

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT



PURCHASE ORDER GUIDELINES AND PROCEDURES

- ❖ ***State law requires all school districts to process an authorized purchase order (PO) prior to placing an order, or in any manner, committing district managed funds.***
- ❖ ***A PO conveys to the vendor that if they provide the goods or services, the district promises to promptly pay for the goods or services upon satisfactory receipt.***
- ❖ ***A purchase order is not authorized until it is manually initialed by the Assistant Superintendent for Business and Finance or designee in her absence.***

Purchase Requisitions:

- All requests for purchase must be submitted timely so that processing can occur before the items or services are needed. Allow at least two weeks from the time the purchase request is submitted for campus/department approval until the purchase order is completely processed and authorized.
- Requests for purchase must be approved by the campus/department budget administrator.
- Upon budget administrator's approval, designated campus/department personnel inputs a purchase order requisition into the on-line requisition system.
- Once the requisition is entered and posted, the funds are encumbered, and a system-generated requisition number is assigned.
- Requisitions are internal documents and are not authorized. They are not to be used to place an order.
- Requisition is reviewed for coding, budget approval, and purchasing compliance by the Purchasing Agent.

Attachments:

- Attachments to POs can be uploaded into the system as supporting documentation (docs). The attachment will be linked to the PO and accessible in the system.
- If the attachment is to be sent to the vendor with PO, it should be uploaded to the PO in Skyward.
- If payment is requested upon PO approval, appropriate payment document must be submitted/uploaded to process payment. Payment from PO is limited to certain instances (i.e.: memberships, annual agreements, magazine subscriptions, etc.). In these instances, a yellow copy may not be printed.

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Purchase Orders:

- Upon approval, the requisition is assigned a system-generated PO number.
- Accounting (pink) PO copy is printed and given to the Assistant Superintendent for Business and Finance for final review. Upon approval, PO is initialed.
At this point, and no sooner, PO is authorized.
- Vendor (white) PO is emailed, faxed, mailed, or returned to campus/department secretary as indicated by requestor on PO.
- Campus/Department (green) PO copy is returned to the campus/department secretary for campus/department record.
- **Receiving (yellow) PO copy is for order receiving purposes and may be kept in the campus/department office or forwarded to the requestor. This is a campus/department decision, but it is important that it goes to the person responsible for checking in the order when it is received.**

Exception: If order is requested to be sent to another receiving location, a copy of the PO will be sent to the alternate receiving location. (Example: Maintenance, Technology, etc.) It is the responsibility of the original PO requester, to ensure items were received, and yellow copy is sent to Accounts Payable for payment.

- Accounting (pink) PO copy remains in the Accounts Payable department in the Business Office.
- If payment is requested, sufficient backup is required to process payment. Payment from PO is limited to certain circumstances (i.e.: memberships, annual agreements, magazine subscriptions, etc.), and appropriate payment document must be submitted. In these instances, a yellow copy is not printed.

ACCOUNTING FOR RECEIPT OF GOODS AND SERVICES

We must pay our vendors timely. In order to be in compliance with state law, we must generate payment to vendors within 45 days after the later of:

- the date the goods/services are received/provided, or
- the date invoice is received

If we fail to generate payment within the required timeframe, we are obligated to pay 1% compounded monthly interest to the vendor on past due amounts whether the vendor requires it or not. If late payment is due to untimely submission of proper documentation to Accounts Payable by requesting department, late charges will be charged against the requesting department's budget.

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Services:

- After requested service has been provided, sign and date in “OK to Pay” box on yellow PO copy and submit to Accounts Payable in the Business Office.
- If a Contract Services form was required, return completed form with yellow PO copy. Contract Services form acts as invoice for payment.

Goods:

- Inspection:
 - We have the right and responsibility to inspect goods before authorizing payment.
 - Order must be inspected for errors and damage in a timely manner.
 - Compare the goods to the PO and packing slip, if applicable.
 - If order or any part of order is wrong, or if order is incomplete, it is the responsibility of the ordering campus or department to report to vendor.
 - Accounts Payable should be notified of discrepancies and be kept informed of status.
 - Returns/resolution arrangements should be made prior to approving the order for payment. Accounts Payable should be notified to ensure that the vendor issues the proper credit and/or refunds.

Payment Authorization:

- If (when) order is complete and satisfactory, requester or designee must sign the “OK to Pay” box (on yellow PO copy) with name and the date goods were received and submit to Accounts Payable along with packing slip, if applicable.
- An original invoice is usually shipped from the vendor directly to Accounts Payable in the Business Office at the same time merchandise is shipped. The invoice is matched up with the pink PO copy and payment is made once Accounts Payable has received the yellow “O.K. to Pay” copy.
- If invoice is received with the order or received directly from vendor at any time, forward to Accounts Payable. Failure to do so will cause the vendor to go unpaid.
- If an invoice is received by Accounts Payable, and no “O.K. to Pay” has been received, a copy of the invoice stamped with “O.K. to Pay” will be sent to the campus/department secretary for distribution to the person responsible for checking in the order. If merchandise has been received, invoice must be signed, dated with date merchandise received, and returned to Accounts Payable in the Business Office.

OPEN PURCHASE ORDERS (See also HEB & Wal-Mart Card Use Procedure)

Open POs are issued to make miscellaneous supplies, materials, or services available as needed by the user department. Open POs **are not** intended to be used to acquire items or services needed for specific one-time requirements.

This type of PO is basically a line of credit and must be closely controlled.

The general purposes of open POs are to:

- Eliminate the need for numerous individual POs for small dollar-value items or repeated services.

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- Provide a means of acquiring urgently or untimely needed items or services not available in the District.

Information required on open POs:

- Estimated total amount to be needed for the specified time period. Estimating too high will encumber funds that could be used for other purchases; estimating too low will cause extra work in processing increases. Staying within budget allocation for these requests is also an important factor.
- Description beginning with “OPEN PO FOR... (general description and purpose of items or services)”
- “OPEN THROUGH... (date through which PO is to be kept open)”
- Names of District personnel that are authorized to make charges against the open PO. If no names are listed, the named requester will be the sole authorized signer.

Guidelines for use of open POs:

- Open POs are to be used for recurring small dollar-value item purchases.
- Open PO purchases and dollar balances must be closely monitored. This is the responsibility of the PO requester.
- The requestor is responsible for maintaining records of all transactions and to keep a current balance with each transaction so that at all times the amount remaining will be accurate and known. (Useful for this purpose is the Open PO Balance form available on the BillieNet under Business Office Forms.)
- Note: PO balance inquiries in the Skyward system may not be accurate as they may not reflect purchases made but not yet paid.
- **Any and all purchases which exceed the balance on a PO are unauthorized. According to District policy CH (local), “Persons making unauthorized purchases shall assume full responsibility for all such debts.” Additionally, infractions may result in open PO privileges being revoked.**

Changes to an existing and active PO:

- If during the specified time period (and before the PO is closed) it is found there are insufficient funds remaining on an open PO to meet additional needs, the PO may be increased.
- A Purchase Order Change Request (POCR), available on the BillieNet under Business Office Forms, must be completed and sent to Accounts Payable.
- An increase to a PO must be approved in advance of the additional expenditures, and the additional funds are not available until the POCR has been processed and the requester notified.
- Funds must be available in the appropriate budget before a PO can be increased.
- If funds need to be transferred to cover a POCR, it should be indicated on the POCR.
- A POCR cannot be processed on a closed PO.

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Invoice guidelines for an open PO:

- Each receipt for purchase should reference the appropriate PO number, be signed by the purchaser, and be submitted to the campus or department office for review and approval.
- The fund administrator should address any questionable purchase with the purchaser and document the discussion.
- After review and approval, the fund administrator or designee must sign and submit to Accounts Payable in the Business Office.
- If a payment against an open PO expends the balance, the PO will be closed out with that payment.

Purchase Orders for Food or Snacks

If purchase requisitions are prepared for food items for students, the purchase must adhere to the TX Department of Agriculture and US Department of Agriculture nutrition standards for providing healthy food to students under the Healthy and Hunger Free Act of 2010 and adjustments to the Act since that time. Additionally, there are TX Department of Agriculture rules to include time and place restrictions that must be followed.

All must meet requirements as noted in:

<http://www.squaremeals.org/Outreach/SchoolMealNews.aspx>

<http://www.fns.usda.gov/healthierschoolday/tools-schools-focusing-smart-snacks>

For ease of meeting the guidelines, please contact the School Nutrition Department if you desire to purchase food for students. Discuss your plans, and they will provide guidance for you.

Upon entering your purchase requisition indicate that the purchase has been approved by the SN Department. Should you purchase the food through the SN Department, they will bill you and after approval, the accounting department will charge your account via journal entry. No purchase order will be required in those instances.

Purchase Orders for items from PTO or Boosters or Activity Funds

If support groups such as PTO and Boosters are purchasing items for FISD, we encourage that the items be purchased on a PO. By doing so, all enjoy the benefit of a protected purchase with no sales tax, plus the ISD has the needed information to record the donation. If Campus or Student Activity Funds need to purchase on an FISD purchase order as opposed to a purchase authorization form at the campus level, a PO can also be entered.

When entering the account code, it will be coded to 199-00-1291-xx-xxx-xxx, with the x's being specific to the account code needed. For example, PTO is sub-object 09 and band is sub-object 07. Athletics uses PIC 91. Using a 1291 code will not require a budget in the system. In the comment section, enter what organization will pay for the item so that FISD can bill that organization. Upload any supporting and authorizing documentation.

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CANCELING A PURCHASE ORDER

POs may be canceled for the following reasons:

- Vendor fails to make delivery within the time specified on the contract for purchase.
- Vendor delivers goods, which do not meet specifications and does not promptly replace with acceptable goods.

The intent to cancel must be relayed to and confirmed with the vendor to ensure attempts are not made to process the order.

If a PO is canceled, the yellow PO copy is to be marked "CANCELED" and the reason for canceling stated and submitted to Accounts Payable in the Business Office.