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# **Purchasing Guidelines**

## **INTRODUCTION**

The authority to purchase goods and services and to enter into contracts is given to boards of education by action of the North Carolina General Assembly. Therefore, most of the purchasing procedures of this school system are controlled and regulated by North Carolina General Statutes. Areas not specifically addressed by the General Statutes are regulated by administrative procedures and regulations of locally adopted policies.

## **THE PURCHASING DEPARTMENT**

The goal of the Purchasing Department of the Durham Public Schools is to provide the best products and services available at the most reasonable cost, with all consideration to be in the best interest of the individual schools, the Finance Department and the entire school system while providing a climate of fair and open competition for qualified vendors.

## **POLICIES OF THE STATE OF NORTH CAROLINA PURCHASE AND CONTRACT DIVISION**

It is the policy of the Division of Purchase and Contract to:

Require for items covered by established state contracts to be purchased in accordance with these contracts.

Conduct all purchasing activities according to applicable law, rules and regulations of good purchasing practices, and professional principles.

Establish a practical degree of standardization of equipment, supplies and materials, with reasonable allowance for varying requirements of the agencies served.

Encourage fair and open competition by legitimate and ethical means.

Obtain, whenever feasible, favorable prices through volume buying.

Extend honest, courteous and impartial treatment, along with fair and equal opportunity, to all interested and qualified suppliers.

Require satisfactory and proper performance of contractual obligations from all vendors.

Requirements for items not covered by any existing contract(s) and totaling less than \$10,000 may be purchased locally after seeking competitive quotations according to good purchasing practices.

Requirements not covered by any existing contract(s) totaling more than \$10,000 are to be referred to the Division of Purchase and Contract for handling.

It should be noted that these policies apply to all funds, regardless of source. The \$10,000.00 maximum referred to applies to the total cost rather than to the cost of any single item. Dividing an order to avoid the \$10,000.00 maximum is not allowed.

It is important to remember that any products on State Contract must be purchased from the approved vendor regardless of the dollar amount of the individual purchase. The General Statutes clearly reveal that the Executive Officer of the purchasing agency will be liable for the costs of any purchase contrary to the provisions established by the General Assembly. (see G. S. 143-589 for information on this provision.)

### **Exemptions and Delegation of Authority**

Some items and services are exempt from the above policy and the State therefore delegates authority to local school units in purchasing the following:

- Perishable food products
- Published material produced by others
- Maps, charts, globes, recordings, filmstrips and videos
- Service and Maintenance Contracts except where provided by State Contract

### **Emergencies**

For the purpose of this manual, emergencies are defined as situations which endanger lives, property, or the continuation of an important program, and which can be corrected only by immediate on-the-spot purchase or rental of equipment, supplies, materials or services.

When circumstances require such action, verbal approval should be obtained from the Purchase and Contract Division if time permits and if the expenditure exceeds \$10,000.00. It will not be necessary to get approval of the Purchase and Contract Division if the amount of the purchase is \$10,000.00 or less. However, it is required that approval be given by the Assistant Superintendent for Operations or the Purchasing Agent. Subsequently, the circumstances should be documented in writing and made a matter of record. This documentation must be received in the Purchasing Department, along with the "Requisition" form (PUR-01) within five (5) days of the request.

## **ADMINISTRATIVE REGULATIONS OF THE DURHAM PUBLIC SCHOOLS SYSTEM**

These regulations govern the spending of instructional supply funds. Basically, the regulations state that these funds are to be spent for instructional materials, supplies and small equipment. Items meeting any one or more of the following conditions may be purchased with instructional supply funds:

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 it with an entirely new unit rather than repair it.
4. It is an item costing \$500.00 or less or it is a service such as rental of instructional equipment which is used as a part of the instructional program.

Capital outlay funds are to be spent on equipment that has a useful life of at least one year. Items with a unit cost of \$1000.00 will be capitalized. Those costing less than \$1,000.00 will be considered non-capitalized capital outlay purchases.

### **PURCHASING REGULATIONS OF THE FINANCE DEPARTMENT**

These regulations are intended to be an aid to those involved in purchasing. Observance of the regulations 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 \$2500.00**

The purchase of items not on State Contract and totaling less than \$2500.00 may be made without acquiring competitive quotations. However, it is important to keep in mind that this 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 \$2500.00 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 \$2500.00 and \$5000.00**

Requirements for items not on State Contract that total between \$2500.00 and \$5000.00, must be purchased by use of the bid method. Telephone quotations are described as informal bids and are acceptable for purchases up to \$5000.00 if documented in writing and placed on the informal bid form. Purchases above \$5000.00 require at least three written bids from vendors.

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 bids. A two week response time should be allowed for return of a written quotation. Indication of Bid Number assigned by the

Purchasing Office should appear in the appropriate area on requisitions when submitting to Purchasing or when entering your own purchase orders.

Requirements totaling \$10,000.00 or more must be referred to the Division of Purchase and Contract for handling. The \$10,000.00 limit applies to the total cost rather than for any single item. Items may not be divided to alter the application of this provision. Assistance in preparing specifications and soliciting quotations will be provided by the Purchasing Department.

### **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, an attempt must be made to specify a quality that is suitable for the intended use, not seeking the most expensive nor the least 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 is made if payment for that purchase is to be handled by the Finance Department. 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. Persons not acquiring purchase orders and making charges to the Durham Public Schools will be personally responsible to the vendor for payment. No sale is authorized to the Durham Public School System without a purchase order number.

### **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 and Purchasing Departments 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 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.

## **Ordering on Approval**

Purchase orders must be issued before ordering on approval. After previewing materials the School or Department decides not to keep the materials, return the previewed items to the vendor and contact the Purchasing Department for cancellation of purchase order.

It is not permissible to receive material from a company prior to July 1 of any given year with the 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.

## **Single Source Items**

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

## **Ordering Items on State Contract**

All term contracts are numbered and term contract items are assigned a classification certification number. Please use the numbers assigned by Purchase and Contract for all orders of State Contract items. State contracts are listed on the Internet at:

<http://www.state.nc.us/PandC/>

## **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> of each year. Information is recorded as the purchase order is issued referencing recycled content of products. Our goal is to increase each year to reach the State policy of 50% as of 1997, and the end of each subsequent fiscal year. Items with recycled content must be indicated on purchase orders.

## **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.

## **Blanket Purchase Orders**

A division, department, or individual school that has a recurring need for miscellaneous items of a minor nature that is not available under existing contracts may submit a request to the Purchasing Department for approval of a blanket purchase order. The request must provide the following information:

1. The category of items or materials needed; e.g., plumbing supplies, automotive parts, lumber, etc.
2. The period of time to be covered by the order; e.g., 30 days, 90 days, 180 days, etc.,
3. The total amount of money which can be encumbered under the blanket order and the dollar limit applicable to each individual transaction;
4. Names of individuals who would be authorized to place orders.

Upon approval of the request, various vendors must be contacted in order to obtain the most favorable discounts or net prices. A blanket purchase order may then be issued and must contain the information listed above and also indicate the data required on delivery tickets, invoicing, and billing instructions. Blanket requisitions must be assigned a purchase order number before use.

Merchandise received shall be accompanied by delivery tickets specifying the name of the supplier, the number of the blanket purchase order, name of person placing call or making pick-up, itemized list of supplies furnished, quantity, unit price(s), extension(s), applicable discounts, and date of delivery.

Receipt of the supplies shall be acknowledged on the delivery ticket by the signature of a person authorized to sign for such deliveries. Tickets should be forwarded to the appropriate office and held there for an invoice. Vendors shall submit invoices at least once a month. Invoices will be reconciled with signed delivery tickets prior to processing for payment. Blanket purchase orders are limited to \$2500.00 each except by approval of the Purchasing Department.

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

It is the policy of the Board of Education to actively seek and identify qualified minority, women and handicapped business enterprises and to offer them the opportunity and encourage them to participate in the school system's contracting and purchasing program. We are required by state statute to report spending with HUBs on a quarterly basis. We are also required to report our bid activity with these businesses.