

Farmington

AREA PUBLIC SCHOOLS



Independent School District 192

Procurement and Purchasing Procedure Manual

October 15, 2015

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INTRODUCTION

The Business Office is responsible for overseeing the procuring of supplies, equipment, and services necessary to provide a quality instructional program for students and staff.

This reference manual has been developed so that all staff members are aware of the procedures that will allow them to purchase:

- Appropriate items
- At the most cost effective price,
- While adhering to all legal and internal control requirements.

METHODS OF PROCUREMENT

Methods available to the District staff to purchase goods and services generally fall into three categories:

Purchase of Goods and Services: To procure goods or outside services not provided by staff, the site or department should submit a Skyward purchase requisition. The direct supervisor reviews and approves the requisitions and then the business office submits the final Purchase Order (PO).

P-Card Purchases: The use of a District Credit Card to make purchases.

Direct Purchases: In very limited circumstances staff may need to make purchases directly. Reimbursement for direct purchases is completed through Accounts Payable.

Note: If a purchase is in direct conflict with the policies or procedures of Farmington Area School, the expenditure will be disallowed.

PURCHASES OF GOODS AND SERVICES

The following provides ordering procedures for the purchase of goods or services.

- Complete a Skyward purchase requisition for the goods or service needed.
- Identify account code to be charged.
- Attach creator notes and attach any supporting documentation.
- The building principal and other authorizing personnel review the requisition, approve, and submit the Purchase Order to the vendor. The Business Office will review the vendor, all items, and quantities on the purchase requisition with the principal, administrator or other manager prior to final requisition approval.

Business Office Procedures

- The Business Office reviews purchase requisitions for accuracy and verifies vendor and pricing information prior to approving the requisition.
- All order requests greater than \$3,000 must have 3 quotes attached. All Purchase Orders over \$100,000 must be approved by the School Board.
Splitting requisitions in any manner so as to avoid School Board approval is not allowed.
- Once approved, the Purchase Order is forwarded to the vendor by the method that will assure that the ordered goods or services are delivered when needed.
- The use of a Purchase Order or P-Card is required for all services and materials. The District is **not** obligated to pay for anything that has been ordered without a Purchase Order or by use of a P-Card.

P-CARD PURCHASES

The District participates in a Purchase Card (P-Card) Program. The P-Card works like a credit card and is a simplified and cost effective method of purchasing and remitting payment for approved expenditures. The P-Card can be used for purchases in person, by mail, telephone, fax, or internet.

The P-Card is to be used in accordance with the procedures established within this manual as well as the P-Card Procedure Manual. Before receiving a P-Card, the manager and the Finance Director must approve the employee's request. The P-Card will only be issued to an employee when it is more convenient for the District to account for the type of purchases the employee is expected to make.

The employee will receive training and procedures before receiving their P-Card and it may be revoked for misuse at any time.

Itemized receipts will need to be collected for all purchases made with the P-Card. If itemized receipts are not provided, the purchase will need to be reimbursed to the district by the holder of the P-Card.

Note: If a purchase is in direct conflict with the policies or procedures of Farmington Area School, the expenditure will be disallowed.

DIRECT PURCHASES

If it is absolutely necessary for an employee to make a purchase from their personal funds, for whatever reason, the District is not obligated to reimburse the employee. The only document that legally commits the District to pay for purchases is a properly approved Purchase Order issued by the Business Office or an executed contract by the

School Board, Superintendent, or Business Office. Therefore, an employee making a purchase from his/her own funds takes the risk that they will not be reimbursed for the purchase.

If an employee feels it is necessary to make a purchase for the District, and then be reimbursed, the following procedures apply:

- All purchases must be pre-approved by the employee's supervisor. The supervisor is responsible for assuring that adequate funds are available for the purchase.
- All expenditures must be supported by appropriate back-up (original receipt). Photocopies or faxed receipt copies are not acceptable forms of back-up.
- Itemized receipts are required.
- Sales tax will not be reimbursed.
- The District reserves the right to not reimburse an employee for a District related expense, even if appropriate back-up is presented.
- Approved direct purchase reimbursements will be made paid through Accounts Payable.
- The purchase for goods and/or services must be less than \$200.
- Gifts and flowers will not be reimbursed.
- Gift cards are only acceptable with an itemized receipt of acceptable purchases.

INVENTORY PROCEDURE

For any equipment or supply that costs over \$5000, a property record will be kept with the following information:

- Description of Property
- Serial Number or other Identification number
- The source of funding for the property (including the FAIN)
- Who holds the title
- The acquisition date and cost of the property
- Percentage of federal participation in the project costs for the federal award under which the property was acquired
- The location
- Use and condition of the property
- Any ultimate disposition data, including the date of disposal and sale price of the property

****** For federal programs** – all purchases over \$500 or sensitive items need to follow this inventory procedure.

DISPOSING OF EQUIPMENT

State laws governs the disposal of equipment and other property that has been purchased by government entities, and dictate the method of disposal of items that

have been determined by the State to be hazardous waste. Please also refer to District policy 802 "Disposition of Obsolete Equipment and Material."

Even if a site determines an item is of no use, do not throw it in the dumpster. State law requires that all real and personal property determined by the District to be surplus property be sold at a properly advertised auction to the highest bidder.

Computers, TVs, and other electronic equipment may contain parts which are considered hazardous. Under no circumstances may these items be disposed of by placing them in the dumpster.

The following steps are recommended for the disposal of obsolete books:

1. Determine that books are no longer needed in the school.
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3. The textbooks inventories should be by title, ISBN number, copyright date and quantity. Request for Quotation will be made to companies that buy used textbooks. Vendors then examine the books, make an offer, and transport the books they purchase.
4. Offer to donate obsolete books of minimal value to the Dakota County Library.
5. Take unsold books to recycling center or donate to non profit group with superintendent approval.
6. All obsolete, damaged, and unused textbooks in each building are to be sold or disposed of on an annual basis.

Farmington School District's Purchasing Guidelines The following general guidelines have been established in regards to purchasing within the Farmington Area School District.

- If the estimated price is to exceed \$100,000 sealed bids shall be solicited by public notice in the manner and subject to the laws governing contracts. You need at least three (3) bids.
- If the price is estimated between \$3,000 and \$100,000 the individual is responsible for obtaining at least (3) quotations. These purchases must go through the Business Office.
- All quotations must be kept on file in the Business Office for a period of one year from their receipt per MN State Statute.

These guidelines were established not only to comply with the legal requirements of the State of Minnesota, but also to assist us in making sure that we get the best value available for every dollar we spend.

Conflict of Interest-

1. Identify any potential or actual organizational conflicts of interest as early in the acquisition process as possible. Early detection of a potential or actual conflict will reduce the possibility of delays and disruptions to the acquisition process.

2. If an organizational conflict of interest is suspected, disclosed or discovered, the purchasing official must immediately notify the Business Office.
3. In cases where an organizational conflict of interest is suspected, disclosed, or discovered, the district will notify the vendor of the facts known by the district regarding the actual or potential organizational conflict, and allow the vendor a reasonable opportunity to respond. Based on a review of the response and other relevant facts, the Business Office, may pursue any one or combination of the following actions as appropriate:
 - A. Disqualify the vendor from eligibility for award;
 - B. Terminate the contract, if the organizational conflict of interest is determined to exist after an award has been made;
 - C. Disqualify the vendor from subsequent District contracts if it is determined that the vendor improperly failed to disclose a known organizational conflict of interest or misrepresented information regarding such a conflict;
 - D. Take action to mitigate or neutralize the potential or actual organizational conflict of interest. Such steps may include: revising the statement of work so that the conflict is mitigated; allowing the vendors to propose the exclusion of task areas that create a conflict, if appropriate; asking the vendor to submit an organizational conflict of interest avoidance or mitigation plan; or making all information available to all vendors in order to level the playing field; **Note: These examples of methods to mitigate or neutralize an organizational conflict of interest stress the importance of early identification.**
 - E. Approve a request by the purchasing official to waive the conflict if it is determined by the Business Office, to be in the best interest of the State to award the contract notwithstanding the organizational conflict of interest; or
 - F. Other remedial action as may be permitted or provided by law or in the resulting contract.

FEDERAL PROGRAMS (Special Education, Title, ADSIS, etc.)

Purchases - Supporting documentation should include the items listed here:

- Quotes, if applicable
- Requisition
- Approval for purchase
- Purchase Order
- Signed contract, if applicable

- Packing slips, if applicable
- Invoice(s)
- Approval for payment
- Cancelled check, EFT payment or bank statement showing payment
- Description justifying the purchase as an eligible cost for special education
- Page from IEP identifying need (i.e. Service Page, etc.)
- Prior written approval from MDE, if applicable

Inventory – all purchases over \$500 or sensitive items need to follow this inventory procedure.

- Description of Property
- Serial Number or other Identification number
- The source of funding for the property (including the FAIN)
- Who holds the title
- The acquisition date and cost of the property
- Percentage of federal participation in the project costs for the federal award under which the property was acquired
- The location
- Use and condition of the property
- Any ultimate disposition data, including the date of disposal and sale price of the property

Residual Supplies - According to UGG 2 CFR § 200.310-316

If a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of a project or program, and the supplies are not needed for any other federal award, the supplies will be sold and the money will be refunded to the federal program. If the materials are retained, the district will determine which budget the refunded cost to the federal government will come from.