

LANCASTER INDEPENDENT SCHOOL DISTRICT



PURCHASING PROCEDURES AND POLICIES MANUAL

**Lancaster Independent School District  
Purchasing Policies and Procedures Handbook**

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## **Introduction**

The purpose of this handbook is to provide information to Lancaster ISD personnel on the correct procedures to be used when utilizing the purchasing function and allow the district to be in compliance with state, federal, and local purchasing statutes, laws, regulations, and policies.

This handbook is a review of the procedures to be used when ordering goods and services and an overview of the purchasing function. Please use this handbook often as a reference for any questions relating to purchasing policy and procedures. Please feel free to contact the Director of Purchasing at extension 1416, if you have any questions or concerns not addressed in this handbook.

It is the goal of the Purchasing Department to assist you and enable you to make your purchases and receive your goods as efficiently and expeditiously as possible.

It is the intent of this handbook to ensure that Lancaster ISD is able to:

1. Comply with state and federal purchasing laws and statutes, local Board policies, and administrative procedures and sound business practices.
2. Provide quality products and services that meet the specifications requested by all Lancaster Independent School District campuses and departments.
3. Obtain the most competitive prices for the products and services purchased utilizing procurement techniques that stimulate vendor competition.

It is the mission of the Purchasing Department "to maintain an accurate process for acquiring goods and services which satisfy both internal and external needs of the District."

It is the responsibility of the Purchasing Department to provide fair and accurate purchasing guidelines and procedures and to take care of District obligations in an efficient and timely manner with minimal interference to campus activities.

## **Code of Ethics & Conflict of Interest**

A special responsibility is imposed on all people who are entrusted with the disposition of the state, federal, and local funds. Purchasing personnel are required to perform with the highest integrity while constantly being asked to manage more effectively, to secure better economic results, to speed up the process, and to be innovative in accomplishing a given mission.

The competitive nature of the public purchasing arena and the expenditure of significant amounts of public funds require that ethical standards be incorporated into the foundation of all purchasing functions. Purchasing personnel and school district staff face the difficult task of developing good vendor relations and encouraging vendor competition while avoiding even the appearance of favoritism or other ethical misconduct.

### **Identify End-Users Needs**

The end user will communicate to the Director of Purchasing the commodity or services needed. The most common document used to identify the need is a purchase requisition. The requisition should include the specifications of the commodity or service that an end user seeks to procure.

A specification is a detailed description of a product or service that a user seeks to procure, and consequently, a description of what a bidder must offer to be considered for an award. Specifications are the primary means of communication between an agency and a vendor.

Specifications control the following procurement aspects:

- the quality of the product
- the amount of competition
- suitability of the product or service for the job
- the method of evaluation used in making an award and in determining the bid with the best value for the purchase

## **Purchasing Overview**

The purchasing function is a major management process supporting financial accountability in Texas public schools. Purchasing has several links to overall accountability initiatives which include the:

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

## **Purchasing Functions and Roles**

The purchasing process includes a wide range of procurement functions including planning, acquisition, quality assurance, contract administration and distribution. Basic functions include the following:

- The organization and administration of procurement/purchasing as determined by the superintendent and the Board of Trustees.
- The acquisition of goods and services requested consistent with state and federal laws, board of education policies and sound business practices.
- The distribution of goods and services to users in a timely and responsive manner with assurance that quality standards have been met.

## Maximizing Efficiency

As recommended by TEA, the purchasing function should be centralized within the district for maximum efficiency to be achieved. Centralized purchasing and decentralized purchasing are defined by the council of State Governments publication, *State and Local Governmental Purchasing* as follows:

- *Centralized Purchasing* is defined as "a system of purchasing in which authority, responsibility, and control of activities are concentrated in one administrative unit."
- *Decentralized Purchasing* is defined as "a system of purchasing in which there is a varying degree of delegation authority, responsibility, and control of purchasing activities to the several using agencies."

Centralized purchasing is more efficient than decentralized purchasing because it enables a district to coordinate the common purchase requirements of campuses and departments to obtain better prices. For example, when two campuses requisition the same goods and/or services, a *centralized* purchasing department may combine the goods/services on the same purchase order and arrange for more favorable price terms. Better planning, reduced paperwork, and reduced costs result from centralized purchasing.

Centralizing the purchasing function strengthens internal controls. A centralized purchasing department typically:

- Receives and coordinates purchasing requisitions/purchase orders from campuses or departments
- Communicates with vendors regarding prices and terms of purchases
- Processes and approves all purchase orders
- Issues purchase orders to vendors
- Receives purchases at central warehouse locations ( if district has a warehouse)
- Coordinates competitive procurement processes
- Distributes goods based on purchase requirements

Centralizing the purchasing function does not erode the principles of site based management. Purchase requisitions still originate at the campus or department level where needs are identified. Centralized purchasing carries out the site-based requisitions and improves the internal controls within the purchasing function.

The area in which internal controls are improved most is in the purchase approval process. In centralized purchasing, every purchase order within the district is reviewed by the centralized purchasing department to prevent violations of state and federal law and local school board policies. A centralized purchasing function with varying levels of authority and a receipt and distribution process provides another strong internal control.

In decentralized purchasing, campuses and departments may issue purchase orders, communicate directly with vendors, and receive goods at other than central locations. If purchases are made inappropriately, violation of laws, regulations and school board policies may result. Lancaster ISD is a centralized District.

## General Purchasing Procedures

**Function:** The purchasing department is a part of the finance department. The function of this department is to organize and administer purchasing procedures for the district in accordance with the responsibility and authority delegated by the Superintendent and the Board of Trustees.

**Board Purchasing Policy:** It is imperative that All Budget Managers, who are responsible for approving purchases, familiarize themselves with the Board of Trustees purchasing policies and ensure that his/her campus/department is following these policies explicitly.

**Purchasing Commitments and Authority:** All purchasing commitments shall be made by on a properly drawn and issued purchase order with the signature of the Superintendent's designee (Director of Purchasing).

**Purchasing Procedure:** Authority to approve expenditures is not authority to purchase. A purchase has not been authorized until a purchase order has been issued and signed by the Director of Purchasing. A requisition is not a purchase order; it is a request for a purchase order. The Director of Purchasing is designated by the Superintendent for authorizing all purchases unless an exception is made or granted by the Superintendent.

**Responsibility for Debts:** The Board shall assume responsibility for debts incurred in the name of the District so long as those debts are for purchases made in accordance with adopted Board policy and current administrative procedures. 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 debts. Board Policy CH (Local).

**Personal Purchases:** District employees shall not be permitted to purchase supplies or equipment for personal use through the District's Business Office. Board Policy CH (Local).

**Contracts:** Contracts for services, supplies, or equipment, including the rental of equipment, may be entered into on behalf of the District under the policy applicable to the purchase, i.e., a contract is a "purchase." A contract will need to be reviewed by legal, signed or initialed by the CFO, and approved by the Superintendent and/or Board of Trustees before the District will consider it as being an approved obligation for the District and therefore a purchase. The Director of Purchasing will maintain on file the original or copy of the contract. The District will enter into contractual relationships only with those vendors who have through word and action, affirmed that they comply with all applicable existing laws or executive orders.

**Support:** As a support organization with the responsibility of acquiring goods and services requested by the various divisions, the purchasing department will function in a manner consistent with state and federal laws, and the Board of Trustee's policies and sound business practices.

**Cooperative Effort:** Effective purchasing is a cooperative effort between the purchasing department and other departments within the district. These departments share the responsibility of expending district funds in such a manner that all transactions will pass numerous audits with respect to state, federal and district procurement regulations.

## Lancaster ISD Purchasing Policies and Procedures

### Procedures for Online Purchase Requisitions:

All purchases shall be made on a properly drawn purchase order, in accordance with administrative procedures.

All purchases for goods and services that are to be paid from monies allocated in the annual budget shall be made through the following process:

1. Lancaster ISD's purchasing policy requires prior approval of any purchases that are made. The policy requires that a purchase order be completed and approved before ordering items for the district. No verbal orders shall be made. Verbal approval of an administrator or supervisor does not replace the need for a purchase order. If an order is made without a purchase order, the District has the right to make it the sole responsibility of the person placing the order to make payment; it is not the responsibility of the district to pay for an order made under these circumstances. Persons placing verbal orders shall be reprimanded. Poor planning, which causes urgency on the part of the requesting party is not an acceptable reason for purchasing without a purchase order.
2. Requests for all purchases shall be submitted to the purchasing department using the online requisition system, TEAMS. Complete the requisition online ensuring that all required fields (indicated by an asterisk) have been completed. Please be aware of your descriptions; if purchase orders do not have complete descriptions, the purchase order may not be approved. Requests shall include all required information; please be sure all shipping/handling charges are included on the requisition. A requisition must clear all of the required approval levels before it can be processed and converted to a purchase order. Requisitions at the campus level must be approved by the principal, assistant superintendent, and depending on the service or item(s) requested it will also need to be approved by the Chief of Technology, Chief of SPED, Chief of Leadership Development and Special Programs; before it can be approved and converted to a PO by the Director of Purchasing. Requisitions at the departmental level must be approved by the department Chief or director and the Director of Purchasing. Any requisition in the amount of \$25,000 or more shall be approved by the Chief Financial Officer.
3. Approval of requisitions by the Director of Purchasing and conversion to purchase orders will occur within 24-72 hours of being received in the Director of Purchasing's que . The Director of Purchasing will review the purchase order and approve or deny it. Approved purchase orders will be emailed or faxed to the appropriate vendors on the same day as created.
4. The ordering campus or department will be responsible for ensuring the vendor received a copy of the purchase order. If the purchase order is for travel or professional development, the campus or department administrative assistant is responsible for sending the purchase order to the vendor. If the merchandise is ordered through a purchasing cooperative such as the BuyBoard or TCPN, the purchase order may be required to be faxed or emailed to the cooperative's headquarters; this will be done by the Director of Purchasing.
5. Requisitions for materials and/or equipment shall be submitted in sufficient time to allow for the delivery of the materials and/or equipment within that fiscal year. Suppliers shall be informed that back orders will not be accepted unless specific permission is granted by the Superintendent or designee. If applicable, please be sure to include all shipping/handling charges on the requisition; this will be a separate line item.
6. When your order has been received, please verify the contents against your packing slip. After this has been done, go online and receive your items by line items only. The items on the purchase order that have



not been received will not be paid.

7. If a purchase order is not used, please notify the Director of Purchasing so it can be closed. If an unused purchase order is not closed, the funds remain encumbered.
8. Please plan your purchases in advance. Your designated approvers may not always be available to approve every day.
9. Do not place an order using a requisition number; this is a direct violation of purchasing policy. Please remember that a purchasing requisition is not a purchase order and is not to be used as such; it is a request for a purchase order.
10. Unauthorized purchases made outside of the requisition/purchase order process will cause the guilty party to be personally liable for the expense.

**Please make note of the following reminders when submitting a requisition:**

- For federal micro-purchasing purposes (\$10,000), purchases must be considered in the aggregate over the entire period of applicable federal grants. Therefore, the cost of items purchased using the micro-purchase method is cumulative across the grant year and cannot exceed the current threshold. The aggregate, for federal micro-purchasing purposes, applies to “like types” of purchases, which must be defined by each district in its local policies and procedures.
- Please verify that any purchase requisition in excess of \$10,000 using federal funds is allowable and three quotes have been attained as well as any other procurement procedures have been followed and met. Contact the Director of Purchasing for a quote sheet. Please remember that there is not an acceptable reason for violating purchasing statutes, no matter how badly the materials may be needed. Purchasing laws, statutes and/or policies will not be violated.
- For any purchase requisition in the amount of \$50,000 or more, a formal purchasing contract must be in place with the vendor and the Board of Trustees will have to formally approve the purchase if it has not already done so.
- If the TEA Sole Source Provision is to be used for a purchase in excess of \$50,000, the purchase must still be approved by the Board of Trustees.
- Purchase requisitions for technology hardware and software will require the approval of the Chief Technology Officer before they can be converted to a purchase order.
- Again, please remember that a purchasing requisition is not a purchase order; it is a request for a purchase order. A purchase order is in hard copy format with an authorized signature.

**Unauthorized Purchases**

All purchase commitments shall be made on a properly drawn purchase order, in accordance with administrative procedures. The purchasing department is ensuring that campuses and departments are adhering to this regulation through close monitoring and supervision. For any purchase requested to be made without a purchase order, documentation must be provided that the requested items cannot be purchased from a vendor that does accept purchase orders. Purchases made without a purchase order must have prior approval. For purchases made without a purchase order and with no prior approval granted, the employee shall be held

accountable and financially responsible for any purchase made outside the parameters of the approved purchasing process.

### **Blanket (Open) Purchase Orders**

A blanket purchase order is issued to an approved vendor authorizing purchases from that vendor over a period of time. Blanket purchase orders are valuable because they allow the purchase of items quickly. However, blanket purchase orders must follow certain criteria: certain vendors are allowed to have blanket purchase orders, a specific time frame for purchases covered by the blanket purchase order, and identification of authorized purchasers. Blanket purchase orders are issued so that supplies, materials, or services are available as needed by user departments. Blanket purchase orders amounts and time frame are reviewed and approved by the Director of Purchasing and the Chief Financial Officer.

The user department must issue a new requisition if items are requested beyond the specified time period.

The following controls shall be in place for the use of blanket purchase orders:

- The number of vendors to whom blanket purchase orders are issued will be limited.
- Those who can make purchases under blanket purchase orders will be clearly designated.
- Dollar limits will be carefully observed.

### **Emergency Purchases**

Two types of emergency purchases are made in the district.

One type results from an unforeseen catastrophe or emergency that threatens the health, safety, or welfare of students, or damages school equipment or facilities. Purchases for the repair or replacement of damaged equipment or facilities must comply with state law and may be made only after a formal board action declaring an emergency and authorizing the purchase. An example of an emergency purchase of this type is the authorization to repair a school after a fire or a natural disaster. Emergency purchases exceeding the dollar amount triggering competitive procurement requirements should be competitively procured, unless the board of trustees has exempted procurement in conformance with the TEC, §44.031(h).

The second type of emergency purchase usually is defined by the TEC, §44.0312(c), and authorized under local policy to authorize the superintendent to contract for the emergency replacement, construction, or repair of equipment or facilities, if necessary for the health and safety of district students and staff. Emergency purchases of this type may or may not fall below the dollar amount triggering competitive procurement requirements. If over the threshold for competitive procurement under the TEC, §44.031(a), the contract must either be competitively procured or performed by a pre-awarded vendor, including through a purchasing cooperative, unless the school board has made a determination to suspend procurement rules under the TEC, §44.031(h). For example, if windows are broken at a school by vandals, an immediate need exists to not only secure the building, but also to protect the contents from damage by the elements.

These types of emergency purchase may have to be utilized after regular business hours or on weekends and holidays. After purchases of this type are made, a detailed invoice and contract should be created prior to the work being performed, and purchase orders should be issued on the next business day. Emergency purchases should result from a true emergency, rather than from improper planning.

It is important for the district to differentiate between emergency purchases and non-emergency purchases, and to require that all emergency purchases be fully justified.

### Procedures for Adding New Vendors

Forward your new vendor request to Director of Purchasing via e-mail. A vendor packet which includes a W-9, Conflict of Interest Questionnaire, Vendor form, Representation & Certification, ACH payment form, and if going before the Board 1295 instructions, will need to be completed and returned to the Director of Purchasing before a new vendor can be added.

Please submit your request(s) in a timely manner; please do not wait until the last minute to send in your request. Please allow 24-72 hours after receiving vendor packet back from the vendor for your request to be processed.

Once your new vendor number has been established, you will be notified via e-mail.

If you have any questions or concerns, please contact the Director of Purchasing via e-mail or by phone (972) 218-1416. A new vendor desiring to do business with Lancaster ISD should complete the vendor request form.

### Budget Codes

Budgets are entered according to the following format:

FUND	FUNCTION	OBJECT	SUB OBJECT	ORG	YEAR	PROGRAM INTENT CODE(PIC)	LOCAL
XXX	XX	XXXX	XX	XXX	X	XX	XXX

————— INDICATES A MANDATORY CODE FOR STATE REPORTING PURPOSES

----- INDICATES A CODE THAT MAYBE USED AT LOCAL OPTION

Please click on the link for an overview on the accounting code structure and what are different fund codes, object codes, and function codes. The overview begins on page 97.

[https://tea.texas.gov/sites/default/files/Module%201%20FAR%20Appendices%20New%20Attachment%20II%20-%20Copy\\_AccessiblePDF.pdf](https://tea.texas.gov/sites/default/files/Module%201%20FAR%20Appendices%20New%20Attachment%20II%20-%20Copy_AccessiblePDF.pdf)

## **Receiving Goods**

All merchandise received by the District shall be checked immediately upon delivery for contents and condition. The employee receiving the goods shall sign the receipt, signify the date of delivery, and note any deviation in the content or any question about the condition of the goods received.

## **Personal Purchases**

District employees shall not be permitted to purchase supplies for personal use through the District's business office.

## **Software and Peripheral Purchases**

Because of network and compatibility issues, the purchase of any software must have prior approval from the District's Chief Technology Officer. Also, other technology items, such as printers, scanners, etc. may also require this approval.

## **Purchases Valued at or Above \$50,000.00**

In accordance with local Board of Trustees policy (CH) Local, all District contracts, except for the purchase of produce, vehicle fuel, or depository contract valued at \$50,000 or more in the aggregate for each 12-month period, shall be made by the method that provides the best value to the district:

1. Competitive bidding for services other than construction services
2. Competitive sealed proposals for proposals other than construction services
3. A request for proposals for services other than construction services
4. An interlocal contract
5. A method provided by the Texas Government Code, Chapter 2269, for construction services
6. The reverse auction procedure as defined by Section 2155.062(d), Government Code; or
9. The formation of a political subdivision corporation under section 304.001, Texas Local Government Code.

The Texas Government Code, Chapter 2269, identifies allowable procurement methods available to the district for consideration based on what is the best value for the district.

## **Synopsis of the Competitive Procurement Process**

The competitive procurement process cannot be conducted overnight. From start to finish, the process can be quite lengthy and involved. Here is a synopsis of what is involved in the competitive procurement process:

- A legal notice advertising the bid/proposal must be placed in a newspaper located in Dallas County for two successive weeks. The bid can be opened fourteen (14) or more days after the first advertisement.
- After the bids have been opened, a bid tabulation will be completed for review and recommendation(s) for award will be made by the appropriate department for which the bid has been conducted. The tabulation and analysis can take one full day or longer to complete. The number of vendors responding to the bid solicitation will also affect the length of time to complete the tabulation and analysis.
- After the recommendations for bid award of contract are completed, they are placed on the agenda for the next regularly scheduled Board meeting for formal approval by the Board of Trustees. The Board of Trustees is the only entity within the District authorized to officially award the bid(s). The documents presented to them are only recommendations. Once the bids have been awarded by the Board of Trustees, orders for the items may be placed by submitting a purchase order.

### **Sole Source Purchases**

Compliance with Texas Education Code §44.031 is not required for purchases that are available from only one source including:

- Identification and confirmation that competition in providing the item or product to be purchased is precluded by the existence of a patent, copyright, secret process or monopoly;
- A film, manuscript, or book
- A utility service, including electricity, gas, or water
- A captive replacement part or component for equipment

**This statute does not include services.**

To be a bona fide sole source exemption to purchasing law requirements, there must be no other like items available for purchase that would serve the same purpose or function, and only one price for the product because of exclusive distribution or marketing rights. The fact that an item is covered by a patent or copyright is but only one factor in determining if the purchase falls under the sole source exemption to the purchase requirements. For example, copyrighted software not available off-the-shelf from retailers or only available from a single source, such as a sole distributor or the producer, is not subject to the TEC purchasing law.

Sole source does not apply to mainframe data processing equipment and peripheral attachments with a single item purchase price in excess of \$15,000.

It is incumbent on the District to obtain and retain documentation from the vendor which clearly defines the reason(s), which qualify the purchase to be made on a sole source basis. Lancaster ISD requires the sole source affidavit to be completed and notarized by the vendor before it can be considered for sole source status.

## **Disposal of Obsolete and Surplus Property**

The departments wishing to dispose of assets shall contact the CFO who in turns notifies the Director of Purchasing. A listing of the items disposed of is sent to the CFO and forwarded to the Director of Purchasing. The technology department is responsible of disposal of obsolete or surplus computers, peripherals, and other technology related items. The maintenance and operations department is responsible for disposal of all other property.

If the user of this manual has any questions or concerns, please contact the Director of Purchasing at 972-218-1416.

