

RAYMONDVILLE ISD



Raymondville ISD, it all starts here.

Accounts Payable Manual

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Requisitions

Requisition Process

A requisition is an internal document by which a campus or department of the district requests to initiate a purchase order. It is a request generated electronically through the use of the Skyward system for the purchase of supplies, services, equipment, etc.

Approval of Requisitions

Requisitions should be initiated by those having proper authority, as defined in the district purchasing manual. Requisitions initiated by instructional, maintenance, child nutrition and support personnel should then be approved by the appropriate person, either the principal, department head, or designee. Requisitions which require expenditures from the federal programs/migrant fund should be approved by the federal programs/migrant director. Requisitions will then receive final approval from the business office. After all approvals have been met, the Skyward System will generate a Purchase Order number to the requisition.

Section 44.052 Texas Education Code states that expenditures should not exceed the amount appropriated for that item(s) in the adopted budget. Close supervision and monitoring of the availability of budget dollars and of the approval process for requisition competitive procurement are important elements of a district's purchasing process. Requisitions should not exceed more than 10% of the actual cost of the items. If the actual cost of the items exceeds the cost on the requisition, an additional approval must be authorized using a Purchase Order Modification Form.

Requisition Format

Requisitions should include the following:

1. A description of items to be purchased or quote number; if travel enter who, what, when, and where
2. A suggested vendor (must be from the district's approved bids or Co-ops)
3. Goal # and/or Objective # indicated on the Campus Improvement Plan or District Improvement Plan if the purchase is for a campus or district wide.
4. Bid number if the purchase is for a commodity and the commodities for the school year are over \$25,000.00 in the aggregate of for such category. (Refer to the purchasing manual for more information) The bid number should indicate:
 - TCPN
 - BuyBoard
 - Region 2 RFB #
 - TIPS

- TXMAS
 - DIR
 - Region One
 - 2013 Purchasing Cooperative
 - Sole Source (Refer to Purchasing Manual for description)
5. The purpose of the items to be purchased or the reason for the services to be used.
 6. Dates that items or services are needed must be entered on the requisition
 7. Complete information on items or events to be occurring
 8. The quantity needed
 9. Enter line item description as shown on quote
 10. Make sure your quote includes shipping/freight charges
 11. The code of the account to be charged
 12. The inventory location if the items to be purchased consist of equipment or furniture over \$500.00 or an electronic device.

Flow of Requisitions

Requisitions received by business office should be reviewed for the following:

- Accuracy
- Availability of funds
- Proper approvals
- Adequate description
- Proper account coding
- Overall completeness
- Appropriate documentation
- Purchasing guidelines
- The inventory location if the items to be purchased consist of equipment or furniture over \$500.00 or an electronic device.
- Purchase meets set goals and/or objectives set in Campus Improvement Plan or District Improvement Plan if the purchase is for a campus or curriculum office.

The request is then assigned a purchase order number, vendor number (if applicable), purchase order date, and a cancellation date. The purchasing agent should ensure that the appropriate competitive purchasing (i.e. competitive procurement, price quotes, etc.) is determined and performed before the requisition is approved for processing.

After approval by the designated authority, a purchase order is issued to the vendor.

After The Fact Requisition

After the fact requisitions are strictly prohibited. All purchases of goods and/or services, including contract services, etc. require approved purchase orders **prior to initiating purchases or services**. Purchases made without approved purchase orders are not guaranteed payment.
Policy CH (Local)

Purchase Orders

Purchase orders are among the most commonly utilized method for procuring goods and services. As its name indicates, this document serves as a formal order for goods, materials and/or services from a vendor. A purchase order, once approved, is a binding commitment for a district to remit payment to the vendor after the item(s) and an original invoice are received by the district.

A purchase order is also an important accounting document. It contains information on the expenditure to be made and the amount code to be charged. Once issued, the purchase order encumbers funds and will serve as an expenditure control mechanism. Finally, the purchase order is utilized in the accounts payable process as it documents that an order has been received and accepted by the user and payment can be made to the vendor.

Purchase Order Process

The purchase order is the written evidence of orders placed as a result of properly initiated and approved purchase requisitions. A purchase order should be of standard format to facilitate processing and should contain the following items:

- Vendor name and address
- Quantity of goods
- Description of goods/services and date(s)
- Account codes
- Price (per unit and in total)
- Payment terms
- Discounts, if any
- Any special instructions must be included on requisition (i.e. check disbursement information, forms to be included with checks, etc.)
- Freight or service charges
- Transportation arrangements
- Other pertinent factors such as delivery destination

As indicated earlier, purchase orders start with a requisition which is prepared electronically. Requisitions originate with the user or user department and describe the item to be purchased, the quantity, pricing, the account to be charged, and normally a suggested vendor. From the requisition a purchase order authorizing the purchase is prepared. Most purchase orders have multiple copies which may include a(n):

- *Vendor Copy*- which is sent to the selected vendor
- *Accounts Payable Copy*- which is kept at the district's business office and used for encumbering funds from the proper account
- *Department Requesting Copy*- Campuses/Departments should keep a copy of Purchase Order and back-up documentation.

Purchase Order Cancellation Procedures

Vendors should be informed of these procedures and cancellation terms should be stated on the face of the purchase order itself. For example, a department or campus may state that a purchase orders shall be cancelable if merchandise is not received within 60 days, or a certain date may be indicated. Depending on certain factors relating to the purchase, flexible cancellation dates may be more appropriate. The districts cancellation procedures include no backorders, no substitutions, and no additions.

Approving and Processing

The purchase order shall be approved through the business office. The purchase order shall comply with purchasing laws, policies, and procedures. Purchase orders **must** be obtained prior to ordering goods and/or services.

The business office shall maintain a record of all purchase orders issued for control purposes. The log should include the date of submission, purchase order number, vendor name and campus/department name.

Amounts Encumbered On Purchase Orders

Amounts encumbered on purchase orders must be for the full amount of goods or services needed to be purchased. Freight/shipping charges must be included on all purchase orders requiring the payment of freight charges. Amounts entered on purchase orders must be as accurate as possible to 1) minimize the use of Purchase Order Modification Form, 2) ensure no overage charges on individual items.

Goods and services shall not exceed the amount approved on the purchase order over 10%. As stated on the purchase orders no back orders, substitutions, or additions will be allowed.

Open Purchase Orders

A blanket (open) purchase order is issued to a pre-approved vendor authorizing purchases from that vendor over a period of time. Blanket purchase orders are valuable because they allow the purchase of items quickly. Both paperwork and related processing costs usually are reduced by blanket purchase orders. However, blanket purchase orders must follow certain criteria: pre-qualification of vendors, limitation on the maximum amount for purchases (usually up to \$500 per month per vendor), a specific time frame for purchases covered by the blanket purchase order (usually one month), and identification of authorized purchasers.

Blanket purchase orders are issued so that supplies, materials, or services are available “as needed” by user departments. Blanket purchase orders are requested by the user departments and issued to vendors.

Usually this type of purchase order remains in effect for only a specified amount of time and has specified dollar limit. During this time period, the district may purchase certain specified items from the vendor not exceeding the total dollar limit without issuing additional purchase orders. The user department must issue a new requisition if items are requested beyond the specified time period.

Blanket or open purchase orders are allowed for the following departments only:

1. Maintenance
2. Transportation
3. Custodial
4. Food Service

Certain controls, however, should be in place for the use of blanket purchase orders:

- The number of vendors to whom blanket purchase orders are issued should be limited.
- Those who can make purchases under blanket purchase orders should be clearly designated.
- Dollar limits should be carefully observed.

Purchase Order Modifications

When an open purchase order needs to be modified, a Purchase Order Modification Form must be filled out. The portion of the modification form that must be filled out are the campus/department name, Purchase Order #, vendor name and either the price modification, vendor change or the void/cancel the purchase order. A copy of the Purchase Order with the

necessary changes must be submitted with the Purchase Order Modification Form. Once completed, this information should be submitted to the Business Office to begin the approval process. After reviewed by the authorized administrators the Purchase Order Modification Form goes to the Accounts Payable Clerk for processing. Finally, the purchase order is modified and a copy of the updated purchase order goes to the corresponding campus/department.

Emergency Purchases

Two types of emergency purchases are made in districts. One type results from an eminent threat to the health, safety, or welfare of students. Such purchases must comply with state law and may be made only after a formal board action declaring an emergency and authorizing the purchase. An example of an emergency purchase of this type is the authorization to repair a school after a fire or a natural disaster.

Emergency purchases exceeding the dollar amount triggering competitive procurement requirements shall be made in conformance with subsection (h) Section 44.031 Texas Education Code.

The second type of emergency purchase usually is defined by local policy to provide for the acquisition of goods and services to meet an immediate need, such as purchases to repair the damage to a facility which may imperil students or the security of the facility. For example, if windows are broken at a school by vandals, an immediate need exists not only to secure the building, but also to protect the contents from damage by the elements. This type of emergency purchase is normally utilized after regular business hours or on weekends and holidays. After purchases of this type are made, a purchase order should be issued, after the fact, on the next business day. **Care should be taken that emergency purchases do not result from improper planning rather than from a true emergency.**

It is important that the district attempts to eliminate emergency purchases for non-emergency situations, as much as possible, and requires that all emergency purchases be fully justified.

Accounts Payable

Accounts payable are those liabilities incurred in the normal course of business for which goods or services have been provided by a vendor and payment has not been made as of the balance sheet date. Generally, when a school district receives goods or services and does not immediately pay the vendor, an accounts payable has been incurred. If the vendor will not be paid for more than 60 days or the vendor will not be paid with expendable available resources, a long-term liability rather than an accounts payable has been created.

Accounts Payable Payments

To maintain compliance with TEA and District guidelines payments are processed on approved purchase orders and receipt of goods and services. To ensure proper and prompt payment to vendors for goods and services, the following is needed to process payment and must be submitted to the Accounts Payable department:

It is imperative that invoices are submitted to Accounts Payable for payment as they are received. Payments are to be made no more than thirty (30) days from date of invoice. Invoices over thirty (30) days may incur late fees. **However, as per TEA late fees are not allowed to be paid.**

Items Required for Payment

1. Approved purchase order
2. Signed copy of the Purchase Order showing goods and/or services have been received. If the order is not received by the district's shipping and receiving department and is sent directly to the department or campus, the department or campus shall inform the business office that the order has been received. Signature of receipt or packaging slip will be accepted from the department or campus
3. Original Invoice, purchase order number referenced on invoices, signature of finance clerk or department head.
4. Any contracts, agreements, etc.
5. If required by purchasing guidelines: bids, quotes, etc.
6. List of students and teachers for payments to any restaurants

In the case of travel payments, the following items are needed for payment processing:

1. Approved purchase order
2. Approved travel forms with appropriate signatures
3. Conference confirmation
4. Hotel confirmation
5. Quotes for air travel or rental cars.
6. List of students and teachers for payments to any restaurants

Payment Processing

Sufficient time to process purchase orders and payments is crucial to the operation of the Accounts Payable department. All items are to be received in the accounts payable department by **Tuesday at 10:00 am** for a check to be made Thursday of that week. Therefore, last minute purchase orders, purchases or contracted services will **NOT** be processed, if not submitted within the allotted amount of time.

Accounts payable check processing will be conducted on Thursday only and will be ready for pick up after 2:00 p.m. on Thursdays or during normal business hours.

1. Last minute travel payments will not be processed for payment.
2. Incomplete travel requirements will not be processed for payment.
3. Always read comments from Accounts Payable and/or Purchasing

Check Distribution

Checks will be processed on Thursdays only and will be available for distribution after 2:00 p.m. on Thursdays. Purchase orders stating checks are to be picked up will be held for a period not to exceed one (1) week from date of check. Checks left in Accounts Payable for a period exceeding one (1) week will be mailed to vendor.

At time of pick up, a signature and printed name of the vendor is needed.

Double Orders

In accordance with TEA, purchase orders may be submitted only once to vendors. Submitting purchase orders more than once may lead to double orders and are disallowed by the district.

Unapproved requisitions shall not be sent to companies for orders. Unapproved requisitions are not purchase orders. A conflict with items on a requisition may prevent requisitions from becoming approved. Sending requisitions to vendors may lead to double orders.

In the instances of double orders the vendors will provide evidence of receipt of items, as well as District Receiving, and items will be charged to the appropriate budget account.

If a double order is received, notify the Accounts Payable department immediately. Arrangements shall be made to return the shipment to the vendor to avoid being invoiced a second time.

Budget Issues on Purchase Orders

Unavailable Budget

In accordance with TEA, the District guidelines budgets may not be exceeded when purchasing and/or ordering services.

If budget dollars are needed to fulfill a purchase, a budget transfer or board approved budget amendment will be required.

Travel Procedures

The District's complete travel policy may be found on the District's website. Please be sure to adhere to those guidelines.

Upon return from travel, all original hotel receipts must be submitted to Accounts Payable immediately following the travel. If a refund is due to the District for overpayment, they must be submitted immediately following travel. Refunds may come directly from the hotel. In the event that receipts and/or refunds are not returned, a hold will be placed on the vendor (the individual traveling) and future travel will be prohibited.

In the case of travel payments, the following items are needed for payment processing:

1. Approved purchase order
2. Approved travel forms with appropriate signatures
3. Conference confirmation
4. Hotel confirmation
5. Quotes for air travel or rental cars.
6. List of students and teachers for payments to any restaurants

Meal reimbursements – ***See Administrative Travel Procedures Manual for details.***

Confirmation that the individual will be attending the event must be given to the Accounts payable Department prior to check processing to decrease the number of voided travel checks.

Hotel checks are to be made payable to the hotel directly. Airfare is to be made payable to the travel agency or airline. Per diem checks are to include meals and mileage, if applicable, and will be made payable to the individual traveling upon return of the event. Under no circumstances may a check be cashed by someone who is not attending and given to the new attendee.

Refer to the Administrative Travel Procedures Manual for per diem, hotel, mileage, or other travel reimbursement allotments. Allotments are based on legal requirements for travel.

Expense Reimbursements

Reimbursements

Reimbursements for purchases will not be allowed under any circumstances unless previously approved by the Business Office. The process of reimbursements leads to violation of purchasing guidelines such as not receiving prior approval for district purchases, unapproved vendors, and/or items to be purchased are not approved. Any purchase made by a district employee will not be reimbursed. This procedure will be strictly enforced. If reimbursement is approved original receipts will be required. In addition, state taxes will not be reimbursed.

Vendor Files

The Vendor Authorization/Change Form will be required when 1) a new vendor needs to be added, 2) any changes to remittance addresses, phone numbers, etc. The following forms will be submitted when requesting a vendor to be added or changes to the address:

- Vendor Authorization/Change Form
- W-9 Request for Taxpayer Identification Number and Certification

In the instances of contract services, officials, or other vendors specific to departments, the responsibility to submit changes to vendor files falls on the departments using the particular vendor.

All forms/attachments will be sent to Kayla Arce, Budget Coordinator, once approved the forms will be forwarded to Accounts Payable Clerk for entry into Skyward. A W-9 form must be on file for each vendor with the Accounts Payable Department.

Voids

Voided Checks

Checks may be voided on a case by case basis. In the event that a campus or department is requesting a check to be voided a memo stating the request and the reason for the request, and check information must be submitted to the Accounts Payable department. The memo must be signed by the principal or department head. The Accountant needs to create a stop payment on the check and print out a confirmation number to give to the Accounts payable clerk so that they may finalize the void on the Skyward System. All checks that are voided before our 90 day policy, Business Office will charge \$15 stop payment fee before checks are voided.

If a request is being made to reissue the payment the following items are needed:

1. Memo from the department or campus with the stated information
 - a) The corrected information submitted to Accounts Payable

The Accountant will create a stop payment with the Districts Bank and give the Accounts Payable clerk a confirmation number stating the check is no longer active. The Accounts Payable clerk may then re-issue the check.

Voided P.O.'s

Require a Purchase Order Modification Form stating the reason for the P.O. to be cancelled. In addition, the campus/department must notify the Accounts Payable department and the vendor, if the order had been previously placed. This is needed in order for the vendor to be contacted regarding the cancellation.

Credit Card Vendors

Credit Card Vendor Purchase Orders

Open purchase orders are disallowed when using vendors such as Wal-Mart, Sam's and HEB. Purchase orders must be itemized including items and prices. Only items requested are to be purchased. Purchase orders will be closed at time of payment. These purchase orders may not be used multiple times, they are for single use.

Wal-Mart, Sam's, HEB purchase orders

1. When requesting the corresponding credit cards, an original purchase order must be present at the time of credit card pickup.
2. Purchase order must be presented to vendor at time of purchase.
3. Original receipt and credit cards are to be returned to Accounts Payable immediately following the use of cards.
4. Under no circumstances, may a credit card for these vendors be issued over night, unless approved by the Business Manager.
5. Credit cards are on a first come first serve basis; a limited amount of cards are available.

Sales Tax

Taxes

The District is exempt from paying sales tax. Therefore, at the time of purchases a sales tax exemption certificate must be presented to the vendor.

Ruling No. 95-0 from the Senate Comptroller, effective October 1, 1969 states:

“The sale, lease or rental of tangible property directly to or for storage, use or other consumption of tangible personal property directly by an educational organization ..., which property is necessary to its function as such, and paid for by the organization is exempted from the computation of (state and local sales) taxes.”

Provisions under Article 21-023 of the Federal Statutes provide tax exemption to the School District.

In accordance with these rulings:

TAX FREE PURCHASES: All items purchased by a public school, school district or non-private school for the schools own use qualify for an exemption from sales tax if the items purchased relate to the educational process. The school, school district or authorized agent should provide the seller with a Texas Sales Tax Exemption Certificate.

To be valid, the certificate must state that the merchandise being purchased is for the organization's own use in providing education is being made in the name of the organization, and that payment shall be made from the organization's own funds.

Purchases for their own use by individuals, even though connected with a school or school organization, are not exempt from the tax. Examples: cheerleaders purchasing their own uniforms, band members purchasing their own instruments and athletic teams purchasing their own jackets.