

DAAS Contracting Policy and Procedure

Document Location

The source of the document will be found in the Finance Department's Policy and Procedures Manual.

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PURCHASING PROCEDURES

The Finance Department has the authority and establishes procedures to facilitate the purchase of equipment, materials, supplies, and services. No other individual or department has authority to commit the District to purchasing goods and services, unless that authority has been specifically given to them.

The Finance Department makes all formal negotiations for prices, determines the appropriate prices and vendors (unless a DAAS department has been authorized to obtain specifications and cost estimates), and communicates with DAAS departments to be sure the product or service is suitable, reasonable, and timely.

METHODS OF ORDERING GOODS AND GENERAL SERVICES

There are two methods of ordering goods and general services:

1. **Regular Purchase Order** - Regular orders are established if one or more of the following characteristics are present:
 - The order is typically for a one-time payment (for example, anticipating single delivery of a product or annual maintenance), and
 - The order has a defined list of items that have a known quantity
2. **Standing Purchase Order** - May be used for frequently purchased miscellaneous items or priced supplies and/or services that are on contract. Standing Purchase Orders may be issued for purchases that require no quantity or unit price (for example, utilities or custodial services or products). The Standing Order has a product description and expenditure total, but not quantity. The Standing Order permits departments to place releases for products or services on an as needed basis via phone or other mechanism without having to submit additional requisitions through the Finance Department. Since quantities are not used and the encumbrance is based on total dollar amount, departments do not have the option to request receipt against Standing Orders.

"Stringing" or making successive purchases to avoid the competitive bid requirement is not permitted whether with one or several vendors.

COMPETITIVE SELECTION PROCESS

A competitive selection process (Invitation for Sealed Bid/Request for Proposal/Request for Qualifications (IFSB/RFP/RFQ) is required at specific dollar levels. The dollar levels are set by State law and are increased for inflation each year. The dollar level approximates \$23,000. Announcements and advertisements publicize additional information and provide the bid due date, time, and place of the bid opening. Announcements must be advertised for a minimum of 14 days. All IFSBs/RFPs/RFQs are opened in the presence of at least two employees of Finance. Departments should allow at least one month for the IFSB/RFP/RFQ process.

At dollar amounts below the required competitive selection process, it is a matter of good business practice and a requirement of specific funding agencies for the District to source procurements in a manner that will allow the maximum competition practicable. At dollar amounts up to those requiring a competitive selection process, departments and/or the Finance Department undertake efforts to obtain such competition, including requesting informal written or verbal quotes from multiple suppliers.

Exceptions to the Competitive Selection Process

In exceptional circumstances the State mandated requirement for the competitive selection process may be waived by the Finance Department. Requirements for public advertisement of any exceptions are still applicable. Exceptional circumstances include products and general services available only from one economically feasible source or emergency procurements. The department should contact the Finance Department if it believes an exceptional circumstance exists.

Exceptions may occur when:

- The item selected is the only one available (a proprietary item) for the DAAS department to use.
- A recommendation for purchase is being made for goods or services other than from the low bidder.
- There is no procedure or precedent for the purchase.

The Finance Department may ask the requisitioning department to submit a letter justifying the source selection, performance, quality, suitability, or timing of the item being purchased.

RESTRICTED ITEMS

Local, state, or federal agencies restrict the purchase of some items to ensure proper use and distribution of potentially hazardous materials. These must be purchased by the Finance Department where State law will be followed as to the proper procedures to sue in purchasing and handling these items.

PURCHASES REQUIRING SPECIAL APPROVALS

Advertising

District funds may be used for public relations, promoting educational exhibits, informational announcements, official notices, recruitment notices for faculty/staff, and publication of brochures. The District will not pay for entertainment, community relations, or public relations not directly related to the objectives of the District.

State aid funds may be used for the following:

- Brochures giving information about educational opportunities at the District
- Informational announcements, such as course offerings
- Listings of programs in professional journals
- Notices about educational exhibits
- Official notices
- Recruitment notices for faculty and staff

The director of the department involved approves, in advance, the use of state-aid funds. As appropriate, the Finance Director and Superintendent also approves, in advance. Proposed advertisement copy should be included when requesting approval.

Auxiliaries, enterprises and activities - Auxiliaries and other quasi-commercial activities may advertise when promoting the sale of a District product or a District service that may provide increased revenue to the District. The cost of the advertising is offset by income realized. State-aid funds may not be used for this purpose.

FREIGHT

At all departments, when freight bills are received directly by the department, they should be sent immediately to the Finance Department. The freight bill should be signed and dated to signify approval for payment. Include the purchase order number (if known) or account number on the freight bill.

OPERATING AND CAPITAL LEASES OF EQUIPMENT

Departments may acquire the use of equipment over some specified time period through a lease agreement. There are two types of lease agreements: capital leases and operating leases. Capital leases essentially transfer the benefits and risks inherent in ownership of the property to the District; operating leases do not. Some capital leases also provide for acquisition of equipment with title passing to the District after a specified number of payments. The Finance Department is responsible for negotiating and approving all leases, monitoring lease agreements and properly classifying them at their inception. No department can enter into a lease agreement of any nature without the approval of the Finance Department.

Title I Expenditures

Title I expenditures require the following beyond the regular purchasing processes detailed in this policy:

1. All expenditures charged to federal funds must be for approved costs identified in the Title I Consolidated Application.
2. A centralized process has been established and effective that ensures all Title I, Part A purchases are approved by a Title I Director/Coordinator and made by Title I staff. The Title I Director/Coordinator must sign and approve all purchase orders using Title I funds. A monthly report will be prepared and submitted to the Board's Finance Committee detailing all Title I expenses for the prior month and certifying that all such expenses are in the Title I Consolidated Application.
3. All expenditures paid with federal funds must be coded with the same classification as approved in the Title I Consolidated Application.

EXPEDITING

The Finance Department follows up as requested on purchase orders to speed the purchasing process. The Finance Department handles correspondence with vendors regarding any aspect of the order. Under certain circumstances, the Finance Department may authorize the department to correspond with the vendor. In such cases, the department should refer to the purchase order number and provide copies of any correspondence to the Finance Department.

Losses, damages, and adjustments - When an order is damaged or lost, the Finance Department communicates with the vendors or carriers.

CONFLICT OF INTEREST

Contracts or purchase orders with people who are directly or indirectly connected with the District are subject to rejection under the following circumstances:

- Contracts with members of the District's Board of Directors are prohibited under all conditions.
- Contracts with District officers or employees who have sole or principal ownership in a business are prohibited.
- Contracts with immediate family members (spouse, parents or children) of a District officer or employee who are major officers or primary employees of a corporation are prohibited.

GRATUITIES

Employees must avoid accepting any kind of gratuities, tips, or gifts. This includes merchandise, cash, or services for the performance of their duties, either past or future.

Department heads must be careful to avoid undue influence of employees in the objective performance of their duties. They must also avoid and exercise particular discretion and caution in sensitive areas that might later embarrass the employee or the District.

This includes:

- Admission to the District
- Employees who influence the selection of types of equipment, products, service or vendors
- Review and acceptance of sponsored programs, projects, or contracts
- The purchase of equipment, products, or services

This does not prohibit:

- Accepting advertising, desk novelties, or similar items that are small and of little value, the type sales staff or vendors often give regular or prospective customers
- Accepting meals that are of nominal value in the course of conducting District business, such as a business lunch to discuss District issues.

Detailed Procedures

Requisitions

1. Department heads are authorized to make purchases from budgeted line items using an approved requisition form. The CEO or principal shall approve all such purchase requisitions.
2. Upon approval, the purchase requisition should be forwarded to the Finance Department.
3. The Finance Department reviews the purchase order to determine 1) if budgetary availability exists and 2) if the purchase exceeds limits requiring competitive bidding.
4. Where competitive bidding is required, refer to the bidding section below.
5. Where there is no budget availability, the purchase requisition will be returned to the sender who must then determine if there is line item availability elsewhere in their budget and seek approval from the CEO or principal for the budget amendment. All budget amendments must then be approved by the Finance Committee and the Board.
6. Upon Finance Department approval of the purchase requisition, the Finance Department then creates a purchase order.

Purchase Orders

1. The purchase order's vendor assignment is based on the pre-determined vendor for each type of purchase. This pre-determination is based on either a previously conducted bidding process or, where the amount of the purchase is less than the threshold for bidding, the evaluation of the services provided by multiple vendors

- and subsequent determination of the most suitable vendor. Finance Committee approval of designated vendors is generally obtained at the beginning of each fiscal year (subject to the limits in the section below; all purchases in excess of the State bid limit are to be bid irrespective of these designations);
2. The Finance Department will determine the cost of the procured goods or services by the appropriate method depending on the goods and services to be acquired and based on its experience with the vendor.
 3. Upon completion of the purchase order, a copy of the order is provided to the vendor and a copy is provided to the requesting department.
 4. Changes made on any purchase order or contract, including encumbrance changes, will be made only by the Finance Department ~~if an emergency is deemed as a direct threat to life or safety of the public or protection of public facilities (not poor planning).~~

Bidding Procedures

1. Purchasing limits are as follows:
 - a. Purchase of items costing less than \$500, where no standard vendor has been previously determined by the approved process, obtain two informal bids;
 - b. Purchase of items costing more than \$500 but less than the State bid limit of approximately \$23,000 (changes every year; update for the current limit), where no standard vendor has been previously determined by the approved process, obtain three informal bids;
 - c. Purchase of items costing more than the State bid limit of approximately \$23,000, must be formally bid, and:
 - Requesting department must submit specifications to the Finance Department for the formal bid process;
 - Must have Finance Committee approval
 - Must have Board of Education approval
 - d. The Finance Department shall maintain a completed Bid file, retaining the bids, bid comparison sheets, other submittals, and rationale in award. These bids shall be made available for the public for a period of ninety (90) days after which time they will be archived for three (3) years.

Sole Source Procurement

Sole source procurement shall be used only if the goods or services are reasonably available from a single supplier. Any request that the procurement be restricted to one potential contractor or vendor shall be accompanied by an explanation as to why no other will be suitable or acceptable to meet the need. In cases of reasonable doubt, competition shall be solicited. The Finance Department shall make the determination as to whether the procurement shall be made as a sole source.

Emergency Purchases

Emergency purchases shall be made following as near as possible, while still assuring that the required supplies or services are procured in time to meet the emergency, to bidding limitation set forth by Academy policy and procedures.

Receiving Procedures

A crucial part of the Purchasing function is receiving. Proper receiving is critical because it has direct correlation with our authorization to pay the vendor.

1. General Guidelines
 - a. The building maintenance staff person and the custodial supervisor are designated as the Academy's authorized receiving staff. They are both provided with an open PO listing weekly so they are aware of the outstanding orders subject to delivery;
 - b. Upon delivery of a product, that product will be delivered to the requesting department by either the building maintenance staff person or the custodial supervisor;
 - c. The requesting department will then review the received goods to ensure it is as ordered and the appropriate quantity has been received. They will document this on either the receiving copy accompanying the delivered goods or on their purchase order copy if no receiving copy is attached to the order. This receiving copy is then sent to the Finance Department.

Academy Purchases

1. The Finance Department will review invoices on a regular basis to insure that all invoices are paid within the terms stated on the invoice.
2. All original invoices shall be sent to the Finance Department by the vendor. If a vendor leaves an invoice with a department head, it is the responsibility of the department head to send the invoice to the Finance Department immediately.
3. The Finance Department will send a reminder notice to let the department know an invoice has been received and it is awaiting the receiving copy, so payment can be made.