

# Purchase/Payment Procedures

Revised September 13, 2006

## I. Purchase/Payment Approvals

### A. \$500 or less

- Requestor's signature
- Signature of the immediate supervisor or of the acting supervisor in his or her absence.
- Program managers, principals, directors, cabinet members, and the superintendent can approve their own district purchases/payments with another district employee's signature.

### B. \$4,999 or less

- Requestor's signature
- Signature of the proper program manager, principal, director, cabinet member, or superintendent or of the acting supervisor in his or her absence

### C. \$5,000 but less than \$10,000

- Requestor's signature
- Signature of the proper principal, director, cabinet member, or superintendent or of the acting supervisor in his or her absence

### D. More than \$10,000

- Prior signature of the proper principal, director, or cabinet member or of the acting supervisor in his or her absence
- Prior signature of the business administrator
- Prior signature of the superintendent

### E. More than \$19,999

- Prior signature of the proper principal, director, or cabinet member or of the acting supervisor in his or her absence
- Prior signature of the business administrator
- Prior signature of the superintendent

### F. Building Additions, Improvements, and Modifications

- Prior signature of the director of maintenance and construction
- Prior signature of the superintendent for all projects with a total cost of over \$4,999
- Prior approval of the board for all projects with a total cost of over \$19,999
- Projects may not be artificially divided to defeat purchasing policy or procedures.

### G. Agency Payments

- Agency payment authorizations follow the agency contract guidelines.
- If no agency contract is in place, district policies and procedures must be followed.

## II. Vendor Selection

### A. Quote and Bid Requirements

- Purchases over \$500 require a minimum of two verbal quotes.
- Purchases over \$4,999 require a minimum of two written quotes and must be ordered through district purchasing. District Purchasing will obtain these quotes if desired.
- Purchases over \$19,999 require three written quotes to be obtained by district purchasing.
- Purchases over \$50,000 require a sealed bid/RFP, which must be processed by district purchasing.
- Purchases may not be artificially divided to defeat purchasing policy or procedures.

**B. Conflict of Interest**

- Conflict of interest statements must be signed by all district employees involved in the selection process for all purchases over \$500.
- Where a possible conflict of interest exists, all vendor selections must be made through district purchasing.

**C. Budget Considerations**

- All purchases which exceed the budgeted amount by more than \$4,999 require the appropriate cabinet member's signature and the business administrator's signature.
- All purchases which exceed the budgeted amount by more than \$9,999 require the appropriate cabinet member's signature, the business administrator's signature, and superintendent's signature.

**D. Other Selection Considerations**

- The district may use state contracts for vendor selection at all levels.
- Employees who are purchasing supplies or services for Provo City School District may not ask for or receive any payment or personal gain from vendors or suppliers.
- Sole source justifications are infrequently granted and must be requested in writing for district purchasing approval.

### **III. Processing Requisitions and Purchase Orders**

**A. Completing a Requisition**

- Be sure to give catalog numbers, ISBN numbers, quantities, suggested vendors, and any other details needed to clarify what you are ordering.
- Indicate the account number to be charged.
- Obtain proper approval(s).

**B. Obtaining Quotes and/or Bids**

- Procedure requires written quotes or sealed bids on orders over \$4,999.
- As a service, district purchasing will obtain quotes and place orders for any amount once a properly approved requisition is received.

**C. Receiving Purchase Orders**

- The principal or department manager will designate a receiving person or receiving persons who are responsible to receive drop shipments in each school/location and notify district purchasing of their choice(s).
- The receiver:
  - Opens packages and boxes when they are delivered.
  - Checks the contents for correct quantity, damage, and correct items shipped.
  - Reports shortages, overages, incorrect items, or damage.
  - Send signed packing slip to district office.

**D. Selecting a Process**

- District purchase orders must be used for all purchases over \$4,999, but may be used for any purchase.
- School or department purchase vouchers may be used for amounts under \$5,000 only.

**E. Processing District Purchase Orders**

- The requestor should:
  - Complete a requisition.
  - Obtain quotes and/or bids as needed. For vendor references, call district purchasing.
  - Forward the requisition to district purchasing. (Faxing or e-mailing the requisition will expedite the order.)
- District purchasing should:

- Verify the requisition is properly approved and proper bids/quotes have been obtained.
- Generate a purchase order.
- Fax, e-mail, or mail a copy to the vendor and the requestor.
- The receiving person should:
  - Check the order and report any problems to district purchasing.
  - **Sign the packing list and forward it to district accounts payable. (Payment cannot be made until accounts payable has been notified that the shipment has been received at the location.)**
- District purchasing should:
  - Notify the vendor of any problems and develop a credit/replacement/return procedure.

#### **F. Processing School or Department Purchase Orders**

- The requestor should:
  - Complete a requisition.
  - Obtain quotes and/or bids as needed.
  - Forward the requisition to the school or department secretary.
- The school or department secretary should:
  - Verify that the requisition has been properly approved.
  - Verify that the proper bids/quotes have been obtained.
  - Complete a purchasing voucher. He/she should:
    - Be sure to specify delivery instructions and a delivery date.
    - Forward the top copy to the vendor. Faxing or e-mailing the purchasing voucher will expedite the order.
    - Keep a copy of the purchasing voucher for his/her records.
- The receiving person should:
  - Check the order and report any problems to the school or department secretary who placed the order.
  - Sign the packing list, noting any problems.
  - Forward the packing list to the school or department secretary.
- The school or department secretary should:
  - Notify the vendor of any problems and develop a credit/replacement/return procedure.
  - **Attach the packing list, purchase voucher, and invoice to an invoice payment form.**
  - Obtain proper payment authorization.
  - Forward the documentation to the school financial secretary or the district accounts payable office for payment.

## **IV. District Account Payment Methods**

### **A. Accounts Payable**

- Accounts payable pays all district purchase order items and invoiced amounts.
- Accounts payable is the preferred payment method for all purchases.
- Non-purchase order purchases may only be used for amounts under \$5,000.
  - The requestor should:
    - Complete an invoice payment form, including the following information: vendor number, brief explanation, account code(s), and amount.
    - Attach the invoice to the invoice payment form.
    - Obtain the required approval(s).
  - The department or school secretary should:
    - Forward the approved invoice payment form and the invoice to accounts payable at the district office.
- Weekly check runs are made by the district office. Invoices received by Friday will be processed the following week.

### **B. Procurement Cards**

- Procurement cards are issued to authorized employees to purchase items that are needed immediately and that vendors will not deliver without payment, and items that the vendor won't accept a purchase order for, as in the case of internet purchases.
- Procurement cards are not to be used to pay invoices.
- The card holder's immediate supervisor is to approve all monthly statements. If the statement total exceeds the immediate supervisor's approval limit, the statement must also be approved by the next line supervisor with the appropriate approval limit.
- The card holder:
  - Makes the purchase.
  - Retains all receipts, invoices and packing slips.
  - Reviews all charges on the monthly statement. Any discrepancies must be protested in writing (contact district purchasing for assistance).
  - Attaches the following items to the Monthly Checklist:
    - The monthly statement
    - All receipts and supporting documents
    - A school check for any school account purchases made with the card
    - An account distribution sheet detailing accounts the charges are to be coded to, unless the entire statement amount is to be charged to supplies (061000).
  - Obtains appropriate signatures on the Monthly Checklist.
  - Forwards the approved Monthly Checklist to district purchasing.
- Procurement cards will be issued under the following guidelines:
  - Clerical guidelines
    - Principal's secretary - one per elementary school, two per secondary school
    - Program manager's secretary - one per manager
    - Director's secretary - one per director
    - Cabinet member's secretary - one per cabinet member
    - Others by business administrator approval
    - Cards will be limited to \$500 per transaction and day for elementary schools and \$1,000 per transaction and day for secondary schools and will be blocked for travel.
  - Administrator guidelines
    - Principals, assistants, and program managers - one per program
    - Cards will be limited to \$1,000 per transaction and day and will be open for travel.
    - Travel must be properly approved BEFORE travel related charges are made.
  - Cabinet member and superintendent guidelines
    - Cards will be limited to \$10,000 per transaction and \$10,000 per day.

### C. Debit Cards

#### 1. Rules for Use

- Debit cards are used for emergency purchase items which can't wait, products or services for which the vendor will not invoice, and when the employee has not been issued a district purchasing card.
- Debit card purchases cannot exceed \$500 per transaction.
- Debit cards and PIN numbers are to be stored in a secure area.
- Debit cards are to be used for purchases only – no cash back and no ATM transactions.
- All purchases must be sales tax exempt.
- Debit cards are to be checked out from the designated school or district secretary.
- Debit cards and receipts must be returned to that secretary by the end of the business day the purchase is made.
- When a debit card account is reduced to \$300, a debit card reconciliation form (and the associated receipts and authorizations) must be submitted to the district purchasing office. At that time additional funds will be transferred into the debit card account.

#### **D. Petty Cash**

- The petty cash fund is used to reimburse employees for minor purchases for which they have used their own funds.
- All petty cash reimbursements require the immediate supervisor's approval.
- The business administrator must approve all petty cash funds and the amount kept in each fund.
- Petty cash reimbursements cannot exceed \$30.00. Please use accounts payable for amounts over \$30.00.
- The petty cash fund is to be stored in a secure area.
- The employee seeking reimbursement should:
  - Attach receipt(s) to the petty cash reimbursement form.
  - Obtain the immediate supervisor's approval.
  - Submit the reimbursement form to the business secretary for reimbursement.
- The business secretary periodically attaches reimbursement forms and receipts to an invoice payment form to replenish the petty cash fund.

#### **V. School Account Payments**

- All funds received from school fundraisers, student fees, etc. are to be deposited in the authorized school checking account.
- Schools are only authorized to establish one school checking account, and the business administrator must be established as a signor on the account.
- School debit cards drawn against the school checking account may be issued. School debit cards must follow district purchasing procedures and policies.
- No other checking, charge, or financial accounts may be established by the school without authorization from the business office.
- The school checking account is to be used only to pay school purchases which are to be charged against the school account budget. District payment and vendor selection procedures must be followed.

#### **VI. Employee Payments**

- All employee compensation, whether in kind or cash, of more than \$50 at one time or more than \$600 per calendar year must be processed through the payroll system.