

## **SECTION 2. GENERAL PURCHASING PROCEDURES**

These procedures are intended to be an aid to those involved in purchasing. Observance of the procedures will help to accomplish the following: (1) comply with policies of the State Purchase and Contract Division; (2) comply with good business practices as established by auditors; (3) control expenditures in each account; and, (4) standardize purchasing practices.

### **Purchases less than \$2500**

The purchase of items **not available from e-procurement or state contract vendors** and totaling less than \$2500 may be made without acquiring competitive quotations. However, it is important to keep in mind that the procedure is not to be used to circumvent normal purchasing practices. This procedure may be used to obtain small quantities of items not available under existing contracts, to buy limited quantities where the normal method would result in excessive cost in relation to the value of the material, or to buy several inexpensive items. If such purchases are of a recurring nature, a discount schedule, special price arrangements negotiated with one or more vendors, or consideration given to the issuance of a blanket purchase order to one or more vendors would be in order. It is also important that fair and open competition be maintained when making small purchases. **It is recommended that competitive bids be acquired with any significant purchase.** The \$2500 limit applies to the total cost rather than for any single item. Orders cannot be separated into smaller orders to circumvent this provision.

### **Competitive Quotations – Purchases between \$2500 and \$5000**

Requirements for items purchased which are **not available from e-procurement or state contract vendors** that total between \$2500 and \$5000 and that are not in the exempt category must be purchased by use of the bid method. **Article 8 of Chapter 143 effective April 1, 2004 gives school systems the flexibility to purchase from vendors that are not on state contract if the item is of the same quality and at a lower price.** Telephone quotations are described as informal bids and are acceptable for purchases up to \$5000 if documented in writing and placed on the informal bid form. Written quotations are preferred and should be requested when time permits, and are required for quotations above \$5000.

The general practice of this school system is to request quotations in writing. Quotations should be requested from several sources with the minimum number being three. Fair and open competition shall be maintained in seeking competitive quotations. A two-week response time should be allowed for return of a written quotation,

**Formal bidding is required by State Statute for purchase contracts above \$90,000.**

### **Specifications**

A purchase specification is restrictive in that it sets limits on what is acceptable. Specifications must not be unreasonably restrictive, as this will eliminate competition. Usually, more than one make or brand of a particular item is satisfactory. In developing specifications, and attempt must be made to specify a quality that is suitable for the intended use, not seeking the most expensive nor the least expensive and not restricting beyond what is reasonable. Public funds are not appropriated to provide “deluxe” or luxurious levels of quality. Emphasis on

performance, function, utility, economy and quality for price should be the direction of specifications.

### **Purchase Order Requirements**

It is necessary that a purchase order be obtained before any purchase of consumable items of \$250 or more is made. Purchases, which do not comply with this regulation, are unauthorized and must be paid for by the individual or by the school placing the order.

### **Encumbering Funds**

State law requires that funds be encumbered for each purchase prior to the actual placement of the order. The encumbrance of funds provides the Finance Office the following: (1) assurance that sufficient funds are available for the purchase from an appropriate account; (2) an opportunity to determine if the purchase is in accordance with established purchasing procedures, and, (3) the opportunity to verify that the purchase has been authorized by the person responsible for that account.

**The deadline for encumbering those funds allotted to the individual schools is February 15 each year.**

The Board of Education is not responsible for the payment of invoices for orders placed without complete authorization and without being assigned a purchase order number.

### **Telephone Purchases**

Telephone purchases are not recommended and should only be used when time does not permit going through normal procedures. Obtaining purchase orders by telephone is recommended when getting repair services that is not under a maintenance agreement. Telephone orders are also acceptable when there is an immediate need for materials and supplies required to carry on an instructional program. It is generally not acceptable to purchase by telephone. Purchase orders must be issued immediately when telephone orders are placed.

To obtain a purchase order number by telephone, you must provide the name and address of the firm from which the purchase is being made, a description of the item(s) or service being purchased, the cost or estimated cost of the purchase, and the appropriation number to which the purchase is to be charged. The individual requesting the purchase order is responsible for checking with the Finance Officer to insure that sufficient funds are available for the purchase.

### **Credit Card Purchases (Central Administrative Office)**

- **PRIOR APPROVAL IS REQUIRED FOR ALL PURCHASES.**
- Obtain the required 3 quotes when applicable per purchasing procedures outlined in the Surry County Schools Finance Manual.
- Prepare requisition for the item to purchase through the AS400 system. The requisition is to encumber the funds only. The requisition will not be turned into a purchase order at any point. Type in the description on the requisition **“CREDIT**

**CARD PURCHASE”**. That will notify accounts payable that the requisition is to encumber funds only and not to be turned into a purchase order. It will let them know that the encumbrance is to be cancelled when the credit card payment is made.

- Use the credit card to purchase the item.
- Attach the 3 quotes to the credit card purchase documentation.
- **Follow normal purchasing procedures for approvals, etc.**

### **Business Credit Card Purchases (Individual Schools)**

- Schools shall be allowed to have a charge account card at a particular business (Example: WalMart, Staples). **No general credit cards such as VISA, Mastercard, etc. are allowed at the individual school level.**
- The principal and/or school finance officer shall be responsible for the security of the cards.
- Checkout procedures shall be established by the principal for use of the cards.
- An individual school purchase order shall be prepared for any purchases in excess of \$250.00 if the school intends to be reimbursed for the purchase from school allotments held at the central office level.
- The purchaser shall provide receipts for all purchases to the school finance officer.
- Only an employee of the Surry County Schools **with prior approval of the principal** may use the card. Under no circumstances will a student be allowed to use a school credit card.
- **Schools shall be responsible for paying their own charge account statements from school funds.** If the purchases are to come from school allotments, a purchase order (with the school name as vendor) shall be sent to the central office for reimbursement to school funds. All receipts and appropriate fund codes shall be included with the purchase order.

### **Ordering at Year-End**

It is **not** permissible to receive material from a company prior to July 1 of any given year with understanding that invoicing will occur after a purchase order is issued in July of that year. In fact, commitments cannot be made for any purchase unless there are sufficient funds available to pay for the items purchased.

**All invoices must be in the Finance Office no later than May 31 of each fiscal year.**

### **Single Source Items**

Single source items are items for which there is only one dealer, distributor, or manufacturer from which to purchase that item in a particular area. Such items costing \$90,000 or less may be purchased at the LEA level provided this is documented in writing. Efforts should continually be made to locate additional sources of satisfactory substitute items. Single source items costing more than \$90,000 require governing board approval. If the item cost exceeds \$5000 a formal Request for Bid is required even though the item is determined to be single source.

### **Lease-Purchases**

Lease-purchases are allowed in North Carolina Public Schools for automobiles, buses, mobile classrooms, photocopiers, computer hardware and software and related support services.

### **PURCHASES MUST BE MADE FROM E-PROCUREMENT VENDORS WHEN POSSIBLE. ANY DEVIATION MUST BE SUPPORTED AND DOCUMENTED.**

### **Library Books**

The usual bid process is not required for the purchase of library books.

### **Purchasing Products with Recycled Content**

The Governor's Executive Order Number 8 mandates that State Government reduce landfill solid waste by 50% by increasing the use of products with recycled content. State Statute mandates that we increase in percentage yearly the quantity of products used with recycled content. We are also mandated to report annual consumption of all items with recycled content compared to virgin content products. This report is due on October 1<sup>st</sup> each year.

### **Surplus Property**

When property, other than real property, which is owned or held by a local Board of Education, becomes surplus or undesirable, the Board may sell this property through the Surplus Property Division of the North Carolina Department of Administration in accordance with G.S. 115C-518. Any local disposition shall be by sealed bid, public auction or trade or sell to another public agency.

### **Affirmative Action Policy for Minority/Women/Handicapped Business Enterprises – (HUB – Historically Underutilized Businesses**

We are required by State Statute to report spending with Hubs on a quarterly basis. We are also required to report or bid activity with these businesses.

### **Spending Instructional Consolidated Funds**

All public school funds are required by law to be spent according to Policies, Rules and Regulations included in the State and Surry County Schools Purchasing Procedures.

State and local instructional consolidated funds allocated to the individual schools will be set up in the following manner:

An account will be maintained in the Finance Office for funds allocated to the individual schools.

All expenditures of \$250 or more for instructional consolidated funds on account with the Finance Office must be made by purchase orders.

Since these funds are budgeted for instructional purposes, it is only reasonable to expect that the money should be spent for this purpose. An item of supply is defined as any article or material, which meets any one or more of the following conditions:

1. It is consumed in use;
2. It loses its original shape or appearance with use;
3. It is expendable; that is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to replace with an entirely new unit rather than repair it;
4. It is an item costing \$1000 or less having characteristics of equipment or it is a service such as rental of instructional equipment, which is used as a part of the instructional program in the classroom;

Such items as the following are appropriate purchases from this account:

1. Instructional supplies;
2. Books (including library, music and classroom reference);
3. Sheet music for band, orchestra and chorus;
4. Filmstrips, records, tapes, software, etc.;
5. Maps, globes, charts and projection screens, etc.;
6. Hand tools;
7. Portable tables and racks; and
8. Other instructional equipment items priced under \$1000

The principal at the individual school may request a transfer of these funds to purchase instructional equipment, which is to be used as part of the instructional program in the classroom.

The Superintendent or his/her designee reserves the right to disapprove any request for expenditure of these funds.

**State Instructional funds cannot be used for maintenance contracts.  
State funds shall be spent before local funds.**

### **Career & Technical Education**

Federal and State funds allotted for Career & Technical Education programs must be spent for that purpose.

### **Federal Funds**

Federal funds allotted must be spent for the programs to which they apply.

### **At-Risk/Remediation/Improving Student Accountability**

Funds allotted for at-risk/remediation/improving student accountability must be spent for that purpose. Those funds have a carryover provision until August 31 of the following school year. **Invoices must be to accounts payable for payment no later than August 10. Any funds remaining after August 10 will be spent by the director in order to prevent reversion of funds.**