

## Purchasing Policy

It shall be the policy of the Fargo Board of Education (EL-9) that all purchases made on behalf of the District shall be executed in a fair, equitable, and legal manner using a process that helps ensure the best value for the District and its taxpayers. The purpose of this policy is to establish such procedures.

### Establishment of a Purchasing System

The Board delegates overall purchasing authority to the Business Manager who shall serve as the district's Procurement Officer. The Business Manager shall be responsible for developing and administering the purchasing program of the District, including the development and implementation of a requisition and purchasing system that is efficient, economical, and meets the standards below.

### General Requirements for Purchases

1. All purchases must conform to applicable state and federal laws, including, but not limited to, laws prohibiting disclosure of confidential and proprietary information.
2. All parties involved in purchasing shall act in good faith, and purchases at all levels shall be made in a manner and form that permits the highest degree of fair competition possible.
3. All purchases must be documented through a purchase order, contract, invoice, or receipt. All original records of purchase must be submitted to the Accounting Department.
4. All purchases must be requested and approved through a properly executed Purchase Requisition and Purchase Order and have budget appropriations adequate to cover the cost of such obligations prior to making the purchase.
5. Prior to making a purchase, the purchaser shall check current warehouse inventories to ensure that the purchase is necessary and determine if the item can be obtained through existing cooperative purchasing agreements under NDCC 54-44.4-13.
6. All requests for technology, equipment or furniture must be entered through the HUB on the employee portal.
7. Procurement requirements may not be artificially fragmented as to constitute a small purchase or to avoid competitive purchasing requirements. Artificial fragmentation means splitting purchase requirements or splitting an invoice to stay below a certain dollar level to avoid competition or stay within delegated authority limits. Fragmentation must be based on an actual need of the District, and documentation of this need shall be filed with the Business Manager.
8. If purchases are made using restricted funds (e.g., grant dollars), purchases must conform to all requirements associated with those funds.

Purchases requiring contracts must comply with the contracting standards contained in this policy and in law. All contracts must be executed through the Business Office. The Superintendent and Business Manager are the only individuals authorized to contractually obligate the District.

**Purchasing Authority Thresholds**

To determine the appropriate purchasing authority threshold, an estimate must be made. Estimated price may be based upon previous purchases, market research, a published price list, or asking a vendor for a budgetary estimate.

1. **Purchases less than \$10,000:** These purchases are considered a micro-purchase and may be delegated by the Business Manager to building level administrators and department directors. Micro-purchases may be awarded without soliciting competitive quotes if the price is considered reasonable. To the extent feasible, the District must distribute these purchases equitably among qualified suppliers.
2. **Purchases \$10,000 to \$50,000:** These purchases are considered informal/small and may only be made after development of specifications and solicit no fewer than three vendors to submit oral or written informal bids or proposals. If receiving three bids or proposals is not feasible or practical, the purchaser shall document an explanation and file it with the Business Manager who has authority to require the purchaser to seek additional solicitations.
3. **Purchases greater than \$50,000:** These purchases are considered formal and shall be made in accordance with NDCC 15.1-09-34 and CFR 200.320(c). A contract must be awarded through a formal bid process and an invitation for bids or request for proposals shall be published with ten days' notice in the official newspaper of the district, and posted on the district's website. No contract shall be divided for the purpose of avoiding this paragraph. The following classes of contracts shall be exempt as provided by law:
  - a. The personal services of district employees;
  - b. School text or reference books;
  - c. Articles not for sale on the open market;
  - d. Patented, copyrighted, or exclusively sold devices or features required to match articles already in use;
  - e. Patented, copyrighted, or exclusively sold devices or articles so distinctive in nature that only one brand can be purchased;
  - f. Building construction projects under chapter 48-01.2;
  - g. School transportation services under section 15.1-30-11;
  - h. Vehicle and/or heating fuel purchased under section 15.1-09-34.1;
  - i. Used motor vehicle purchases, including a school bus, motorbus, or van, for transportation of students (odometer reading over 18,000 miles).
  - j. Cooperative purchases with the office of management and budget under section 54-44.4;
  - k. Products purchased from prison industries under section 12-48;
  - l. Products purchased from work activities centers under section 25-16.2;
  - m. Cooperative purchase made pursuant to a joint-powers agreement under section 54-40.3.

Building materials required for district students enrolled in a course to create home construction projects sold on the open market, the revenue of which is used to cover the cost of the building materials for use in the course.

Violation of this section is a class B misdemeanor.

*See also AP 3211 Bidding Policies and Procedures*

**Delegation of Purchasing Authority when Conflict of Interest Declared**

If an individual with purchasing authority has a conflict of interest under law, they shall contact the Business Manager who shall appoint another qualified district employee without a conflict to oversee the procurement process of the good/service at issue.

A conflict of interest means the personal, professional, or financial interest of an individual, the individual's spouse or relative, or the individual's business or professional associate.

Violation of this section is a class A misdemeanor.

**Unauthorized Purchases or Commitments**

All purchases must be made in a manner consistent with this policy and accompanying regulations and only with properly delegated authority. Purchases that are unauthorized shall become the financial responsibility of the purchaser subject to an investigation of the alleged violation conducted by the Business Manager, Superintendent or Board President when the alleged violation relates to the Business Manager or Superintendent. District employees may be subject to additional disciplinary consequences for making unauthorized purchases, including, but not limited to, revocation of purchasing authority.

Purchases that are in violation of this policy may include, but are not limited to:

- Purchases made without a valid purchase order.
- Requisitions and Purchase Orders initiated AFTER a purchase has already been completed or the product has been received and invoiced.
- Purchases made by employees who later request reimbursement, unless prior approval from the Business Manager has been obtained.
- Gift cards are NOT allowed to be purchased for staff (AP 5620 Gift Card Use).
- No personal items should ever be bought using a district purchase order or district issued credit card.
- In addition, all items requisitioned must be shipped to the district's warehouse location. Exceptions to the warehouse location may be made for live science related items and large furniture or equipment purchases. No items shall be shipped to a personal residence.

Employees cannot commit the District to expenditures unless authorized to do so by the Superintendent or Business Manager. Such commitments include, but are not limited to, architect or engineering fees, construction projects, and furniture requests.

**Emergency Purchases**

Emergency purchases (defined as a direct threat to the life or safety of the public or protection of public facilities, *not poor planning*) shall be made following as near as possible to the bidding limitations set forth in NDCC 15.1-09-34, while still assuring the required supplies or services are procured in a timely manner to meet the emergency situation.

**Year End Purchasing**

The Business Office has established a cut-off date of April 30<sup>th</sup> for purchase order issuance at the end of the fiscal year for programs. It is the responsibility of the Budget Manager to review budget reports to determine the validity of open Requisitions and Purchase Orders. The Purchasing department must be notified of purchase orders that should be cancelled.

Credit card purchases shall cutoff on May 31<sup>st</sup> of each year.

Items not received or services not completed and invoiced by June 30<sup>th</sup> will result in the charges being assessed to the next year's budget year.

All travel expense reimbursements for employee travel occurring during the fiscal year (7/1-6/30) must be submitted within the first week of July in order to be reimbursed.

**District Issued Credit Cards**

An employee may be issued an employee credit card with spending limits established by the District based on position and need. Cardholders are responsible for ensuring that all charges made to the purchasing card are for appropriate expenditures in line with the spirit of the purpose of the card. Employees are personally liable for any funds improperly expended. Misuse of the card will be grounds for revocation of card privileges and may result in termination of the employee.

There are instances when the school building may utilize their district issued credit card to make purchases at local businesses or online where a purchase order may not be accepted. The preferred method is to issue a purchase order and have the business bill the district. District issued credit cards have controls in place to limit spending at unauthorized businesses and locations. Employees are not to purchase items on personal credit cards or by cash or check for reimbursement by the District.

District issued credit card purchases are allowed at local business who do not accept purchase orders (Dollar Store/Hobby Lobby/Michaels) subject to a \$500 limit.

To meet District payment policies, it is required all original receipts are submitted to the Accounts Payable department by the 15<sup>th</sup> of the month following the close of the statement for all purchases made using the credit card. If a credit card purchase is made via phone or mail, require the merchant to include a receipt with the goods when the product is shipped. If that is not possible, a packing slip must be obtained when the shipment is received to document the purchase.

The cardholder should keep a transaction log of all receipts and statements. The log serves to remind cardholders of transactions and assists in reconciliation of the monthly statements. A periodic audit will be conducted of card activity, retention of receipts, reconciled detail and signed monthly statements.

Misuse of the Purchase Card includes:

- Using the Purchase Card for personal purchases
- Purchase of unauthorized items
- Use of the Purchase Card by someone other than the cardholder
- Fraudulent or inaccurate record keeping
- Or diverting legitimate school purchases to personal use

In the case of misuse, the individual responsible will pay all transaction fees and forfeit further use of the credit card.

A credit card issued to an employee is the property of the District and should be secured just as you would secure your personal credit cards. Preferably the card will be kept in a secure location in a District building when not in use. If your card is lost or stolen contact the card provider customer service number on the back of the card immediately, then notify the Business Office. When calling customer service, be prepared to provide the last four digits of your School ID. Upon notifying (card provider), the card will be deactivated immediately. If the card is reported lost or stolen and is later used, the Merchant will decline it. Prompt action in these circumstances is very important to reduce liability for fraudulent charges.

Please see also the Fargo Public Schools Card User’s Manual on the Business Services employee portal page.

8/8/67  
Revised 10/14/69  
Revised 3/10/81  
Revised 1/26/99  
Revised 6/25/03  
Revised 10/25/05  
Reviewed 7/23/13  
Revised 7/2015  
Revised 7/2017  
Revised 9/2019  
Revised 8/2022  
Revised 1/2024