

SECTION III

Purchasing

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Preface

The District's Purchasing Guidelines are intended to be a guide to help you understand purchasing procedures of our district. By providing information concerning the procedures for purchasing and bidding, these Guidelines will assist in the understanding of the complex financial requirements of the educational world in which we live.

The main focus of the Purchasing Department is to facilitate the acquisition of goods and services in accordance with state and federal law in order to meet the needs of schools and departments. Our focus is on educating staff members primarily responsible at the campus and department levels for purchasing so that they can make most purchases directly.

We strive to give purchasers the confidence and support they need to be successful. Although oversight of the purchasing process is still centralized, most purchasing decisions are site-based. By placing the majority of the decision-making power in the hands of principals and directors, we encourage the control of expenditures and get the most value for the dollars available.

Suggestions for improvements in these procedures are always welcome.

Please remember: success in school business can only come from unified effort, and our successes help to provide the best for the youth of our District – our only purpose for being here.

I. RESPONSIBILITY FOR PURCHASING

A. Purchasing Policy

1. Complete purchasing policy and procedures followed by the district may be found in the Texas Education Agency Financial Accountability System Resource Guide (FASRG) in the Purchasing Module.
2. FASRG can be accessed through the TEA website at:
<http://www.tea.state.tx.us/school.finance/audit/resguide8/purchase/index.html>
3. Board policies pertaining to purchasing can be accessed through the website at:

<http://pol.tasb.org/Policy/Code/683?filter=DEC>

B. Purchasing Authority

1. The following persons are delegated the authority to act as agents for the district in carrying out the purchasing activities of the district:
 - a. Superintendent
 - b. Business Manager
 - c. Assistant Business Manager
2. Each Principal acts as purchasing agent for all expenditures made from his/her campus Activity Fund.

II. LEGAL BASIS FOR COMPETITIVE BIDS & QUOTES

A. Bids, Proposals and Quotes

1. Purchases less than \$50,000. The following limits apply to the TOTAL requisition amount, not the cost of a particular item. Requisitions

cannot be split to avoid obtaining quotes.

- a) Requisitions totaling less than \$10,000 – no quotes required
- b) Requisitions totaling \$10,000-\$49,999 – three (3) written quotes (send to Purchasing as an attachment). The District is responsible for keeping a written record of these quotations for audit purposes. They are kept on file in the Accounts Payable Department.
- c) Exceptions
 - (1) Textbooks
 - (2) Books and encyclopedias purchased directly from the publisher
 - (3) Component repair parts (parts made by the same manufacturer as the item being repaired and no comparable parts available)
 - (4) Sole Source items with letter on file in the Purchasing Department (See list of Sole Source Vendors)

2. Purchases greater than \$50,000

- a) All school district contracts for the purchase of **goods and services valued at \$50,000** or more in the aggregate during a 12-month period must be competitively bid.
 - (1) Professional Services -architect, physician, certified public accountant, attorney, surveyor, engineer, or state certified real estate appraiser.
 - (2) Sole Source Goods -items only available from one source covered by a patent, copyright, or monopoly; films, books, manuscripts; utility services; and captive replacement or component parts for equipment repair.
 - (3) Emergency repair or replacement of school equipment that has been damaged or destroyed with the approval of the Board of Trustees.
 - (4) Computers with an annual aggregate value above \$15,000.

(5) School buses with an annual aggregate value greater than \$20,000.

b) These contracts must be preceded by a competitive pricing mechanism.

(1) Competitive bids

(2) Requests for proposals

(3) Catalog purchase

(4) State contracts

(5) Department of Information Resources (DIR)

(6) An inter-local agreement based on bids or proposals (Cooperatives, such as Region 6 Education Service Center, Harris County Department of Education, etc.)

(7) Reverse Auctions c) Notice is required for bids and requests for proposal:

- To be published once a week for at least two weeks prior to the deadline for receiving responses.
- In a newspaper for the county in which the school district's central office is located. EC 44.031g

B. Awarding Contracts

In awarding a contract, the District shall consider:

1. Purchase price.
2. The reputation of the vendor and of the vendor's goods and services.
3. The quality of the vendor's goods and services.
4. The extent to which the goods or services meet the District's needs.
5. The vendor's past relationship with the District.
6. The impact on the ability of the District to comply with laws relating to historically underutilized businesses.
7. The total long-term cost to the District to acquire the goods or services.

8. Any other relevant factor specifically listed in the request for bids or proposals.

C. Enforcement

1. District staff members commit a criminal offense if they make or authorize separate, sequential, or component purchases to avoid using competitive pricing mechanisms when required. EC 44.032b
2. District staff members commit a criminal offense if they fail to use competitive pricing mechanisms when required or award contracts for reasons other than those cited. EC 44.032c
3. Conviction of an offense results in an individual's:
 - a) Immediate removal from office,
 - b) Inability to serve in any public office in Texas for four years
 - c) Ineligibility to receive any compensation through state or local government contracts. EC 44.032e

D. Waste Control

1. Purchase order approval process followed per the Administrative Procedure Manual.
2. Purchase Request or travel request are considered base on their priority of need.
3. Purchases are considered and reviewed against other programs for coordination of funds.
4. Inventory of materials and evaluation/review of programs are completed at the end of the year.

E. Bid and CSP/RFP Guidelines

1. Bid and proposal openings shall be conducted in a district office.
2. A bidder may withdraw a bid due to a material mistake in the bid.
(Common Law)

3. Bids may not be changed for the purpose of correcting errors after they have been opened.
4. The Board of Trustees has the right to reject any and all bids.
5. Contract Length
 - a) Contracts obligate current District revenue only for the year in which they are awarded.
 - b) Multi-year agreements are permissible if they contain:
 - The right of the Board to terminate the contract at the end of each budget, or
 - An appropriate funding-out clause to allow termination should funds become unavailable to pay for the contract.
6. Tie Bids
 - a) If the district receives two or more low bids that are identical, the selection of the winner shall be by the casting of lots.
 - b) If only one of the bidders submitting identical bids is a resident of the District, that vendor will receive the award.
7. Non-resident bidders must underbid resident bidders by not less than an amount (percentage) by which a resident vendor would be required to underbid in the non-resident bidder's state (reciprocity).
8. Inter-local Agreements between school districts, other local governments, and state agencies for the purchase of goods and services satisfies the requirement that contracts be preceded by a competitive pricing mechanism.
9. Texas Comptroller of Public Accounts may provide and the district may use state contract prices and vendors to satisfy the requirement that contracts be preceded by a competitive pricing mechanism.
10. Purchasing Cooperatives
 - a) Cooperatives may be established by school districts, regional education service centers, county departments of education, and other local governments to pool goods and services needs in order to

obtain optimal pricing.

b) The Board of Trustees must approve a contract with the governmental unit operating the cooperative designating a person to act for the district in all matters pertaining to the cooperative.

c) The governmental unit operating the cooperative may collect fees from the participating districts or governments to cover the cost of operating the cooperative.

d) The District has the ability to utilize the following governmental agencies or purchasing cooperatives, provided the District does not have a specific bid or quote in place for the commodity being purchased.

(1) BuyBoard

(2) DIR (Department of Information Resources)

(3) HCDE (Harris County Department of Education)

(4) HGAC (Houston-Galveston Area Council)

(5) Region VI

(6) TXMAS (Texas Multiple Award Schedules)

(7) TCPN (The Cooperative Purchasing Network)

(8) TIBH (Texas Industries for the Blind and Handicapped)

(9) Texas Comptroller of Public Accounts (CPA) – Non-automated and Automated Term Contracts

(10) U S Communities – Government Purchasing Alliance

(11) Food Service purchases for personal property exceeding \$50,000 must utilize a bid, proposal, state or federal contract, cooperative purchasing agreement, or inter-local purchasing arrangement due to federal school lunch program requirements.

(12) Quantities and description of products purchased or specific details of services, such as dates, total hours, number of students to whom a contractor provided services, as applicable.

F. Law Code Abbreviations

EC -Education Code
GC -Government Code
LGC -Local Government Code
H&SC -Health and Safety Code
AC -Agriculture Code
TAC – Texas Administrative Code
PC -Penal Code
V.A.T.S. -Vernon’s Annotated Texas Statutes

III. STANDARDS OF CONDUCT

A. Ethics

1. The District subscribes to the "Code of Ethics and Standard Practices for Texas Educators," which establishes proper conduct for district staff members. Principle I, Professional Ethical Conduct, clearly applies to those individuals engaged in the purchasing process. This principle includes the following standards:
 - a) The educator shall not intentionally misrepresent official policies of his school district or educational organization and shall clearly distinguish those views from his personal attitudes and opinions.
 - b) The educator shall honestly account for all funds committed to his charge and shall conduct his financial business with integrity.
 - c) The educator shall not use institutional or professional privileges for personal or partisan advantage.
 - d) The educator shall accept no gratuities, gifts, or favors that impair or appear to impair professional judgment.
 - e) The educator shall not offer any favor, services, or thing of value to

obtain special advantage. f) The educator shall not falsify records, or direct, or coerce others to do so.

2. All District staff members are public servants and therefore subject to Title VIII of the Penal code, regarding offenses against public administration, including bribery and corrupt influence (Chapter 36), perjury and other falsification (Chapter 37), obstructing governmental operation (Chapter 38), and abuse of office (Chapter 39). All District staff members shall perform their duties in conformity with District policy, ethical standards for professional educators, and state and federal law. Penal Code 1.07(41), Title VIII

B. Conflict of Interest

School district employees are limited in the types of employment in which they may be involved outside of normal school activities.

1. An employee shall not accept or solicit any gift, favor, service, or other benefit that could reasonably be construed to influence the employee's discharge of assigned duties and responsibilities.
2. An employee shall not have a personal financial interest, a business interest, or any other obligation that in any way creates a substantial conflict with the proper discharge of assigned duties and responsibilities or that creates a conflict with the best interest of the District.
3. Each employee shall disclose, to the best of his or her knowledge, in writing to the Superintendent or designee any financial or ownership interest in any business or other purchase arrangement with the District.
4. An employee who believes he or she has or may have a conflict of interest shall disclose the interest to the Superintendent or designee, who shall take whatever action is necessary, if any, to ensure that the District's best interests are protected.

IV. CONTRACT

A. Contracts /Common Law

1. A District Purchase Order is an offer. A contract is created between the District and the vendor only when the vendor accepts the terms of the Purchase Order by causing the goods or services requested on the order to be delivered. In other words, the District's offer (Purchase Order) is a presentation to the vendor of what the District wants from the vendor and under what conditions (terms). Purchase Orders provide a uniform way for the District to make offers to vendors with all terms in writing. This is why it is critical to the purchasing process that the school or department receiving the goods or services immediately compares the delivery of it with the Purchase Order. If the vendor has altered the terms of the Purchase Order to the point where the recipient is dissatisfied, then a possible breach of the contract has occurred. In such a situation, Purchasing should be notified at once.
2. In the case of bids and request for proposals (all types), a different set of circumstances exists. Here, the offer is the vendor's bid or proposal. This is the vendor's offer to the District of what the vendor will sell the District and under what terms. The acceptance of an offer occurs when the Board of Trustees awards a bid or selects a proposal. (Note: the vendor may withdraw his offer [bid/proposal] at any time up until the offer is accepted [award made] by the Board.)
3. A contract is created between the District and the vendor after the bid is accepted by the Board and a District signatory signs a contract. A Purchase Order for the goods or services may be withheld or amounts

substantially reduced by the Purchasing Agent if the needs of the District change and the materials or services are no longer needed even though the Board has accepted the offer.

B. Contract Signatories

1. Contracts exceeding \$25,000 after approval by the Board of Trustees may only be signed by the following:
 - a) The Superintendent of Schools may sign any authorized and lawful contract on behalf of the Board of Trustees.
 - b) The Chief Financial Officer may sign any authorized and lawful contracts on behalf of the Board of Trustees in absence of the Superintendent or the Director of Purchasing.
 - c) The Director of Purchasing is authorized to sign all contracts for the purchase of goods and services.
 - d) The budget authority granted to a Principal or Director in no way authorizes them to execute contracts or make purchases in the name of the District.

C. Lease Rental Contracts

1. Any contracts for rental, lease, lease purchase, or any other provisions that will extend past the fiscal year must:
 - a) have cancellation provisions and must be renewed by the issuance of a new Purchase Order for each fiscal year, (Attorney General of Texas Opinion No. M-950 dated September 14, 1971.) and
 - b) be approved by the Director of Purchasing or the Chief Financial Officer.

D. Consultants Contracts

1. A consultant is an independent contractor, not an employee, which offers services to the public. A consultant usually maintains an office and usually provides the equipment and materials necessary for completing or performing a service. A consultant is paid on a fee basis for specialized services that are usually considered to be temporary or short-term in nature, normally in areas beyond the expertise of the employing entity's employees.
2. Consultants hired to perform a service will execute a written contract acceptable to the District, prior to the performance of the service. A request to pay a consultant must be submitted with a copy of the signed contract.

V. PURCHASING PRINCIPLES

The Purchasing Prime Directives

- ❖ Approval for purchases must be made prior to purchase.
- ❖ Request for payment without a purchase order approved by the Purchasing Department will become the responsibility of the person ordering the merchandise.

General Guidelines

- ❖ The Purchasing Department must approve purchases via a requisition and assign a purchase order number before purchases are to be made.

- ❖ Materials for preview must follow the same purchasing procedures as detailed in this section.
- ❖ Employees should not purchase materials with their own money with the intention of being reimbursed by the district. Instead, the purchasing procedures outlined in this section should be followed.

A. Purchase Requisitions

Purchase requisitions shall be submitted by the requestors to their Principal or department Director for approval. The Principal or Director must approve and enter into the TxEIS system.

1. Purchase requisitions may be prepared by any employee of a school or department. (Remember: A purchase requisition is still a request until approved by the Principal or Supervisor.)
2. The Purchase Requisition will be entered into the TxEIS system by the Principal's designee. Complete all fields.
3. Requests for goods or services totaling \$10,000 to \$49,999.99 require price quotations from at least three (3) awarded vendors or a sole source letter before they will be processed. The quotations should include the company name, contact person, phone number, and quoted prices.
 - a) For orders \$10,000 up to \$49,999.99, written quotations must be provided by three (3) different awarded vendors. These quotations should be sent to the Purchasing Department as attachments, with "attachments" noted on the first line of the comment's section on the requisition.
4. Requests for goods or services totaling over \$50,000 in the aggregate for 12 months must be supported by a competitive pricing mechanism before purchases can be made.

5. Orders must not be deliberately split to avoid the necessity for quotes or competitive bids. This is a violation of state law.
6. Approval Authority -All Purchase Requisitions must be approved by the designated Director or School Principal before being electronically sent to Purchasing. In the event a Director or Principal is absent he may designate approval authority to another person(s). **The budget authority granted to a Principal or Director in no way authorizes them to execute contracts or make purchases in the name of the District**
7. Method of approval of requisitions may be at the Director or School Principal's discretion at the campus/department level with some physical evidence of approval kept at that facility.
8. Purchase requisitions to be held for lists, quotes, or order forms to be mailed with the Purchase Order must also have "attachment" entered on the first line only in the comments' section of the requisition to indicate additional information is being sent to the Purchasing Department.

B. Purchase Orders

No purchases are authorized without issuance of a purchase order, as payment will not be made for such purchases. Anyone creating or authorizing such a commitment prior to securing a purchase order number will be held personally liable for payment of such agreement and/or may be liable to prosecution under the Texas Penal Code Chapter 39 Abuse of Office, Section 39.01.

General Purchase Order Procedures

1. Purchase Orders are issued on a weekly basis by the Business Office based on information submitted on the Purchase Requisition. When

the Business Office extracts the automated requisitions, they become purchase orders. The Purchase Order is computer-generated with budgeted funds being encumbered at the same time.

2. A purchase order is considered to be only a purchase request until approved by the Business Office.
3. The Business Office extracts electronic purchase orders weekly. Therefore, indicate that an order is a rush ONLY if it is needed immediately.
4. Contracts for Purchase will be put into effect by means of a purchase order(s) executed by the Superintendent after bids have been awarded to purchase goods or services.
5. **The merchandise should not be ordered until the purchase order has been returned to the campus.** The individual placing an order without a P.O. number will be responsible for payment of the invoice.
6. Purchase Orders are not to be modified with the vendor or by schools or departments directly. If it becomes necessary to change the terms of a Purchase Order, the school or department must first advise the Business Manager or Assistant Business Manager to Cancel/Change purchase order. Once agreement to any price increases or modification of terms is reached, Business office has the responsibility to adjust the encumbrance on the Purchase Order and notify all involved parties of the changes.
7. Once a Purchase Order is issued, the same P. O. number cannot be used for reorders. Where merchandise has been returned or damaged and a reorder of replacement merchandise is desired, a new Purchase Requisition must be submitted.
8. In the event it is necessary to cancel a Purchase Order, the secretary/requisitioner must advise the vendor in writing by use of the *Vendor Cancellation Confirmation Form*, as to why they wish to

cancel the order. The Purchasing Department will liquidate the encumbrance once the “signed” form is returned to Purchasing by the vendor.

9. The Purchasing Department will:
 - a) Verify compliance with bid laws (as indicated by the comments’ line of the requisition – sole source, DIR, Region 6, bid #, quote #, TCPN, etc.).
 - b) Verify correctness of coding according to the Finance Manual, and
 - c) Give final approval if everything is in order or reply via e-mail to the requisitioner if a problem exists.
10. Following final approval, the purchase order will be mailed or faxed. Copies will be dispersed electronically to the appropriate department.

C. Open Purchase Orders

1. Open purchase orders and/or open accounts are established with vendors by the Purchasing Department only through Board approval of competitive bids, proposals or by quotations. Purchase Orders not issued in this manner are considered to cover a one-time single purchase per each Purchase Order number assigned.
2. Invoices on open Purchase Orders are to be attached to a copy of the Receiving Copy of the Purchase Order, signed by the Director responsible for the purchases, and forwarded to Accounts Payable.

D. Online Purchasing Instructions

Online purchases are required for Buyboard, etc. unless items are unavailable online or you have secured special pricing. Online purchases require a one-line purchase order that includes the invoice

(ONLY one invoice # per PO). (Ordering instructions for Sam's, Home Depot, and BuyBoard, etc. are posted)

E. Material Preview Purchase Order

1. Materials to be previewed must be ordered on a Purchase Order in the usual manner. All usual conditions for issuing a Purchase Order shall apply.
2. Review of the materials must be made **within ten calendar days** after receipt of merchandise. A decision whether to keep or return the materials must be made in a timely manner because State law requires that vendors be paid within thirty days.
3. The original encumbrance on the Purchase Order cannot be reduced because the materials have been returned, but only upon acknowledgment by the vendor with a credit memo.

VI. INTERNAL PROCEDURES

A. Specifications

1. Preparation of specifications shall be the responsibility of the using school or department. The responsibility of the Purchasing Department is to review the specifications to ascertain whether competitive bids can be obtained and assure that Board policies and state laws are followed regarding the purchase.
2. Specifications must contain adequate technical descriptions to clearly identify for prospective bidders the type of material, equipment, or services required. In addition to the detailed specifications, brand names, model numbers, and like descriptions may be referred to as product meeting specifications to inform prospective bidders of the type of quality required. Descriptions must include quantitative data such as size, weight, or volume and qualitative data such as

- commercial grade, texture, finish, strength, chemical analysis, or composition where possible.
3. Quantities and description of products purchased or specific details of services, such as dates, total hours, number of students to whom a contractor provided services, as applicable.

B. Vendor List

The Purchasing Department maintains a database of vendor information. The list is based on categories derived from goods or services for which the District has taken bids or intends to take bids. A vendor may request to be placed on the bid list by going to and completing a vendor application listing commodities offered. Bid notifications are mailed to vendors registered in the database when nearing the expiration date of current bids and quotes. A vendor may be removed from the bid list by failing to respond to three consecutive bids, failing to update addresses and telephone numbers, withdrawing a bid, failing to honor a bid, failing to honor contracts or warranties, or making false or misleading statements (written or oral) during any business negotiation with the District. Once removed, a vendor will not be reinstated on the bid list until he can demonstrate that any past problems have been corrected and his organization can meet all bidding requirements.

C. Equipment Warranty, Maintenance, and Repair

For repair of equipment that has been received and paid, a School or Department has one of the following options:

1. If the equipment is under warranty, contact the vendor from whom it was purchased. If the product was purchased through a District bid, contact Purchasing. (Warranties start the day the equipment is received even if school is not in session and the item is not put in use right away.)
2. If the equipment is no longer under warranty, contact the Maintenance Department for repair assistance.
3. For those items covered by outside maintenance contracts such as typewriters, duplicating equipment, and some copiers, contact the appropriate service company holding a maintenance agreement with the District.
4. For all computer equipment, contact the Technology Repair Department.

D. Open Records

All information collected, assembled or maintained by governmental bodies pursuant to law or ordinance or in connection with the transaction of official business is public information and available to the public during normal business hours of any governmental body with certain exceptions.

Three exceptions clearly concern the purchasing operation found in: Texas Education Code Title 110A, 6252-17a, Section 3

- information, which if released, would give advantage to competitors or bidders;
- information pertaining to the location of real or personal property for public purposes prior to public announcement of the project, and information pertaining to appraisals or purchase price of real or personal property for public purposes prior to the formal award of contracts therefore;

- trade secrets and commercial or financial information obtained from a person and privileged or confidential by statute or judicial decision;

The concern is that information is not disclosed at inappropriate times leaving the District unprotected.

E. Sales Taxes

1. The District is exempt from the payment of state sales taxes by the fact it is a political subdivision of the State of Texas.
2. Staff members may not use the District's tax-exempt status for purchases of personal property. Anyone avoiding the payment of sales tax by using this exemption may be liable for prosecution under Texas Penal Code, Chapter 39, Abuse of Office, Section 39.01. (This also applies to booster clubs, PTOs and other outside organizations – they must apply and receive their own tax-exempt status.)
3. All Purchase Orders notify vendors of the District's tax-exempt status. When placing a confirming Purchase Order with a vendor, the school or department should indicate to the vendor that the District holds this exempt status and should not be charged tax.

F. Quotations

1. The term quotation is used to identify the task of securing pricing information from a vendor for goods or services. a) Written quotations must be requested from awarded vendors for one-time purchases between \$10,000 and \$50,000 (See sample form in “Forms” section).
2. Any required quotations, whether written or faxed, obtained by a department or school must be cited on the first line of the comments' section of the Purchase Requisition as “attachment.” Written copies

shall be sent to the Purchasing Department, on all quotations over \$10,000, from three (3) awarded vendors.

G. Delivery and Receipt of Orders

1. ALL ORDERS **MUST** BE DELIVERED TO Kennard ISD Administration
304 Hwy 7 East, Kennard, Texas 75847.

Exceptions

- a) Technology hardware and repairs (delivered to Technology Department)
 - b) Live specimens & chemicals
 - c) Library books and videos (large orders with attachments ship to campus)
 - d) Book binding
 - e) Trophies
 - f) Office Supplies
 - g) Unusually heavy or bulky orders, such as lumber, clay, appliances, or any item over 50 lbs.
 - h) Items for which installation is part of the purchase price
 - i) Large lots of furniture, such as desks and/or chairs
 - j) Repaired instruments
 - k) Pianos
 - l) Formal gowns, tuxedos and items transported in hanging clothes racks
 - m) Uniforms (Drill Team, Cheerleader, Band, etc.)
 - n) Subscriptions
 - o) Pickup orders
1. The delivery address on the purchase order. Do not allow vendors

to deliver goods to a campus if the purchase order states otherwise. If they try to do so, direct them to the appropriate address.

1. No changes may be made to orders without approval from the Business Office and a signed Change Order Form.
2. All orders must be inspected within five (5) days. Claims for damages or incorrect orders need to be submitted promptly to the vendor.
3. Returning orders
 - a) If items were delivered to the administration, contact them within three (3) days for pickup.
 - b) If items were delivered by a vendor, contact that vendor directly for pickup instructions.

VII. PURCHASE OF COMPUTER HARDWARE/SOFTWARE FROM DIR VENDORS

1. 1. All computer purchases, with the exception of those requested through the inventory system, must be made on a purchase order and delivered. Technology will then enter the computers/laptops on the technology supplies list. The technology department will send an annual computer inventory to each principal and department head for validation.
2. If you plan to purchase a computer or computer hardware, contact the Technology Department and use the contracted vendors.
3. Enter "Quotes Attached" (orders greater than \$10,000) on the first line only of the comments section of the purchase requisition.

X. GLOSSARY

Annual Aggregate This pertains to the total amount of purchases made by a school district within a single category of items during a twelve-month period. The state does not prescribe on what date the period starts and stops.

As Is An expression signifying that goods offered for sale are without warranty or guarantee. The purchaser has no recourse with the vendor for the quality or condition of the goods.

Authorized Deviation Permission given to a supplier authorizing production or delivery of items within stated limits other than those specified originally.

Backorder The undelivered part of a previous order which the vendor re-enters for shipment at a later date.

Bid A response to a specified request for goods or services. Usually requested for contracts exceeding an annual aggregate of \$50,000.

Bid Bond Bid bond guarantees an owner of property that a party bidding for a contract will, if his bid is accepted, enter into a contract and furnish performance and payment bonds for the carrying out of the work, or pay the owner the difference between the amount of his bid and that of the bid finally accepted.

Caveat Emptor "Let the buyer beware": The sale is at the buyer's risk.

Caveat Venditor "Let the seller beware": In some cases, the vendor is liable to the buyer if the goods delivered differ in kind, quality, use, and purpose from those specified in the contract of sale.

Certified Check A check endorsed by a bank which guarantees its payment.

Change Order A purchaser's document used to modify or add to a purchase order.

Competitive Pricing Mechanism A term used to collectively describe the various methods the state has provided to meet bidding requirements for purchases above \$50,000. These include bids, requests for

proposal, DIR, and inter-local government contracts.

Competitive Sealed Proposal (CSP) If competitive sealed proposals are chosen as the purchasing method, the Superintendent or designee shall prepare the request for proposals and/or specifications for items to be purchased. All proposals shall be submitted in sealed envelopes, plainly marked with the name of the proposer and the time of opening. Proposals received after the specified time shall not be considered. Proposals shall be opened at the time specified, and all proposers shall be invited to attend the proposal opening.

Delivery Schedule The agreed time or rate of future deliveries of purchased goods or services.

Discount An amount deducted from the selling price by the vendor. It is generally applied when a purchaser meets a stipulation that reduces the cost of the goods.

Expediting "Follow-up" Tracing the status of an order to ensure efficient movement of goods to the School or Department in accordance with the terms of the Purchase Order.

Express Warranty Vendor's representations concerning the nature and use of goods, which he intends the buyer to rely on.

Inventory A stock of goods or an itemized list of a stock of goods on hand at a particular time. When ascertained by a physical count of the items it is a "physical inventory"; when determined from records maintained for routine business activities, it is a "book inventory."

Invitation to Bid A request made by a purchaser to prospective suppliers for their competitive price quotations on goods or services.

Invoice The vendor's itemized list of goods or services shipped which specifies price and terms of sale.

Knocked Down (k.d.) A term to indicate that the article described is delivered unassembled. When an article is shipped "k.d.", it must be reduced in size by one third or as specified in the carrier's tariff to be eligible for the applicable freight rate.

Lump Sum The price agreed upon between vendor and purchaser for a single job or a single purchase of merchandise in bulk.

Manufacturer One who produces or assembles items from raw materials or components.

Negligence Under a legal duty, failure to exercise the degree of care expected of a person of ordinary prudence in like circumstances

Open Account Purchase A purchase made by a buyer who has established credit with the seller. The transaction is charged to the purchaser's account, payment for which is to be made at some future date agreed upon by buyer and seller.

Original Equipment Manufacturer Seller's classification of a buyer whose purchases are incorporated into a product he manufactures, usually without changing the item that he acquires.

Payment Bond Payment Bond, often referred to as a Labor and Materials bond, guarantees that bills for labor and material used in the work project will be paid. This coverage is usually included automatically in the Performance Bond so no additional charge is necessary.

Performance Bond Performance Bond guarantees the owner that work will be completed according to the contract specifications. This is considered the key bond in a work project because the owner not only wants the work completed usually within a specified time -but also completed according to the owner's specifications.

Purchase To acquire goods or services for a price.

Purchase Order A purchaser's formal written offer to a vendor containing all terms and conditions of a proposed transaction.

Purchase Requisition A formal request made to the Purchasing Department to procure goods or services from vendors.

Quotation A statement of price, terms of sale, and description of goods or services offered by a vendor to a prospective purchaser. When given in response to an inquiry, it is generally considered a sales proposal that states the current price of a commodity. For the District, it is primarily

used for purchases between \$10,000 and \$50,000.

Rebate A form of discount in that the vendor returns, (or rebates) to a purchaser in consideration of the purchase of a specified quantity or value of goods usually within a stated interval.

Receiving Copy This is a receiving department document used to inform others of the receipt of purchased goods. Copies are usually distributed to the accounting department.

Sample A small portion of goods taken as a specimen of quality.

Separate, Sequential, and Component Purchases Dividing a purchase into several parts or buying parts of a system on separate orders avoid having to use competitive pricing mechanisms to purchase goods and services.

Specification A comprehensive and accurate statement of the technical requirements descriptive of a good or a service, and of the procedure to be followed to ascertain if the requirements are met. A federal specification is a specification established in accordance with procedures prescribed by the Federal Specification Board and approved for use by all government agencies.

Stock The supply of goods maintained in a stores system to satisfy anticipated demand.

Terms of Payment The method of payment agreed upon in a sales contract. The three basic terms are cash, open account, and secured account.

Tracer A request made to a carrier to trace a shipment for expediting purposes or to establish date of delivery.

Vendor A seller of goods or services.

Warranty An undertaking, either express or implied, that certain fact regarding the subject matter of a contract is as it is declared or promised to be. Not to be confused with "guarantee," which entails contractual responsibility for the substandard performance or nonperformance of another party.

Wholesaler A purchaser who buys goods for resale to a retailer or industrial user.