

# Amherst School District Purchasing Policy Procedure DJB-R

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# Purchasing and Contracting

## 1 Introduction

It is the policy of the Amherst School District to encourage full and open competition among potential contractors and suppliers, and to seek maximum value for every dollar expended. Any departures from this policy, taken by the Administration, shall be in the best interest of the Amherst School District and must be disclosed to the Amherst School Board at the next scheduled meeting of the Amherst School Board.

The Amherst School District expends substantial sums of money each year for the purpose of educating the children in the Amherst School District. The Amherst School District also must dispose of surplus property from time to time. Taxpayers have a right to expect that the Amherst School District's operations be carried out efficiently and expeditiously with adequate financial control and accountability. At the same time vendors should have a reasonable right to equal opportunity to provide the goods and services that are used by the Amherst School District if they can provide an equivalent product or service and a competitive price.

The objective of this policy is to attempt to strike a balance between the need for operating efficiency and flexibility, the need for financial control and accountability and the need to provide reasonable opportunity for all qualified vendors and citizens to compete for the Amherst School District's business and / or purchase its surplus materials or property.

It is also the purpose of this policy to encourage joint and bulk purchasing among the Amherst School District and other school districts, SAU 39 and / or the Town of Amherst wherever such purchasing practices achieve better pricing without significantly degrading quality or operational efficiency.

## 2 Responsibilities

### ***2.1 Responsibilities of the Amherst School Board***

The Amherst School Board is responsible for the issuance of this policy and for any revisions thereto.

### ***2.2 Responsibilities of the Superintendent***

The Superintendent has responsibility for managing the overall budget for the Amherst School District. Therefore, it is the Superintendent's responsibility to ensure that this purchasing and contracting policy is properly implemented.

The Superintendent may wish to designate additional individuals who are authorized to approve purchase requests, work requests, expense requests and / or approve invoices for payment. In this case, the Superintendent must prepare a list, stating each individual by name, title, the budget line(s) that they have acquisition approval or invoice payment approval over. Maximum dollar limits may also be specified for each individual and line item. In no instance, may the dollar limit on this list exceed the dollar limits specified elsewhere in this procedure.

This list designating additional authorized individuals can only cover one fiscal year and expires at the end of each fiscal year. Prior to the start of a new fiscal year, the Superintendent must submit a new list to cover the new fiscal year. Each year, this list must be submitted to the Amherst School Board for approval as an addendum to this Purchasing Policy.

### **3 Financial Commitment**

No one acting on behalf of the Amherst School District shall request goods or services for the Amherst School District without first obtaining the proper authorization.

Furthermore, no vendor shall provide any goods or services to the Amherst School District which they expect payment for, unless they have received valid authorization.

Any questions to the validity of an authorization should be addressed to the Superintendent.

### **4 Types of Authorizations**

The following are the only valid authorization vehicles that can be used to commit the Amherst School District to expend funds. A properly authorized:

Purchase Order

Contract

Work Order

Expense Order

Each of the above requires the same levels of approval prior to committing the Amherst School District to expend money. The use of each is defined below.

The following are not used to purchase goods or services for the Amherst School District:

Check Requests

Petty Cash

#### **4.1 Purchase Request / Purchase Order**

A Purchase Order is the preferred method of purchasing goods and services for the Amherst School District. A completed and properly authorized Purchase Order is a binding agreement to buy goods or services from a vendor at a specific price. The approved Purchase Order is given to a vendor, who, after delivering the required goods or services to the district, will invoice the Amherst School District for payment.

To initiate the Purchase Order process, a Purchase Request is generated. Prior to the approval of a Purchase Request and it becoming a Purchase Order, all of the requirements of this procedure including those in Section 5(Acquisition of Goods or Services) must be met.

A Purchase Order is used to formalize a purchase transaction with a vendor. A Purchase Order, when given to a vendor, should contain statements as to the quantity, description, and price of the goods or services ordered; agreed terms as to payment, discounts, date of performance, transportation terms, and all other agreements pertinent to the purchase and its execution by the vendor. In addition, the Purchase Order must clearly state the exact Amherst School District need that this Purchase Order is addressing.

#### **4.2 Contract**

A contract is a legal agreement between a vendor and the Amherst School District. Although many contracts will obligate the district financially, any financial obligations must also have a corresponding Purchase Order.

#### **4.3 Work Request / Work Order**

Where work needs to be performed, and it is not possible to obtain fixed priced quotes in advance, but a negotiated rate has been established through the competitive bidding procedures, the Work Request / Work Order process may be used. A completed and properly authorized Work Order is also a binding agreement to buy goods or services from a vendor at a specific price. The approved Work Order is given to a vendor, who, after delivering the required goods or services to the district, will invoice the Amherst School District for payment.

To initiate the Work Order process, a Work Request is generated. Prior to the approval of a Work Request and it becoming Work Order, all of the requirements of this procedure including those in Section 5(Acquisition of Goods or Services) must be met.

A Work Order is used to formalize a purchase transaction with a vendor. A Work Order, when given to a vendor, should contain statements as to the quantity, description, and price of the goods or services ordered; agreed terms as to payment, discounts, date of performance, transportation terms, and all other agreements pertinent to the purchase and its execution by the vendor. In addition, the Work Order must clearly state the exact Amherst School District need that this Work Order is addressing.

#### **4.4 Expense Request / Expense Report**

If it is not practical to utilize the Purchase Request / Purchase Order procedure, an Expense Request / Expense report may be used to procure goods or services for the Amherst School District.

An Expense Request is required to obtain approval for an expenditure before a commitment or purchase is made. Once the Expense Request is approved, an employee or other agent of the Amherst School District may make a purchase of goods or services on behalf of the Amherst School District. Once the purchase has been made, the employee or agent must submit an Expense Report (along with the other required documentation including the original receipt) for reimbursement.

Prior to the approval of an Expense Request, all of the requirements of this procedure including those in Section 5 (Acquisition of Goods or Services) must be met.

An Expense Request and Expense Report should both contain statements as to the quantity, description, and price of the goods or services ordered. In addition, the both the

Expense Request and Expense Report must clearly state the exact Amherst School District need that this expense is addressing.

## **5 Acquisition of Goods or Services**

All acquisition requests (purchase requests, work requests and expense requests) will be entered on-line so that the committed expenditure will immediately show up on the Amherst School District financial reports. Any exceptions to this requirement will be reported by the Superintendent to the Amherst School Board at the next scheduled Amherst School Board meeting.

Before approving any acquisitions, the Superintendent or authorized designee will verify that:

- (1) Funds for the acquisition in question have been authorized in the District budget approved by the Board; and
- (2) Sufficient funds exist in the appropriate account to cover the acquisition in question.

### **5.1 Acquisition of Goods or Services Valued at \$25,000 and Above**

This acquisition shall require the approval of the Amherst School Board.

The acquisition of goods or services for any one contract or project, with an estimated cost which is twenty five thousand dollars (\$25,000) or above shall be by formal competitive procedures (Section 5.5 - Formal Competitive Bidding Procedure).

No project or contract specification shall be subdivided to avoid the requirement for the use of formal competitive procedures or the approval of the Amherst School Board.

### **5.2 Acquisition of Goods or Services Valued at \$500 and up to \$25,000**

This acquisition shall require the approval of the Amherst School Board if it is one thousand dollars (\$1,000) or more.

The acquisition of goods or services for any one contract or project, with an estimated cost of which is between five hundred dollars (\$500) and up to twenty five thousand dollars (\$25,000), may, at the discretion of the Superintendent, be on the basis of informal procedures (Section 5.6 - Informal Competitive Bidding Procedure) under which the requirement for requests for proposals need not be observed.

No project or contract specification shall be subdivided to avoid the requirement for the use of informal competitive procedures or the approval of the Amherst School Board.

### **5.3 Acquisition of Goods or Services Valued at less than \$500**

The acquisition of goods or services for any one contract or project, with an estimated cost of less than five hundred dollars (\$500) should follow the procedure

outlined in the preceding section (5.2 - Acquisition of Goods or Services Valued at \$500 and up to \$25,000). However, the Superintendent has the discretion to alter these criteria if it is felt to be in the best interest of the Amherst School District.

#### **5.4 Emergency Purchases or Contracts**

When an emergency for goods or services does not allow sufficient time to engage in normal procurement procedures, the Superintendent may enter into any purchase or contract without following the procurement procedures. The Superintendent shall make a full report concerning any such emergency purchase or contracts awarded to the Amherst School Board at the next scheduled Amherst School Board meeting.

#### **5.5 Formal Competitive Bidding Procedure**

Formal procedures include the use of competitive bidding and / or the use of competitive requests for proposals to obtain maximum value for the Amherst School District through the encouragement of full and open competition when practicable.

If there is only one vendor for these goods or services, the requirement for formal competitive bidding is waived, but a sole source memo must be written and provided to the Amherst School Board. This memo must justify the need for selecting a sole source item and the reasonableness of the cost.

The Superintendent shall prepare a Request for Proposal or Request for Quote, which shall be sent to vendors, and / or by advertising. The Request for Proposal or Request for Quote shall include all of the following:

- (1) A general description of the work, materials, or services sought;
- (2) Where bidder forms and specifications and/or requests for proposals may be obtained;
- (3) The closing time and place for submittal of bids/proposals;
- (4) The time and place for opening of bids/receipt of proposals; and
- (5) The amount of bid security, if any, required.

Technical specifications for bids shall state information as broadly as practicable, yet shall be specific enough to describe the requirements of the District. Non-technical specifications for bids shall state the quality required in general terms.

Formal, sealed bids shall be submitted by qualified vendors before that stated deadline, and may be withdrawn by any bidder before the deadline. After the deadline the Superintendent shall receive no further bids, and no bidder shall withdraw a bid. The Amherst School District shall have custody of all bids submitted pursuant to this Policy.

At an official meeting of the Amherst School Board, the Superintendent shall open bids and read them in public.

The Superintendent must inspect all bids and process for award. In determining the low bid or the bid most advantageous to the Amherst School District, the Superintendent shall analyze the bids so that the bids are compared on an equal basis (Section 5.7 - Evaluation Criteria).

After reviewing the proposals, the Amherst School District reserves the right to bid any and all items or to not make any award if it is determined to be in the best interest of the Amherst School District.

In the event of a tie for low bid by equally qualified bidders where one bid is not considered a bid most advantageous, the following rules shall apply to the tied bidders:

- Preference for award shall be given first to any bidder who is located within Amherst, New Hampshire. If none of the bidders are located in Amherst, New Hampshire, preference shall then be given to any bidder located within the State of New Hampshire.
- If preference cannot be determined the Superintendent shall, in the presence of such bidders, if possible, or in the presence of a witness, draw lots to determine who shall be awarded the bid.

The competitive bid procedure may be waived by a majority vote of the Amherst School Board.

The Superintendent shall maintain a record of all bids and proposals submitted, and such record shall be kept open to the public for inspection. Such records will be maintained by the Amherst School District for at least three years and one day from the conclusion of any contract.

## **5.6 Informal Competitive Bidding Procedure**

Informal procedures are intended to strike a balance by allowing a procurement to be carried out efficiently and expeditiously, while obtaining favorable pricing for the Amherst School District, and providing adequate financial control and accountability.

If there is only one vendor for these goods or services, the requirement for informal competitive bidding is waived, but a sole source memo must be written and provided to the Amherst School Board. This memo must justify the need for selecting a sole source item and the reasonableness of the cost.

Informal procedures shall include obtaining quotations or proposals, when practical, from at least three (3) contractors, preferably in writing.

The Superintendent shall maintain a record of all informal bids/informal proposals submitted, and such record shall be kept open to the public for inspection. Such records will be maintained by the Amherst School District for at least three years and one day from the conclusion of any contract.

## **5.7 Evaluation Criteria**

In addition to price, the evaluation criteria will include at least some of the following factors:

- (1) The ability, capacity, and skill of the proposer to perform the contract.
- (2) Whether the proposer can perform the contract within the time specified without delay or interference.

- (3) The character, integrity, reputation, judgment, experience, and efficiency of the proposer.
- (4) The quality of performance by the proposer on previous contracts.
- (5) Whether the proposer is in arrears on any existing contract with the District or is in litigation, arbitration, or other legal disputes with the District.
- (6) Previous compliance by the proposer with laws and regulations relating to the contract.
- (7) The number and scope of conditions attached to the proposal.
- (8) The number and scope of minor variations contained in the proposal.
- (9) If the subject of the contract will require future maintenance or repairs, the availability of replacements, replacement parts, and maintenance service for any machinery, equipment, or other material proposed to be installed or supplied by the proposer.
- (10) The quality, availability, and adaptability of the supplies, equipment or contractual services to the particular use required.
- (11) Whether the apparently successful proposer is prepared to furnish supplies, equipment, or contractual services which meet the specifications of the District.
- (12) After the minimum acceptable qualifications have been demonstrated, enhancements offered or demonstrated by the proposer which increases the quality, efficiency, or value of the project as defined in the request for proposal may be considered.

When an award shall be recommended to other than the lowest bidder, the Superintendent shall submit such recommendation to the Amherst School Board for approval or disapproval

### **5.8 Open Pricing Offer**

An Open Pricing Offer is an offer from a vendor to sell to the Amherst School District goods or services for a specified price (or discount) over a period of time, not to exceed one year. Open Pricing Offers can not be exclusive and can not obligate the Amherst School District to purchase any goods or services.

An Open Pricing Offer may be used where the Amherst School District may need to make recurring purchases of identical or similar items. Utilizing an Open Pricing Offer can alleviate the need to obtain new bids for each subsequent purchase.

Open Pricing Offers must be received through the use of the Formal Competitive Bidding Procedure (Section 5.5) or the Informal Competitive Bidding Procedure (Section 5.6), depending on the dollar amount applicable.

Each Open Pricing Agreement must be approved by the Amherst School Board before it is used and each purchase utilizing an Open Pricing Agreement must follow all of the other requirements in this policy.

The following are examples where an Open Pricing Offer might be utilized: copy paper, printer supplies, computers, professional services, SPED services (doctors, specialist), electricians, utilities (electricity, phone, long distance, cell phones), and fuels (oil, propane).

## **5.9 Construction Security Requirements**

The Superintendent shall require security from vendors for construction projects estimated to be in excess of \$25,000.

The form of the security prescribed by the Superintendent and acceptable by the Amherst School District Attorney can consist, but is not limited to, bonds issued by surety companies licensed within the United States, certified checks and irrevocable letters of credit at banks acceptable to the Amherst School District.

The Superintendent may include security requirements for projects less than \$25,000 and in other types of purchases where doing so is determined to be in the best interests of the Amherst School District.

The elements of a purchase to be secured include, but are not limited to, the following:

- **BID PRICE** - To insure a margin above the bid price, from the time of bid opening until signing of the contract, in case of default by the bidder. The amount is used to offset the cost of accepting the next lowest qualified bidder (Minimum of 10% of bid price).
- **PERFORMANCE** - To insure compliance with and completion of the contract (100% of contract).
- **LABOR AND MATERIAL PAYMENT** - To insure payment to suppliers and subcontractors by the contractor (100% of contract).

## **6 Payment**

No payment for goods or services shall be made until:

- the goods or services are received, and
- the original invoice has been signed by an authorized District representative, and
- the Purchase Order, Work Order or Expense Report is present, and
- two members of the Amherst School Board have reviewed and approved the payment.

### **6.1 Payment Approval Exceptions**

The following transactions do not require prior approval from the Amherst School Board member prior to sending out the check. However, the transaction must meet all other requirements and be reviewed and approved by two members of the Amherst School Board as soon as practical.

- Payroll checks

## **7 Disposition of Goods**

Goods which are obsolete, unusable, or surplus to the Amherst School District needs, or are otherwise not in the Amherst School District's best economic interests to retain, shall be disposed of by requesting sealed bids or public auction, or other means as practical. The Superintendent will submit to the Amherst School Board for approval the method of disposal of any such goods which are non-perishable and has an expected net sale or auction value of over two hundred fifty dollars (\$250) for the individual item.

Goods which have an expected net sale or auction value less than two hundred fifty dollars (\$250) for the individual item, may be sold to the public, provided that a determination of price reasonableness is made by the Superintendent. However, individual items may be transferred to governmental units and then to nonprofit organizations without charge. The Superintendent shall establish procedures to facilitate such transfers.

Disposal of textbooks, library books, and supplies shall be in accordance with administrative procedures developed by the Superintendent.

Goods purchased through restrictive federal grants, or other funding sources which have restrictive disposal provisions, shall be processed in accordance with those terms specified therein.

## **8 Conflict of Interest**

Except as may be expressly authorized by the Amherst School Board, no Amherst School Board member, Amherst School District employee or Agent of the Amherst School District may:

- Accept any gifts or favors in any form from any person, firm or corporation that is directly or indirectly involved or interested in business dealings with the Amherst School District.
- Take any action to influence the Amherst School District's selection of a person, firm or corporation as a potential vendor of goods or services to the Amherst School District, in which they or their family have a financial interest.