

SOUTH HARRISON TOWNSHIP
ELEMENTARY SCHOOL
DISTRICT



2016 – 2017
PURCHASING
MANUAL

2016-2017 Purchasing Manual

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Ethics in Purchasing

Any employee that is responsible for making recommendations regarding the purchase or acquisition of any property or services shall abide by the administrator's code of ethics as defined in Policy #1540.

1. No employee shall have an interest in a business organization or engage in any business, transaction, or professional activity that is in substantial conflict with the proper discharge of his/her duties in the public interest.
2. No employee or member of his/her immediate family or business organization in which he/she has an interest shall solicit or accept any gift, favor, loan, political contribution, service, promise of future employment, or other thing of value based upon an understanding that the gift, favor, loan, contribution, service, promise, or other thing of value was given or offered for the purpose of influencing him/her, directly or indirectly, in the discharge of his/her official duties.
3. School officials and employees who recommend purchases shall not extend any favoritism to any vendor. Each recommended purchase should be based upon quality of the items, service, price, delivery, and other applicable factors in full compliance with N.J.S.A. 18A:18A-1 et seq.
4. School officials and employees are to avoid recommending purchases from members of their families, businesses that employ members of their families and from businesses in which the official, employee or members of their immediate family have a direct financial interest.

Introduction

In discharging their responsibilities, school districts expend public moneys appropriated to them. The expenditure of such funds is controlled by law to ensure that taxpayers' interests are safeguarded and the funds are expended in the most efficient way, by obtaining the best possible prices for goods and services. New Jersey school district procurement practices are governed by the Public School Contracts Law¹ and Public School Contracts Law Administrative Code².

Authority to Purchase

State law assigns the authority, responsibility, and accountability for the purchasing activity of the District to the purchasing agent. The District has appointed the Business Administrator ("BA") as the purchasing agent. The BA is the only individual in the District with the authority to make purchases on behalf of the Board of Education.

Purchase Requisition

A purchase requisition is an internal electronic request generated by an individual that notifies the purchasing department of items and/or services they would like to order. The business office has implemented a purchase requisition process to assist in the management of purchase requests and to ensure compliance with internal financial controls. A purchase order is generated from a requisition once it has been granted approval by the purchasing agent.

¹ N.J.S.A. 18A:18A et seq.

² N.J.A.C. 5:34-1 et seq.

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Purchase Order

A purchase order, pursuant to State law (18A:18A-2(v)), is a document issued by the purchasing agent authorizing goods or materials to be ordered for the district or work/service to begin. No goods or materials may be ordered or work/service be authorized to begin by any other individual in the school district other than the purchasing agent.

Authorized Purchase

An authorized purchase occurs when an approved purchase order is sent to a vendor prior to an employee obligating the district for the purchase of a good or service.

Unauthorized Purchase

Any district employee who orders and/or receives any goods or services without adhering to the purchasing process has made an unauthorized purchase. Unauthorized purchases are a violation of state law and board policy.

- **Confirming Order** – a confirming order occurs when an employee obligates the district for the purchase of goods or services, usually by phoning or faxing in an order, prior to having an approved purchase order in place. There are to be no confirming orders.

If a purchase requisition is submitted as a confirming order, approval will be denied and the employee will be responsible for payment.

Purchase Requisition Entry

Purchase requisitions are typically entered into Systems 3000 by the business office secretary. A purchase request form will need to be completed and forwarded to the curriculum lead for initial review. The purchase request form is available on the District website within the Business Office page under the “Departments” channel. The curriculum lead will then forward the purchase request to the business office secretary for entry into Systems 3000.

Please ensure that the purchase request form is completed in full and contains accurate item numbers and a detailed description of each item being requested.

Transfer of Funds

Purchase requisitions will only be approved if sufficient funds are available in the budgetary line item(s) that properly classifies your type of purchase request. If you find that there are not sufficient funds available for your purchase you will need to submit a line item transfer request form to the Principal for initial approval. All budgetary line item transfers ultimately require Board of Education approval. Therefore, all budgetary line item transfer requests will also require Superintendent approval prior to the processing of the transfer request. A fillable PDF version of the line item transfer request form is available on the [District’s website](#) in the “For Staff” section under District forms.

Purchase Requisition Approval

There are three (3) levels of approval for each requisition that is entered into the system. Typically, Level 1 approval is designated for Instructional Supervisors, Level 2 for the school Principal, and Level 3 is the Business Administrator.

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Level 1 Approval (Instructional Supervisor)

The level 1 approver, typically an Instructional Supervisor, will determine if the purchase requisition is in compliance prior to approval. The following components will be verified as part of the approval process:

1. Justification (Educational or operational need);
2. Budgetary account code charged;
3. Availability of funds;
4. Ensure the purchase requisition is not a confirming order

Level 2 Approval (Principal)

Once a purchase requisition is approved at Level 1, it will then be reviewed by the building Principal. The building Principal will verify the following:

1. Justification (Educational or operational need)

Level 3 Approval (Business Administrator)

The Business Administrator is the Level 3 approver. Once approved by the Business Administrator the purchase requisition will be converted into a purchase order and issued to the vendor for processing. The Business Administrator will review the requisition for the following:

1. Was the requisition properly classified to the proper budgetary account code(s);
2. Does the requisition exceed the quote (\$6,000) or bid (\$40,000) thresholds? Were the requirements associated with these thresholds met;
3. If a travel reimbursement, were all Board of Education pre-approvals satisfied and consistent with statute and Board policy;
4. Were all applicable attachments forwarded to the business office; and
5. Technical aspects of the requisition to ensure compliance with state law, administrative code and board policy.

Purchase Order Issuance

Once a purchase requisition has received approval at Level 3, a purchase order will be created and assigned a purchase order number. A member of the business office staff will then print the purchase order and either mail, fax, or email the purchase order to the vendor dependent upon the vendor's requirements. Additionally, the business office will forward the following:

1. Receiving Copy of Purchase Order (Pink) – The pink copy of the purchase order will be forwarded to the person identified in the ship to column.

Receipt of Items Ordered

The employee of the District that receives the goods or services will be required to check them against the pink copy of the purchase order and determine whether the goods or services delivered meet the specifications and quantities set forth in the purchase order. The following steps should be followed when receiving goods or services:

1. Obtain the receiving copy (pink) of the purchase order and the packing slip of items delivered;
2. Open boxes/packages and check off items received on the receiving copy and packing slip;

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3. If delivered in full, check off the “Order delivered in full, no damage or backordered items” box, sign the receiving copy of the purchase order and attach the packing slip;
4. Forward the signed receiving copy of the purchase order and packing slip to:

Lori Baker, Accounts Payable Specialist, Ext. 4229

All receiving copies (pink) of purchase orders and packing slips should be signed and sent to the business office within three (3) days of receipt of items.

Problems Encountered with Receipt of Goods or Services

Damaged or Incorrect Item(s)

1. Contact the vendor and determine their procedure for returning damaged or incorrect item(s).
2. Return the item(s) to the vendor.
3. On the receiving copy of the purchase order (Pink), check off the damaged item(s) box and mark the item(s) that were returned and the reason. Please indicate how the item(s) were returned to the vendor (UPS, FedEx, etc.) Maintain a copy of the receiving copy of the purchase order.
4. Send the original receiving copy of the purchase order to the accounts payable specialist.
5. Upon receipt of the replacement item(s), check off the items on your copy of the receiving copy of the purchase order and return to the Accounts Payable Specialist.

Item(s) Missing

1. Contact the vendor and alert them of the missing item(s).
2. Indicate on the receiving copy of the purchase order the item(s) that were missing. Maintain a copy of the packing slip and receiving copy of the purchase order.
3. Send the original packing slip and receiving copy of the purchase order to the Accounts Payable Specialist.
4. Upon receipt of the item(s), check off the items on your copy of the receiving copy of the purchase order and return to the Accounts Payable Specialist.

Backorder

1. Indicate on the receiving copy of the purchase order the item(s) that are backordered. Maintain a copy of the packing slip and receiving copy of the purchase order.
2. Send the original packing slip and receiving copy of the purchase order to the Accounts Payable Specialist.
3. Upon receipt of the item(s), check off the item(s) on your copy of the receiving copy of the purchase order and return to the Accounts Payable Specialist.

Discontinued Item(s)

1. Check off the “Other” box on the receiving copy of the purchase order and indicate which item(s) were discontinued.
2. Send the original packing slip and receiving copy of the purchase order to the Accounts Payable Specialist.
3. Do not contact the vendor and order replacement item(s). Please enter a new purchase requisition for replacement item(s).

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Increasing a Purchase Order Amount

If an increase to a purchase order is warranted, the BA will approve a revision to the original purchase order with the reason(s) noted, approve the issuance of a supplemental purchase order for the difference, or cancel the original purchase order and issue a new one.

If it is found that an increase is not warranted, the purchase order will be cancelled and the goods returned. In no instance will an adjustment be made to a purchase order that changes the purpose or vendor of the original purchase order or a bid award price.

Cancellation of a Purchase Order

All requests to cancel a purchase order must be made in writing (Email is acceptable) to the accounts payable specialist (bakerl@krsd.org) with the reasons for cancellation fully outlined.

Procurement Methods

Quotation (Purchases that fall between \$6,000 and \$39,999)

For all purchases that are less than the bid threshold (\$40,000) but 15% or more of that amount (\$6,000), will require the solicitation of at least two competitive quotations. An award is made to the vendor whose response is most advantageous, price and other factors considered.

All quotations shall be in writing and must be drafted in a way that promotes open and competitive competition amongst vendors. A record of the quotation solicitation must be attached to the voucher used to pay the vendor. Please be sure to forward all quotation documentation to the accounts payable specialist after purchase requisition entry.

Bid (Purchases that exceed \$39,999)

Pursuant to state statute, all purchases of goods or services, the cost of which in the aggregate exceeds \$40,000 within one contract year, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids. This means that any specific item, class of items, and/or services of a similar nature, purchased by the school district totaling in the aggregate more than \$40,000 for the entire year, must be competitively bid. The threshold is enforced district wide and not by school or location. Please note that the formal bid process can take up to six (6) weeks to complete. Please plan accordingly and contact the BA if you find that your purchase may exceed the bid threshold.

Miscellaneous Topics

Technology Purchases

If you are planning to purchase computers, computer related equipment, software/hardware, or other forms of technology, please contact the Chief Technology Officer prior to submitting a purchase request. He will be able to assist in finding an appropriate vendor (best pricing) and with the technical specifications that our network may require.

Student Activity Accounts

Pursuant to N.J.S.A. 18A:18A-5(a) (21), purchases made through student activity accounts that exceed the bid threshold (\$39,999) are exempt from public bidding. However, a purchase that exceeds the bid threshold will require prior Board of Education approval.

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Examples of items purchased through student activity funds that may require board approval are:

1. STOKES trip

Additionally, purchases made through student activity funds will not be reimbursed with District funds. Purchase requisitions made payable to student activity accounts will not be approved.

Petty Cash

The District has established petty cash funds in accordance with Board policy #6620. Petty cash funds are to be disbursed only for the immediate payment of comparatively small expenditures and may not be used to circumvent the regular purchasing procedures of the District. Single expenditures are not to exceed \$25.00 unless an exception is approved in advance by the Business Administrator.

Examples of petty cash use are as follows:

1. Office supplies;
2. Classroom supplies;
3. Postage; and
4. Travel reimbursement

Petty cash funds can be replenished once a month. A purchase requisition should be submitted that properly classifies each petty cash distribution to a budgetary account number (i.e. classroom supplies 11-190-100-610-xx-xxx). Prior to the last Board meeting in June, all petty cash receipts and cash on hand is to be turned into the business office. All authorized petty cash funds will be reestablished after July 1 of each year.

Employee Reimbursements

The District only recognizes an employee reimbursement purchase requisition when it pertains to tuition reimbursement, or pre-approved District related travel. The District will not reimburse employees for goods or services personally purchased.

Field Trips

The District recognizes that field trips, used as a device for teaching and learning integral to the curriculum, are an educationally sound and important ingredient in the instructional program. As such, all field trips must be individually pre-approved by the Board of Education (Policy #2340).

Field trips intended solely for student entertainment are prohibited when utilizing District funds.

Once Board approved, a purchase request should be submitted for all costs associated with the trip if utilizing budgetary funds. The cost of field trips may be borne by the pupils' parents or legal guardians as per N.J.S.A. 18A:36-21, with the exception of pupils in special education classes and pupils with financial hardship (Eligible for free or reduced price lunch).

Additionally, please contact the Transportation Department (x4222) to arrange for travel as part of your planning process. Transportation should not be scheduled until final approval from the Board of Education has been granted. Please refrain from contacting transportation providers individually.

All funds collected from students for field trip related expenses shall be deposited in a transit account within the student activities fund. Please contact Eileen Ferguson (x1075) for specific procedures associated with the collection of these funds. Additionally, please be sure to include

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all costs associated with the field trip when determining how much to charge each student. These costs may include admission fees, transportation, chaperone costs, meals, etc. The District will not partially fund a field trip. A field trip will either be fully funded by the District, if budgetary funds exist, or the students.

Meals; Refreshments and Catering

Expenditures for non-employee activities, meals and refreshments for certain school district activities are allowed provided the expenditures are in accordance with N.J.A.C. 6A:23A-5.8. District policy #6423 defines “activities” as events or functions provided or held for the benefit of pupils, dignitaries, and other non-district employees (i.e. parents), which are paid from public funds. “Dignitary” is defined as a notable or prominent public figure; a high level official; or anyone who holds a position of honor. A dignitary is not a school district employee or Board of Education member.

Allowable expenditures for non-employee school district activities include:

1. Reasonable costs, including light meals and refreshments, directly related to activities that benefit pupils and are part of the instructional program including expenditures for field trips and extracurricular programs that are not solely for entertainment purposes;
2. Reasonable costs directly related to activities of dignitaries and other non-district employees (e.g. parents), including light meals and refreshments. These expenditures should be minimal and infrequent;
3. All reasonable costs of commencement and convocation activities for pupils; and
4. Expenditures related to District employees to the extent such employees are essential to the conduct of the activity.

The following costs shall not be permitted utilizing public funds:

1. Receptions, dinners, or other social functions held for or honoring any employee or group of employees of the District (i.e. breakfast, lunch, dinner, or reception for retirees or award recipients);
2. Meals or refreshments served to guests at any athletic event or other games or contests; and/or
3. Expenses for alcoholic beverages.

Employee Travel Reimbursement

Travel expenditures refer to those costs paid by the school district, whether directly by the school district or by employee reimbursement, for travel by school district employees and Board of Education members to the following five types of travel events:

1. Training and Seminars – all regularly scheduled, formal residential or non-residential training functions conducted at a hotel, motel, convention center, residential facility, or at an educational institution or facility;
2. Conventions and Conferences – general programs, sponsored by professional associations on a regular basis, which address subjects of particular interest to a school district or are convened to conduct association business. The primary purpose of attendance at conferences or conventions is the development of new skills and

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- knowledge or the reinforcement of those skills or knowledge in a particular field related to school district operations;
3. School district sponsored events – conferences, conventions, receptions or special meetings where the District plans, develops, implements, and coordinates the event and is the events primary financial backer. School employees are actively involved in working the event and other employees may attend as participants;
 4. Regular school district business – all regular official business travel, including attendance at meetings, conferences, and any other gatherings, which are not covered by the definitions above. Regular district business also includes attendance at regularly scheduled in-State county meetings and DOE sponsored or association sponsored events provided free of charge and regularly scheduled in-State professional development activities with a registration fee that does not exceed \$150 per employee or BOE member;
 5. Retreats – meetings with school district employees and school Board members, at which organizational goals and objectives are discussed.

Please refer to the South Harrison Travel Procedures manual for additional procedural information related to employee travel and expense reimbursement. This manual is also located within the District forms section of the staff-only website.