

# Purchasing

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## **I. PURCHASING OVERVIEW**

Purchasing in the public sector environment presents numerous challenges including the requirements to comply with the statutes, policies, legal interpretations, and procedures, the dynamic and diverse nature of the school district environment, the competition among vendors for school district business, the consistent oversight by interest groups and the many “gray” areas relating to purchasing methods and procedures.

## **II. RESPONSIBILITY FOR PURCHASING**

The main focus of the Purchasing Department is to facilitate the acquisition of goods and services in order to meet the needs of schools and departments. The District’s objective is to purchase the best value of products, materials, and services at the lowest practical prices within relevant statutes, policies, and procedures. School district staff is not authorized to override the procedures found in this section which have been written to comply with the State laws and regulations, as well as preserve a level of internal accounting control necessary to demonstrate accountability, ethical conduct, and responsible behavior.

1. The function of the Purchasing Department is to organize and administer procurement/purchasing for the district in accordance with the responsibility and authority delegated by the Superintendent of Schools and the Board of Trustees.
2. As a support organization of the District charged with the responsibility of acquiring goods and services requested by Instructional and Administrative Departments, the Purchasing Department will function in a manner consistent with State Law, Board policies and sound business practices.
3. The Purchasing Department shares with the Business Office and other Administrative Offices the responsibility of expenditures of district funds in such a manner that all transactions will pass numerous audits with respect of State, Federal, and District procurement regulations.
4. Acquisition of the requested goods and services over \$200 shall be made only by the issuance of an official numbered District purchase order, signed by the Director of Business.
5. Effective purchasing is a cooperative venture between the Purchasing Department and other departments within the District. The level of service rendered by Purchasing Department personnel will be improved by a thorough understanding of the procedures listed in this manual.
6. Situations will undoubtedly arise which are not fully covered by these procedures. The Purchasing Department staff is available to discuss any special procurement procedure that serves the best interest of the District and the department concerned.
7. The Purchasing procedures contained in this document are intended to comply with Local, State, and Federal Statutes and Ordinances. In the event of conflict the appropriate statute or ordinance shall prevail.
8. In accordance with Article 6252-16 of the State of Texas statutes, the Denison Independent School District does not discriminate against individuals or companies with respect to race, religion, color, sex, handicap, or national origin in the awarding of bids.

### III. STANDARDS OF CONDUCT

#### A. Ethics

1. The District subscribes to the "Code of Ethics and Standard Practices for Texas Educators," (Board Policy, DH-Exhibit) which establishes proper conduct for District staff members. Principle I, Professional Ethical Conduct, Practices, and Performance, clearly applies to those individuals engaged in the purchasing process. This principle includes the following standards:
  - a. The educator shall not knowingly engage in deceptive practices regarding official policies of the school district or educational institution.
  - b. The educator shall not knowingly misappropriate, divert, or use monies, personnel, property, or equipment committed to his or her charge for personal gain or advantage.
  - c. The educator shall not submit fraudulent requests for reimbursement, expenses or pay
  - d. The educator shall not use institutional or professional privileges for personal or partisan advantage.
  - e. The educator shall neither accept nor offer gratuities, gifts, or favors that impair professional judgment or obtain special advantage. This standard shall not restrict the acceptance of gifts or tokens offered and accepted openly from students, parents, or other persons or organizations in recognition or appreciation of service.
  - f. The educator shall not falsify records, or direct, or coerce others to do so.
  - g. The educator shall comply with state regulations, written local school board policies, and other applicable state and federal laws.
  - h. The educator shall apply for, accept, offer, or assign a position or a responsibility on the basis of professional qualifications.
2. All District staff members are public servants and therefore subject to Title VIII of the Penal code, regarding offenses against public administration, including bribery and corrupt influence (Chapter 36), perjury and other falsification (Chapter 37), obstructing governmental operation (Chapter 38), and abuse of office (Chapter 39). All District staff members shall perform their duties in conformity with District policy, ethical standards for professional educators, and state and federal law.

#### B. Conflict of Interest

Employment Requirements and Restrictions:

Conflict of Interest (Board Policy, DBD Local)

1. An employee shall not accept or solicit any gift, favor, service, or other benefit that could reasonably be construed to influence the employee's discharge of assigned duties and responsibilities.
2. An employee shall not have a personal financial interest, a business interest, or any other obligation that in any way creates a substantial conflict with the proper discharge of assigned duties and responsibilities or that creates a conflict with the best interest of the District.
3. An employee who believes he or she has or may have a conflict of interest shall disclose the interest to the Superintendent or designee, who shall take whatever action is necessary, if any, to ensure that the District's best interests are protected.

#### C. Gifts

1. The State Ethics Commission established a workable limit of \$50 for meals and other gifts. In 1992, the Ethics Advisory Board held that benefits not allowed under state law included the following examples: a \$50 clock, a hotel room, an airline ticket, a hunting trip, football tickets, a hunting rifle, and a \$60 or more restaurant meal.
2. The State Board of Educator Certification has defined "tokens of recognition" such as plaques, fruit, baked goods, coffee mugs and ornaments as acceptable gifts. **Gifts to educators have never been condoned by the State.**

3. *The Texas Child Nutrition Program Handbook* summarizes Child Nutrition limits as follows. "... if you have any influence on what is purchased and accept gifts from vendors, you have committed a Class A misdemeanor."
4. GIFTS (Board Policy, DBD Legal) A public servant who exercises discretion in connection with contracts, purchases, payments, claims, or other pecuniary transactions of the District commits a class A misdemeanor offense if he or she solicits, accepts, or agrees to accept any benefit from a person the public servant knows is interested in or likely to become interested in any such transactions. *Penal Code 36.08 (d)*.

#### IV. LEGAL REQUIREMENTS

##### A. Contracts

1. All school district contracts for the purchase of **real property (goods) valued at \$10,000** or more in the aggregate during a 12 month period are covered by state legal requirements. EC 44.033
2. All school district contracts, (with few exceptions) **valued at \$25,000** or more in the aggregate during a 12 month period are covered by state legal requirements. EC 44.031
3. Exceptions:
  - a. Professional Services - architect, physician, certified public accountant, attorney, surveyor, engineer, or state certified real estate appraiser. EC 44.031f
  - b. Only Source Goods - items covered by a patent, copyright, or monopoly; films, books, manuscripts; utility services; and captive replacement or component parts for equipment repair. EC 44.031j
  - c. Repair or replacement of school equipment that has been damaged or destroyed with the approval of the Board of Trustees. EC 44.031h

##### B. Contracting Dollar Ranges

1. Contracts for real property with an annual aggregate value between \$10,000 to \$25,000 (computers \$10,000 to \$15,000). EC 44.033; 44.031k
  - a. A vendor list is established by the District with the names of all vendors interested in doing business with the District. EC 44.033b
  - b. Categories of personal property are established and vendors are listed in these categories. EC 44.033b
  - c. An advertisement for interested vendors is run annually for two successive issues in a newspaper for the county in which the school district's central office is located. EC 44.033b
  - d. Purchases above \$10,000 but less than \$25,000 in the aggregate will be made by asking for quotations from at least three vendors on vendor list. EC 44.033c
  - e. Quotations may be in writing or by telephone. EC 44.033c
  - f. The District is responsible for keeping a written record of these quotations for audit purposes. EC 44.033c
2. Contracts for all goods and services with an annual aggregate value above \$25,000.
  - a. Exceptions:
    - 1.) Computers and peripheral attachments with an annual aggregate value above \$15,000, EC 44.031k
    - 2.) School buses with an annual aggregate value above \$20,000 EC 44.0311
  - b. These contracts must be preceded by a competitive pricing mechanism.
    - 1.) Bids
    - 2.) Sealed proposals for construction
    - 3.) Requests for proposals (received the same way as bids)
    - 4.) Texas Building and Procurement Commission contracts
    - 5.) Texas Catalogue Information Systems Vendor quotations.
      - a.) Vendors must be CISV qualified by the TBPC.
      - b.) Purchases must be supported by three proposals or quotes.

- 6.) An inter-local agreement based on bids or proposals. EC Section 44, Subchapter B
- 7.) Reverse auction procedure. EC 44.031
- 8.) Design build method
- 9.) Job order contracts method
- 10.) Construction manager method
- 11.) Political subdivision compensation for electricity purchases
- c. Notice is required for bids and requests for proposal:
  - 1.) To be published once a week for at least two weeks prior to the deadline for receiving responses.
  - 2.) In a newspaper for the county in which the school district's central office is located. EC 44.031g
- 3. Political subdivision corporations may be used in lieu of competitive pricing mechanisms for the purchase of electricity. LGC 304.001
  - a. The Board of Trustees must pass a resolution to accept the by-laws of the corporation.

**C. Emergency Purchases**

Emergency purchases shall be made in conformance with paragraph (h) Section 44.031 Education Code that states:

*Text of subsec. (h) as amended by Acts  
1999, 76<sup>th</sup> Leg. ch. 922*

"If a school equipment, a school facility, or a portion of a school facility is destroyed, severely damaged, or experiences a major unforeseen operational or structural failure, and the board of trustees determines that the delay posed by the contract methods required by this section would prevent or substantially impair the conduct of classes or other essential school activities, then the contracts for replacement or repair of the equipment, school facility, or portion of the school facility may be made by a method other than the methods required by this section."

*Text of subsec. (h) as amended by Acts  
1999, 76<sup>th</sup> Leg. ch. 1225*

"If a school equipment or a part of a school facility, or personal property is destroyed or severely damaged or, as a result of an unforeseen catastrophe or emergency, undergoes major operational or structural failure, and the board of trustees determines that the delay posed by the methods provided for in this section would prevent or substantially impair the conduct of classes or other essential school activities, then contracts for the replacement or repair of the equipment or the part of the school facility may be made by methods other than those required by this section."

**D. Awarding Contracts**

- 1. Costs
  - a. Purchase price
  - b. Long term costs (service, supplies, maintenance, etc.)
- 2. Product or services
  - a. Quality
  - b. Extent to which the good or service meets District needs
- 3. Vendor
  - a. Reputation
  - b. Safety record LGC 271.0275
  - c. Past relationship with the district
  - d. Historically Under Utilized Business (HUB) status
- 4. Any other relevant factor specifically listed in the request for proposals or bids. EC 44.031b

#### **E. Enforcement**

1. District staff members commit a criminal offense if they make or authorize separate, sequential, or component purchases to avoid using competitive pricing mechanisms when required. EC 44.032b
2. District staff members commit a criminal offense if they fail to use competitive pricing mechanisms when required or award contracts for reasons other than those cited. EC 44.032c
3. Conviction of an offense results in an individual's:
  - a. Immediate removal from office,
  - b. Inability to serve in any public office in Texas for four years, and
  - c. Ineligibility to receive any compensation through state or a political subdivision of the state. EC 44.032e
  - d. This is a Class B misdemeanor involving moral turpitude. EC 44.032b

#### **F. Personal Property and Services Notes**

1. Bid and proposal openings shall be at public meetings of the Board of Trustees or by an officer of the District in a District office. LGC 271.026a
2. A bidder may withdraw a bid due to a material mistake in the bid. LGC 271.026b
3. Bids may not be changed for the purpose of correcting errors after they have been opened. LGC 271.026a
4. The governmental entity has the right to reject any and all bids. LGC 271.027a
5. Contract Length
  - a. Contracts obligate current District revenue only for the year in which they are awarded.
  - b. Multi-year agreements are permissible if they contain:
    - 1.) The right of the Board to terminate the contract at the end of each budget period, or
    - 2.) An appropriate funding-out clause to allow termination should funds become unavailable to pay for the contract. LGC 271.903
6. Payment
  - a. Payment for goods and services received and invoiced is due thirty days after the completion of the contract or receipt of the invoice.
  - b. For each month or part the payment is late, the vendor has the right to **1%** interest on the unpaid balance. GC2251.021, .025, .029
7. Tie Bids
  - a. If the District receives two or more low bids that are identical, the selection of the winner shall be by the casting of lots.
  - b. If only one of the bidders submitting identical bids is a resident of the District, that vendor will receive the award. LGC 271.901
8. Non-resident bidders must underbid resident bidders by not less than an amount (percentage) by which a resident vendor would be required to underbid in the non-resident bidder's state (reciprocity). GC 2252.001; 2252.002
9. Single proprietorships and partnerships where an owner or operator of the business has been convicted of a felony cannot contract with a school district. EC 22.083
10. Inter-local Agreements between school districts, other local governments, and state agencies for the purchase of goods and services satisfies the requirement that contracts be preceded by a competitive pricing mechanism. GC 791.025 b, c
11. Texas Building and Procurement Commission may provide and the District may use state contract prices and vendors to satisfy the requirement that contracts be preceded by a competitive pricing mechanism. LGC 271.082
12. Purchasing Cooperatives
  - a. Cooperatives may be established by school districts, regional education service centers, county departments of education, and other local governments to pool goods and services needs in order to obtain optimal pricing.

- b. The Board of Trustees must approve a contract with the governmental unit operating the cooperative designating a person to act for the District in all matters pertaining to the cooperative.
- c. The governmental unit operating the cooperative may collect fees from the participating districts or governments to cover the cost of operating the cooperative. LGC 271.082 b
- 13. Child Nutrition purchases for personal property exceeding \$25,000 must utilize a bid, proposal, state or federal contract, cooperative purchasing agreement, or inter-local purchasing arrangement due to federal school Lunch program requirements. (Federal law sets \$100,000 as the minimum, but requires meeting state statutes.)
- 14. The Board of Trustees may not purchase milk or milk products imported from outside the United States. H&SC 435.021
- 15. The Board of Trustees may not purchase beef and beef products imported from outside the United States. AC 150.012

**G. Construction**

- 1. The school district must employ an architect to prepare plans and specifications for:
  - a. New construction where costs exceed \$100,000.
  - b. Building renovations where costs exceed \$50,000. Art 249a, Sec. 16, V.A.T.S.
- 2. The school district must employ a registered engineer:
  - a. To prepare structural, electrical, and mechanical engineering plans for construction projects with an estimated cost exceeding \$8,000.
  - b. To supervise construction not involving structural, electrical, and mechanical engineering when the estimated cost exceeds \$20,000. Art 3271a, Sec. 19, V.A.T.S.
- 3. Procedure for acquiring professional services:
  - a. Select the most highly qualified provider on the basis of competence and qualifications.
  - b. Attempt to negotiate a contract with the best provider at a fair and reasonable price.
  - c. If a contract cannot be negotiated, consider the next best provider and attempt to negotiate a contract. GC 2254.004
- 4. Payment and Performance Bonds
  - a. For construction projects in excess of \$100,000, the District shall require a performance bond in the amount of the contract. GC 2253.021 a, b
  - b. For construction contracts in excess of \$25,000, the District may require a payment bond in the amount of the contract solely to protect vendors and subcontractors supplying labor or materials. GC 2253.021 a, c
  - c. If the District does not obtain bond coverage it has the same liability as a surety. GC 2253.027
- 5. School districts must pay the prevailing wage to all workers on public works contracts
  - a. The Board of Trustees is responsible for establishing wage rates by:
    - 1.) Conducting a survey of local wage rates or
    - 2.) Using data from the federal Department of Labor.
  - b. Contractors and subcontractors must also pay this rate.
  - c. Complaints from laborers shall be received by the Board and acted on within 30 days.
  - d. If violations have occurred the Board may assess the contractor penalties to reimburse affected workers. GC 2258.021, .022, .023, .052d
- 6. The District must include a requirement for all contractors to provide all workers providing services to construction project appropriate workers' compensation coverage. 28 TAC 110.110 (c) (7)

## H. Construction Bids & Requests for Proposals

1. The Board of Trustees considering a construction contract, must first determine which competitive procurement method will be used in awarding the project. EC 44.035 (a)
2. In publishing the requests for bids or proposals, the District will note in the request document the criteria and weights that will be used to evaluate the offers received. EC 44.035 (b)
3. The evaluation for the selection for a construction services contract must be documented and made public by the seventh day after the contract is awarded. EC 44.035 (c)
4. Bids for Contractors
  - a. The District may use competitive bids to select a contractor for construction and renovation projects.
  - b. Procedures for bidding shall meet the requirements previously presented. EC 44.040
5. Proposals for Contractors
  - a. The District may use a request for proposals to select a contractor for construction and renovation projects.
  - b. Proposals for construction services are characterized as sealed proposals and may not be reviewed by other parties in the proposal process. EC 44.039
  - c. The District may discuss each vendor's proposal with that vendor to clarify and modify the original proposal.
  - d. Procedures:
    - 1.) Architect or engineer prepares construction documents.
    - 2.) The District will contract independently for inspection, testing and verification services.
    - 3.) The District will prepare an RFP that includes construction documents, selection criteria, estimated budget, project scope, and schedules.
    - 4.) Advertising and opening of proposals shall meet requirements previously noted.
    - 5.) Proposals must be evaluated and ranked within 45 days of opening.
    - 6.) Negotiations begin with the vendor making the best offer and if not successful, be ended in writing before proceeding to the next vendor.
    - 7.) Selection of a contractor shall be based on the best value for the District. EC 44.039
6. Proposals for Design Build Contracts
  - a. The District may use a design-build contract to select a contractor for construction and renovation projects.
  - b. Proposals for a design-build contract are characterized as sealed proposals and may not be reviewed by other parties in the proposal process. EC 44.036
  - c. Procedures:
    - 1.) Architect or engineer prepares construction documents.
    - 2.) The District will contract independently for inspection, testing and verification services.
    - 3.) The District will prepare an RFP that includes general information on the project site, project scope, budget, special systems and selection criteria.
    - 4.) Advertising and opening of proposals shall meet requirements previously noted.
    - 5.) Evaluation of proposals is in two steps:
      - a.) Rate the companies proposing based on experience and qualifications.
      - b.) Rate finalists on safety, long-term project durability, methods to establish costs, and construction schedules.
    - 6.) Select a firm and have project specifications developed.
    - 7.) The design-build firm will supply the District with a set of signed and sealed construction plans at the end of construction. EC44.036

7. Proposals for a Construction Manager/Agent
  - a. The District may contract a consultant or construction manager/agent to oversee construction and renovation projects.
  - b. Procedures:
    - 1.) Architect or engineer prepares construction documents.
    - 2.) The District selects the most highly qualified manager/agent on the basis of competence and qualifications.
    - 3.) Attempt to negotiate a contract with the best manager/agent at a fair and reasonable price.
    - 4.) If a contract cannot be negotiated, move to the next best manager/agent and attempt to negotiate a contract.
    - 5.) Once the agent is selected, the District shall then procure a general contractor, trade contractors, and sub-contractors through the use of bids or requests for proposal.
    - 6.) The District or manager/agent will procure all independent inspection, testing and verification services. EC 44.037
  
8. Proposals for a Construction Manager-At-Risk
  - a. The District may contract a manager-at-risk to oversee construction and renovation projects.
  - b. Proposals for a manager-at-risk contract are characterized as sealed proposals and may not be reviewed by other parties in the proposal process. EC 44.038
  - c. Procedures:
    - 1.) Architect or engineer prepares construction documents.
    - 2.) The District will contract independently for inspection, testing and verification services.
    - 3.) The District will prepare a request for proposal that includes general information on the project site, project scope, budget, special systems and selection criteria.
    - 4.) The request for proposal may request the manager's proposed fee and other costs separately if a two-step qualification process is used.
    - 5.) All proposals must be evaluated and ranked within 45 days of opening.
    - 6.) Attempt to negotiate a contract with the best manager at a fair and reasonable price.
    - 7.) If a contract cannot be negotiated; the District must end negotiations in writing and then consider the next best manager and attempt to negotiate a contract.
    - 8.) The selected manager shall then procure trade contractors and sub-contractors through the use of bid or requests for proposal. A construction manager-at-risk shall publicly advertise, in accordance with Section 44.031(g), and receive bids or proposals from trade contractors or subcontractors for the performance of all major elements of the work other than the minor work that may be included in the general conditions.
    - 9.) The selected manager may submit his own bid or proposal for portions of the project.
    - 10.) The manager and a District representative will open all trade contractor and sub-contractor bids or proposals in a manner that does not disclose the contents of the bid or proposal during the selection process.
    - 11.) All bids and proposals shall be made public within seven days after the final selection is made.
    - 12.) If the manager recommends a bid or proposal and the District requires the use of another trade or sub-contractor, the District must compensate the manager for any additional cost incurred by the manager as a result of the District's action. EC 44.038

9. Job Order Contracts
  - a. The District may award job order contracts for repair and renovation work.
    - 1.) Proposals for a job order contracts are characterized as sealed proposals and may not be reviewed by other parties in the proposal process. EC 44.035
    - 2.) Advertising and opening of proposals shall meet requirements previously noted.
    - 3.) Proposals must be evaluated and ranked within 45 days of opening.
  - b. The District selects the manager that offers the best value to the District based on selection criteria in the request for proposal.
  - c. Advertising and opening of proposals shall meet requirements previously noted.
  - d. The District may award job order contracts to one or more vendors.
  - e. The job order for a specific project must be signed by a District representative and the contractor.
  - f. Indicated costs may be a fixed price, a negotiated lump sum, or unit based on estimated quantities. EC 44.041

**I. Lease Purchase of Real Property**

1. The Board of Trustees may approve a contract for the lease purchase of buildings and other renovations provided:
  - a. The public is given 60 days printed notice.
  - b. If five percent of the registered voters approve a petition for a referendum on the proposed contract the matter must then be approved by a majority of District voters at a referendum.
  - c. The contract is submitted to the Attorney General for approval. LGC 271.004

**J. Construction Notes**

1. All new construction must meet educational adequacy standards and construction quality standards as set by the State Board of Education. (Renovations need only meet construction quality standards.) (EC 42.352; 19 TAC 61.11)
2. All specifications for new construction and major renovations must be based on the requirements of the District's educational program. 19 TAC 61.13
3. Construction quality is established by adoption of the City of Denison and City of Houston Building Codes.
  - a. A plan review will be conducted by a certified building code consultant for all project specifications prior soliciting bids and proposals.
  - b. Any conditions not conforming to the code must be revised in the plans and specifications. 19 TAC 61.1034 b
4. Americans With Disabilities Act standards will be applied to all new construction and renovations. 28 CFR 35.151; 34 CFR 104.23 (Federal)
5. Playground equipment and surfacing purchased after September 1, 1997 must comply with the provisions in the *Handbook for Public Playground Safety*. H&SC 756.061

**K. Law Code Abbreviations**

- |          |   |                                   |
|----------|---|-----------------------------------|
| EC       | - | Education Code                    |
| GC       | - | Government Code                   |
| LGC      | - | Local Government Code             |
| H&SC     | - | Health and Safety Code            |
| AC       | - | Agriculture Code                  |
| TAC      | - | Texas Administrative Code         |
| PC       | - | Penal Code                        |
| V.A.T.S. | - | Vernon's Annotated Texas Statutes |

## V. LEGAL ASPECTS

Every Administrator should have sufficient knowledge of the law to enable him to understand the relationship between himself and the District, and the legal consequences of the acts that he performs in the District's name. With knowledge of the legal fundamentals of purchasing, you will be better equipped to recognize the need for legal guidance and seek it when necessary.

### A. Law Of Warranty

Warranties are of two sorts, expressed and implied. An expressed warranty is one that is defined and negotiated into a mutually satisfactory contract between the buyer and supplier. In the absence of expressed warranties of quality, fitness, or performance of product, if the buyer makes known to the seller the particular purpose for which the supplies or equipment are required, relying on the seller's judgment and skill, there is an implied warranty that the goods shall be reasonably fit for that purpose. The inclusion of an expressed warranty covering any of these points renders the implied warranty void, since the latter cannot exist when the supplier expressly guarantees his merchandise. The purchaser is under obligation to take action as soon as a deficiency of goods, or a breach of warranty, is determined.

### B. Law Of Patents

A patent is a monopoly created by law. A person or company may be liable for infringement of a patent if he uses it, or if he makes it for his own use, or if he purchases and resells an infringement device, although the purchase is made in the belief that the seller had a license from the patentee to sell or use the device. The owner of a valid patent is privileged to sue for infringement either the manufacturer, the seller, or the user of the invention, or all of them.

### C. The Uniform Commercial Code

The single most comprehensive codification of the broad spectrum of laws involved in a total commercial transaction. The code attempts to provide a consistent and integrated framework of rules to deal with all phases ordinarily arising in a commercial sales transaction from start to finish.

### D. Title And Control Of Goods

Methods for passing title and control of goods:

1. F.O.B. Point of Origin, Freight Collect: buyer assumes risk of transportation and buyer assumes title the moment the carrier signs the bill of lading; buyer bears and pays freight charges.
2. F.O.B. Point of Origin, Freight Prepaid: buyer assumes risk of transportation and buyer assumes title the moment the carrier signs the bill of lading; seller pays and bears freight charges.
3. F.O.B. Point of Origin, Freight Prepaid & Charged Back: buyer assumes risk of transportation and buyer assumes title the moment the carrier signs the bill of lading; seller pays and invoices buyer for freight charges.
4. F.O.B. Destination, Freight Collect: seller retains title and control of goods and selects the carrier and is responsible for the risk of transportation; title passes to buyer upon delivery and ownership by the buyer; buyer pays and bears the freight charges.
5. F.O.B. Destination, Freight Prepaid: seller retains title and control of goods and selects the carrier and is responsible for the risk of transportation; title passes to buyer upon delivery and ownership by the buyer; seller pays and bears the freight charges.

**District standard terms are F.O.B. Destination, Freight Prepaid. (This is the best method to use.)**

## **VI. CONTRACTS/COMMON LAW**

1. A District Purchase Order is an offer. A contract is created between the District and the vendor only when the vendor accepts the terms of the Purchase Order by causing the goods or services requested on the order to be delivered. In other words, the District's offer (Purchase Order) is a presentation to the vendor of what the District requirements from the vendor are and under what conditions (terms). Purchase Orders provide a uniform way for the District to make offers to vendors with all terms in writing. This is why it is critical to the purchasing process that the school or departments receiving the goods or services immediately compare the delivery of same with the Purchase Order. If the vendor has altered the terms of the Purchase Order to the point where the recipient is dissatisfied, then a possible breach of the contract has occurred. In such a situation, Purchasing should be notified at once.
2. In the case of bids and request for proposals (all types), a different set of circumstances exists. Here, the offer is the vendor's bid or proposal. This is the vendor's offer to the District of what the vendor will sell the District and under what terms. The acceptance of an offer occurs when the Board of Trustees awards a bid or selects a proposal.(Note: the vendor may withdraw his offer [bid/proposal] at any time up until the offer is accepted [award made] by the Board.)
3. A contract is created between the District and the vendor after the bid is accepted by the Board of Trustees at which time the purchase order becomes the contract.
4. In addition to the issuance of a purchase order on work involving construction, repairs, renovation and maintenance of buildings, a separate contract document may be required. This contract shall be formulated as required to cover the project parameters and work to be accomplished. The Chief Financial Officer must sign this contract.

## **VIII. DISD PURCHASING GUIDELINES**

### **A. Purchases**

Board Policy, State and Federal laws mandate that all purchases made by Denison I.S.D. must be in compliance with bid laws. Since the majority of items and services purchased by the district are required to be bid, the purchases must be made from vendors who have been awarded contracts for these items and/or services. The Purchasing Department sends memorandums and bid books, at various times during the school year, with information about the different annual contracts for items and/or services that require bids to each principal and budget manager. This information contains the vendors who have been awarded the bids along with their terms and conditions.

In addition a memorandum containing the bid schedule for items not covered under annual contracts is sent out in August. This memorandum lists specific types of supply items, capital equipment, and services that are required to be bid prior to their purchase. This schedule lists the dates when requisitions are due in the Purchasing Department. The date the requisition is received in the Purchasing Department determines when the item will actually be ordered.

Most equipment purchases and some supply items are not covered by any of the annual contracts but need to be purchased off a bid. These items must be requested on a "Bid Item Requisition" form. This requisition is used only for items that are required to be bid that are not covered under any of the annual contracts. List only one item per page and make sure all the necessary information is given. Items or services that have already been bid are to be submitted on a DISD purchase order (requisition) form.

**B. Quotation Threshold**

The district has a quotation threshold for purchases of \$2,000 or more. This means that any order that is \$2,000 or more, that has not been bid, will need to have as a minimum three formal quotes attached to the order before it can be processed, or a very clear description of the items and/or services being requested so that the Purchasing Department can obtain the quotations. Please note that since these are formal quotes they will need to have a signature from the company representative who is providing you with the quotation. The exceptions to this would be professional services, sole source purchases and items purchased from a bid.

After evaluating the quotations the originator will complete the purchase order. If you are not ordering from the lowest bidder you must attach a justification when sending in your purchase order.

**C. Direct Pay/Check Request**

Direct Pay/Check Request will be used for meals, lodging, mileage, conference registration, food service catering, and athletic officials.

Reimbursements made from a "Direct Pay/Check Request" are for cash purchases made with prior approval of the principal/ budget manager and meeting the requirements listed below. Reimbursements from a "Direct Pay/Check Request" are allowed for goods or services: that are not required to be bid, being purchased from a current bid award at the same terms, that do not exceed \$200 and have been specifically authorized by the Director of Business or designee. A tax exemption form, available from the principal or budget manager, must be presented to the vendor at the time of the purchase. DISD does not reimburse for state sales tax. Refer to Accounts Payable Section for instructions on how to process a Direct Pay Request.

**D. Spot Purchases**

Administrators have the authorization to make spot purchases of \$200 or less. A spot purchase is a one time purchase occasioned by a small requirement, an unusual circumstance, or to take advantage of a favorable market condition. The spot purchases will be handled the same way as a "Direct Pay/Check Request" with the exception being that the Business Office will not have to approve this purchase. A tax exemption form, available from the Business Office, must be presented to the vendor at the time of the purchase. DISD does not reimburse for state sales tax.

**E. Cooperative Bids and other Purchasing Information**

There are many cooperative bids available that the district can use in place of our district bids. Questions concerning cooperative bids that are available and/or any purchasing related questions may be directed to the Purchasing Department. More detailed information is available from the Purchasing Department for anyone who may be interested in purchasing from a cooperative.

**F. Purchase of Instructional Supplies and Materials**

Instructional Supplies and Materials are purchased from the District approved Vendors. This list will be made available to all employees. Limit requests for these products to this source only.

**G. Purchase of Office Supplies**

Office Supplies are purchased from the District approved Office Products Supplier through their web site. Limit requests for office products to this source only.

**H. Annual Aggregate Category Dates**

1. The District establishes the twelve-month period to comply with annual aggregate value of a category of goods or services to run from September 1 to August 31 of the following year.

2. For item categories that exceed \$25,000 during this date range, a competitive pricing mechanism will be employed to select a contractor to supply the goods or services requested.

**I. Purchase of Computer Hardware/Software/Supplies and Media Supplies**

1. If you plan to purchase a computer or computer hardware, contact the Director of Technology Department and use the approved vendor. If you plan to purchase media equipment or supplies, contact the Director of Media
2. Before any computer equipment, software, and/or supplies may be ordered the purchase order requisition form must be completed and signed by the Technology Director or designee.

**J. Record Keeping**

Maintaining purchase files (requisitions, bids quotations, advertisements, and purchase orders). These and other records shall be retained for seven (7) years subsequent to the close of the program.

**K. Open Records**

The Denison Independent School District complies with Open Records statutes as outlined in Title 110A Article 5252-17a, of the Revised Civil Statutes of the State of Texas. Special attention is called to Section 3(a) (4) which states the following exceptions to open records: "Information which, if released, would give advantage to competitors or bidders."

**VIII. UNAUTHORIZED CHARGES/PURCHASES**

1. Any commitment to acquire goods or services from budgeted funds prior to securing an approved purchase order or without prior approval from the Director of Business or designee is prohibited. Anyone creating or authorizing such a commitment prior to securing a purchase order or obtaining authorization may be personally liable for payment of such agreement.
2. The only official authorized to obligate or commit the district involving the acquisition of goods or services from budgetary funds is the Director of Business or Business Office designee.
3. All exceptions to this policy are to be made in writing by the Superintendent of Schools.
4. No purchases of \$200 or greater are authorized without issuance of a Purchase Order or authorization from the Director of Business or Business Office designee, and payment will not be made for such purchases.
5. Anyone creating or authorizing such a commitment prior to securing a purchase order will be held personally liable for payment of such agreement and/or may be liable to prosecution under the Texas Penal Code Chapter 39 Abuse of Office, Section 39.01.
6. No goods or services are to be ordered or repairs made without a Purchase Order (P.O.) number having been issued prior to placing the order with the vendor. The individual placing an order without a P.O. number will be responsible for payment of the invoice.

**IX. PURCHASES FOR INDIVIDUALS**

1. Any commitment to acquire goods or services in the name of the Denison Independent School District for personal use or ownership is prohibited. Any individual making such a commitment may be liable to prosecution under the Texas Penal Code Chapter 39, Abuse of Office, and Section 39.01.
2. Staff members or their designees are requested to NOT call in purchase order numbers to vendors upon receipt of said document without the expressed approval of the Director of Business or designated representative. This will avoid duplicate orders.

## **X. TAX EXEMPTION**

1. The Denison Independent School District is exempt from payment of taxes under Chapter 20, Title 122A, Article 20.04. Revised Civil Statutes of Texas, for the purchase of tangible personal property.
2. The District is exempt from sales tax because it is a public, free school, is tax supported, and operated under the Texas Education Agency.
3. Any use of the District's tax exemption certificate for personal purchase is prohibited. Anyone using the District's tax exemption certificate for personal purchases may be liable to prosecution under the Texas Penal Code, Chapter 39, Abuse of Office, Section 39.01.
4. All purchase orders notify vendors of the District's tax-exempt status. When placing a confirming purchase order with a vendor, the school or department should indicate to the vendor that the District holds this exempt status and should not be charged tax.
5. The Texas Sales Tax Exemption Certificate may be requested from the Controller's Office or CFO

## **XI. SEALED BIDS OR SEALED REQUESTS FOR PROPOSALS**

The purpose and intent of competitive bidding is to help public schools secure the best work and materials at the lowest practical prices by stimulating competition. If a district advertises purchasing needs relating to large expenditures, then economies of scale – purchasing in large quantities – will probably result in lower costs either per unit item or in the aggregate. Another reason for competitive bidding – it's an open process.

The purpose and intent of competitive bidding laws were defined in Sterrett v. Bell, as follows:

- “Gives opportunity to bid...on the same undertaking...upon the same thing;”
- “Requires all bidders be placed upon the same plane of equality...each bid; upon the same terms and conditions;”
- “Stimulates competition and prevents favoritism;” and
- “Secures the best work and materials at the lowest practical price.”

### **A. Requests By Departments To Go Out For Bids/RFPs**

1. When the actual cost of acquiring personal property or the commodity category of the School District is \$25,000 or greater, the requesting department is to follow the procedures as listed below:
  - a. Submit a bid item requisition and or requisitions from the requesting department to the Director of Business via the other levels of approval (if required).
  - b. The requisition should include the following:
    - 1.) Name of items being requested.
    - 2.) A complete list of all items being proposed for purchase  
SPECIAL NOTE: The description of items specified should be detailed enough to identify any catalog brand name, or manufacturer's reference number.
    - 3.) Exact number of items needed.
    - 4.) Any special conditions required, i.e. items need to be installed and in complete operating condition.
    - 5.) A list of any vendors who are suppliers or potential suppliers of the items being requested that you would like bids mailed to and their complete mailing addresses.
    - 6.) The budget code from which this purchase once approved will be encumbered and paid from.
    - 7.) Any additional information that is necessary to successfully advertise for bids according to specifications. (Example: Color, installation, etc.)
  - c. The requesting department shall be responsible for making all recommendations for purchase of bid items once bid tabulations have been concluded. Whenever the lowest bid price is not recommended, the requesting department shall provide written justification for such recommendations.
  - d. The Purchasing Department has the ultimate authority to amend, accept, or reject all or part of the bid specifications as introduced by the requesting department.

- e. All bid requests or proposals are to be coordinated through the Purchasing Department and regulated by the Deadline Date Schedule for Submitting Bid Requests or Proposals to the Board of Trustees. This schedule is available to schools and departments prior to the beginning of each new school year.

## **B. Specifications**

Preparation of specifications shall be the responsibility of the requesting school or department. The responsibility of the Purchasing Department is to review the specifications to ascertain whether competitive bids/proposals can be obtained and assure that Board policies and state laws are followed regarding the purchase.

Specifications must contain adequate technical descriptions to clearly identify for prospective bidders the type of material, equipment, or services required. In addition to the detailed specifications, brand names, model numbers, and like descriptions may be referred to as product meeting specifications to inform prospective bidders of the type of quality required. Descriptions must include quantitative data such as size, weight, or volume and qualitative data such as commercial grade, texture, finish, strength, chemical analysis, or composition where possible.

All bids will carry descriptive specifications when possible.

1. Properly executed purchase orders and/or requisitions must include adequate descriptive information of the goods or services required.
2. Such descriptive information must be specific, but not so as to prevent competitive bidding on comparable items, if necessary.
3. Many items can be adequately described by giving the name of the item its basic minimum features that you will require and a typical, acceptable brand and model number.
4. Detailed supplemental specifications may be required to fully describe the features and/or requirements of the items or services required.
5. General description should outline the minimal requirements or features.
6. Regardless of the descriptive information, alternate bids or substitute items may be considered for purchase or award if it is determined to be in the best interest of the District.
7. The use of any brand name or manufacturer's reference in a bid is descriptive, not restrictive, and is to indicate the type and quality of items desired.
8. The user department is responsible for the development of specifications in bids. However, these specifications are subject to review by the Director of Business or designee.
9. A good specification should do four things:
  - a. Identify minimum requirements. (Define the quality or standards of products or services.)
  - b. Allow for a competitive bid. (Include sufficient descriptive information to insure that all bidders have equal opportunity to bid on comparable products or services.)
  - c. List reproducible test methods to be used in testing for compliance with specifications.
  - d. Provide for an equitable award at lowest possible cost.
10. Sources available for developing specifications:
  - a. Product literature
  - b. Other users
  - c. Vendors
  - d. Purchasing Department

## **C. Opening Sealed Bids/RFPs**

1. All sealed bids/proposals shall be received in the Purchasing Department where they will be opened publicly on the date and at the time advertised. The Director of Business or designee shall open bids.
2. The closing time for sealed bids is final. Bids received after the closing time will not be opened or considered.

3. Submitted bids are final and may not be altered. Vendors may however, submit sealed alternate bids before the closing time to substitute prices on their formal bid, in which case only the substitute will be considered.
4. No bid can be withdrawn after opening without approval of the Director of Business based upon a written acceptable reason.
5. Withdrawal of a bid or failure to honor a bid, may result in the deletion of the company from future bid requests.
6. Bids will not be considered unless they are manually signed by an authorized representative of the company.
7. All accepted bids will be tabulated and awarded as provided under Approval/Awarding of Bids.
8. After the bids have been opened and tabulated they will be available for those interested to copy and study. They shall not, however, be removed from the Purchasing Department.
9. If no acceptable bids are received, the proposed acquisition will be re-advertised seeking an acceptable bid.

**D. Approval Awarding Of Bids/RFPs**

1. Approval for all purchases and contracts valued at \$25,000 or over shall be made by the Board of Trustees.
2. Administrative action may be taken on purchases of capital items, supplies and services under \$25,000 by the administrative purchasing committee.
3. The Administrative purchasing committee is made up of the following: the Chief Financial Officer, Director of Business, and the head of the department concerned with the proposed purchase.
4. If circumstances warrant, Board consideration of any purchase may be requested.
5. Proposed emergency purchases shall be submitted to the Board of Trustees for approval prior to making any commitments (also see Emergency Purchases).
6. The lowest and best bid from a responsible bidder that meets the requirements of the District shall be recommended for purchase.
7. The user department shall be responsible for making recommendations for purchase of bid items. Whenever the lowest bid price is not recommended the user department shall provide written justification for such recommendations.
8. The recommendations for purchase shall include an assessment of these considerations: individual item price, total price of items, life cycle cost, delivery dates, terms, location of the vendor, quality of materials, safety, past performance of goods and vendor, transportation charges, good business practices, and conformance to appropriate Local, State, and Federal Ordinances, Statutes and Regulations.
9. Upon receipt of recommendations from the user department and the Director of Business or Purchasing Buyer, the Chief Financial Officer shall present all recommendations for purchase to the Superintendent of Schools and the Board of Trustees.
10. Bids awarded by the Board of Trustees may be extended for additional purchases without additional Board consideration provided that:
  - a. The prices, terms, and conditions of the original bid remain firm.
  - b. The extended bids do not total more than 25% of the original bid award, the original bid had provisions for additional purchases, and all legal requirements are fulfilled.

**E. Performance And Payment Bonds/Good Faith Deposits**

1. Non-construction purchases:
  - a. Performance and payment bonds MAY BE required when deemed necessary on purchases.
  - b. Payment and performance bonds WILL BE furnished as required by law. (GC 2253.021 a, b, c)
  - c. Good faith deposits in the form of a cashier's check or bid bond in the amount of 10% of the bid may be required when deemed necessary.

**F. Reasons For Denial Of Receiving Requests For Bids Or Quotations**

1. A vendor may be denied the opportunity to receive bids or quotations for these reasons:
  - a. Previous failure to honor a bid or quotation.
  - b. Unusual delays in delivery of previous awards.
  - c. Repetitive failure to respond to requests for bids or quotations.
  - d. Unauthorized substitution of merchandise in other awards.
  - e. Previous failure to perform service satisfactorily.
  - f. Discrimination against an employee or applicant in regards to race, religion color sex, or national origin.
2. The decision to deny a vendor the opportunity to receive bids or quotations shall be made by the Director of Business. (The Purchasing Department must have written documentation for support prior to denying any vendor the opportunity to receive bids or quotations.)
3. Any vendor protesting the denial to receive bids or quotations shall follow these procedures:
  - a. Make a written request to the Director of Business, showing cause to receive requests for bids and request an audience to discuss the matter.
  - b. If the request is again denied by the Director of Business the vendor may request an audience with the Chief Financial Officer to appeal the decision, the meeting will be arranged by the Director of Business.
  - c. If the request is further denied by the Chief Financial Officer, the vendor may appeal the decision to the Superintendent of Schools and the Board of Trustees. The Superintendent shall place the item on the Board of Trustees regular meeting agenda.

**G. Receiving Requests For Bids Or Quotations**

1. Bids shall be sought from sources able to offer the best prices consistent with quality, delivery, and service.
2. No employee of the District or school board member shall receive requests for bids, quotations, or conduct business for the District in any manner other than that necessitated by their assigned or elected responsibilities.
3. All vendors receiving sealed bids or quotations must be responsible and possess the ability to perform the contract according to its terms. A responsible vendor must exhibit adequate financial standing, reputation, experience, resources, facilities, judgment and efficiency. Additionally, vendors must not discriminate against any employee or applicant in regards to race, religion, color, sex, or national origin.

## **H. Bid Related Categories**

The following is a partial list of bid related categories to be used as a guide to determine bidding requirements. Districts shall add to this list as aggregate dollars of products exceed the bid limit. This list is non-inclusive. Note: Items in the supplies and materials sub-categories or within each equipment/non-consumable category listed below must be considered as an aggregate purchase if available from a single vendor; however, bids may be split into seasonal purchases.

### **Commodity Categories/Sub-Categories**

#### **Athletics**

##### **Athletic/Trainer Supplies**

Sports and Supplies (i.e., Baseball, Basketball, Cross Country, Football, Golf, Soccer, Swim, Tennis, Track, Volleyball)  
Uniforms.

##### **Athletic Equipment/Non-Consumables**

##### **Custodial**

Chemicals/Janitorial Supplies/Paper Products/Can Liners/Contracted Services

##### **Custodial Equipment/Non-Consumables**

##### **Commodity Categories/Sub-Categories (Continued):**

##### **Food Service**

Bread  
Dry Goods, Canned and Frozen Foods  
Fresh Meat and Poultry  
Milk  
Non-Food Supplies

##### **Food Service Equipment/Non-Consumables**

##### **Instructional/General - Capital Equipment**

Art Equipment  
Audio Visual Equipment  
Musical Instruments  
Computers/Hardware and Software  
Copy Machines  
Instructional Furniture  
Library Furniture  
Office Equipment  
Office Furniture  
Playground Equipment  
Science Equipment  
Telephone Equipment

##### **Instructional/General - Supplies**

Art Supplies  
Dictionaries  
Duplicating Paper  
Industrial Gases

Instructional Teaching Aids/Supplies  
Library Books/Periodicals/Related Services  
Maps and Globes  
Nursing Supplies  
Office Supplies  
Physical Education Supplies  
Science Supplies

**Maintenance**

Electrical Supplies/Parts  
Freon  
Ground Maintenance Supplies (Fertilizer, Mulch, Etc.)  
HVAC Supplies/Parts  
Lumber and Related Building Materials  
Paint  
Plumbing Supplies/Parts  
Roofing Supplies

**Maintenance Equipment/Non-Consumables**

**Transportation**

Automotive Parts and Supplies  
Gasoline/Diesel  
Lubricants/Oils

**Commodity Categories/Sub-Categories (Continued):**

**Transportation Equipment/Non-Consumables**

Buses (Lease/Rent/Lease Purchase/Buy)  
Capital Equipment  
Storage Tanks  
Vehicles, Trucks and Vans

**Miscellaneous**

**Bank Depository**

**Printed Forms**

**I. Vendor List**

1. The Purchasing Department maintains a vendor list for bids and quotations. The list is based on categories derived from goods or services for which the District has taken bids or intends to take bids. A vendor may request to be placed on the purchasing vendor list in one of the following ways:
  - a. The vendor mails a letter to the Purchasing Department on the company's letterhead indicating the goods or services offered, company address, telephone number, and sales representative.
  - b. A sales representative visits the Purchasing Department in person informing an employee he would like to be placed on the Purchasing Department vendor list and leaves a business card.
2. Bid packages are mailed to vendors registered on the computerized bid list on or before the date that notice of the bid opening is published.
3. A vendor may be removed from the vendor bid list by failing to respond to three consecutive bids, failing to update addresses and telephone numbers, withdrawing a bid, failing to honor a bid, failing to honor contracts or warranties, or making false or misleading statements (written or oral) during any business negotiation with the District. Once removed, a vendor will not be reinstated on the bid list until he can demonstrate that any past problems have been corrected and his organization can meet all bidding requirements.

**J. Quotations**

(Refer to DISD Purchasing Guidelines, B. Quotation Threshold for more detailed information and instructions.)

1. The term quotation is used to identify the task of securing pricing information from a vendor for goods or services.
  - a. Three quotes are required for purchases between \$10,000 and \$25,000.
2. All required quotations must be attached to your purchase order/requisition.

**XII. PURCHASE ORDERS**

**A. Purchase Order/Requisition**

The purpose of the Purchase Order/Requisition is to give staff members a method to ask for goods or services.

1. A purchase order/requisition, after it is approved is not a contract but an offer. If the purchase is made from a bid award or at the time a vendor ships materials listed on the purchase order than the purchase order becomes the contract document that commits the District to an obligation. Purchase orders are officiated by the Director of Business after receipt of an authorized purchase order/requisition.
  - a. The Denison Independent School District utilizes the purchase order document as the official contract for purchasing. It is a purchasing requisition as submitted by the requesting department to the Business Office. Once approved by various levels of authority it is forwarded to the Purchasing Department where it is signed by the Director of Business or designee, assigned a purchase order number, encumbered and officially designated as a "Purchase Order".
  - b. The purchase order will remain in effect as a valid offer and/or contract binding the District with a supplier for 120 days from the date of its approval by the Director of Business. Status letters will be sent after 120 days and the purchase order will be cancelled if we do not receive a response within 30 days. It will be the requesting department's responsibility to re-submit a new purchase order document for items needed or services required beyond that date. All purchase orders that reach a maturity date of 150 days may be evaluated by the Director of Business as to its possible cancellation or closing at that time. All budget managers will be notified of all purchase order cancellations or closings with the exception of the ones your department/campus request.
  - c. Distribution of purchase order copies are generally as follows:
    - 1.) Original - (White)  
To the vendor
    - 2.) Accounts Payable File - (Buff)
    - 3.) Receiving Copy - (Green)
    - 4.) Issuing Office/Individual ordering - (Golden Rod)
2. All purchases shall be submitted on a purchase order/requisition form and be approved by the business office prior to the purchase being made. (The reason this must be done prior to

the purchase is to assure reimbursement for the goods or services. If approval has not been obtained prior to the purchase, there is a possibility that reimbursement will not be made if it violates the law.)

- a. Please complete all information requested on the form, including the bid number if there is one.
- b. Use only one purchase order per vendor. If numerous items are requested which will require more than one page, list all items on a separate sheet and attach five copies of this sheet to the purchase order. Write the words "per attached list" on the purchase order.
- c. Items being purchased from one vendor but from different budget codes may be listed on one purchase order. Items for each designated code should be listed and totaled separately. Budgeting designations should be listed in the "Budget Code" box on the form.
- d. Pending delivery, the green and golden rod copies of each purchase order are sent to the principal's (or budget manager's) office where the golden rod copy becomes the issuing department's copy. The green copy is the receiving department's copy. When the order is received, the green copy should be signed and any notation made on it concerning the accuracy of the order. This green copy should promptly be returned to the accounts payable office. Packing slips and delivery tickets should be attached to the green copy. A signed green copy must be received in the accounts payable office before payment can be made.
- e. Due to the cost involved in processing a purchase order and the fact that many vendors require minimum dollar amounts for purchases, please consolidate purchase orders for a specific vendor to an amount in excess of \$100 if possible. If the anticipated purchase is less than \$100, please refer to the paragraph concerning "Spot Purchases".
- f. Purchase orders are used to order materials or services. Please do not process a purchase order if an item or service has already been ordered and received. If the materials have already been received, payment should be requested on a "Direct Pay" form. Purchases made without a purchase order shall not exceed \$200. **Purchases of \$200 or more shall be requested on a purchase order prior to the goods or services being ordered.**

## B. Specific Purchasing Procedures

### 1. PURCHASE ORDER/REQUISITION

- a. All requests for purchase shall be submitted on Denison Independent School District purchase order/requisition approved by the Purchasing Department.
- b. All purchase orders must be approved as required under the Authorization/Approval of purchase orders.
- c. Once approved, the purchase order is signed by the Director of Business, given an official purchase order number, and encumbered, only at that time does the purchase order requisition become an official purchase order. All liability for processing and payment is passed on to Business Office. In addition, the main identifier of the purchase order becomes the purchase order number.
- d. Only the original purchase order form is acceptable. Carbon copies, electrostatic, Xerox or other copies are NOT acceptable.
- e. A purchase order must be clear and accurately represent all requirements. Purchase Orders should include the following:

*Items underlined are to be listed on the purchase order by the person who is typing the P.O. Other items are already listed somewhere on the P.O. form.*

- 1.) Company Name and Address
- 2.) Date
- 3.) Purchase Order #
- 4.) Shipping Instructions (Complete ship to address including receivers name.)
- 5.) F.O.B. Point (F.O.B. Destination)
- 6.) Terms of Payment
- 7.) Tax Status

- 8.) **Shipping Schedule**
- 9.) **Quantity and Unit**
- 10.) **Description of goods or services ordered**
- 11.) **Unit price**
- 12.) **Discount**
- 13.) **Freight and/or Delivery Charges if applicable(add a minimum 10% charge if the shipping cost is unknown)**
- 14.) Invoicing Instructions
- 15.) General Terms and Conditions
- 16.) **Signature**
- 17.) **Prices Extended and Totaled Correctly**
- 18.) **Correct Budget Code**
- 19.) **Proper Authorizations**
- 20.) **Prices Quoted By, District Bid #, and or Company Quote # or Bid #, Catalog # and Page if applicable.**
- 21.) **Pages of request.**

**C. Authorization/Approval of Purchase Order**

1. A properly authorized purchase order must include the approval of:
  - a. The Principal and/or Director
  - b. The Superintendent, and all Assistant Superintendents, if order totals or exceeds \$5,000.
  - c. and the Director of Business or designee, for final review

**D. Conditions Of Purchase**

**(Items below apply to and become a part of the terms and conditions of DISD Purchase Orders.)**

1. INSTRUCTION TO VENDOR: This order is subject to the following instructions, terms and conditions of the Denison Independent School District.
  - a. Under no circumstances is the amount of this purchase order to be exceeded without prior approval of the Director of Business or designee.
  - b. Our purchase order number must appear on all invoices, delivery memorandum, bill of lading, packages and correspondence.
  - c. Address all communication (Excluding Invoices) concerning problems with this purchase order to the Director of Business, Denison Independent School District, 1201 S. Rusk Ave., Denison, Texas 75020.
2. CONDITIONS OF PURCHASE
  - a. **Validation:** This is a valid order only when the following two conditions have been met:
    - 1.) That a purchase order number appears in the space provided.
    - 2.) That a written or stamped signature of the District's Director of Business or designee appears in the space provided.
  - b. **Authorization:** Denison Independent School District will not be responsible for articles delivered and/or services performed without a specific written purchase order.
  - c. **Articles or Service:** Articles to be delivered and/or services to be performed shall be in accordance with the terms, prices, delivery time, specifications, and conditions as recorded on your bid proposal and as itemized on this order. No substitution of articles or change of any nature shall be made without the authorization of the Director of Business or designee. If you cannot fill this order as specified please notify the Director of Business in writing.
  - d. **Price Changes:** The district accepts your bid as recorded on your bid proposal and on this order but reserves the right to cancel the order if the prices are to be increased prior to the delivery of articles or the completion of services. Therefore, do not fill this order at increased prices without authorization from the Director of Business or

representative. No separate charges, except those clearly recorded on your bid proposal and on this order can or will be allowed.

- e. Taxes: The District is exempt from the payment of (1) federal excise taxes, (2) federal transportation taxes, (3) Texas State or Local sales taxes. If it is determined that the prices quoted are recorded on this order or the invoice rendered include any such taxes, the amount of the taxes will be deducted from the total of the invoice. Tax exemption number is 1-74-6000-6616.
- f. Warranty, Guarantee, Laws And Regulations: By accepting this order you hereby in addition to the guarantees and warranties provided by law expressly guarantee and warrant as follows:
  - 1.) Warrant that the articles to be delivered hereunder will be in full conformity with the specifications or with the approved sample submitted and agreed that this warranty shall survive acceptance of delivery and payment for the articles and that you will bear the cost of inspecting and/or testing articles rejected.
  - 2.) Guarantee and agree that the articles to be delivered hereunder will not infringe on any valid patent trade mark, trade name, or copyright and that you will, at your own expense, defend any and all actions or suits charging such infringement and will save the District, its agents and employees, harmless in case of any such action or suit.
  - 3.) Warrant that the articles to be delivered hereunder will be manufactured, sold, and/or installed in compliance with the provisions of all applicable Federal, State, and Local laws and regulations.
  - 4.) That nothing contained herein shall exclude or affect the operation of any implied warranties otherwise arising in favor of the District.
- g. Transportation: All shipments are to be made "F.O.B. Destination, Freight Prepaid" unless otherwise specified on your bid proposal and on this purchase order. When articles are sold "F.O.B. Point of Origin" and the District's purchase order so confirms. Please pre-pay shipping charges and record prepaid charges as a separate item on the invoice. It is understood that title of the merchandise appearing on this order will not pass until merchandise is accepted at the delivery destination.
- h. Inspection, Rejection, And Excess Shipment: In addition to other rights provided by law the District reserves the right (1) to inspect articles delivered and to return those which do not meet specifications or reasonable standards of quality. (2) to reject articles shipped contrary to instruction or in containers which do not meet recognized standards and (3) to cancel the order if not filled within the time specified. The District may return rejected articles or excess shipment on this order, or may hold the articles subject to the vendor's order and at his risk and may in either event charge the vendor with the cost of shipping, unpacking, inspecting, repackaging, reshipping, and other like expense.
- i. Delivery To A School Building: When a delivery is to be made direct to a school building (a) such delivery shall be made between the hours of 8:30 a.m. and 3:00 p.m., Monday through Friday, exception school holidays and (b) such delivery shall be made and articles shall be placed inside the school building in the room or rooms to be designated at no additional charge. It is important that vendors understand the DISTRICT CANNOT AND WILL NOT ACCEPT TAIL-GATE DELIVERY AT A SCHOOL ENTRANCE UNLESS Specified OTHERWISE ON THIS ORDER.
- j. Invoices: To be submitted in duplicate only for items that have been shipped or services that have been rendered. Invoices without reference to this purchase order number and listing items or services other than those shown on this order will not be paid. All items must be shipped at one time, no partial payments allowed. Please note if a back order is shipped the invoice will not be set up for partial payment of the purchase order and the net thirty days will start from the time all items on the purchase order have been received or a proper invoice, whichever is later.
- k. Payments: No partial payments on purchase orders will be allowed unless prior arrangements had been made with the Director of Business or noted on bid document. Please note if a back order is shipped, the invoice will not be set up for payment until

all items on the purchase order have been received and invoiced. Upon receipt of a properly executed invoice and verification of delivery from the consignee, payment will be processed for items or service delivered.

- l. All unshipped items on this order will automatically be cancelled ninety days after date of order unless prior approval by the Director of Business has been obtained. The date of the order is indicated by the Director of Business's signature. Shipments initiated after such date will not be accepted.
- m. In accordance with Article 6252-16 of the State of Texas statutes. The Denison Independent School District does not discriminate against individuals, or companies with respect to race, religion, color, sex, handicap, or national origin in the awarding of bids.

#### **E. Releasing Purchase Orders**

1. No charge of \$250 or more shall be made to the Denison Independent School District except that covered by a purchase order, which has been through the budget control system and released by the Director of Business for mailing or faxing to the vendor.
2. The Purchasing Department will not release purchase order numbers to cover such charges in advance of this procedure except as provided under Emergency Purchases.
3. Request for a department to pick up a purchase order to take to the vendor in person can be made by attaching a small note to the purchase order requesting such action. Do not type these notes on the purchase order. The requesting department will be contacted when the purchase order is ready to be picked up.
4. Confirmation purchase order numbers will not be released to the requesting department until a hard copy such as faxed copy is obtained by the Purchasing Department with the proper approval signatures required on a purchase order. Only after this hard copy has been obtained with proper authorization approvals will the purchase order number be released to the requester.

#### **F. Changing Or Canceling Purchase Orders**

1. Whenever it becomes necessary to modify or cancel the items or conditions as listed on Denison Independent School District purchase orders, these procedures shall apply:
  - a. A purchase order is a offer and/or contract that obligates the District and vendor to the terms and conditions as listed thereon.
  - b. **THE PURCHASING DEPARTMENT IS RESPONSIBLE FOR MAKING ALL OFFICIAL ADJUSTMENTS TO A PURCHASE ORDER.**
  - c. All arrangements for returning, adjusting, deleting, modifying, substituting, or canceling items or conditions (including lease or rental arrangements) as listed on the purchase order must be made through the Purchasing Department. Returning of the items is the responsibility of the person who placed the order.
  - d. Requests to have items listed on a purchase order returned, deleted, canceled or in any way adjusted must be made in writing to the Director of Business. Appropriate authorization (Principal, Department Head, Budget Manager, etc.) must accompany each request.
  - e. Upon receipt of an authorized request, the Purchasing Department will, when possible make the necessary arrangements and adjustments as requested.
  - f. All arrangements and adjustments shall conform to the requirements of the Purchasing and Business Offices, District Policies, and legal statutes.
  - g. School and administrative departments will be notified when an item on the order of the complete order must be canceled for reasons other than their request, examples of cancellations are:
    - 1.) The company is unable to provide the goods or services; or

- 2.) The item(s) has/have been discontinued.
- h. According to the Uniform Commercial Code, Section 52-713, 52-715, contracts may be legally canceled or terminated for the following reasons:
  - 1.) Vendor fails to make delivery within the time specified on the contract for purchase.
  - 2.) Vendor delivers goods, which do not meet specifications and does not promptly replace them with acceptable goods.

**G. Blanket or Open Purchase Orders**

- 1. Blanket purchase orders are issued to make miscellaneous supplies, materials, or services available as needed by the user department. These blanket purchase orders ARE NOT intended to be used to acquire items or services required for specific one-time job requirements.
- 2. The general purpose of blanket purchase orders is to:
  - a. Eliminate the need for numerous individual purchase orders for small dollar-value items or services.
  - b. Provides a means of acquiring urgently needed items or services not available in the District.
- 3. Blanket purchase orders are approved by the Business Office and Director of Business and are issued to vendors as identified by the user department on the purchase order document. The order will remain in effect for 90 days from the Director of Business's signature.
- 4. Information needed when requesting blanket purchase orders:
  - a. Name and address of supplier/vendor or company
  - b. Nature of items or services requested
  - c. Total costs or charges for the period
  - d. Appropriate authorization; and
  - e. The name and/or names of employees that are authorized to make charges against this open purchase order.
- 5. The guidelines for use of the blanket purchase order are:
  - a. Individual items to be capitalized (such as machinery, furniture, cabinets, or equipment) ARE NOT to be purchased on blanket purchase orders; individual bid item requisitions must be issued for such items.
  - b. The estimated total cost for a purchase order MAY NOT be exceeded by \$50.00. The user department is responsible for maintaining records to insure that the total amount of the requests does not exceed this amount. Activity fund raising activities would be an exception to this requirement.

**H. Accounting For Receipt Of Goods And Services**

(Refer to Accounts Payable Section for more detailed information.)

- 1. Accounting for the receipt or non-receipt of goods or services for which a purchase order has been issued is accomplished by two means:
  - a. The packing list and bill of lading sent with the shipment.
  - b. The receiving copy (green copy) of the purchase order.
- 2. Upon receipt of the goods or services listed on the purchase order the User Department must submit this document to Accounts Payable Office showing quantity and condition of the items received or services rendered.
- 3. Payment to vendors is processed by the Accounts Payable Office upon receipt of:
  - a. A valid purchase order.
  - b. An original invoice from the vendor, and
  - c. The signed green copy of purchase order that shows that goods or services have been received in good order.

**I. Material Preview/On Approval Purchase Orders**

- 1. A purchase order is to be filled out for materials to be received on approval examination, or preview basis. The P.O. is to be approved by the appropriate budgetary official (i.e. principal, budget manager) prior to requesting the material. The P.O. should clearly state

that the materials listed are for approval, examination, or preview. The approval P.O. must be processed in the normal manner. If the material is found to be acceptable then the authorized budget manager must notify the Purchasing Department in writing of their intent to purchase. If only a portion of the merchandise is to be retained, please specify which items will be accepted. Upon notification, the Purchasing Department will attach the notice to the P.O. and the following will occur:

- a. Purchasing Department will notify vendor of acceptance. To do this the phone number of the vendor as well as the name of the order clerk to whom the order was originally placed or given will be necessary. Insure that this information, as well as any other requested, is made available.
  - b. Invoices are to be sent to the Accounts Payable within 30 days of notification of acceptance to vendors. Any invoices received prior to vendor notification date by Director of Business will not be paid at that time.
  - c. Vendors will be asked to state specifically on the invoices that the invoicing is for materials previously received on approval examination or review, which are now being accepted.
2. If the material is found to be non-acceptable, notification in writing by the individual who placed the order is to be sent to the Director of Business. In this case the following is to be adhered to:
    - a. The individual who placed the order will notify the vendor of non-acceptance of materials in writing and this notification should be mailed return receipt. A copy of this notification must be sent to the Purchasing Department for documentation on the order.
    - b. It will be the responsibility of the individual who placed the order to return the material to the vendor.
    - c. The material should be insured upon return if necessary.
    - d. A copy of the shipping documents and insurance form are to be sent to the Purchasing Department as proof of materials being returned.
    - e. The original shipping document is to accompany a direct pay request if reimbursement for postage, shipping, or handling is necessary.
  3. Items received on approval in violation of these requirements will become the property of the requesting individual and Denison ISD will not accept responsibility for the material as far as any expenses incurred.
  4. Credit Memo:

#### **J. Receiving Procedures**

1. Procedures For Receiving Merchandise
  - a. Check for damages.
  - b. Count the shipping units and compare to the count indicated on the freight bill and/or suppliers packing list. Also check these with purchase order copy.
  - c. Compare the supplier's name.
  - d. Sign and date freight bill and retain proper copy.
  - e. Attach copy of the freight bill and packing list to the receiving report.
  - f. In the event no one can check the items coming in, sign the freight bill and/or bill or lading indicating what it is you signed for. Example: Received 4 boxes subject to check and sign.

#### **K. Inspection**

1. Inspection Rights
  - a. You have the right to inspect goods before paying for them.
  - b. You are responsible for identifying errors in a timely manner.
2. General Duties For Inspection
  - a. Assure the quality and quantities conform to specifications.
  - b. Originate rejection forms and make sure to keep the packaging and boxes that the items were delivered in.
  - c. Cancel rejection forms when material has been replaced.

#### **L. Purchase Order Discrepancies**

1. Notify vendor of the rejection or discrepancy within a reasonable time.
2. Hold the goods for the vendor's disposition in the packaging and boxes that the items were delivered in.
3. Follow any reasonable instructions as to the return or disposition of the goods. (All expenses incurred by the district are the responsibility of the vendor as well as any damages suffered). A notice of rejection should specify all defects rather than just the main reason for rejection. (Please note any damage in detail, as much as possible).
4. Write a memorandum explaining what is damaged and forward it to the Purchasing Department.

### **XIII. GLOSSARY**

**Annual Aggregate** - This pertains to the total amount of purchases made by a school district within a single category of items during a twelve-month period. The state does not prescribe on what date the period starts and stops.

**As Is** - An expression signifying that goods offered for sale are without warranty or guarantee. The purchaser has no recourse with the vendor for the quality or condition of the goods.

**Authorized Deviation** - Permission given to a supplier authorizing production or delivery of items within stated limits other than those specified originally.

**Backorder** - The undelivered part of a previous order which the vendor re-enters for shipment at a later date.

**Bid** - a response to a specified request for goods or services. Usually requested for contracts exceeding an annual aggregate of \$25,000.

**Bid Bond** - Bid bond guarantees an owner of property that a party bidding for a contract will, if his bid is accepted, enter into a contract and furnish performance and payment bonds for the carrying out of the work, or pay the owner the difference between the amount of his bid and that of the bid finally accepted.

**Caveat Emptor** - "Let the buyer beware": The sale is at the buyer's risk.

**Caveat Venditor** - "Let the seller beware": In some cases, the vendor is liable to the buyer if the goods delivered differ in kind, quality, use, and purpose from those specified in the contract of sale.

**Certified Check** - A check endorsed by a bank which guarantees its payment.

**Change Order** - A purchaser's document used to modify or add to a purchase order.

**C.I.S.V.** - A Catalogue Information System Vendor is approved by the Texas Building and Procurement Commission for the sale of computers and related components without having to use competitive bids or proposals. The vendor must have a state identification number and have a catalogue of components that can be accessed on the Internet. Quotations between several C.I.S.V.s are strongly recommended to deal with market changes and quantity purchases.

**Competitive Pricing Mechanism** - A term used to collectively describe the various methods the state has provided to meet bidding requirements for purchases above \$25,000. These include bids, requests for proposal, C.I.S.V. catalogue purchases, Texas GSC contracts, Federal GSC contracts, and inter-local government contracts.

**Confirming Order** - A purchase order originally placed verbally for goods or services.

**Delivery Schedule** - The agreed time or rate of future deliveries of purchased goods or services.

**Discount** - An amount deducted from the selling price by the vendor. It is generally applied when a purchaser meets a stipulation that reduces the cost of the goods.

**Expediting** - "Follow-up" Tracing the status of an order to ensure efficient movement of goods to the School or Department in accordance with the terms of the Purchase Order.

**Express Warranty** - Vendor's representations concerning the nature and use of goods, which he intends the buyer to rely on.

**HCDE** - Harris County Department of Education

**HGAC** - Houston Galveston Area Council – a cooperative

**Inventory** - A stock of goods or an itemized list of a stock of goods on hand at a particular time. When ascertained by a physical count of the items it is a "physical inventory"; when determined from records maintained for routine business activities, it is a "book inventory."

**Invitation to Bid** - A request made by a purchaser to prospective suppliers for their competitive price quotations on goods or services.

**Invoice** - The vendor's itemized list of goods or services shipped which specifies price and terms of sale.

**Knocked Down (k.d.)** - A term to indicate that the article described is delivered unassembled. When an article is shipped "k.d.", it must be reduced in size by one third or as specified in the carrier's tariff to be eligible for the applicable freight rate.

**Lump Sum** - The price agreed upon between vendor and purchaser for a single job or a single purchase of merchandise in bulk.

**Manufacturer** - One who produces or assembles items from raw materials or components.

**Negligence** - Under a legal duty the doing or omission of some act which a reasonable, prudent person would not have done or omitted under the circumstances.

**Open Account Purchase** - A purchase made by a buyer who has established credit with the seller. The transaction is charged to the purchaser's account, payment for which is to be made at some future date agreed upon by buyer and seller.

**Original Equipment Manufacturer - (OEM)** Seller's classification of a buyer whose purchases are incorporated into a product he manufactures, usually without changing the item which he acquires.

**Payment Bond** - often referred to as a Labor and Materials bond, guarantees that bills for labor and material used in the work project will be paid. This coverage is usually included automatically in the Performance Bond so no additional charge is necessary.

**Performance Bond** - guarantees the owner that work will be completed according to the contract specifications. This is considered the key bond in a work project because the owner not only wants the work completed - usually within a specified time - but also completed according to the owner's specifications.

**Political Subdivision Corporation** – a corporation that acts for multiple political subdivisions to negotiate the purchase of electricity.

**Proprietary Article** - An article made and marketed by a patentee.

**Purchase** - To acquire goods or services for a price.

**Purchase Order** - A purchaser's formal written offer to a vendor containing all terms and conditions of a proposed transaction.

**Purchase Requisition** - A formal request made to the Purchasing Department to procure goods or services from vendors.

**Quotation** - A statement of price, terms of sale, and description of goods or services offered by a vendor to a prospective purchaser. When given in response to an inquiry, it is generally considered a sales proposal. Also, the stating of the current price of a commodity. For the District it is primarily used when making purchases between \$1,000 and \$25,000.

**Rebate** - A form of discount in that the vendor returns, (or rebates) to a purchaser in consideration of the purchase of a specified quantity or value of goods usually within a stated interval.

**Receiving Copy** - A receiving department document used to inform other in the company of the receipt of purchased goods. Copies are usually distributed to the accounting department.

**Request for Proposal (RFP)** - This is an alternate to the competitive bid process. The proposals are advertised and received in the same way as bids. Once opened, the District can select the best proposal and negotiate specific terms with the vendor to further lower the price or improve the contract.

**Reverse Auction Procedure** - A bidding process using an internet site where vendor can offer one or more bids for goods or services. Vendor does not know the identities of the other vendors. Bidding is in real time.

**Sample** - A small portion of goods taken as a specimen of quality.

**Sealed Competitive Proposal** - A term coined by the state to identify proposals dealing with construction. The term sealed is used to indicate that the proposals are not to be made available for public review. In reality this proposal is no different than the standard RFP.

**Separate, Sequential, and Component Purchases** - Dividing a purchase into several parts or buying parts of a system on separate orders avoid having to use competitive pricing mechanisms to purchase goods and services.

**Specification** - A comprehensive and accurate statement of the technical requirements descriptive of a good or a service, and of the procedure to be followed to ascertain if the requirements are met. A federal specification is a specification established in accordance with procedures prescribed by the Federal Specification Board and approved for use by all government agencies.

**Stock** - The supply of goods maintained in a stores system to satisfy anticipated demand.

**TBPC** - The Texas Building and Procurement Commission.

**TCPN** - The Cooperative Purchasing Network formally Texas Cooperative Purchasing Network.

**Terms of Payment** - The method of payment agreed upon in a sales contract. The three basic terms are cash, open account, and secured account.

**Tracer** - A request made to a carrier to trace a shipment for expediting purposes or to establish date of delivery.

**Vendor** - A seller of goods or services.

**Warranty** - An undertaking, either express or implied, that certain fact regarding the subject matter of a contract is as it is declared or promised to be. Not to be confused with "guarantee," which entails contractual responsibility for the substandard performance or nonperformance of another party.

**Wholesaler** - A purchaser who buys goods for resale to a retailer or industrial user.

#### **IX. Helpful Purchasing Hints**

- A. Requisitions that are over \$5,000.00 must be sent directly to the Business Office in order to obtain additional authorization. The Business Office will enter all requisitions over \$5,000.00 into the accounting system.
- B. Requisitions that have attachments should only be entered by the Business Office.
- C. Email the purchasing department with any special instructions for a Purchase Order.
- D. Requisitions that have 8 or more items must be sent directly to the Business Office for entry into the accounting system.
- E. Wal-Mart Purchase Orders are faxed to the campuses immediately after printing. Wal-Mart receipts should be sent to the Business Office after purchasing items. You can send the receipts in the inter-office mail.
- F. Approved Purchase Orders are printed each business day.