



## PROCEDURES WITH RULES AND REGULATIONS FOR DISTRICT PURCHASING POLICIES

The Purchasing Department (Purchasing) is responsible for the processing of purchases of the Fort Smith School District (the District) that utilize the requisition (REQ) and purchase order (PO) system in the accounting software known as "eFinancePlus" (eF+). The Arkansas Department of Education (ADE or "the state") develops rules and regulations of procurement for all school districts to follow.

These procedures utilize a personal style, with emphasis on "your" purchase. You, the reader of these procedures could be the original "requester", such as a teacher or administrator. As the requester, you may need to work with your school or department's Financial Office Administrative Assistant (FOAA) to initiate and complete the REQ. As the requester and/or the FOAA, we ask that you take full responsibility for obtaining proper input and approval from Purchasing, as well as coding the purchases correctly. The term "purchase" refers to a REQ and not a PO.

Throughout this procedure, you will see terms such as bid, quote, and proposal with the intent to convey the same process. That process is the solicitation of pricing for purchases from multiple vendors.

### **SECTION 7.5 – PURCHASING AND PROCUREMENT**

#### **Term – Policy Definition; User-friendly Definition**

**Commodity** – *Supplies, goods, material, equipment, computers, software, machinery, facilities, personal property, and services other than personal & professional services, purchased on behalf of the District.* A commodity is a tangible product that you can buy like a chair or a computer.

**Professional Service** – *Legal, financial advisory, architectural, engineering, construction management, and land surveying professional consultant services.*

Per ADE, a professional service is restricted to these six listed services. Therefore, the special rules for professional services only apply to these specific six listed services. Services not listed as a professional service are simply a "service". For example, educational consulting is not a "professional service" for procurement purposes by ADE.

**Micro-purchase** – *Any purchase less than ten thousand dollars (\$10,000) when purchased with federal funds or any purchase less than the state bid threshold for purchases for the District's Child Nutrition programs when purchased with federal funds.*

The Child Nutrition Department will monitor Fund 8000 purchases. All purchases utilizing a federal fund as a source of funds (funds starting with six (6) such as Fund 6501 Title I) need to realize the threshold of \$10,000 requires extra work and documentation to make the purchase.

**Specification** (also known as "requirement" or abbreviated to "spec") – *A technical or other description of the physical and/or functional characteristics of a commodity.*



Created and Released on 9/9/2024

In a gross simplification, you need to know the specs before you start the purchasing process or run the risk of purchasing the wrong item.

## Other Terms

Though not defined in policy, these other terms and definitions will help you start and finish your purchase.

Term	Definition
<b>Cooperative Contract</b>	Cooperative entities (such as TIPS/OMNIA/Sourcewell) are agreements/contracts that are pre-existing and negotiated between the cooperative entity and business/vendor providers.
<b>Arkansas State Contracts</b>	A set of pre-negotiated contracts through the Arkansas Department of Transformation & Shared Services. Similar to a cooperative entity but through the state of Arkansas.
<b>Small Purchases</b>	Federal procurement purchases from \$10,000 to \$249,999 require the requester to get price quotations from at least two qualified sources, per federal regulations.
<b>Split Procurement or Purchase</b>	This is not allowed. This is the intentional breaking down of a known requirement to stay under set purchasing policy dollar thresholds.
<b>State Purchasing Threshold</b>	Amount designated annually by the state of Arkansas that gives us our dollar threshold for bidding requirements on the open market. When ADE updates this amount, we update our procedures.
<b>Sole Source</b>	A purchase where there is only one vendor capable of providing an item or service, and therefore it is not possible to obtain competitive bids. <b>We created a new form to use when circumstances dictate the purchase comes from a sole source (without the required competitive bid).</b>
	Example: Renewing the District's Frontline Absence Management software.
<b>RFP</b>	Request for Proposal – An official solicitation for vendors/companies to bid our purchases. An RFP must have a public notification piece per FSPS website and run in local paper minimum of two weeks (typically two Sundays in classified ads).
	Example: The District issues an RFP every three years to secure an auditor.
<b>RFQ</b>	Request for Qualifications – A request used for professional services to get potential candidates to submit a brief summary of their qualifications to complete our District's scope of professional services requirement.
	Example: The District periodically issues an RFQ to find qualified architects to use.

## THE IMPACT OF THE SOURCE OF FUNDS UTILIZED

Once you begin the purchasing process of any commodity or service, the first step is to understand and identify the source of funds we will call the "color of money" that you will be utilizing for this purchase.



Created and Released on 9/9/2024

The three most common colors of monies utilized in our district are:

Source of Funds	Color	Justification
Federal Funds	Red	We use red to remind us it is very restrictive.
Operating Funds	Yellow	We will use yellow so you will use some caution. This applies to any source of funds that starts with a two (2), including state categorical funds (that may have some restrictions).
Activity Funds	Green	Although not without some restrictions, we will use the color of green for our Activity Funds that start with a seven (7) in the fund number.

Once you have identified the color of money (a.k.a. the source of funds) you will use, then you must review the procedures and applicable thresholds listed below:

### **Federal Purchases (Fund 6xxx)**

Term	Dollar Threshold	Solution
Micro-Purchase	< \$10,000	No competitive bid required, but requesters should consider the merit of getting quotes to ensure you are getting good value and saving budget money.
Small Purchase	\$10,000 to \$249,999	Federal regulations require price quotations of at least two qualified sources.
Purchase	>\$250,000	Requires formal bidding procedures with sealed bids, competitive proposals or sole source justification documentation.

### **Operating and Activity Fund Purchases (Funds 2xxx and 7xxx)**

Dollar Threshold	Solution
< \$10,000	No competitive bid required, but requesters should consider the merit of getting quotes to ensure you are getting good value and saving budget money.
\$10,000 to \$25,700	No competitive bid required, but the SoP must be involved to provide a "narrative" of the purchase. The Superintendent, the Deputy Superintendent, and/or the CFO monitors and/or approves all purchases over \$10,000. These offices rely on the input from the SoP before approving these REQs.
\$25,700 to \$75,000	The state requires price quotations of at least two qualified sources.
>\$75,000	The state requires invitations to bid (RFP), a public opening, and a bid evaluation process.

These tables are oversimplified summaries of the procedures used at various dollar thresholds. It is important to look more closely at the specific procedures listed in the next section.



## **SPECIFIC PROCEDURES FOR EACH DOLLAR THRESHOLD**

### **< \$10,000**

**Federal** and non-federal purchases under \$10,000 do not require competitive bids by the District. However, this is still a “best practice” to consider. If you reach out to the SoP, working together, you both may find a better deal and save some money for your budget and the District. There is no money in it for you, but being a good steward of public funds is so rewarding.

### **\$10,000 to \$25,700**

The current state purchases threshold is **\$25,700 for 2024-2025**.

Although non-federal purchases at or over \$10,000 but below \$25,700 do not require competitive bidding, the District expects input and oversight from the SoP. The Superintendent, the Deputy Superintendent, and/or the CFO monitors and/or approves REQs over \$10,000. With support of these three offices, the need for a competitive bid may be recommend by the SoP on occasion.

**Federal** purchases at or over \$10,000 but below \$25,700 require bids from at least two qualified sources.

### **>\$25,700 and <\$75,000**

**Federal** and non-federal purchases from \$25,700 to \$74,999 require bids from at least two qualified sources. More than two bids is preferred. In rarer times, the documentation of your effort to get price solicitations qualifies as an acceptable “bid”.

### **>=\$75,000**

Non-federal purchases at or over \$75,000 require invitations to bid (RFP), public opening, and bid evaluation process. Requestors must reach out to the SoP to initiate this process.

**Federal** purchases at or over \$75,000 but less than \$250,000 still only require bids from at least two qualified sources. However, once federal purchases are \$250,000 or more, the purchases now require invitations to bid (RFP), public opening, and bid evaluation process. Requestors must reach out to the SoP to initiate this process.



## **MISCELLANEOUS PURCHASING CONCEPTS**

### **Sole Source Purchases**

District policy requires formal competitive bidding for transactions/purchases that meet the threshold discussed above. One specific exception to District purchasing procedures and bidding is the sole source purchase listed in the Exceptional Exceptions section.

To maximize the goal of good stewardship and transparency, it is imperative that the purchasing function of the District is open to all qualified suppliers and that the process does not impair or discourage competition. Thus, competitive bidding is always the preferred method of making a purchase.

The SoP has the responsibility and the necessary authorization to determine the most cost-effective method of source selection and may determine that a purchase should be competitively bid. The District must work diligently to avoid the use of sole source procurement. You should undertake reasonable research to determine if multiple suppliers exist before making a sole source purchase.

The District has created a new form to better document the use of a sole source vendor. This new form and this new way of thinking will add a level of accountability to our procurement files – fully prepared for our many audits and any other public scrutiny.

### **Cooperative and State Contracts**

Cooperative contracts and the Arkansas state contract may be utilized for purchases, but should not be used just for convenience. You should reach out to the SoP to determine whether a particular Cooperative or Arkansas state contract provides the best value. In not, the District can issue its own solicitation.

### **Exceptional Exceptions**

You may purchase the following commodities and services without soliciting bids if the SoP determines in writing that it is not practicable to use another vendor for a designated commodity or service, and the purchase order is supported with written documentation:

- a. Commodities in instances of an unforeseen and unavoidable emergency (i.e. – fire)
- b. Commodities available only from the federal government
- c. Utility Services (i.e. – OG&E/AOG/Cox)
- d. Used equipment and machinery (greater than two years old)
- e. Commodities available only from a single source (an uncommon occurrence)



Created and Released on 9/9/2024

## **Professional Services**

The District does not typically use a bidding process when procuring professional services. These are specialized industries and work almost exclusively with the Facilities Department of the District. For your information, when the District needs to procure professional services, the District will:

- a. Request information and/or qualifications from interested providers (RFQ)
- b. Determine the most qualified firm by considering, at a minimum, the:
  - i. Specialized experience and technical competence of the firm with respect to the type of professional service required; and
  - ii. Capacity & capability of the firm to perform the work in question, including specialized services, within the time limitations fixed for the completion of the project; and
  - iii. Past record of performance of the firm with respect to such factors as control of costs, quality of work, and ability to meet schedules and deadlines; and
  - iv. Firm's proximity to and familiarity with the area in which the project is located.
- c. Negotiate a contract for the project with the most qualified firm.

### **Executive Summary**

We want every employee to follow all the federal, state and District procurement rules and regulations. While we listed some of the various District, state, and federal procedures, you have one option available to you to ensure a purchase is done correctly and it is summarized in these six words:

**Call Craig Tecmire, Supervisor of Purchasing**