: E	2030-31: R
2019-20: F	2031-32: S
2020-21: G	2032-33: T
2021-22: I	2033-34: U
2022-23: J	2034-35: V
2023-24: K	2035-36: W

2024-25: L 2036-37: Y
2025-26: M

A current listing of project codes is attached.

GLOSSARY

Aggregate Amount - Total dollar amount during a fiscal year of items of a like nature, function, and use, the need for which can reasonably be determined at the beginning of the fiscal year. Items for which could not reasonably be established in advance or which were unavailable because of a failure of delivery need not be included in the aggregate amount.

Bid – A competitive offer made by a seller.

Bidding – The process of soliciting the price and other considerations for goods and services from qualified vendors. The solicitation of prices from more than one vendor constitutes competitive bidding. Bids may be solicited in an informal manner by telephone, facsimile, Internet or mail, or through a formal sealed bid process.

Bid Opening – A firmly established date and time for the opening of responses to a solicitation.

Capital Asset – Land, land improvements, easements, buildings, building improvements, vehicles, machinery, equipment, and all other tangible or intangible assets that exceed the capitalization threshold of at least \$5,000 and has a useful life extending beyond one year.

Capital cost avoidance - Moneys expended by a local public agency to pay for an energy conservation measure identified as a permanent equipment replacement and whose cost has been discounted by any additional energy and operation savings generated from other energy conservation measures identified in the guaranteed energy savings contract, except that for school districts capital cost avoidance shall also mean moneys expended by the district from one (1) or more of the following sources:

- a. General fund;
- b. Capital outlay allotment under KRS 157.420; and

- c. State and local funds from the Facilities Support Program of Kentucky under KRS 157.440.

Competitive bids - The process of soliciting the price and other considerations for goods and services from more than one qualified vendor.

Construction - The process of building, altering, repairing, or improving any public structure or building, or other public improvements of any kind to any public real property. It does not include the routine operation, routine repair, or routine maintenance of existing structures, buildings, or real property.

Contract – All types of local public agency agreements, including grants and orders, for the purchase or disposal of supplies, services, construction, or any other item. It includes awards and notices of award; contracts of a fixed-price, cost, cost-plus-a-fixed-fee, or incentive type; contracts providing for the issuance of job or task orders; leases; letter contracts; and purchase orders. It also includes supplemental agreements with respect to any of the foregoing. It does not include labor contracts with employees of local public agencies.

Emergency – An unexpected situation or sudden occurrence of a serious and urgent nature that demands immediate action. These situations can arise from acts of nature, conditions that are detrimental to the health, safety, or welfare of students, or other unforeseen events that threaten the termination of essential services, including delays in the transportation of indispensable goods and materials. Situations created by improper planning or negligence are not to be considered an emergency.

Established catalogue price - The price included in the most current catalogue, price list, schedule, or other form that:

- a. Is regularly maintained by the manufacturer or vendor of an item; and
- b. Is either published or otherwise available for inspection by customers; and
- c. States prices at which sales are currently or were last made to a significant number of buyers constituting the general buying public for that item.

Evaluated bid price - The dollar amount of a bid after bid price adjustments are made pursuant to objective measurable criteria, set forth in the invitation for bids, which affect the economy and effectiveness in the operation or use of the product, such as reliability, maintainability, useful life, residual value, and time of delivery, performance, or completion.

Evaluation of Bids – The process of examining all offers received in order to ascertain whether they meet all bid requirements and to determine which offer to recommend or select for award.

Freight Terminology – Terms used to specify the point of origin and destination, stating the responsible party for bearing freight charges and when title passes.

Governing board - A council, commission, or other legislative body of a city, consolidated local government, or urban-county; a county fiscal court; board of education of a county or independent school district; board of directors of an area development district or special district; or board of any other local public agency.

Grant – Money distributed to a recipient, including state agencies and political subdivisions, in which no direct commodity or service is received by the granting agency.

Guaranteed energy savings contract - A contract for the evaluation and recommendation of energy, water, and wastewater conservation measures and for implementation of one (1) or more of those measures. The contract shall provide that all payments, except obligations on termination of the contract before its expiration, are to be made over time and the savings are guaranteed to the extent necessary to make payments for the cost of the design, installation, and maintenance of energy, water, and wastewater conservation measures.

Invitation for bids - All documents, whether attached or incorporated by reference, utilized for soliciting bids in accordance with the procedures set forth in KRS 45A.365.

Justification – A written explanation which must be retained as a public record available for inspection.

Local public agency - A city, county, urban-county, consolidated local government, school district, special district, or an agency formed by a combination of such agencies under KRS Chapter 79, or any department, board, commission, authority, office, or other sub-unit of a political subdivision which shall include the offices of the county clerk, county sheriff, county attorney, coroner, and jailer.

May - Permissive. However, the words "no person may . . ." mean that no person is required, authorized, or permitted to do the act prescribed.

Model Procurement Code (MPC) – The procurement procedures described in Kentucky Revised Statutes 45A.345-360.

Negotiation - Contracting by either the method set forth in KRS 45A.370, 45A.375, or 45A.380; A bargaining process between two or more parties, each with its own viewpoints and objectives that are seeking to reach a mutually satisfactory agreement on, or settlement of, a matter of common concern.

Noncompetitive negotiation - Informal negotiation with one (1) or more vendor, contractor, or individual without advertisement or notice.

Objective measurable criteria - Sufficient information in the invitation to bid as to weight and method of evaluation so that the evaluation may be determined with reasonable mathematical certainty. Criteria which are otherwise subjective, such as taste and appearance, may be established when appropriate.

Open Purchase Order - A written or electronic document issued by the LEA to a vendor authorizing or executing a purchase transaction in situations where there is normally a large volume of small dollar purchases of a repetitive nature and it is difficult to determine in advance exactly which products are needed.

Piggybacking – The process of utilizing another agency’s existing open-ended contract to which the requesting LEA was not an original party to make purchases.

Procurement - The purchasing, buying, renting, leasing, or otherwise obtaining any supplies, services, or construction. It also includes all functions that pertain to the obtaining of any public procurement, including description of requirements, selection, and solicitation of sources, preparation and award of contract, and all phases of contract administration.

Purchase Order – A written or electronic document issued by the LEA to a vendor authorizing or executing a purchase transaction.

Qualified provider - A person or business experienced in the design, implementation, and installation of energy, water, and wastewater conservation measures and is determined to be qualified by the local public agency. The qualified provider shall be responsible for and shall provide the local public agency with the following information regarding guaranteed energy, water, and wastewater savings contracts:

- a. Project design and specifications;
- b. Construction management;
- c. Construction;
- d. Commissioning;
- e. On-going services as required;
- f. Measurement and verification of savings for guaranteed energy, water, and wastewater savings contracts; and
- g. Annual reconciliation statements as provided in KRS 45A.352(8).

Renewal – The extension of an existing contract for an additional period of time in accordance with the terms and conditions of the original contract.

Request for Information (RFI) – A document used to solicit information to assist in preparing specifications for a Request for Quotation (RFQ) or Request for Proposal (RFP). No award can be made from a RFI.

Request for Proposals (RFP) - All documents, whether attached or incorporated by reference, utilized for soliciting proposals in accordance with the procedures set forth in KRS 45A.370, 45A.375, 45A.380, or 45A.385; A best value purchasing tool used to acquire professional and other services where the scope of the work may not be well defined and cost is not the sole factor in determining the award. All criteria by which the bidders will be evaluated must be contained within the bid document.

Request for Quotation (RFQ) – A document that is used to solicit written bids that contain all of the specifications or scope of work and contractual terms and conditions. Conformity to specifications and price are the only factors used in the evaluation process.

Responsible bidder or offeror - A person who has the capability in all respects to perform fully the contract requirements, and the integrity and reliability which will assure good faith performance.

Responsive bidder - A person who has submitted a bid under KRS 45A.365 which conforms in all material respects to the invitation for bids, so that all bidders may stand on equal footing with

respect to the method and timeliness of submission and as to the substance of any resulting contract.

Reverse auction - A real-time, structured bidding process, usually lasting less than one (1) hour, and taking place at a previously scheduled time and Internet location, during which multiple bidders, anonymous to each other, submit revised, lower bids to provide the solicited good or leased space.

Sealed Bids – A process for the solicitation of bids for the purchase of commodities or services wherein the interested vendors are required to submit their proposals in a sealed envelope that are opened during a formal meeting at the place, date, and time specified in the bid solicitation.

Services - The rendering, by a contractor, of its time and effort rather than the furnishing of a specific end product other than reports which are merely incidental to the required performance of service. It does not include labor contracts with employees of local public agencies.

Shall – Imperative; required.

Single Source – The only source for a specific commodity or service.

Solicitation – A written, electronic, or oral request submitted by the LEA to obtain bids or proposals for the purchase of commodities or services. The request can be in writing or orally.

Specifications – A detailed description of the commodity or service for which a bid is being requested. "Specifications" means any description of a physical or functional characteristic of a supply, service, or construction item. It may include a description of any requirement for inspecting, testing, or preparing a supply, service, or construction item for delivery.

State Price Contract – A contract between the Commonwealth of Kentucky and a qualified vendor used for the purchase of frequently used commodities or services. LEAs may purchase from statewide contracts.

Stringing – The illegal practice of issuing a series of requisitions or purchase orders for the purpose of circumventing the competitive bidding procedures.

Supplemental agreement - Any contract modification which is accomplished by the mutual action of the parties.

Supplies - All property, including but not limited to leases on real property, printing, and insurance, except land or a permanent interest in land.

Terms of Sale – Stipulations made within the contract regarding the transaction.

Unit Price – The cost per unit of the commodity or service being purchased.

Vendor – An individual, partnership or business authorized to conduct business in the State of Kentucky that is able to furnish the desired commodity or service.

MERCER COUNTY BOARD OF EDUCATION

SIGNIFICANT SAVINGS FORM

Use this form when requesting to order from a vendor **not** on
CKEC & KEDC Bid list or a State Contract

NAME OF PERSON ORDERING: _____

DATE: _____

SCHOOL: _____

PROPOSED WINNING VENDOR: _____

Pursuant to KRS 45A 385, I determine the best method of procurement to be the following:

Detailed Item Description:

Winning Vendor: _____

Winning Vendor Amount: _____

Quote #2 Vendor: _____

Quote #2 Amount: _____

Quote #3 Vendor: _____

Quote #3 Amount: _____

SIGNATURE OF PERSON ORDERING: _____

AUTHORIZED SIGNATURE: _____

(Central office)