



**Purchasing/Payment
Policies, Procedures & Regulations
Manual**

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FOREWORD

This Purchasing/Payment Manual reflects the official administrative regulations for purchasing and payments in the Hitchcock Independent School District. It is essential that district employees involved in the expenditures and accounting of public monies be fully aware of their responsibilities and limitations.

While this manual does not encompass every detail of all regulations, practices, and statutes governing purchasing and payment, it does provide the basic principles of sound procurement practices. Reference to this manual will aid district personnel in the discharge of their duties involving the control and management of the district's assets.

INTRODUCTION

PURPOSE OF MANUAL

The primary purpose of this manual is to assist all personnel engaged in the purchasing function to attain a high degree of proficiency and knowledge of District policies and procedures.

This manual contains instructions and examples regarding basic policies and procedures for employees to use as a reference during the school year. Periodic review of this manual and compliance with District policy and procedures will greatly reduce any problems or procedural violations in carrying out the purchasing function and allow orders to be processed and filled in a timely manner.

RESPONSIBILITIES FOR PURCHASE

By design of the Board of Trustees, the Finance Director is responsible for monitoring and controlling the purchasing commitments of the District and ensuring that all such commitments are drawn on a properly completed and approved purchase order form with support and documentation attached as required by the Texas Education Agency.

RESPONSIBILITY FOR DEBTS

The Board of Trustees shall assume responsibility for debts incurred in the name of Hitchcock Independent School District so long as those debts are for purchases made in accordance with adopted Board Policy and current administrative procedures regarding purchasing and expending. 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. Unauthorized purchases are those purchases made without an approved purchase order.

All regular creditors of the District shall be notified that purchase commitments made without properly completed purchase orders and not by the Superintendent and/or Finance Director or designee shall not be honored by the District.

FINANCIAL ACCOUNTING

Hitchcock ISD's accounting system is in accordance with the Texas Education Agency's Financial Accounting Manual for Budgeting, Accounting, and Auditing in Texas Public Schools, Financial Accountability System Resource Guide (FASRG) and Federal EDGAR policies and regulations.

PURCHASING OVERVIEW

A major management process supporting financial accountability in Texas public school is the purchasing function. Purchasing has several links to overall accountability initiatives, which include the following:

- The overall mission of purchasing is to use available fiscal resources to obtain the maximum product or service for the resources expended.
- Purchasing supports instructional delivery, administration and other services. Performance and goal achievement throughout the school district depend on its effectiveness.
- The purchasing process influences day-to-day financial functions including budget management, accounting and accurate financial reporting.

Purchasing in the **public sector environment** presents numerous challenges including:

- ***The requirement to comply with numerous statutes, policies, legal interpretations, and procedures.*** The complexity of these requirements demands not only knowledge of purchasing laws and standards but compliance in implementing a purchasing system that also meets user needs.
- ***The dynamic and diverse nature of the public education organization environment.*** School Districts are complex organizations with diverse function. Although instruction is the heart of the organization, numerous other services – ranging from custodial services to nutrition services to tax collection – support the overall educational mission. These distinct organizational units require a procurement process that is responsive to their needs.
- ***The competition among vendors for school district business.*** The strong competition among vendors for school business may create pressure on school district personnel for product selection, bid awards, and dispute resolution. Most school districts seek to foster both good vendor relations and strong competition but balance them with objective purchasing decisions.
- ***The consistent oversight by interest groups.*** Diverse groups including those from the public, the media, state and federal agencies, and auditors scrutinize school district purchasing. Strict adherence to established guidelines and consistency in record keeping, documentation and execution of procedures assists the school district in withstanding this scrutiny.
- ***The many “gray” areas relating to purchasing methods and procedures.*** Complex and diverse needs create challenges for districts to determine the appropriate purchasing methods. Ever-changing legislative, executive and judicial decisions at both the state and federal levels further complicate the procurement process.

METHODS OF PURCHASING

There are several ways in which to obtain supplies/equipment/services at Hitchcock Independent School District:

1. Regular Purchase Order (Computerized or Manual)
2. Warehouse Purchase Order
3. Local Purchase Order
4. Credit Card Purchase
5. On-Line Purchasing

Each way is explained in detail below:

REGULAR PURCHASE ORDERS

HISD Board Policy CH (Local) under *Purchase Commitments* states “All purchase commitments shall be made by the Superintendent or designee in accordance with administrative procedures, including the District’s purchasing procedures.” A regular purchase order is used when supplies are not available from the Central Warehouse. Within HISD, a PURCHASE ORDER is required. Purchase orders must be obtained and approved before the order is placed. The Hitchcock ISD will not pay for purchases (any commitment of District dollars) made unless a purchase order was issued first. No confirmation (after the fact) purchase orders will be allowed.

Purchase Orders are among the most commonly utilized methods for procuring goods and services within the CISD. AS its name implies, this document serves as a formal order (contract offer) for goods, materials, and/or services from a vendor. A PO, after the final approval process, is a binding commitment for a district to remit payment to the vendor after the district receives the items.

A PO is also an important accounting document. It must contain information on the expenditure to be made and the account code to be charged. Once issued, the PO encumbers funds, which serves as an expenditure control mechanism. Finally, the PO is utilized in the accounts payable process as it documents that an order has been placed and is acceptable by the user. The receiving process is a very important process. With current law, failure to show that the item(s) is/are received could delay payment. If payment is delayed beyond 30 days after receiving purchased item(s), HISD could be subject to a late payment fee of 1.5% to the vendor.

Until a PO received final authorization/approval, it is a purchase requisition. Those individuals having proper authority should initiate requisitions. Each Principal or Department Director is responsible for approving their organization’s purchases. After this approval, the requisition is routed through the Business Office for final approval. Phoning in to a vendor a requisition number in lieu of a PO number prior to final approval, or faxing a “print screen” of the entered requisition or any other unauthorized document(s) is a violation of these administrative regulations.

WAREHOUSE PURCHASE ORDERS (General/Office Supplies)

The Warehouse stocks a variety of office supplies, paper, classroom supplies, and maintenance parts. All of these are requisitioned via a manual purchase order.

- Please review the warehouse catalogue for available merchandise before submitting a requisition for the same items from an outside vendor.
- If you anticipate a large volume purchase, advance notice is appreciated to ensure that there is adequate supply on hand for your need as well as other's needs.

LOCAL PURCHASE ORDERS

A local purchase order request should be used only in emergencies and is approved by the administrator or principal for items not available through the Warehouse. Local purchase orders cannot exceed \$500, and supplies must be purchased locally and billed to Hitchcock ISD. Examples of local purchase order usage are culinary supplies, maintenance supplies/materials, auto tech supplies, office supplies not available through the Warehouse (small purchases), etc. Most common local vendors include Sam's Club, Wal-Mart, Lowe's, O'Reilly Auto Parts, and Galco Hardware.

- Employees must make a request to their supervisor for Local Purchase Orders.
- Principal/Director will approve/disapprove local purchase order request.
- Local Purchase Order will be completed by the campus/department secretary and signed by the Principal/Director. The purchase order form is directed to the Business Office Accounts Payable/Purchasing Coordinator for the Finance Director's approval.
- After all approvals, the purchase order will be assigned a purchase order number and an approved copy will be returned to the campus/department secretary.
- When purchasing supplies with the purchase order, employee should take a copy of the purchase order to give to the local vendor.
- After supplies are purchased, employee must sign the original receipt and deliver to the Business Office Accounts Payable/Purchasing Coordinator for payment issuance.

CREDIT CARD PURCHASES

Hitchcock ISD has charge accounts with Wal-Mart, Home Depot, Lowe's Sam's Club, and Hobby Lobby. When credit cards for these vendors are issued to a campus/department for use, they are assigned specifically for that location. Under no circumstances is the card to be loaned or used for personal purposes. The card is to be returned immediately by the user to the school after use. Any lost/stolen credit card(s) should be reported immediately to the District's Finance Director. Credit cards are not to be used by outside organizations. Hitchcock ISD has a "Direct Buy" charge account with Sam's Club. This card is issued under certain individual names at each campus/department and the cost is \$15.00 renewed annually. Currently the District allows each campus/department to have 1 card maximum. The assigned card may only be used by the individual it is assigned to. Any violations of use may result in disciplinary action by the Superintendent. **HISD requires a purchase order be issued prior to any purchase being made**

with a credit card. This applies even if the vendor does not require a purchase order. Employees should turn in the cash register charge slip when returning the credit card.

ON-LINE PURCHASING

Hitchcock ISD has an on-line ordering account with Amazon.com. HISD requires a purchase order be issued prior to any purchases and purchases may only be submitted by the Accounts Payable/Purchasing Coordinator.

GENERAL PURCHASING PROCEDURES

The function of the Hitchcock Independent School District Business Office is to organize the procurement and purchasing for the District in accordance with the responsibility and authority delegated by the Superintendent of Schools and the Board of Trustees.

As a support organization of the District charged with the responsibility of acquiring goods and services requested by Instructional and Administrative Departments, the Business Office will function in a manner consistent with local, state, and federal statutes and sound business practices.

The Business Office is responsible for the expenditure of District Funds in such a manner that all transactions will pass numerous audits with respect to state, federal, and district procurement and purchasing regulations.

Acquisition of requested goods and services shall be made only by the issuance of an official numbered District purchase order, verified and signed by the Finance Director.

Effective purchasing is a cooperative venture between the Business Office and other departments within the District. The level of service rendered by the Business Office personnel will be improved by a thorough understanding of the procedures listed in this manual.

Situations will undoubtedly arise which are not fully covered by these procedures. The Finance Director is available to discuss any special procurement procedure that serves the best interest of the District and the department concerned.

The purchasing procedures contained in this document are intended to comply with local, state, and federal statutes and ordinances. In the event of conflict, the appropriate statute or ordinance shall prevail.

The Hitchcock Independent School District does not discriminate against individuals or companies with respect to race, religion, color, sex, handicap, or national origin in the awarding of bids.

Any commitment to acquire goods or services in the name of the Hitchcock Independent School District for personal use or ownership is prohibited. Any individual making such a commitment may be subject to prosecution under the Texas Penal Code.

REQUISITIONS

AUTHORITY

Principals/Directors must certify that all lawful and procedural purchasing requirements have been met prior to a requisition being entered in the TxEIS system. All requests shall be entered by trained personnel. Only Principals/Directors are authorized to approve requisitions. Once approved by the Principals/Directors, the requisition is reviewed and approved by the Finance Director. If approved, the requisition will be converted to a purchase order. Funds are then encumbered and the purchase order is printed and processed.

REQUISITION REQUIREMENTS

A requisition must be clear and written accurately and include all required information including:

- Company name and address
- Date
- Shipping instructions
- F.O.B. point/destination – Give exact address
- Quantity and unit of items(s)
- Description of goods or services ordered
- Unit Price
- Discounts, if applicable
- Price extensions and correct totals
- Freight and/or delivery charges, if applicable
- Vendor contract number, if applicable
- Price or bid procurement information (3 quotes)
- Notification if “Prepayment” is required

Each purchase order must also contain vendor instructions. The following vendor instructions will appear on all Hitchcock ISD purchase orders:

- Under no circumstances is the amount of the purchase order to be exceeded without prior authorization.
- Hitchcock ISD purchase order must appear on all invoices, delivery slips, bills of lading, packages, and correspondence.
- All communication concerning order issues shall be addressed to the Business Office.

DISTRIBUTION OF PURCHASE ORDER COPIES

Distribution of approved and processed purchase order copies is as follows:

- Vendor – via facsimile or e-mail
- Shipping/Receiving Supervisor
- Campus/Department Secretary

REQUISITION CUTOFF

The cut-off date for submitting requisitions for supplies/materials for the current school year is May 1. Any exceptions must receive prior approval from the Superintendent and/or Finance Director.

The cut-off date for submitting requisitions for contracted services/travel for the current school year is August 14. Any exceptions must receive prior approval from the Superintendent and/or Finance Director.

CONDITIONS OF PURCHASE

VALIDATION

A purchase order is valid only when the following two conditions have been met:

- A purchase order number appears in the space provided.
- Written signature of the Finance Director appears in the space provided if not a computerized purchase order.

AUTHORIZATION

Hitchcock ISD will not be responsible for articles delivered and/or services performed without an approved purchase order.

ARTICLES OF SERVICE

Articles to be delivered and/or services to be performed shall be in accordance with the terms, prices, delivery time, specifications and conditions recorded on the bid proposal and as itemized on this order. No substitution of articles or change in price of any nature shall be made without prior approval from the Business Office.

TRANSPORTATION

All shipments are to be made "F.O.B. Destination, Freight Prepaid" unless otherwise specified on vendor's bid proposal and on the purchase order. When articles are sold "F.O.B. Point of Origin" and the District's purchase order so confirms, please prepay shipping charges and record prepaid charges as a separate item on the invoice. It is understood that title of the merchandise appearing on the order will not pass until merchandise is accepted at the delivery destination.

INSPECTION, REJECTION AND EXCESS SHIPMENTS

In addition to other rights provided by law, the District reserves the right to:

- Inspect articles delivered and to return those which do not meet specifications or reasonable standards of quality.
- Reject articles shipped contrary to instruction or in containers which do not meet recognized standards.
- Cancel the order if not filled within the time specified.

The District may return rejected articles or excess shipment on this order, or may hold the articles subject to the vendor's order and at the vendor's risk and may in either event charge the vendor with the cost of shipping, unpacking, inspecting, repackaging, re-shipping, and other like expenses.