



*Purchasing Procedures*

**May 21, 2018**

## **PURCHASING PROCEDURES**

### **PURCHASING PLAN:**

The intent of the business office is to:

1. Provide the buildings with purchasing opportunities during the full school year.
2. Provide a mix of vendors that will deliver quality products in a timely manner.
3. Limit the amount of paper work for the buildings and the business office.
4. Acquire products at a reasonable price while not expending any saving through labor intensive paper work.

Various line items and specific vendors may be accessed for purchases during the school year. It is the intent of the Business Office to purchase the majority of classroom and office items, whenever possible, from School Specialty. Items ordered from this designated vendors may be ordered online throughout the school year.

### **CERTAIN RULES ARE COMMON TO ALL PURCHASES:**

1. **All purchases must be approved by an administrator.**
2. Michigan State Sales Tax is not to be paid to a vendor or reimbursed to an employee. A Sales Tax Exemption Form is available from the Business Office upon request.
3. Only items appropriate and useful to a school shall be purchased. Examples prohibited items include tobacco, firearms & ammunition, alcohol, lottery tickets, etc.
4. The correct account number must appear on all requisitions and P.O.s Do not just use an account because there is money left in the budget for that line, make sure the account matches what you are using the money for.

## **CLASSROOM SUPPLY PURCHASES:**

The majority of purchases for the classroom should be made prior to the fall student count day. Other purchases for the classroom may occur at the beginning of the second or third trimesters for the Intermediate School or High School. Items purchased throughout the year should be able to be used during the current school year. The cutoff for classroom purchases will occur the Friday after Spring Break. Any purchases made after this will be required to be approved by the Director of Finance and run through Business Office, not the school office.

## **LINE ITEMS:**

The budget is planned and implemented to provide standardization in charging purchases to the same or similar lines. This also ensures uniformity in the recording of Michigan public schools accounting transactions. It is important that the items purchased are charged to the correct account number. If you are unsure of the account number, please contact the Business Office.

## **JOINT VENTURES IN PURCHASING**

To streamline the availability of funds, all purchases or projects between any booster group and the Chippewa Hills School District **must be funded prior to the purchase or start of a project**. Donations will be deposited in the appropriate account and expensed from the same account. Please contact the Business Office to discuss appropriate account codes.

## **PURCHASING STEPS:**

The system utilized in processing a standard purchase request is as follows:

1. Recognize the need.
2. Determine the vendor, based on cost, quality and availability of supply.
3. Fill out a requisition and seek authorization signature of the supervisor.
4. The building will then create a P.O. in the system. If a P.O. is not used, **ALWAYS** use a requisition form. If the order is a credit card purchase, the Central Office will create the P.O.
5. The Central Office sends the P.O. to the vendor after the Director of Finance approves.
6. The building receives and checks in the order. Once the order is received the building writes "OK TO PAY" on their copy of the P.O. and forwards it to the Business Office for payment.
7. The building is responsible to maintain all necessary documentation of the received materials. This documentation must be retained for no less than 7 years.
8. Accounts Payable closes the transaction by processing the invoice for payment.

## **REQUISITIONS:**

The requisition must be filled out with the appropriate requested information with both the employee and the supervisor signature. The budget line item number must be listed on the appropriate line at the bottom of the requisition.

The **requisition** is used for the following situations:

1. **CONVERT REQUISITION TO P.O.:** To gain approval from the supervisor to order from an outside vendor. If approval is granted, a P.O. will be issued at the building level. Requisition must be converted to a P.O. for any orders over \$100.00 or required by vendor.
2. **EMPLOYEE REIMBURSEMENTS:** To gain prior approval to purchase items on a reimbursable basis. The employee will estimate the cost of the requested items on the requisition form and submit it to the supervisor **BEFORE** making the purchase. The importance of internal control and limiting impulse buying needs to be stressed with this procedure. Example of such a purchase: small items for the classroom – less than \$25 from local retailers that the employee will pay for out of their own funds. A copy of the signed completed requisition and receipt would be submitted to Accounts Payable for reimbursement. **Sales tax will not be reimbursed.** A Michigan Sales Tax Exemption form is available upon request from the Business Office.
3. **CHECK PURCHASE:** Some vendors won't accept a P.O. but will take cash or a check. The district won't deal with cash, but will issue a check. The requisition must be completed accurately and approved by the supervisor and authorized by the business office. A check will be issued and arrangements for pick-up delivery will be made by the building supervisor. A W-9 Form must be filled out by any individual or company not incorporated. A 1099 will be issued in the following fiscal year to that same individual or company if a total of over \$600.00 is paid in the preceding year.
4. **PURCHASED SERVICES:** These purchases would be for individuals performing at an assembly, presenting at an in-service, or for athletic events. The requisition must be filled out accurately with approval of the supervisor and authorized by the business office. Requests must be given one week in advance for preparation of the check. Pick up or delivery arrangements of the check may be worked out with Accounts Payable and the supervisor.
5. **SCHOOL SPECIALTY:** The district has an account with School Specialty for all buildings. Please follow procedure:
  - Building administrator authorizes requisition.
  - Building Office will create a PO in finance system.
  - Building Office will submit the order to the Central Office.
  - When order is received follow the "Checking in Order" procedure.

- If there is a return, be sure to document and notify Accounts Payable and forward all credit memos.
6. STUDENT INTERNAL/ACTIVITY ACCOUNT: Requisition must be completed and sent to Accounts Payable along with the receipt for the purchase. As with Employee Reimbursements, **sales tax will not be reimbursed.** A Michigan Sales Tax Exemption form is available upon request from the Business Office.
  7. CONFERENCES: Any additional expenses and/or receipts pertaining to the conference must be approved by the supervisor and listed on a requisition form and sent along with appropriate backup to Accounts Payable.
  8. MILEAGE: The district pays the employee mileage for approved travel at the current IRS authorized rate. An employee must submit the Mileage Requisition form at the conclusion of travel (trip), month, or quarterly (end of each marking period). *Reimbursement for travel may be denied if a requisition is submitted after the deadlines.*
  9. SCHOOL CREDIT CARDS: May be used by designated employees who must sign the form. Credit cards shall be used on a limited basis and not used where a Purchase Order can be issued to vendor. If using the credit card, funds must be tracked manually for accounting purposes. A requisition form must be filled out and approved by the Building Administrator before the Central Office will make a purchase with the school credit card.

### PURCHASE ORDERS:

Purchase orders (P.O.s) will be issued to outside vendors from Administrator approved requisitions and/or other applicable forms of purchasing.

1. PROCESSING A PURCHASE ORDER: The following steps are a guide to processing a P.O.
  - a. A requisition is received and approved by the Administrator.
  - b. A requisition is entered into the finance software by the building secretary and approved into a P.O. at the Central Office by the Accounting Department.
  - c. The finance software assigns the P.O. number and P.O. is signed by the Director of Finance or Superintendent. The Purchase Order will then be mailed, faxed or emailed to the vendor.

- d. Follow the “Receiving” procedures.
2. **PREVIEW MATERIALS:** The method to honor a request to preview materials should be completed on a P.O. as per the processing guidelines. The “NOTES” field should be filled in as “Preview of Materials.” Send the P.O. to Accounts Payable for approval and processing. The building will be responsible for returning the materials at the end of the preview period, charging the return mailing fee to their postage line. The mailing receipt must be returned to Accounts Payable. Any individual that obtains material other than as specified will be responsible for any charges levied by the vendor.
  3. No PO’s shall be created to encumber funds allocated for specific staff. Instead, utilize the Requisition process.

### **RECEIVING / CHECKING IN ORDERS:**

Checking and storing the order is an important element in the purchasing process. Attention to detail and follow up will eliminate problems for the building, business office, and vendor. The following topics will assist with finalizing the order at the building level.

1. **CHECK-IN STEPS:** The following steps are for a complete order. Variations of this process will be utilized for partial orders, incorrect orders, etc.
  - a. Designate an individual to receive and sign for orders in the building.
  - b. Open the order received and check the contents versus the P.O.
  - c. Check off the received items on the packing slip. Sign, date and stamp (either complete or partial) a copy of the P.O. Attach the packing slip to other documents retained at the building level.
  - d. Store and secure the order.
2. **PACKING SLIPS:** Packing slips are a necessary documentation to show receipt of items and to support the P.O. and invoice. Please make sure packing slips are attached to P.O. copy and retained with all other documents.
3. **PARTIAL RECEIPT OF ORDER AND BACK ORDERS:** Also included in this area are damaged goods, inferior product, wrong order, etc. Use the following steps for the listed order problems:
  - a. Check the contents received against the packing slip.

- b. If the order is incorrect, notify the vendor by phone regarding the deficit order. Email Accounts Payable the status of the phone call and what steps will be taken to correct the order. Document all specifics and keep accurate records of all correspondence with vendor including names of individuals you speak with.
4. NO PACKING SLIP: If an order is received without a packing slip, follow these steps:
  - a. Open the received order and check the contents versus the P.O.
  - b. Document on P.O. order was received w/o the packing slip, making note the items received. Sign, date and stamp the P.O. and retain with documents.
5. RETURNED ITEMS: On occasion an item will be shipped that is inferior in quality or wasn't ordered. The steps to handle this problem follow:
  - a. Open the received order and check contents versus the P.O.
  - b. Check off the received items on packing slip.
  - c. Contact the vendor and state problem, requesting instructions for return. The vendor will issue an RA (Return Authorization) number to place on the labels of the package materials. Return and follow these specific instructions to handle this process.
  - d. Document all correspondence and retain. Email Accounts Payable with information.