

District: Canton Public School District
Section: D - Fiscal Management
Policy Code: DJEG - Purchase Orders and Contracts

PURCHASE ORDERS AND CONTRACTS

SCHOOL DISTRICT PURCHASING

One of the most important aspects of control over expenditures is an efficient and effective system of purchasing. Each school district shall establish a purchasing system.

A well designed system of purchasing will include:

1. Requisitions (2 part)
2. Purchase Orders (3-part)
3. Receiving Reports (2-part)
- A. **Purchase** requisitions are documents filled out by requesting departments/divisions/schools or teachers **requesting that the purchasing department buy the items requested.** A requisition is the device by which management realizes that there is a need for materials.
- B. Purchase orders are documents issued by the school district to vendors ordering the items requested by departments/divisions/schools or teachers. A purchase order is the device by which management places an order. **Accepting a purchase order by a vendor effects a legally binding contract. The purchase order gives the vendor authority to ship the required items and binds the district for payment.**
- C. Receiving reports are documents documenting the fact that the materials ordered were **actually** received.

Using the documents above, the purchasing process could work as follows:

1. The school district could utilize purchase requisitions to be prepared by school district personnel whenever there is a request for materials. All requisitions should require approval by next higher level of administration than the person actually requesting the material. Once approved this requisition should be forwarded to the central office.
2. When a properly prepared and approved requisition is received by the central office, it should be reviewed to ensure that the requisition amount will not exceed the budget for that particular area. All requisitions should be subjected to public purchasing law requirements. A determination should be made as to whether or not quotes or bids shall be obtained prior to the actual placing of the order, in accordance with public purchasing laws.
3. Once the public purchasing law requirements are fulfilled, a purchase order should be issued, the issuance of which is official notice to the vendor that you desire for the vendor to fill that order.
4. When ordered materials are received, either a receiving report shall be prepared by the person receiving the material or by central receiving, or, in the absence of a receiving report, the vendor's invoice shall be signed by the person receiving the material.
5. Prior to paying any claim, the accounts payable clerk should match the following documents:
 1. Purchase requisitions
 2. Purchase order

3. Receiving report (or vendor invoice signed by personnel indicating receipt of the material)
4. Vendor invoice (where receiving reports are used).

All purchase orders shall be prenumbered and controlled. Receiving reports, if utilized, shall be prenumbered and controlled. Requisitions do not require prenumbering.

A purchase order log shall be maintained by purchase order number. This log will allow for follow up on unfilled orders as well as allowing for the school district to determine the dollar value of outstanding purchase orders. The purchase order log shall, at a minimum, contain the following information: purchase order number, date issued, vendor name, description and amount. In lieu of the purchase order log, the district may maintain a file copy of purchase orders which are in numerical sequence.

Encumbrance accounting, if utilized, is discussed under the budgeting section of this manual. Account codes are provided for in the coding sections of this manual.

Open purchase orders to vendors are acceptable if items have been bid and the bids properly accepted by the school board in their official minutes. Open purchase orders to vendors are only good for the duration of the bid and no bid shall exceed two fiscal years. This bid should be for a period, established by the school board, to ensure budgetary control over the purchase of such commodities.

Centralized purchasing is recommended for all districts. It is the most efficient and effective means of handling purchasing. With centralized purchasing, a purchasing department headed by a purchasing agent makes all purchases for the district. By purchasing in this way, one department can specialize in the purchase function. Also better internal control exists when purchases cannot be made by many people at many different locations.

School boards shall establish policies concerning school district purchasing. Included in these policies, the board shall identify those items, if any, it is exempting from purchase order requirements (e.g., lunchroom foods that are purchased at bid price and delivered daily, purchases of certain items from student club funds, purchases made daily for the transportation department and purchases of monthly services such as utility bills and phone bills). Purchasing policies and procedures shall be approved by the school board and recorded on its official minutes.

PUBLIC PURCHASING LAWS

Mississippi public school districts must make purchases in accordance with the Mississippi Code of 1972, Annotated. Additional procedures, requirements, and regulations are to be found in the Financial Accounting Manual for Mississippi Public School Districts, prescribed by the Office of the State Auditor. The Manual includes a "Quick Reference Index of School Related Laws" that indicates the most significant code sections affecting purchasing are 31-7-1, 31-7-12, 31-7-13, and 37-39-1 *et seq.*

PURCHASING DOCUMENT FORMATS

The forms and formats presented on pages D-4 through D-7 in the Manual are provided only as guides in implementing a school district purchasing system. The actual forms and formats to be utilized are to be determined by the district.

REMINDER: Purchases made from federal funds are also subject to applicable federal regulations.

NOTE: The Mississippi public purchasing laws have been amended by the Legislature each year for the past few years. To keep current, each district needs to obtain and review a copy of any amended public purchasing laws as soon as possible after the bill making the change is passed. These amended code sections may be obtained from the Secretary of State. If the legislative bill number is known, the amended law may also be obtained by calling the Senate

Docket Room at 359-3229 or the House Docket Room at 359-3358. Also, bill status may be obtained online at the State Legislature website: <http://www.ls.state.ms.us/>

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Canton, Mississippi

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LEGAL MS CODE as cited

REF.:

CROSS Policy DJE — Purchasing

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Last Review Date: _____

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Adopted Date: 11/10/1987

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**Employee Attestation of Purchasing Policy
Staff Registration System**

I acknowledge that I have read and understand Canton Public School District's policy DJEG Purchase Orders and Contracts regarding the purchase of supplies and services on behalf of the district.

I understand that all purchases of goods and services require prior authorization through the issuance of a purchase order.

I understand that if I secure goods or services without a purchase order, I will be personally responsible for the cost of the good or the service.

I understand that, once issued a purchase order, I am allowed to order only the items and the quantity specified on the purchase order.

I understand that I am prohibited by law and Board Policies from recommending the use of a vendor or any business which is owned or managed by anyone to whom I am related within the third degree according to the civil law, (which includes parents, grandparents, siblings, children, grandchildren, nieces, nephews, aunts and uncles,) for the purchase of any goods or services or any business in which I have a financial interest, or for some other conflict of interest which may exists between the vendor and myself.

Printed Name

Date

Signature