

Westhoff ISD

Business Procedures Manual

Section 1 – Purchasing Procedures

Section 2 – State and Federal Grants

Purpose of this Manual

The purpose of this manual is to establish the responsibilities, controls, and a procedural framework for the financial management and administration of district purchasing, federal funds and grants.

This manual constitutes the administrative procedures of WISD relating to district purchases, federal funds, and grants. Administration shall review this manual on an annual basis, or, if federal, state, or local changes in regulations or policy warrant, more frequently.



Administrative procedures are subject to Board review but shall not be adopted by the Board.

Requirements

- 1.1 The Westhoff Independent School District (WISD) Business Procedures Manual for schools and departments is a consolidation of updated guidelines and previously issued documents designed to provide a comprehensive presentation of standardized procedures that are mandated by state law, Board policy, administrative directives and/or good business practices.
- 1.2 Compliance with these provisions is mandatory for all local, state, and federal funds processed through the finance department regardless of their source.
- 1.3 Conformation with these guidelines will allow prompt and accurate conducting of the district's business affairs in a responsive and progressive manner.
- 1.4 This manual can be found in its entirety on the Westhoff ISD website at www.westhoffisd.org
- 1.5 Information and procedures specific to activity funds can be referenced in the Activity Funds Handbook.
- 1.6 Westhoff Independent School District will manage federal and state grants in ways that mitigate risk by budgeting, expending, and accounting for federal and state grant funds in accordance with the rules and regulations of EDGAR (2 CFR 200) and FASRG (the Texas Education Agency's Financial Accountability Resource Guide).

Alignment between grant fund expenditures and achievement of program goals will be assured by the Superintendent.

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PURCHASING PROCEDURES

All Trustees, employees, vendors, contractors, agents, consultants, volunteers, and any other parties who are involved in the District’s financial transactions shall act with integrity and diligence in duties involving the District’s fiscal resources.

Each employee who supervises or prepares District financial reports or transactions shall set an example of honest and ethical behavior and shall actively monitor his or her area of responsibility for fraud and financial impropriety.

STATUTES, REGULATIONS, APPLICABLE BOARD POLICY

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://www.tea.state.tx.us/index4.aspx?id=1222&menu_id=645&menu_id2=789

3. Westhoff Independent School District’s Board Policy. The WISD Board Policy can be accessed at the following website address: www.westhoffisd.org

4. For all purchases with Federal Grant Funds, the district shall comply with the Federal Regulations, EDGAR related to the purchasing of goods and services. [2 CFR 200.318- 200.327]

5. All relevant statutes, regulations, board policies and procedures shall be made available to all purchasing stakeholders, as appropriate in a paper or electronic format.

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. The WISD Board has delegated the Superintendent the authority to make budgeted purchases for goods or services.
 - a. However, any single, budgeted purchase of goods or services that costs \$10,000 or more, regardless of whether the goods or services are competitively purchased, shall require Board approval before a transaction may take place. CH(LEGAL)-P; CH(LOCAL)-A
2. Under Board policy CH(LOCAL), the procurement function is assigned to the Superintendent.
3. The Superintendent shall supervise the purchase of all materials, supplies, equipment, and services for the District. The Superintendent shall develop appropriate procedures to assure:
 - a. All purchase commitments shall be made by the Superintendent in accordance with administrative procedures, including the District's purchasing procedures.
 - b. The existence of a list of approved vendors who have a record of good products, services, and prices.
 - c. Effective advertising for the procurement of products and services.
 - d. The existence of current specification files and expertise in developing meaningful product and service specifications.
4. District employees shall not be permitted to make purchases for personal use through the District's business office.

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 budget, state law, Board policy, and the District's purchasing 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.

PURCHASING ETHICS

Public purchasing and the expenditure of public funds require that ethical standards be incorporated into every aspect of the District's purchasing function. 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.
- Board policy DH (Exhibit), Employee Standards of Conduct. This policy resides on the District's web site.

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 80th Legislature made modifications to the requirements for conflict-of-interest statements. Refer to the Texas Ethics Commission website for additional information and sample forms. WISD Board members are required to provide information necessary for the District's annual financial management report. BBFA(LOCAL)

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)

- This includes, Trips, Meals, Tickets to Professional Sporting Events, Tickets to Concerts, Clothing, Transportation or any other goods or services valued at \$50 or greater or items from a single contractor or subcontractor that have an aggregate monetary value exceeding \$100 in a 12-month period. CB(LOCAL)-A1
- The WISD Board of Trustees delegates to the Superintendent the authority to accept unsolicited gifts on behalf of the District. However, any gift that the potential donor has expressly made condition upon the District's use for a specified purpose, or any gift of real property, shall require Board approval. CDC(LOCAL)-A

Before the Superintendent accepts a gift or recommends acceptance of a gift to the Board, as applicable, the Superintendent shall consider whether the gift:

- Has a purpose consistent with the District's educational philosophy, goals, and objectives;
- Places any restrictions on a campus or District program;
- Would support a program that the Board may be unable or unwilling to continue when the donation of funds is exhausted;
- Would result in ancillary or ongoing costs for the District;
- Requires employment of additional personnel;
- Requires or implies the endorsement of a specific business or product [see GKB for advertising opportunities];
- Would result in inequitable funding, equipment, or resources among District schools or programs;
- Obligates the District or a campus to engage in specific actions; or
- Affects the physical structure of a building or would require extensive maintenance on the part of the District.

Financial Interest - If a local public official has a substantial interest in a business entity or in real property, the official shall file, before a vote or decision on any matter involving the business entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation in the matter if:

- In the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
- In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

The affidavit must be filed with the official recordkeeper of the district. Local Gov't Code 171.004(a)–(b)

If a trustee is required to file and does file an affidavit, that trustee shall not be required to abstain from further participation in the matter or matters requiring such an affidavit if a majority of the trustees are likewise required to file and do file affidavits of similar interests on the same official action. Local Gov't Code 171.004(c)

A person has a substantial interest in a business entity if:

The person owns:

- a. Ten percent or more of the voting stock or shares of the business entity, or
- b. Either ten percent or more or \$15,000 or more of the fair market value of the business entity; or
- c. Funds received by the person from the business entity exceed ten percent of the person's gross income for the previous year. Local Gov't Code 171.002(a)

"Business entity" means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, or any other entity recognized by law. Local Gov't Code 171.001(2)

A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more. Local Gov't Code 171.002(b)

A local public official is considered to have a substantial interest under Local Government Code 171.002 if a person related in the first degree by consanguinity or affinity, as determined under Government Code Chapter 573 [see DBE], has a substantial interest under that section. Local Gov't Code 171.002

The board shall take a separate vote on any budget item specifically dedicated to a contract with a business entity in which a trustee has a substantial interest. Except as provided at Abstention Exception above, the affected trustee may not participate in that separate vote. The trustee may vote on a final budget if the trustee has complied with Local Government Chapter 171 and the matter in which the trustee is concerned has been resolved. Local Gov't Code 171.005

A local public official commits an offense if the official knowingly:

- Violates Local Government Code 171.004.
- Acts as surety for a business entity that has work, business, or a contract with the district.
- Acts as surety on any official bond required of a trustee. Local Gov't Code 171.003

The finding by a court of a violation of Local Government Code Chapter 171 does not render an action of the board voidable unless the measure that was the subject of an action involving a conflict of interest would not have passed without the vote of the person who violated the chapter. Local Gov't Code 171.006

It shall be lawful for a local public official to serve as a member of the board of directors of private, nonprofit corporations when such officials receive no compensation or other remuneration from the nonprofit corporation or other nonprofit entity. Local Gov't Code 171.009

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

- (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 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 is critical to the protection of the employee's and the District's reputation. Any violations to these standards shall be reported immediately to the Superintendent.

CONTROL ENVIRONMENT

Texas Education Agency guidance states that "A district needs a strong control environment in which to perform the purchasing function". 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 Superintendent 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 Superintendent will review for need and approve purchase requisitions before they are submitted to the purchasing department for processing. If a purchase is grant funded, approval by the Superintendent as Grant Compliance Officer, is required. Refer to the State and Federal Grants Manual.
- Approval of purchase orders. The purchasing department and Superintendent 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, Accounts Payable and Finance personnel. The Purchasing, Accounts Payable, and ultimately the Superintendent are responsible to ensure that duties among purchasing, accounts payable and finance 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 agree 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 to ensure that purchasing policies and procedures are being followed by district personnel.
- Training of district personnel. Formal 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 risk factors associated with the procurement of goods and services. A few examples would include:

- Violating statutes 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.
- All purchases with federal grant funds shall also adhere to the EDGAR Procurement Standards.

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.

Superintendent / Purchasing Director

- Shall establish and maintain a reliable and financially accountable control environment for procuring goods and services.
- Shall assign responsibilities and 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 the only 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.

- 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 \$10,000 or more through Board approval.
- Shall only initiate and approve purchase requisitions that are within their approved budget and ensure proper account coding.

Superintendent / Purchasing Card Administrator

Ensure that the use of purchasing cards follows District policies and procedures.

Purchasing Card Holders

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.

COMPETITIVE PROCUREMENT

Centralized Purchasing Function

From a supply and demand perspective, the purchasing department seeks to complete the competitive procurement process prior to the District's need.

WISD utilizes centralized purchasing. Centralized purchasing is the act of combining related items or commodities of various departments to coordinate purchases and obtain better prices. Centralized purchasing enables a district to coordinate purchases when two or more departments have common requirements for supplies, equipment, and or services. The centralized purchasing function is used to coordinate purchases of two or more departments as follows:

- Combining on purchase order forms the individual purchase requirements of two or more teachers, departments; and
- Arranging for favorable purchase terms, for example discount from retail or catalog prices, for items to be purchased "as needed" by individual employees.
- Providing the proper purchasing mechanism to ensure district compliance with state laws and local policies.

Decentralized Decision Making

WISD also utilizes decentralized decision making to departments. From a purchasing perspective this means the departments (the end-users) determine what they need and when they need it. These subject matter experts determine how to best meet the needs of our students. However, the final commitment of District funds can only occur by the Superintendent.

Purchasing Authority

The WISD Board of Trustees delegates to the Superintendent the authority to make budgeted purchases for goods and services. However, any single, budgeted purchase of goods or services that costs \$10,000 or more, regardless of whether the goods or services are competitively purchased, shall require Board approval before a transaction may take place.

Purchases over \$50,000 (Board Approval Required)

Except as provided by Education Code Chapter 44, Subchapter B, all district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate for each 12-month period, shall be made by the method, of the following methods, that provides the best value for a district:

1. Competitive bidding for services other than construction services.
2. Competitive sealed proposals for services other than construction services.
3. A request for proposals for services other than construction services.
4. An interlocal contract.
5. A method provided by Government Code Chapter 2269 for construction services [see CV series];
6. The reverse auction procedure as defined by Government Code 2155.062(d).
7. The formation of a political subdivision corporation under Local Government Code 304.001 (purchase of electricity). CH(LEGAL)

Exceptions to Competitive Bidding - Texas Education Code 44.031 (a) and (b)

1. Professional and Consulting Services

Under Texas Education Code 44.031 (f), this section (Competitive Bidding) does not apply to a contract for professional services rendered, including services of an architect, attorney, or fiscal agent. A school district may, at its option, contract for professional services rendered by a financial consultant or a technology consultant in the manner provided by Section 2254.003, Government Code, in lieu of the methods provided by this section. NOTE: federally funded professional service contracts must be let on a competitive basis.

Competitive bids shall not be solicited for professional services of any licensed or registered:

- Certified public accountant,
- Architect,
- Landscape architect,
- Land surveyor,
- Physician,
- Optometrist,
- Professional engineer,
- State-certified or state-licensed real estate appraiser,
- Registered nurse,
- Attorney,
- Fiscal agent,
- Financial consultant,
- Technology consultant,
- Interior Designer

Contracts for these professional services shall be made on the basis of demonstrated competence and qualifications to perform the services and for a fair and reasonable price. Government Code 2254.002, 2254.003(a).

2. Emergency Purchases

According to Westhoff ISD Local Policy CH (LOCAL), in the event of a catastrophe, emergency, or natural disaster affecting the District, the Board delegates to the Superintendent the authority to contract for the replacement, construction, or repair of school equipment or facilities in accordance with law, if emergency replacement construction, or repairs necessary for the health and safety of District students and staff. The Superintendent shall report to the Board at the next regular meeting any contract made under this authority. For additional information, see Disaster Exception, CH(LEGAL).

3. Sole Source Purchases

Under Texas Education Code 44.031 (j), without complying with Subsection (a), a school district may purchase an item that is available from only one source (commonly called sole source or single source). Included in the definition of sole source items are the following:

1. An item for which competition is precluded because of the existence of a patent, copyright, secret process, or monopoly;
2. A film, manuscript, or book;
3. A utility service, including electricity, gas, or water, and

4. A captive replacement part or component for equipment. Note: Sole source does not apply to mainframe data-processing equipment and peripheral attachments with a single item purchase price in excess of \$15,000.

Advertisement

Notice of the time by when and place where the bids or proposals, or the responses to a request for qualifications, will be received and opened shall be published in the county in which the district's central administrative office is located, once a week for at least two weeks before the deadline for receiving bids, proposals, or responses to a request for qualifications. If there is not a newspaper in that county, the advertising shall be published in a newspaper in the county nearest the county seat of the county in which a district's central administrative office is located. In a two-step procurement process, the time and place where the second-step bids, proposals, or responses will be received are not required to be published separately. Education Code 44.031(g) Our website address is www.westhoffisd.org

A district may receive bids or proposals under Education Code Chapter 44 through electronic transmission if the board adopts rules to ensure the identification, security, and confidentiality of electronic bids or proposals and to ensure that the electronic bids or proposals remain effectively unopened until the proper time.

Notwithstanding any other provision of Education Code Chapter 44, an electronic bid or proposal is not required to be sealed. A provision of Education Code Chapter 44 that applies to a sealed bid or proposal applies to a bid or proposal received through electronic transmission in accordance with the rules adopted by the board. Education Code 44.0313

Competitive Procurement

Competitive bidding is a formal process consisting of procedures that may also be referred to as competitive sealed bidding, or more simply as bids.

The district shall prepare a request for competitive sealed proposals that includes information that vendors may require to respond to the request. The district shall state in the request for proposals the selection criteria that will be used in selecting the successful offeror.

The district shall receive, publicly open, and read aloud the names of the offerors and, if any are required to be stated, all prices stated in each proposal. Not later than the 45th day after the date on which the proposals are opened, the district shall evaluate and rank each proposal submitted in relation to the published selection criteria.

The district shall select the offeror that offers the best value for the district based on the published selection criteria and on its ranking evaluation. The district shall first attempt to negotiate a contract with the selected offeror. The district may discuss with the selected offeror options for a scope or time modification and any price change associated with the modification. If the district is unable to negotiate a satisfactory contract with the selected offeror, the district shall, formally and in writing, end negotiations with that offeror and proceed to the next offeror in the order of the selection ranking until a contract is reached or all proposals are rejected.

In determining the best value for the district, the district is not restricted to considering price alone but may consider any other factors stated in the selection criteria. Education Code 44.0352

Purpose and Intent for Competitive Bidding

The purpose and intent of competitive bidding is to help public schools secure the best materials at the best value by stimulating competition. If a district advertises purchasing needs relating to large expenditures, purchasing in large quantities will normally result in greater cost savings (in the aggregate) or lower costs per unit/item.

The following procurement methods and procedures shall be utilized for all purchases with federal grant funds:

Micro-purchase procurement (less than \$50,000) – EDGAR Regulations

To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable. Three Quotes are required for all Micro-purchases with Federal Funds.

Micro-purchase means a purchase of supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchases comprise a subset of a non-Federal entity's small purchases as defined in §200.320.

Micro-purchase threshold means the dollar amount at or below which a non-Federal entity may purchase property or services using micro-purchase procedures (see §200.320). Generally, the micro-purchase threshold for procurement activities administered under Federal awards is not to exceed the amount set by the FAR at 48 CFR part 2, subpart 2.1, unless a higher threshold is requested by the non-Federal entity and approved by the cognizant agency for indirect costs.

(iii) Micro-purchase thresholds. The non-Federal entity is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. The micro-purchase threshold used by the non-Federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations. Non-Federal entities may establish a threshold higher than the Federal threshold established in the Federal Acquisition Regulations (FAR) in accordance with paragraphs (a)(1)(iv) and (v) of this section.

(iv) Non-Federal entity increases to the micro-purchase threshold up to \$50,000. Non-Federal entities may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements of this section. The non-Federal entity may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the Federal awarding agency and auditors in accordance with §200.334. The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:

- (A) A qualification as a low-risk auditee, in accordance with the criteria in §200.520 for the most recent audit;
- (B) An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,
- (C) For public institutions, a higher threshold consistent with State law.

(v) Non-Federal entity increases to the micro-purchase threshold over \$50,000. Micropurchase thresholds higher than \$50,000 must be approved by the cognizant agency for indirect costs. The non-federal entity must submit a request with the requirements included in paragraph (a)(1)(iv) of this section. The increased threshold is valid until there is a change in status in which the justification was approved.

Small purchase procurement (up to \$250,000) – EDGAR Regulations

Small purchase procedures are those relatively obtained from an adequate number of qualitative and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from multiple sources. Cost Price Analysis must be completed before the purchasing/bidding process is started for purchases over \$250,000 with Federal Funds.

Non-competitive procurement (sole source, etc.) – EDGAR Regulations

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

1. The item is available only from a single source;
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
3. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or

4. After solicitation of a number of sources, competition is determined inadequate. [78 FR 78608, Dec. 26'2012, as amended at 79 FR 75885, Dec. 19,2014]

Competitive Sealed Proposals (CSP)

The use of Request for Competitive Sealed Proposals is normally used when competitive bidding is either not practicable or not advantageous to the district. Basically, competitive sealed proposals allow for negotiations in addition to the basic bidding process. Terms and conditions are identical as those for competitive bidding except any reference to bids should be changed or interpreted as offers or offerors. Additionally, anything addressing the finality of the offer needs to be disregarded because proposals are negotiable.

Request for Proposals (RFP)

Proposal procedures provide for full competition among proposals. The procedures allow for negotiation with the proposer or proposers to obtain the best services at the best value. During the evaluation process prior to awarding a contract, the negotiation process allows modification and alteration of both the content of the proposals and price. The following note further explains the primary difference between bids and proposals. (Note: The competitive bidding process requires that bids be evaluated and awards be made solely upon bid specifications, terms and conditions contained in the request for bids document, and according to the bid prices offered by vendors and pertinent factors that may affect contract performance; no substantive changes are permitted to the bid terms, conditions and specifications).

All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.

Professional and nonprofessional service contracts involving federal funds are required to be let on a competitive basis, under 34 CFR Section 80.36 (Code of Federal Regulations). Competitive procurement procedures, Section 44.031(a) (2)-(8), TEC, are for certain procurement situations as an alternative to competitive bidding procedures. Chapter 2254, Government Code, prohibits competitive bidding for certain types of professional services, including engineering, architectural, accounting and certain other services; and requires a two-step procedure, as defined in Chapter 2254, Government Code, for the procurement of architectural and engineering services. Competitive proposal procedures are recommended, where other procurement procedures are not required according to state or federal rules, laws or regulations, to stimulate competitive prices for services.

In connection with certain professional service contracts, specifically architectural or engineering, Chapter 2254, Government Code, requires a two-step negotiation process. The two-step process only allows negotiation of price after an initial selection based upon demonstrated competence and qualifications of the person/firm.

Below is an example of an RFCSP process. It may also be used for an RFP, with appropriate modifications made to accommodate the less structured requirements of that method.

Notice	Identical to Competitive Bidding
Statement of Work	This includes a description of the service (and associated goods if any) to be performed.
Proposal Clauses	Can be identical to the competitive bids, but may be subject to negotiations

Negotiation

Negotiation is the most difficult part of the Request for Proposal process, and the most difficult to control. From the beginning of the process through contract award, it must be made clear to vendors and using departments/campuses that the designated person(s) may do the negotiation for the district. Negotiation is subject to the same guidelines as any purchasing action: impartiality and equal opportunity to compete.

Evaluation/Contract Award Criteria

Under Texas Education Code 44.031 (b), except as provided by this subchapter, in determining to whom to award a contract, the district shall consider:

- (1) the purchase price;
- (2) the reputation of the vendor and of the vendor's goods or services;
- (3) the quality of the vendor's goods or services;
- (4) the extent to which the goods or services meet the district's needs;
- (5) the vendor's past relationship with the district;
- (6) the impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses;
- (7) the total long-term cost to the district to acquire the vendor's goods or services;
- (8) for a contract for goods and services, other than goods and services related to telecommunications and information services, building construction and maintenance, or instructional materials, whether the vendor or the vendor's ultimate parent company or majority owner:
 - (A) Has its principal place of business in this state; or
 - (B) Employs at least 500 persons in this state; and
- (9) any other relevant factor specifically listed in the request for bids or proposals.

The criteria above shall also be used to select vendors for the procurement of goods and services paid with federal grant funds.

Out-of-State Bidders

The Board shall not award a contract for general construction, improvements, services, or public works projects or for purchase of supplies, materials, or equipment to a bidder whose principal place of business is not in the state, unless the nonresident underbids the lowest bid submitted by a responsible resident bidder by an amount that is not less than the amount by which a resident bidder would be required to underbid a nonresident bidder to obtain a comparable contract in the state in which the nonresident's principal place of business is located. Gov't Code 2252.001, 2252.002

This requirement shall not apply to a contract involving federal funds. The District shall rely on information published by the comptroller in evaluating the bids of a nonresident bidder. Gov't Code 2252.003, 2252.004

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 award contracts and vendors that we can purchase from.

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

Regional Purchasing Cooperative (RPC)

Regional Purchasing Cooperative (RPC) is the Region 3 Education Service Center cooperative purchasing program. Enabling statutes for RPC can be found in the Government Code, Title 7. Intergovernmental Relations, Chapter 791 Interlocal Cooperation Contracts, Subchapter B, General Interlocal Contracting Authority, Subchapter C, Specific Interlocal Contracting Authority. RPC is available for use by all public and private schools, colleges, universities,

cities, counties, and other government entities in the State of Texas. Participation in RPC is not required of government entities. However, 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 with RPC awarded contracts have agreed to provide the best pricing, terms and conditions available to similar customers. The website is www.esc3.net/603776_3

Texas Procurement and Support Services (TPASS)

Texas Procurement and Support Services (TPASS) awards and manages hundreds of statewide contracts on behalf of more than 200 state agencies and 1,800 cooperative purchasing members. With a massive marketplace and billions of dollars in purchasing power, Texas offers abundant opportunities for vendors of a wide variety of goods and services, including minority- and women-owned businesses. The website is www.window.state.tx.us/procurement.

1. 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 scheduled contract. A “best value” purchase can be made by following the TXMAS purchasing procedures.

2. DIR – Department of Information Resources. The 79th Texas Legislature signaled a clear mandate for the state to restructure the roles and responsibilities for its investment in information and communications technology. DIR responded to this mandate in its 2005 State Strategic Plan for Information Resources Management. In that document, DIR established five statewide goals:

- Reduce Government Costs
- Drive Effective Technology Contracting
- Leverage Shared Technology Operations
- Promote Innovative Use of Technology that Adds Value
- Protect Technology and Information Assets

DIR continues to ensure the effective and efficient use of public funds by promoting opportunity and economic prosperity for the state’s citizens through the successful application of statewide services and technologies that are beneficial, secure, accessible, and utilize a statewide shared infrastructure.

Model for the Competitive Procurement Process

The competitive procurement process is lengthy and adequate time must be allowed to complete the tasks identified below. For this reason, the purchasing department seeks to complete the competitive procurement process prior to a District need arising.

MODEL COMPETITIVE BIDDING/PROPOSAL PROCESS FOR PROPERTY AND SERVICES

TASK	DESCRIPTION	RESPONSIBLE PARTY
Valuate Purchasing Needs & Confirm Availability of Approved Budgeted Funds	Establish the minimum acceptable requirements that the product/service must meet and ensure that funds are available to procure such products/services needed.	User department
Prepare Bid/Proposal Specifications	Prepare detailed written specifications to define the product/service the district is seeking/soliciting. Specifications must contain adequate technical descriptions to clearly identify the type of material, equipment, or services required. Descriptions must	User department

	<p>include quantitative data such as size, weight, or volume and qualitative data such as commercial grade, texture, finish, strength, chemical analysis, or composition where required. The specifications must also include:</p> <ul style="list-style-type: none"> • Detailed description of the item/service that specifies the minimum acceptable requirements the user department/campus will accept. Industry standards should be utilized whenever possible. • Evaluation/award criteria in addition to the required criteria mentioned above. • Quantity required. • Required delivery date and/or period of performance for the contract. • Any relevant prints, diagrams, and/or samples of the item requested. • Suggested source(s) of supply. Vendor name, address, phone number, email, etc. Specifications must be provided to the Purchasing Department Buyer electronically (via email preferred) in Microsoft Word format. 	
Review Bid/Proposal Specifications	Review the item/service specifications to determine if competitive bids/proposals can be obtained and to ensure that Board policies and state laws are followed.	Purchasing Department/Superintendent
Advertise	Ensure bids/proposals are published once per week for at least two weeks before the deadline for receiving bids, proposals, or responses to a request for qualifications. Additionally, bids/proposals are published on the WISD Purchasing Website at www.westhoffisd.org	Purchasing Department/Superintendent
Pre-Bid/Proposal Conference	<p>Optional procedure as needed. This conference is used to allow vendors to meet with District personnel to clarify specification requirements or to conduct site visits.</p> <ul style="list-style-type: none"> • Document all attendees • Collection of all questions and answers and posting as an addendum is recommended. 	Purchasing Department/Superintendent
Open Bid/Proposal	Bids/proposals will be opened at the date, time, and place specified in the request for bids or proposal.	Purchasing Department/Superintendent
Evaluate Bid/Proposal	Review bids/proposal responses and evaluate responses using established Vendor Award Criteria.	User department/Purchasing Department/Superintendent
Prepare Written Recommendation	<p>Prepare a written recommendation containing the following information and forward to the Purchasing Department.</p> <ol style="list-style-type: none"> 1. Description of supply, product, or service 2. Evaluation results (list criteria used to evaluate) 3. Name of recommended vendor 4. Justification for recommendation: 	User Department/Purchasing Department/Superintendent

	<p>a. If the best value bid is not recommended, list the reason(s) for rejection</p> <p>b. Explain how best value was determined (price, quality, delivery, etc.?)</p> <p>5. Signature of appropriate approval authority for award recommendation. If the purchase exceeds \$50,000 appropriate approval is required. If all bids/proposals are rejected and a rebid process will take place, the letter must contain:</p> <ol style="list-style-type: none"> 1. Description of supply, product or service. 2. Justification for recommendation to reject all bids, listing reasons for rejection of every bid. 3. Request to re-bid. 4. Estimated cost/ expenditures. 5. Fund code, fund name, and budget owner. 6. Signature of appropriate approval authority for award recommendation and board letter. 	
Obtain Board of Trustee Approval	Board approval is required before the successful bidder/proposer is notified of the award. (Note: Board meetings are normally held on the second Tuesday of each month).	Purchasing Department/Superintendent
Award Bid/Proposal	Notify successful bidder(s)/proposer(s) via award letters or properly executed purchase order.	Purchasing Department/Superintendent
Monitor Performance	Monitor the vendor's performance and ensure they comply with all specifications regarding the product to be delivered or service to be performed, including the condition of product upon delivery, and whether the service was performed or product was delivered within the stated delivery/performance period. Document performance when creating receiving records in the appropriate system.	User department/Purchasing Department

VENDOR RELATIONS

In centralized purchasing, the purchasing department is primarily responsible for vendor relations, contact, and communication. However, departments and staff must also communicate with vendors in order to obtain information necessary to properly prepare requisitions. 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 departments and staff are not to represent a commitment to purchase; only authorized personnel as stated in Section 3 are authorized to make purchase commitments. Prior to contacting a vendor, end users must check with the Purchasing Department for the goods. If the Purchasing Department is unable to supply the goods required, the end user must seek an "approved vendor".

Approved Vendor List

An "approved vendor" is a vendor that has been awarded a Bid/Proposal through the WISD competitive procurement process or through an Interlocal Agreement. Please see the Purchasing Department or Superintendent for a list of approved vendors. Approved vendors are preferred because they have competed for business through the competitive procurement process and normally provide greater savings than a non-approved "vendor". If unclear from whom to purchase a good or service, please contact the Purchasing Department prior to contacting a vendor.

Vendor Performance/Evaluation

Evaluation of vendor performance is an important aspect of centralized purchasing. Problems encountered by a particular school or department can be avoided by other District entities when these occurrences are communicated to the Purchasing Department. Factors to consider when dealing with vendors:

- Timeliness of deliveries
- Quality of products or services received
- Service performance
- Damaged goods
- Completeness and 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. In addition to contacting the Purchasing Department, the vendor should be contacted. Keep a record of all phone calls, including the dates and what was discussed and send a copy to the Purchasing Department, preferably by email.

If the problem is not resolved, coordinate with Purchasing to prepare written correspondence stating the problem, the corrective action required and the vendor's failure to correct the problem to be sent from the Purchasing Department. If a significant problem continues, WISD will remove the vendor from the vendor list and discontinue doing business with the vendor.

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.

Vendors desiring to visit schools for educational purposes must:

1. File identification information with the Purchasing Department.
2. Provide the Purchasing Department with a completed IRS Form W-9. These forms can be obtained from the IRS website at www.irs.gov.
3. Obtain authorization from the Superintendent.

REQUISITION AND PURCHASE ORDER PROCESSING

Overview

The requisition and purchase order process can be viewed as having four distinct steps:

1. The requisition processes
2. The purchase order process
3. Delivery and Receipt of goods or services
4. Invoice and Payment

The requisition and purchase order process begin when a need is determined by an end user and is not completed until payment is made for the goods and/or services. In this section the first two steps of the process will be discussed at length; delivery and receipt will be discussed in Section 9. Invoice and payment procedures are contained in the Accounts Payable Processing Manual.

Requisition Process

A requisition is an internal document by which a department of the district requests the purchasing department to initiate a purchase order. It is a request generated for the purchase of supplies, services, equipment, etc. A requisition is an un-approved purchase order. No purchasing commitment shall be made without an approved purchase order.

NOTE: All end users must keep in mind the following purchasing prime directives:

- Purchase commitments shall be made by an approved purchase order.
- Persons making unauthorized purchases shall assume full responsibility for all such debts.

- All requisitions from grant funds (state/federal) shall comply with the TEA Guidelines for Related Costs and the State & Federal Grants Handbook.

Requisitions are initiated by those having proper authority, as defined in Section 3. After a requisition is requested, it must then be approved by the appropriate budget owner, which is normally the Superintendent. Requisitions which require expenditures from a Special Revenue Fund must be approved by the Superintendent.

Requisition Format

In order to avoid requisitions from being rejected by either someone in the approval chain or the purchasing department, requisitions should include all information necessary to clearly define the needs of the user department.

The minimum information required on a requisition is as follows:

- Dept/Loc Code
- Vendor name and address (should be from the district's approved vendor list)
- Ship To destination
- Name and Phone Number of the end user on the reference line
- Required delivery date, if any
- Quantity needed
- Unit Price per line item
- Complete and accurate description per line item
- The correct Account Code per line item
- Discounts, if any
- Transportation costs (shipping/freight costs, if any)
- Bid/Proposal Contract number, if known (i.e. Bid/RFP 13-001)
- Any special instructions (such as Deposit needed)

Please understand that requisitions may have several approvers prior to them being available to the Purchasing Department. The purchasing department reviews requisitions for the following prior to approval of a purchase order.

- Compliance with competitive procurement requirements
- Proper account coding
- Adequate descriptions per line item

Specific Types of Requisitions

Requisitions for the following categories of items shall include specific information to clearly describe the required materials or services.

1) Blanket Purchase Orders

a. General Supplies

Blanket requisition order for general supplies must specify the following in the text or body of the requisition:

- I. A detailed description of the types of items that will be purchased, such as office supplies, soft drinks, printing, snacks, etc. Using generic terms such as "supplies," "materials," or "services" is NOT considered an adequate description.
- II. A date/time frame and name of event the purchase order to support.
- III. The total amount not to be exceeded.

b. Maintenance

- List a minimum of three examples (NO HAND TOOLS)
- A timeframe for the purchase order to cover
- The total amount not to be exceeded

c. Sam's Club / Walmart / HEB etc.

- List in the body of requisition who (by name, not title) will be picking up items, no more than two (2) names.

- Give a concise sample description of items to be purchased and for what purpose (e.g., paper goods, plates, cups and napkins for professional development conference)

2) Check Requests

A Check Request requisition is a requisition that will be immediately processed into a check. Check Requests as they are called require that the end-user immediately create a receiving record before the purchase order has been processed. This enables the Accounts Payables department to process the check before the purchase order has been processed. Without the receiving record, a Check Request check cannot be processed.

3) Car Rentals

- Purchase orders are to be input by line item
- Use bid item description and unit cost for each line item
- Specify:
 - vehicle size and rate (per day or week) (NO 12 or 15 PASSENGER VANS)
 - insurance rate per day or week (if applicable)
 - additional mileage per day or week (if applicable)
- State reason for vehicle rental, name of event, destination, and date(s) of rental

4) Charter Buses

- Purchase orders are to be input by line item
- Use bid item description and unit cost for each line item
- Specify:
 - bus size (i.e. 33 passengers, 55 passenger)
 - rate: per mile, hour, or day
 - applicable quantity: miles, hours, or
 - any other item from bid (if applicable)
- State reason for bus charter, name of event, destination, and date(s) of rental Vendor Selection (also see Section 7)

Budget (Object) Codes

It is the end user's responsibility to ensure that each line item of a requisition is properly coded with the correct budget (object) codes for the description of the item being purchased. A requisition that contains the incorrect budget object code will be rejected by the purchasing Buyer and not processed until the end user corrects the budget code. A comment will be entered on the requisition whenever an incorrect budget (object) code is identified. Look under the rejection notes to read comments added by the purchasing department. When correcting a budget object code, be sure to correct the budget code on first page of the purchase order entry as well as the budget code entry on each line item on the second or subsequent pages of the purchase order and have the purchase order re-approved.

For a complete list of budget codes, see the Superintendent.

Shipping Destination

When a requisition is created, the "ship to" and "attention" fields are required to identify the delivery address and receiver's name.

The district uses both centralized and decentralized receiving (refer to Section 9).

Prior to creating a requisition, departments requiring centralized delivery to WISD, should contact the Purchasing Department to plan for centralized receiving and distribution.

Purchase Orders

After the requisition is reviewed and approved by the Purchasing Department, the requisition is then converted to a purchase order. Purchase orders are among the most commonly utilized methods 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 the District to remit payment to the vendor after the item(s) and/or service(s) are received. Once items are shipped and/or services performed, the vendor must submit a properly executed invoice to the Accounts Payable Department to receive payment.

A purchase order is an important accounting document as it contains information on the expenditure to be made and the account code to be charged. Once issued, the purchase order encumbers funds and serves as an expenditure control mechanism. The purchase order is also used in the accounts payable process as it documents that an order has been issued, received, and accepted by the user and payment may 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 is of a standard format to facilitate processing and contains the items indicated on the requisition. As mentioned earlier, purchase orders start with a requisition. Requisitions originate with the end user and describe the item(s) to be purchased, the quantity, pricing, the account to be charged, a vendor, etc.

Purchase Order Procedures

Purchases shall be made by means of purchase orders that are properly drawn, duly authorized, and adequately funded. Only the purchasing department shall release a purchase order to a Department or electronically to a vendor. If vendors are contacted by the end user in the initial phase of a requisition, they should be advised by the end user that delivery of goods or services should not be initiated until the vendor has received an approved purchase order with the Superintendent's signature authorizing the purchase.

Purchase orders are issued on a daily basis by the purchasing department based on information submitted on requisitions. If a purchase order is needed immediately, contact the appropriate buyer.

Purchase orders cannot be modified by the vendor or by departments after it has been processed by the purchasing department. If it becomes necessary to change the purchase order, the school or department must first advise the purchasing department. Once an agreement to any price increases or modification of terms is reached, purchasing has the responsibility to adjust the encumbrance on the purchase order and notify all involved parties of the changes.

Once a purchase order is issued, the same purchase order number cannot be used for reorders. When merchandise has been returned or is damaged and a reorder of replacement merchandise is desired, a new purchase requisition must be submitted.

Purchase Order Closure

In the event it is necessary to cancel a Purchase Order, the department must advise the Purchasing Department and Accounts Payable Department. The Purchasing Department will close the purchase order and liquidate the funds encumbered. The department placing the order must also notify the vendor of the cancellation of the purchase order.

End User's Responsibilities

- Shall ensure that the purchasing process (through the use of an approved purchase order) always precedes the payment process (invoice)
- Shall only initiate and approve requisitions within approved budget authority and ensure proper account coding per line item
- Shall check with the Purchasing Department to find out if the item is in stock before making a purchase. If the item is not in stock, the end user shall select an approved vendor who will provide the goods and services
- Shall use approved vendors to procure goods and services. Note: The requirement to use approved vendors applies to all purchases with purchase orders
- If necessary, confirm with the purchasing department (Purchasing Manager or Buyer) that an approved vendor is available for the goods or services needed
- If a vendor must be contacted to obtain information to prepare a requisition, shall explain to the vendor that the request for information does not represent a commitment to purchase

- Shall provide for initiating, authorizing, and adequately funding the procurement through a properly approved purchase order
- Shall monitor the requisition status
- Shall not release the requisition number or use a draft copy of the requisition to make purchases from a vendor
- Shall monitor the vendor's performance to ensure proper delivery of the goods or services ordered. If the goods or services are not delivered as ordered, the end user shall act necessary to protect the District's interest, up to and including sending a written Stop Payment Order to the Accounts Payables department. Problems with a vendor's unsatisfactory performance shall be directed to the purchasing department for appropriate action, which may include closing the purchase order (See Section 9, resolving discrepancies)
- Shall not make any commitments to acquire goods or services in the name of the District for personal use or ownership
- Shall not make or authorize separate, sequential, or component purchases in order to avoid requirements under the Texas Education Code, Section 44.031, or Board approval
- Shall coordinate purchases valued at \$10,000 or more with the Purchasing Department in order to select the method of procurement that will provide the best value to the District
- Shall process all requests for procurement that cost \$50,000 or more through the Purchasing Department for Board approval
- Shall follow the policies and procedures contained in Board Policy CH (LEGAL) for emergency purchases
- Shall be responsible for complying with statutory requirements, Board policies, and the Purchasing Manual procedures when purchasing goods or services for the District
- Shall not make changes to purchase orders after it has been sent to the vendor without prior approval from the Purchasing Department
- Shall ensure that items ordered match the purchase order
- Shall record the receipt of goods or services with the Purchasing Department
- Shall not purchase gift cards of any kind with District Funds

Purchasing Department Responsibilities

- Shall not initiate requisitions except for items or services for use by the purchasing department
- Shall not purchase 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
- Shall supervise the purchase of all materials, supplies, equipment, and services for the District according to Board policy and according to the guidelines established on the Education Code 44.031
- Shall not approve a requisition after the event has taken place (i.e. After-the-fact) except in special circumstances/instances
- Shall review/process requisitions in a timely manner for completeness and ensure that purchases are compliant
- Shall verify compliance with statutes, regulations, and Board policy applicable to purchasing
- Shall verify correctness of budget object coding according to the WISD Coding Chart
- Shall have discretion to direct purchases through interlocal agreements or cooperatives in order to save time and money
- Shall work with the end users to resolve delays in requisition processing in a timely manner
- Shall send the Departments approved purchase orders and send e-commerce purchase orders to vendors

Requisition/Purchase Order Approval Process

- Budget Owner Creates Requisition – Department Improvement Plan Included
- Director of Special Programs/Superintendent – Approves for Federal Grants (makes sure Budget available and correct)
- Buyer – Approves (makes sure an Approved Vendor is used and Bid Number is on the Requisition)
- Director of Purchasing/Superintendent – Approves (makes sure an Approved Vendor is used and Correct Budget code is used)
- Purchasing Clerk – Processes Requisition, prints and sends to the Department or Campus for processing with Approved Vendor

DELIVERY AND RECEIPT

Delivery and receipt of goods/services is the goal of the requisition and purchase order process discussed in Section 8. Carefully checking deliveries and ensuring that the end user(s) who ordered the goods/services actually obtained them is a critical part of the purchasing process. WISD utilized both centralized and decentralized receiving to ensure end users receive goods/services.

Centralized Receiving and Decentralized Receiving

Purchases may be received by centralized receiving departments or by campuses or departments in a decentralized receiving. Centralized receiving provides more control. Having only one centralized receiving point ensures that merchandise received agrees with merchandise ordered. However, it is normally timelier and sometimes in the best interest of the end user or the district to have the vendor deliver goods directly to a campus or department; this requires decentralized receiving, also known as “drop shipping.”

If decentralized receiving is used, the school/department should assign the receiving responsibility to an individual trained in receiving procedures. Procedures regarding the receipt of goods should be in place at each school/department; this includes specific procedures for receiving goods during summer and winter breaks. Monitoring the delivery and receipt of purchase orders is the end user’s responsibility. This ensures that the district actually receives what it purchases.

Physical Receiving Procedures

1. Locate the “packing slip.” The packing slip contains the information of the items shipped from the vendor. The packing slip should list the following information:
 - a. Date of shipment from the vendor
 - b. WISD Purchase Order Number
 - c. Quantities and descriptions of items shipped If the individual performing the receiving cannot locate the packing slip, he/she must immediately contact the vendor and request a copy.
2. Compare the packing slip with the requisition/purchase order and verify that the shipment is intended for your school/department. If it is, continue the receiving procedures. If you are certain that the shipment is not intended for your school/department, refuse the shipment or aid in determining the proper destination.
3. Ensure that the items on the packing slip match the items on the requisition/purchase order; accept the items that were ordered and contact the vendor for instructions for handling the incorrect items.
4. Compare the number of containers delivered to the number on the carrier’s packing slip. Record any discrepancy on the carrier’s shipping documents.
5. Examine the outside of the containers for damage:
 - a. Minor Visible Damage - Record any damage to the shipping containers on the carrier’s shipping document and ensure that it is signed by the delivery person before the shipment is accepted. Recording minor damages to containers provides added documentation in the event that there is concealed damage.
 - b. Severe Visible Damage - The process for severely damaged containers differs depending on whether the order was shipped F.O.B. Origin or F.O.B. Destination. F.O.B stands for “Free on Board” and is a transportation term that indicates that the price for goods includes delivery at the vendor’s expense to a specified point. The FOB term is used with an identified physical location to determine:
 - i. the responsibility and basis for payment of freight charges, and
 - ii. the point at which title (or ownership) for the goods transfers from vendor to the District.

F.O.B. Destination

- The vendor retains title and control of goods until they are delivered and the contract of carriage has been completed.
- The vendor selects the carrier and is responsible for the risk during transportation.
- The vendor is responsible for filing claims for loss or damage.
- For F.O.B. Destination, if the shipping containers are damaged enough that it is probable that the contents are also damaged, you may:
 1. Reject the entire shipment
 2. Accept the entire shipment
 3. Accept part of the shipment and reject the damaged part of the shipment

- If all or part of the shipment is accepted, contact the vendor to obtain replacement instructions for the damaged items. If the vendor abandons the merchandise (fails or refuses to pick it up), contact the Purchasing Department to aid in resolving the problem. If the entire shipment is refused, record the reason for refusal on the carrier's shipping documents and notify the vendor that the shipment was refused and needs to be reshipped due to severe damage.

FOB Origin

- The end user/receiver assumes title and control of the goods the moment the carrier signs and picks up the goods from the vendor's location.
- The end user/receiver assumes risk during transportation.
- The end user/receiver is responsible for filing claims for loss or damage.
- For F.O.B. Origin, if the shipping containers are damaged enough that it is probable that the contents are also damaged, accept the shipment and then record the damage on the carrier's freight bill. Contact the Purchasing Department to aid in resolving the problem.

The district discourages the use of F.O.B. Origin as a shipping method.

- If possible, open the container(s) and compare the contents with the packing slip. If the contents do not match the packing slip, contact the vendor to attempt to resolve the discrepancy. If absolutely necessary, refuse the shipment.
- Finally, an authorized person should accept delivery by signing and dating the packing slip.
- If an invoice is included in the container, forward it to the Accounts Payable department immediately.

Inspection Procedures

Inspect the shipment for concealed damage. Concealed damage is damage that was not evident at the time of delivery. If damages are discovered after unpacking the shipment, notify both the carrier and the vendor in writing by email or fax.

After the shipment is unpacked, check the following against the Purchase Order:

- Compare the quantity received with the quantity ordered
- Check for:
 - Over-shipments: An over-shipment is a shipment that contains more of an item than you ordered. Contact the vendor to resolve the issue.
 - Under-shipments: Only pay for the actual items received
- Compare the brand name and model number received with the brand name and model number on the Purchase Order
- Compare the shipment with the physical descriptions on the Purchase Order
- Compare the packaging, labeling, marking, etc. with those on the Purchase Order
- Make certain that "used" items are reflected as such on the Purchase Order
- Retain copies of all shipping documentation until all discrepancies are resolved.

Resolving Discrepancies

If the school or department determines there is damaged merchandise or a discrepancy exists, they should notify the vendor immediately and attempt to resolve the discrepancy. All correspondence between the school/department and vendor must be noted on the packing slip, if possible. If the discrepancy is discovered during or after inspection or unpacking, the vendor should be contacted in a timely manner. It is the end user's responsibility to contact the vendor and attempt to resolve deficiencies.

Notify the vendor of all discrepancies in writing and follow-up all telephone notifications in writing. Written notification must include instructions on what action the vendor should take and the deadline for that action. Give the vendor the opportunity to make the shipment good.

Be sure to keep detailed records (dates, times, names, and phone numbers) and contact the Purchasing Department for assistance if satisfactory results are not obtained in a timely manner. Send copies of all documentation by email or fax to the Purchasing Department for record keeping, follow-up, and vendor performance evaluation.

After the physical receiving function has been performed (shipment and packing slip are correct), electronic receiving must be performed in the Ascender system as approval of payment after the invoice is received by Accounts Payable.

SCHOOL BOARD APPROVAL

In accordance with Board Policy CH (Local), any purchase order or contract that exceeds \$10,000 shall require Board approval before a transaction may take place.

STATE AND FEDERAL GRANTS MANUAL

Organization

The Superintendent shall be authorized to:

1. Apply, on behalf of the Board, for any and all special federal and state grants and awards as deemed appropriate for the District's operations;
2. Approve commitment of District funds for matching, cost sharing, cooperative, or jointly funded projects up to the amounts specifically allowed under the District budget approved by the Board; and
3. Approve grant and award amendments as necessary.

The District shall comply with all requirements for state and federal grants and awards imposed by law, the awarding agency, or an applicable pass-through entity. The Superintendent shall develop and enforce financial management systems, internal control procedures, procurement procedures, and other administrative procedures as needed to provide reasonable assurance that the District is complying with requirements for state and federal grants and awards. CB(LOCAL)

Implementation (2 CFR 200.303)

The system of internal controls:

1. Provides reasonable assurance that WISD is in compliance with the statutes, regulations, and terms and conditions of the grant;
2. Establishes a schedule for evaluating and monitoring this compliance;
3. Enables WISD to take prompt action when instances of noncompliance are identified;
4. Safeguards protected personal or sensitive information that may be subject to grant program activities;
5. Ensures that grant expenditures and payments are appropriately booked in the district's financial system;
6. Ensures a separation of duties within the accounts payable, accounts receivable, payroll, and purchasing functions; and
7. Ensures that charges to grant budgets are only for those activities that are allowable and allocable to the grant.

Authorities for Grant and Funding Administration

The Superintendent ensures that WISD administers federal grant funds according to the regulations in Title 2 Part 200 of the Code of Federal Regulations (2 CFR 200) which specifies the U.S. Education Department General Administrative Regulations, known as EDGAR.

The Superintendent administers state and local funds according to the regulations in the Texas Education Agency's Financial Accountability Resource Guide, known as FASRG, and local Board policies.

WISD follows the most restrictive requirements in the provisions for budgeting and expending each source of funds. This manual specifies the most restrictive requirements and when EDGAR or FASRG regulations are to be used.

Applying for Grants

Most grants applied for and received by WISD are based on formula funding and are renewed each year, based on an application submitted to the funding agency by the district. The Superintendent is ultimately responsible for completing and submitting these applications.

Campus staff seeking to apply for competitive or discretionary grants must receive approval by the Superintendent and work in collaboration with the Superintendent to complete the application.

Program and Financial Grant Provisions and Assurances

The Superintendent is responsible for managing federal grant funds according to the programmatic provisions and assurances stated in the grant documents and Notice of Grant Award (NOGA). The Superintendent is responsible for managing those funds according to the financial provisions and assurances stated in the NOGA and accompanying grant information.

Fund Identification Requirements and Standards (2 CFR 200.302)

The Superintendent maintains a system to meet the requirements of 2 CFR 200.302 by documenting:

1. The federal Catalog of Federal Domestic Assistance (CFDA) number;
2. The name of the Federal Agency (usually the U.S. Department of Education);
3. The name of the pass through agency (usually the Texas Education Agency);
4. Accurate, current, and complete revenue, expenditure, and carry forward information;
5. Comparison of budgeted and expended amounts;
6. Identification of, and control over, funds, property, and other assets.

Records Management

The Superintendent is the District's records management officer, per Board policy. The records management officer is responsible for documenting and carrying out a records management and maintenance system for the district. The system established by the Records Management Officer shall manage federal financial records shall be managed in accordance with EDGAR, 2 CFR 200.330, et seq, and the WISD Local Records Retention Schedule, which is established by the Texas State Library and Archives Commission. Records of grant-funded financial transactions will be maintained for a period of at least five years after either the final expenditure report due date (for formula grants such as Title I, IDEA-B, or Perkins CTE) or the last day of the grant period (for federal discretionary and competitive grants).

The District shall maintain grant-related records in a combination of paper and electronic formats. The following records shall be maintained in paper format (2 CFR §200.335):

- Grant applications and grant award notifications (paper and pdf files)
- Grant revenues and expenditures (Ascender Finance System)
- Grant purchasing records (Ascender Finance System)
- Grant expenditure draw-down (reimbursements) (Paper)

In accordance with Federal regulations, the District shall maintain the grant-related records in an open and machine-readable format. Specifically, the District shall use the following formats to store electronic data:

- Microsoft Office products such as Word, Excel, etc.
- Ascender Financial Management System modules

Risk Mitigation

Risk indicators for managing federal funds are published in EDGAR 2 CFR 200.205 and 2 CFR 200.207.

In addition, the Texas Education Agency establishes risk indicators to assess school district risk annually. The Superintendent is responsible for mitigating WISD risk exposure by establishing, documenting, and maintaining systems to address the standards defined in the EDGAR regulations and TEA procedures. The standards include, but are not necessarily limited to, WISD's ability to demonstrate:

- Financial stability;
- Quality financial management systems;
- A satisfactory history of performance in managing federal grant programs;
- Procedural systems capable of minimizing audit findings and satisfactorily addressing and resolving them should they occur;
- The ability to effectively implement statutory, regulatory, and other requirements specified in grant programmatic and financial provisions and assurances and NOGAs.

The Superintendent is responsible for assessing WISD financial risk levels and correcting risk related findings by independent and grant fund-specific auditors.

Budgetary Controls

Posting Grant Budget Amendments in Ascender Finance

When a new NOGA is received, the Superintendent/Accounts Receivable Grant Manager (Region 3) forwards a copy to the Superintendent.

- Prints a copy of the NOGA for the grant vault file;
- Confirms the current budget is accurate in Ascender Finance by running current budget reports in Ascender Finance for the current and previous year(s) (current year revised budget, prior year expenditures, & indirect cost budget should equal the total grant amount before the addition/decrease is posted);
- If amendments are needed to the current budget, that is done prior to the addition/revision being posted. Enters & posts a budget revision for the needed amount per the new NOGA;
- If enough room is available in the 63xx object class, the additional amount is posted to district-wide general supplies or to the appropriate object class, as indicated on the grant application.
- Sends an email to the grant manager and secretary notifying them the budget has been made available for spending/movement to another code, as necessary;
- A budget revision report is included so the grant manager knows with certainty where the new funds have been placed.
- Prints a copy of all documentation for filing in the grant vault file with the NOGA.

System Controls for Payment to WISD (2 CFR 200.305)

Unless otherwise noted in the financial provisions and assurances, Notice of Grant Award (NOGA), or procedures of the awarding agency for a particular grant, WISD will operate on a reimbursement basis for grant-funded expenditures. The Superintendent (1) maintains access controls and passwords to the pass-through agency's financial or reimbursement system, and (2) records in the district's financial system the expenditures, reimbursement requests, reimbursements and fund transfers, and deposits into bank account(s) maintained by the district.

The district does not request or receive advance payments from TEA; however, in the event that the district does receive an advance payment from a federal granting agency, the district shall ensure that it expends the advanced funds in a timely manner. Excess funds may earn interest, which may require return to the federal granting agency if the interest meets the federal threshold. The Superintendent is responsible for accounting entries and bank reconciliations related to grant accounts payables, payments, and accounts receivables.

Procurement

The Superintendent is responsible for overseeing a system of procurement that:

1. Relies on documented procedures
2. Establishes standards of conduct and conflict of interest
3. Promotes transparency and competition
4. Adheres to the most rigorous procurement standards established in either state law or federal regulation.

Purchasing Procedures for Grant Funds

The Superintendent establishes general procedures to manage WISD purchasing practices and activities. The procedures ensure the conformity, rigor, and transparency of the district procurement process, and specify rules for purchasing within price thresholds and solicitation requirements, including quotes, bids and proposals.

The procedures specify and ensure that the most rigorous federal, state, or local purchasing regulations or procedures are followed (either EDGAR 2 CFR 200.200 Appendix II320, Texas Education Code §44.031, or local Board or district administrative policy), depending on the fund source and value of the goods or services being purchased.

WISD may not "stockpile" supplies and materials with grant funds. In this instance "stockpiling" means the purchase of supplies and materials in the last calendar quarter in a way that is disproportionate to the benefit that students receive from the amount of supplies and materials purchased with grant funds.

The Superintendent maintains the financial procedures on the WISD departmental website.

Conflict of Interest

Westhoff ISD ensures that its employees or agents adhere to standards of conduct that comply with state law and federal regulations. The Superintendent is responsible for developing a Standards of Conduct and Conflict of Interest form that complies with 2 CFR 200.318(c) and for ensuring that each employee, officer or agent signs the form. The signed forms are maintained in the personnel files in the Human Resources Department.

A conflict of interest would arise when an employee, officer, agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. In addition, no employee, officer, or agent of the district may solicit or accept gratuities, favors or anything of monetary value from contractors or parties to subcontractors. All employees shall comply with the Educators' Code of Ethics. Violators of the Code of Ethics shall be subject to disciplinary action, including but not limited to termination of employment with the district (2 CFR §200.318(c)(1)).

Specific to purchases made with grant funds, when a conflict arises the following forms shall be utilized, when appropriate:

- Conflict of Interest Disclosure Form - TEA Division of Grants Administration
- Mandatory Disclosure Form - TEA Division of Grants Administration.

The District shall reclassify fraudulent expenditures made with federal grant awards to local district funds (i.e. the General Fund). Refer to the Financial Procedures Manual for further information related to Conflicts of Interest.

Contract Development and Oversight

The district will perform a cost or price analysis in connection with every contract greater than \$150,000 and will negotiate profit as a separate element of the price for each contract above this threshold (2 CFR 200.323).

The district will take all affirmative steps necessary to ensure that minority-owned businesses, women-owned businesses, and labor surplus firms are used as contractors when possible (2 CFR 200.321).

In general, Westhoff ISD will use its contracts when engaging vendors for the delivery of goods or services.

The Superintendent works to ensure that the provisions and conditions of the contracts created by WISD are aligned with the EDGAR regulations in 2 CFR 200 Appendix II and other provisions required by the agency funding the grant from which the contract is issued.

Requirements specified in provisions of 2 CFR 200 Appendix II include:

- A. Contracts for more than \$150,000 must address administrative, contractual, or legal remedies where contractors violate or breach contract terms and provide for sanctions and penalties as appropriate;
- B. Contract for more than \$10,000 must address termination for cause and for convenience, including the manner by which this provision is effected and the basis for settlement;
- C. Equal employment opportunity;
- D. The Davis-Bacon Act;
- E. Work Hours and Safety Standards;
- F. Rights to Inventions;
- G. The Clean Air Act;
- H. Debarment and Suspension;
- I. The Byrd Anti-Lobbying Amendment.

WISD will avoid unnecessary or duplicative items through its purchasing process and will also consider how contracts can best be structured to obtain the most economical price for the district. The District, through the analysis or bid, quote, or proposal scoring process will take into consideration the potential awarding of contracts to responsible contractors with the ability to perform successfully the scope of work specified in the contract.

The Superintendent will maintain records of contracts awarded by the district (2 CFR 200.318). The records may be in paper or in the electronic format compatible with the district's financial system and will include, at minimum:

1. Rationale for the method of procurement used in to develop the contract;
2. The type of contract used and the solicitation used to acquire the contracted goods or services;
3. Scoring of the proposals, including the names of the members of the scoring committee and the scores given to each proposal;
4. The signed contract, with changes agreed to by the district and vendor;
5. The contract price and budget;
6. The purchase order for the contract;
7. Payments made to the contractor;
8. Documentation of contract amendments;
9. Documentation of vendor any disciplinary actions or sanctions;
10. Documentation of remedies associated with those actions or sanctions

Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion

WISD does not award a contract to a vendor which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal grant award programs.

The Superintendent will oversee the verification of the eligibility of each vendor with this certification requirement by requesting that the vendor execute a Certification Form before awarding a contract. A copy of the Certification Form is maintained with the contract and/or purchase order for audit purposes.

The Superintendent is responsible for monitoring ongoing contracts to verify the contractor's compliance with the debarment, suspension, ineligibility and voluntary exclusion provisions. In the event that a vendor is suspended or debarred during a contract, the district shall continue the contract in force until the contract lapses. The contract term shall not include any extensions to the original term of the contract.

Lobbying Certification

For all federal grants in excess of \$100,000, WISD certifies on the grant application that no federal grant funds are expended for the purpose of lobbying. The grants management and finance departments shall jointly execute a Lobbying Certification Form, as applicable, if the district used funds other than federal grant funds for lobbying activities. The Superintendent should ensure that all contract award documents with federal grant funds contain the appropriate lobbying certification language.

Procurement Thresholds

WISD follows the most restrictive purchasing requirements, either federal as specified in EDGAR or state, as specified in FASRG.

1. Unless otherwise stated in local Board or district administrative policy, purchases of goods or services with federal funds valued up to \$49,999 follow federal rules for micro- purchases, found in 2 CFR §200.320. These rules specify that price quotes are not required for purchases at this level.
 - a. Ascender's commodity code feature is utilized on all purchase orders as a means of tracking how much the district spends for each "like-type" item. Once the \$49,999 threshold is reached in a single "like-type", the district must begin using the small purchase procedures and receive a minimum of two quotes.
 - i. Note: Purchases from the regional service center do not require quotes as they are political subdivisions and considered to be an extension of the Texas Education Agency.

b. The district has elected to self-certify a threshold up to \$49,999 in accordance with Texas law (TEC 44.031). The Superintendent shall oversee the completion of the SelfCertification of Increased Micro-purchase Threshold Form on an annual basis within 30 days prior to the start of each fiscal year.

2. Purchases of goods or services with federal funds between \$50,000 and \$74,999 follow federal Small Purchase Procedures. Three quotes from qualified vendors are required prior to a purchase requisition being created. The quotes must be attached to the purchase requisition in Ascender Finance. A single purchase valued at \$74,999 or purchases from the same vendor totaling in the aggregate \$74,999 require competitive procurement. Single purchases valued at \$75,000 or more require competitive procurement and WISD Board of Education approval.

3. Purchases of goods or services between \$75,000 and \$250,000 follow state competitive purchasing requirements set forth in the Texas Education Code §44.031 and detailed in FASRG Purchasing Module, Module 3, Section 3.2.3, as well as the small purchase procedures. Purchases within these thresholds require Board consideration and approval if in excess of \$75,000. A Board agenda item is required and must be prepared according to timelines established by the Board's administrative assistant. Purchases within these thresholds must be made through a public solicitation with a formal Request for Proposal (RFP) or a Request for Qualifications (RFQ) or Competitive Bidding. Proposals or Qualifications received in response to an RFP or RFQ are to be scored by a committee and a scorecard aligned with the best value criteria established in the Texas Education Code and according to district purchasing procedures.

4. Purchases above \$250,001 require Board consideration and approval. A Board agenda item is required and must be prepared according to timelines established by the Board's administrative assistant. These purchases must be publicly solicited through RFPs or RFQs and adhere to the Texas Education Code §44.031 and the cost analysis criteria in EDGAR, 2 CFR 200.320 (c). However, while "best value" determinations can be used in applying requirements of the Texas Education Code to purchases between \$50,000 and \$250,000, according to the EDGAR requirements, procurements made above \$250,001 must be awarded to the vendor with the lowest bid or price. Proposals or Qualifications received in response to an RFP or RFQ are to be scored by a committee and a scorecard aligned with EDGAR 2 CFR 200.320 (c) established according to purchasing procedures.

Purchasing Approval with Federal Funds

The Superintendent approves all proposed purchases with federal grant funds before they are processed by the Financial Services Department. This approval is based on whether the proposed purchase is allowable, reasonable, and allocable to the grant fund proposed for the purchase. The "test" for any cost attributed to a grant is that it meets all three criteria.

Cost Principles

General Principles

The general principles of EDGAR state that:

- Costs must be reasonable and necessary
- Be allocable to Federal awards
- Be authorized or not prohibited under State or local laws or regulations
- Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items
- Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost
- Except as otherwise provided for in EDGAR, be determined in accordance with generally accepted accounting principles
- Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation
- Be the net of all applicable credits
- Be adequately documented

Allowable Costs

The Superintendent determines whether a cost is allowable through consideration of whether the item or service and its associated cost are necessary and reasonable for the purpose and performance of the grant (2 CFR 200.403). To be considered allowable, the cost must be adequately documented, which occurs when the purchase requester follows the district's purchasing procedures.

Reasonable Costs

The Superintendent determines whether a cost is reasonable considering whether the cost exceeds a comparative cost which would be incurred by a prudent person with state and local funds (2 CFR 200.404).

Allocable Costs

The Superintendent determines whether a cost is allocable to a federal grant if it is incurred specifically for the purpose and performance of the grant. In addition, the director will take into consideration whether it benefits the grant and other district functions and services funded with state and local funds, and whether the goods and services paid with the cost are assignable in part to the purpose and performance of the grant (2 CFR 200.405).

Obligation and Use of Funds

The Superintendent retains paper copies of WISD NOGAs for federal grants. The Superintendent will not authorize the expenditure of federal grant funds prior to the receipt of the Notice of Grant Award (NOGA) from the Texas Education Agency or other funding agency or independent organization.

WISD departments may negotiate contracts for goods or services but the contract may not be signed and work authorized by the contract may not begin prior to the date of receipt of the NOGA and shall end by the final day of the grant period specified in the NOGA.

The following list details timelines related to the obligation of federal grant funds. For the activities on this list, the obligation is made:

1. For acquisition of real property, on the date the district makes a binding written commitment to acquire the property
2. For personal services performed by a district employee, on the date on which the services are performed
3. For personal services performed by a contractor who is not a district employee, on the date on which the district makes a binding written commitment
4. For performance of work other than personal services, on the date on which the district makes a binding written commitment
5. For utility services, on the date on which the district receives the services
6. For rental or real or personal property on the date when the district uses the property
7. For approved pre grant award costs, on the first day of the contract period. (34 CFR 75.707)

Federally-Funded Positions

The Superintendent will establish roles, functions, and review pay scales for approved positions funded with federal grant funds. The Superintendent will approve the allowability, reasonableness and allocability of these positions prior to their posting or, for open postings. Once the allowability, reasonableness and allocability of the position has been approved, the Superintendent will establish the salary and fringe benefits according to local policy. These costs for the position, according to the application(s) funding the position, may be paid from a single grant, multiple grants, or a combination of grant and state and local funds. The allowability of a federally-funded position is determined by:

1. Its inclusion in the grant application
2. Whether the creation, approval, and appointment of staff to the position follows written WISD Human Resources policies and procedures
3. Whether the scope and salary is comparable to those of similar positions, as stated in district Human Resources policies and positions

Reasonableness of compensation for a federally-funded position is determined by comparing the salary and benefits of the position to other, non-federally funded positions in the district, or, if the position is new to the district, a comparison of the proposed salary and benefits to similar positions in the labor force. For assistance in determining reasonableness of compensation the Texas Association of School Boards periodically makes available salary studies to its member districts.

The allocability of a federally-funded position to a grant is determined by its inclusion in the approved grant application that funds the position. The amount or percent of a position's salary and benefits are allocable to a federal grant to the same extent that the portion or the total hours of that position are included in the grant application. The percentage of salary of a position paid with grant funds may not exceed the percentage of time that the position is funded with that grant.

Time and Effort

Westhoff ISD employees that are funded in whole or in part by at least one federal grant fund must report time and effort, or the time that they spend performing their various job functions, according to the EDGAR requirements detailed in 2 CFR 200.430(i) and to the requirements of the Texas Education Agency's Substitute Time and Effort Reporting System. Time and effort records should accurately reflect the work performed and that have been prepared under the organization's overall system of internal controls.

Federal funding of district positions is specified in the district's formula and discretionary federal grant applications. The Superintendent approves the funding for those positions and files the time and effort management certification form with the Texas Education Agency each year. The Superintendent maintains the district's time and effort system, including job descriptions, whether a position fulfills one or more than one cost objective, and the monthly or semi-annual reports filed by employees in federally-funded positions.

Federally-funded wage and salary budgets are not sufficient records for time and effort reporting. Employees whose positions are funded with federal funds report time and effort based on time worked through the substitute system, or personnel activity reports, as specified by Texas Education Agency rules.

WISD's time and effort system conforms to the specifications of EDGAR by:

1. Documenting that salaries and wages charged to a federal grant are based on records which accurately reflect the work performed
2. Supporting the documentation with a system of internal controls to ensure the accuracy, allowability, and allocability of the charges to the grant
3. Incorporating the documentation into the official financial and human resources records of the district
4. Encompassing all activities, both those charged to the federal grant and those charged to other sources of funds
5. Complying with district accounting policies and procedures
6. Supporting employee reporting of work on multiple cost objectives

Travel Authorization

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies. Notwithstanding the provisions of § 200.444, travel costs of officials covered by that section are allowable with the prior written approval of the Federal awarding agency or pass-through entity when they are specifically related to the Federal award.

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the non-Federal entity in its regular operations as the result of the non-Federal entity's written travel policy. In addition, if these costs are charged directly to the Federal award documentation must justify that:

- (1) Participation of the individual is necessary to the Federal award and
- (2) The costs are reasonable and consistent with non-Federal entity's established travel policy.

Per WISD Board Policy DEE(LOCAL), An employee shall be reimbursed for reasonable, allowable expenses incurred in carrying out District business only with the prior approval of the employee's supervisor and in accordance with administrative regulations. For any allowable expense incurred, the employee shall submit a statement, with receipts to the extent feasible, documenting actual expenses.

Property Standards

The Superintendent is responsible for ensuring that WISD safeguards all property (assets and inventory) purchased with federal grant funds under the same guidelines as property purchased with local funds. The district will purchase additional insurance for property purchased with federal grant funds if specifically required by a federal grant award. The Superintendent oversees the acquisition of insurance for all federally funded property.

WISD does not use federal grant funds to purchase real property. WISD may use federal grant funds to purchase equipment and supplies. However, the district does not use federal grant funds to purchase intangible property. The federally-funded equipment is to be used only for the authorized purposes and is to be disposed of at the end of the useful life or end of the grant period, in accordance with the grant award guidelines.

WISD does not use federally-funded equipment to generate program income. The federally-funded supplies are to be used only for the authorized purposes. Any residual (unused) supplies, in excess of \$5,000 in total aggregate value, at the end of the grant program or project may be used for any other federal grant program. Otherwise, the supplies shall be retained by the district or sold, but must reimburse the granting agency for the district use or sale of the supplies. The district shall implement purchasing deadlines for the purchase of federally-funded supplies to ensure that residual supplies are not available at the end of the grant period or project. The purchasing deadlines are posted at www.westhoffisd.org.

Capitalization Policy

The district uses the same capitalization policy for non-grant and grant-funded asset purchases. The district's capitalization threshold for assets is \$5000.00 per unit cost. The district has adopted the EDGAR (2 CFR 200.12) definitions of property.

Acquisition Cost

The district has adopted the EDGAR definition (2 CFR 200.2) of Acquisition costs

Identifying and Tracking Federally-Funded Assets

Title to federally funded equipment and supply purchases is retained by the district, unless otherwise notified by the granting agency. As district property, the district affixes a tag, inventory, and dispose of all assets (non-grant and grant-funded) according to the district's fixed asset procedures.

Maintaining Asset Inventory & Records

All federally-funded assets are to be maintained in an operable state. If repairs are necessary, the district may pay for the repairs of the federally-funded assets with federal grant funds, unless expressly restricted by the granting agency.

Federal requirements 2 CFR 200.313 requires an inventory of equipment at least once every 2 years. The district fixed asset procedures require an annual inventory (or more frequently if required by a granting agency) of all assets and reconciliation of the inventory reports. The district's annual inventory of capital assets is overseen by the Superintendent. Lost, damaged, or stolen assets shall be recorded on the fixed assets database with the date of the loss. The disposition records such as the loss report (police report for thefts) shall be maintained with the asset records.

In addition, the district tracks all grant-funded asset purchases by grant, or fund code, as appropriate. The disposal of grant-funded assets shall be in accordance with federal guidelines and grant-specific guidelines, if any. At a

minimum, the disposition date, reason and sale price of all federally-funded assets shall be recorded in the fixed assets database.

During the life of the asset, the district ensures that all assets purchased with federal grant funds are insured against loss. The costs to insure and maintain (repair) assets purchased with federal grant funds are generally allowable costs, unless specifically prohibited by a granting agency.

The Superintendent oversees the maintenance of the capital fixed asset database of all district assets over \$5,000 per unit, including all federally-funded assets.

State Programs – Program Allocations

State Program Allocations are estimated and paid to school districts through the state Foundation School Program by the Texas Education Agency (TEA). Rules governing the use and expenditures of these funds are provided in TEA's Financial Accountability System Resource Guide (FASRG), Modules 1 and 9.

A percentage of each state allotment must be spent on "direct" expenditures for the given special program. The current percentages and program intent code (PIC) are noted below by program:

1. Special Education 52% PIC 23
2. Career & Technical Education 58% PIC 22
3. Gifted & Talented Education 55% PIC 21
4. State Compensatory Education (SCE) 52% PIC 24-30 (except 25& 27)
5. Bilingual/ESL Education 52% PIC 25

During the budget process, the estimated state allotment is calculated based on the Summary of Finance template which is accessible through the ESC Region 13 website.

The Superintendent is responsible for programmatic compliance in all respective program(s). Programmatic compliance shall include, but is not limited to: program eligibility, program design, instructional delivery, entry/exit procedures, professional development and certification.

The Superintendent is responsible for the financial spending compliance in each of these special programs. Financial compliance shall include, but is not limited to: budgeting development & monitoring, approval of expenditures, financial reporting to TEA, financial audit and compliance reporting.

As part of the budget adoption process, the Superintendent verifies that the proposed budget for each of the allocation and Program Intent Codes listed above includes appropriations of no less than the percentages stated above as required direct expenditures for each special program. [If the District does not budget for compliance, it may not spend to compliance.]

Throughout the fiscal year and at the end of the fiscal year, the Superintendent shall calculate the periodic and final spend percentages for each special program allocation. These calculations are used to determine compliance. In the event that direct program expenditures fall below the mandated percentages, the Superintendent will ensure that the deficit amount is corrected.