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Purchasing Procedures

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INTRODUCTION

The Business Office is responsible for overseeing the procuring of supplies, equipment, and services necessary to provide a quality instructional program for students and staff.

This reference manual has been developed so that all staff members are aware of the procedures that will allow them to purchase:

- Appropriate items,
- At the most cost effective price,
- While adhering to all legal and internal control requirements.

METHODS OF PROCUREMENT

Methods available to District staff to purchase goods and services generally fall into three categories:

1. Purchase Orders
2. P-Card Purchases
3. Direct Purchases

Detailed procedures for each of these options are outlined in the next section of this manual.

Note: If a purchase is in direct conflict with the policies or procedures of Lake Superior School District, the expenditure will be disallowed.

PURCHASING OVERVIEW

The School Board has the ultimate authority and approval over what the District purchases. All procedures are developed and written to provide detailed practical guidance to support the responsibilities and goals of the School Board policy.

1. Obligate the District for goods and services duly requisitioned and approved.
 - ✘ Unauthorized orders or commitments made by staff neither obligate nor bind the District. Individuals representing the District without approved purchasing authority cannot obligate the District to any legal commitment.
 - ✘ Individuals who place unauthorized orders and circumvent the Purchasing Department procedures may be held personally responsible for settlement of unauthorized purchases.
2. Personal Purchases: The Purchasing Department is not authorized and will not arrange personal purchases for staff. The use of the District's name, Tax ID number, or any other means which infers District authorization to obtain a reduced price for any product or service being purchased for private use is expressly prohibited.

3. **Quality of Goods:** In order to provide assurance of product safety, the Purchasing Department may question the quality, quantity, and type of material requisitioned and may suggest alternate items.
4. **Selection of Vendors:** With the exception of curriculum adoptions, the selection of sources and vendors is at the discretion of the District Office. Other sources may be suggested by other departments and will be considered whenever economically feasible or expedient to do so.
5. **Advance Payments:** Generally, payment to a vendor is made when goods have been received or services performed. Advance payments are not allowed except for certain expenditures such as conference registrations. The proper level of management approval must be obtained before the District is obligated in any way.
6. **Funding Source/Budget Approval:** Principals, Administrators, or other Managers should only approve purchase requisitions for the procurement of goods or services with express personal knowledge of adequate funds available to his/her budget. If approvals are made and it is subsequently discovered that funds are not available from the indicated line item budget, it will be the responsibility of the approving manager to reallocate funds from another budget line item under their responsibility or adjust the purchase requisition amount in order to provide for payment of the goods or services.
7. **Reimbursement of Expenditures:** The District is under no obligation to reimburse employees for expenditures made by employees from their personal funds for District expenditures. The only document that legally commits the District to pay for a purchase is a properly approved Purchase Order issued by the Purchasing Department.
8. **Commitments and Contracts:** No District staff member may sign a commitment or contract for goods, services, or property. According to MN State Statute 123B.52, only the School Board, Superintendent, or Business Manager may sign any commitment or contract for the District.

Questions concerning these procedures should be directed to the Business Manager.

PURCHASE ORDERS BACKGROUND

Purchase Orders are legal documents that obligate the District to pay for items that are being ordered. A Purchase Order is the District's promise to pay, once an item is delivered and accepted by the District. Conversely, without a properly approved and issued Purchase Order, the District is under no obligation to pay for goods or services received, even if the goods or services were procured by a District staff member.

No purchase or obligation to buy shall be made by the District without first securing a Purchase Order, except for the following instances:

- Utilities

- Authorized P-Card purchases
- Reimbursement of pre-approved travel and conference expenses

DISTRICT PROCEDURES AND GUIDELINES

- The District Office reviews purchase requisitions for accuracy and verifies vendor and pricing information prior to approving the requisition.
- All order requests greater than \$3,000 must have 3 quotes attached.
- All estimated purchase orders over \$100,000 must undergo the sealed bid process as determined by state and federal laws. All purchases/contracts over \$100,000 must be approved by the School Board. **Splitting requisitions in any manner so as to avoid School Board approval is not allowed.**
- All quotes must be kept on file in the District office for a period of one year from their receipt per MN State Statute.
- The School Board, the Superintendent, or Business Manager has sole authority to obligate the District to contracts, leases, and multi-year commitments.

PURCHASES FROM CATEGORICAL FUNDS

Categorical programs are those programs such as Title, Special Education, Staff Development, Grants, etc. that are separately funded by State and Federal Governments or other Grantors. Purchases from these funds must meet the specific requirements of the program and are often subject to additional procedures and guidelines by the granting agency. Therefore, all purchases made from these funds must have prior approval by the program manager/grant administrator. The program manager/grant administrator has ultimate accountability to oversee all expenditures and make sure they meet the program/grant requirements.

PURCHASE OF GOODS AND SERVICES

Under no circumstances should items be received or should work commence without an approved Purchase Order. **Requisitions entered for items or services after they have already been purchased or received risk denial. Staff would then be personally responsible for paying for the items.**

The following provides ordering procedures and processes for the purchase of goods or services.

- The requestor will complete the following:
 - Requisition Request form for the goods or service needed,
 - Attach notes and attach any supporting documentation, and
 - Identify account code/budget area to be charged.
- Submit the complete requisition to the building secretary for principal/supervisor review and approvals.

- Principals/supervisors will review the request for appropriateness and budgets for the funds. If approved, secretaries will enter the requisition into SMART and forward requisition information to District Office.
- The District Office will review the vendor, requisition information, and return the approved Purchase Orders to the building secretaries.
- Secretaries will work with vendors and requestors to get the order placed and submit to the District Office a received receipt/notice of orders.

P-CARD PURCHASES

The District participates in a Purchase Card (P-Card) Program. The P-Card works like a credit card and is a simplified and cost effective method of purchasing and remitting payment for approved expenditures. The P-Card can be used for purchases in person, by mail, telephone, fax, or internet.

The P-Card is to be used in accordance with the procedures established within this manual as well as the P-Card Procedure Manual. Before checking out your building P-Card, the secretary and principal must approve the employee's request. The P-Card will only be issued to an employee when it is more convenient for the District to account for the type of purchases the employee is expected to make. The P-Card is not for the convenience of staff or to circumvent the standard Purchase Order process.

The employee will receive training and procedures before checking out their building's P-Card and lending privileges may be revoked for misuse at any time. Itemized receipts will need to be collected for all purchases made with the P-Card. If itemized receipts are not provided, the purchase will need to be reimbursed to the district by the borrower of the P-Card.

Note: If a purchase is in direct conflict with the policies or procedures of Lake Superior School District, the expenditure will be disallowed.

DIRECT PURCHASES

In order to maintain good internal controls, expenditures of the District are to be made through proper requisition and purchasing channels. It is anticipated that most employees will never have to make purchases on the District's behalf from their personal funds. All but a very few expenditures should be made through the purchasing requisition process.

If it is absolutely necessary for an employee to make a purchase from their personal funds, for whatever reason, the District is not obligated to reimburse the employee. The only document that legally commits the District to pay for purchases is a properly approved Purchase Order issued by the Purchasing Department or an executed contract by the School Board, Superintendent, or Business manager. Therefore, an employee making a purchase from his/her own funds takes the risk that they will not be reimbursed for the purchase.

If an employee feels it is necessary to make a purchase for the District, and then be reimbursed, the following procedures apply:

- All purchases must be pre-approved in writing by the employee's supervisor. The supervisor is responsible for assuring that adequate funds are available for the purchase.
- All expenditures must be supported by appropriate back-up (original receipt). Photocopies or faxed receipt copies are not acceptable forms of back-up.
- Itemized receipts are required.
- Rebates and forms must be submitted for qualifying purchases.
- Sales tax will not be reimbursed.
- The District reserves the right to not reimburse an employee for a District related expense, even if appropriate back-up is presented.
- Personal purchases of equipment, including technology, will not be reimbursed, unless approved by the employee's supervisor, and approved in writing by the Business Manager prior to the purchase.
- The purchase for goods and/or services must be less than \$200.
- Gifts and flowers will not be reimbursed.
- Approved direct purchase reimbursements will be made paid through Payroll.

DISPOSING OF EQUIPMENT

State and federal laws govern the disposal of equipment and other property that has been purchased by government entities, and dictate the method of disposal of items that have been determined by the State to be hazardous waste.

If you have equipment or furniture that is no longer needed, contact the District Office.

Even if a site determines an item is of no use, do not throw it in the dumpster. State law requires that all real and personal property determined by the District to be surplus property be sold at a properly advertised auction to the highest bidder.

Computers, TVs, and other electronic equipment may contain parts which are considered hazardous. Under no circumstances may these items be disposed of by placing them in the dumpster.