

ALLEN PARK PUBLIC SCHOOLS
ADMINISTRATIVE PROCEDURES
PURCHASING OF GOODS AND SERVICES

Introduction. The purpose of these procedures is to provide guidance to employees of the Allen Park School District in the acquisition of goods and services in a manner that will:

- Obtain goods and services of the best possible quality and price to meet the needs of our students;
- Allow the District to document to its taxpayers that their resources are being used wisely; and
- Ensure compliance with the provisions of state law and Board Policy.

General Principles. The administrator with responsibility for each building or department is expected to ensure that the funds budgeted for that building or department are managed and expended in accordance with Board Policy and that the budget is followed. Areas of this responsibility may be delegated to other employees in the building or department, but the administrator holds the final authority.

District employees obtaining goods and services with District funds are expected to act responsibly to obtain those goods and services that meet the District's needs at the best possible price. State law and Board Policy impose requirements that must be followed in order to meet the goals stated above. All District employees will be held accountable for following the procedures listed below for the purchase of goods and services using District funds.

In evaluating competitive proposals, keep in mind that the best price is not automatically the lowest initial outlay of money, but should also take into account other factors, such as:

- The costs of shipping or pick up,
- Reasonable estimates of supply and maintenance costs over the lifetime of the item purchased,
- The past performance of the proposed supplier,
- Compatibility of the product with existing equipment, and
- Likely resale or salvage value at the end of the item's useful life.

In evaluating the value of a proposed procurement, the value of the total number of like items purchased will govern. It is not acceptable to obtain multiple smaller invoices for like items from the same vendor over a short period of time in order to avoid competition requirements.

All purchases are subject to administrative approval, and failure to follow appropriate procedures may result in personal liability.

Minor Purchases. For minor purchases, generally those with a total value of \$500 or less, the time spent in seeking multiple quotes is often more costly than the probable savings. In such cases, the purchaser is expected to use his or her best judgment to obtain the best price, but will ordinarily not be required to produce multiple quotes unless the effort required is small and the potential savings is significant.

Purchases Requiring Informal Competition. For non-minor purchases with a total value less than \$14,999, the purchaser will ordinarily be required to produce evidence of price competition. These may be in several forms, including:

- Written quotations obtained from vendors,
- Catalog prices (taking into account any discounts the District may be entitled to receive),
- Reliance on bids taken by other governmental or non-profit organizations (such as the State of Michigan, REMC, HPS), or
- Price quotations obtained by telephone with proper documentation. Proper documentation should include:
 - The vendor contacted and person spoken to,
 - The exact item offered including brand and model,
 - The telephone number called, and
 - The date of the conversation.

The person making the purchase should obtain enough quotations to satisfy himself/herself that the best price has been identified. Ordinarily, three quotations from major suppliers should be sufficient.

Purchases Requiring Formal Competition. For purchases in excess of \$15,000, formal competition is required.

In many cases, the State of Michigan or other entities may solicit bids on behalf of a number of school districts or other governmental units. If such a solicitation meets the District's needs, it may be relied upon for price competition. Otherwise, district staff must solicit bids.

A written request for bids is prepared and published in a form likely to reach the greatest number of potential offers. The bid request contains the complete specifications for the goods or services being purchased, including payment terms and delivery and warranty requirements. The bid request specifies the form in which the offer must be submitted, the address to which the offers must be submitted, the deadline for submission, and the time and place at which the bids will be publicly opened and read. In addition, there is standard language that must be included in most bid requests. Contact the Business Office for assistance before releasing a bid document.

Following bid analysis, a recommendation will be made to the Superintendent. If the Superintendent approves, the recommendation will be forwarded to the Board of Education for approval. A purchase order will then be issued to the selected vendor.

Emergency Purchases. In an emergency, the administrator in charge at the scene should take necessary steps to stabilize the situation, and contact the Business Office as soon as possible. If goods or services are needed during the emergency, normal purchasing requirements can be waived assuming that compliance was not possible and the administrator acted in good faith.

An emergency is a situation where immediate action is required in order to protect life and limb or to preserve valuable property. (Fire and flood would be clear examples of emergencies). In such cases, the Superintendent must be notified at the earliest possible time. Board approval, where needed, will be sought after the fact as soon as it is reasonably possible.

Special Cases.

Sole Source and Unique Items. There is no exception in State Law or in Board Policy for sole source purchasing. If the amount of the purchase requires competition, then competitive proposals must be sought, even if it is unlikely that multiple offers will be received. Evidence of the solicitation of competitive proposals should be submitted along with the purchasing recommendation.

Professional Services. Professional services, such as architectural, legal, consulting, and auditing services, normally do not lend themselves to direct price competition. Often such services are a very small portion of the total cost of a project, and quality may be much more important than price.

When soliciting quotations for such services, the solicitations should be structured in such a way as to measure, as objectively as possible, the quality of the competing proposals. A history of performance in providing the services needed and the experience and professional qualifications of the provider are among the factors that should be taken into account in preparing a recommendation to engage professional services.

Normally, a Professional Services Contract is written controlling the delivery of such services and their payment. This contract will normally be subject to approval by the Board of Education regardless of the amount of money involved.

Governmental Services. Normally, goods and services obtained from other governmental units or from other departments of the (School District) do not require competitive proposals, regardless of the amount of money involved.

Methods of Payment. The method of payment selected should be based on the most efficient means available consistent with accountability requirements, but in all cases requires appropriate administrative approval. All employees must be aware that the selection of a method of payment is independent of the selection of a vendor.

By placing a signature on a payment request, the person(s) signing the document certify that appropriate selection procedures were followed, that the goods or services were received in satisfactory condition, and that they were purchased for use by the School District in furtherance of its educational goals.

Failure to follow these procedures creates a risk of personal liability for payment.

Petty Cash. For small items, petty cash funds are maintained in many locations. These serve as a ready source of funds to make immediate payment for minor purchases where competition is not a significant issue. The fund custodian may use cash on hand to make payment. As often as necessary and practical, the receipts for such payments should be submitted to the Business Office for reimbursement (through use of a “green sheet” or payment voucher payable to the custodian of the petty cash fund). At all times, the custodian of each petty cash fund is responsible for its integrity - this means that the total of cash and receipts on hand plus reimbursement requests in transit must be equal to the authorized amount of the fund.

“Green Sheet”. A check request (also referred to as a payment voucher) is submitted to the Business Office when a payment is required but no encumbrance exists. The preparer, the supervising administrator and the Superintendent must sign the form prior to payment. Sufficient documentation must be attached in order to allow an independent reviewer to determine that the payment is necessary and proper.

Reimbursements. When a check request is used to reimburse an employee for out-of-pocket expenditures, the documentation submitted must include a receipt with a description of the item(s) purchased and confirming that payment was made. Such reimbursement requests will not be accepted if submitted later than 30 days following the last day of the fiscal year. Employees will not be reimbursed for sales tax. Sufficient budgeted funds must be available for the requested reimbursement.

Charge Accounts. In some cases, local vendors will allow school employees to obtain small quantities of goods for school use on an open charge account. In order to pay for these goods promptly and maintain our credit standing with local vendors, the invoice given by the vendor at the time the goods are picked up must be promptly attached to a check request and submitted for payment. Failure to do so will cause payment to be delayed. Employees must not abuse the privilege of an open charge account by failure to process payment documents promptly.

Purchase Order. For purchases of material amounts (normally purchases in excess of \$100), employees are expected to utilize a purchase order. This allows the funds to be encumbered as soon as the purchasing decision has been made, and allows for a clear written understanding between the District and the vendor as to the item or items to be purchased, and the terms and conditions of the purchase.

After the goods or services are received and found to be satisfactory, the person acknowledging receipt does so by signing the vendor’s invoice and forwarding it to the Business Office for payment.

Because of numerous special cases involving purchase orders, District employees processing other than routine purchase orders are encouraged to contact the Business Office for advice before making any representation to vendors.