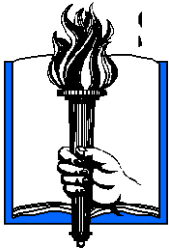


**MURFREESBORO CITY SCHOOLS
ADMINISTRATIVE DIRECTIVES**



Descriptor Term: Purchasing: Federal Funds Reimbursements Inventory & Equipment	Descriptor No: AD FM17	Effective Date: 9/88
Reviewed/Revised: 11/96; 9/01; 12/02; 8/06; 8/14; 8/15; 8/19		

GUIDELINES

The following guidelines should be followed when determining whether or not a purchase order is needed:

Purchase Orders are required for:

- Conference/Seminar Registrations and Hotel Reservations
- Subscriptions and subscription renewals
- Purchase of all goods and services

Purchase Orders are not required for:

- Utility bills
- Contract items; i.e., copier contracts, computer software and hardware contracts, mop services, uniform services, water, coffee, and security system services
- Reimbursements
- Legal notices for Newspapers

METHODS OF PURCHASING

Discretionary Purchases. Goods and services costing up to \$10,000 are considered discretionary in nature and require no quotes or bids. While no quotes or bids are required, all purchases should be economically prudent.

Informal Written, Verbal, or Telephone Quotations. Goods and services costing from \$10,000 to \$25,000 should be purchased only after quotations from at least three vendors are obtained in writing. The quotations should be documented, indicating the company, the date of the quote, who obtained the quote, and the amount. This documentation should be included with requisitions for purchase orders and will be maintained as part of the accounts payable files. If three vendors are not available, or if it is necessary to procure from a vendor who does not provide the lowest quote, written documentation/justification must be provided.

Competitive Sealed Bids. Goods and services exceeding \$25,000 in cost should be purchased only after issuing written invitations to bid. Splitting of invoices or purchases in order to avoid the bid process is not allowable.

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Each invitation to bid should be approved by the Assistant Superintendent for Administrative and Support Services, and should contain:

- (a) Terms and conditions clearly stating the requirements for the bid response and language to bind the parties in the event of an award;
- (b) Clear and definitive specifications which shall, to the fullest extent possible, permit open and competitive bidding;
- (c) Instructions for packaging, shipping, and delivering the commodity purchased, and, where appropriate, instructions for storage by the vendor;
- (d) A written statement encouraging participation by small, minority, or women's enterprises;
- (e) A written statement, where applicable, that preference will be given to recycled products pursuant to EPA guidelines;
- (f) A requirement for warranty disclosures;
- (g) A statement that Murfreesboro City Schools reserves the right to accept or reject any bid.

Assistance in preparing invitations to bid may be obtained from the Finance Office. The Finance Office shall maintain a comprehensive vendor list for the purpose of soliciting competitive bids, which may be used in lieu of public advertisement for items not exceeding \$25,000. The Finance Office shall periodically advertise in a newspaper of general circulation for updates to its bidding list.

Construction of school buildings or additions to existing buildings costing more than \$25,000 must be publicly advertised, and public notice must be made for at least 10 days. All public bid solicitations should be made by advertisement in a newspaper of general circulation in the county.

State purchasing law allows bid selections to be from the lowest and best bidder. However, if the bid award is to be to a vendor other than the low bidder, written justification must be prepared. Approval from the Director of Schools must be obtained in advance of the bid award. Bids should not be awarded to entities that would create a conflict of interest, or the appearance of a conflict of interest, with regard Murfreesboro City Schools (i.e., a contract with a company owned by a board member).

Exceptions to the above requirements for informal quotations and sealed bids include:

- (a) Extensions of existing procurement arrangements pursuant to contract renewal provisions included in the initial bid solicitation;
- (b) Purchases from another governmental unit;
- (c) Purchases from an approved state contract;
- (d) Emergency purchases approved, in advance, by the Director of Schools or designee;
- (e) Situations where the item to be purchased is unique and possesses specific Characteristics that can only be filled by one source or vendor, upon approval by the Director of Schools or designee;
- (f) Meetings, conferences, and training;
- (g) Any other instance deemed by the Director of Schools to be to the advantage of Murfreesboro City Schools, in compliance with applicable state and federal procurement laws and regulations.

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85 The Department Head requesting approval will forward recommendation for the awarding of
86 contracts to the Director of Schools. The Director of Schools or his/her designee will review the
87 contract and its needed services and, if approved, will forward the proposed contract to the City
88 of Murfreesboro Legal Department for legal review.

89

90 After approval by the Legal Department, the Director of Schools will execute the contract if
91 he/she is in agreement with the terms as described therein. The agreed upon contract will be
92 submitted to the contractor for their approval and signature.

93

94 Contracts or subcontracts may not be awarded to any party which is debarred or suspended or is
95 otherwise excluded for participation in Federal Assistance programs under Executive Order
96 12549, "Debarment and Suspension."

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98 **Purchasing Procedure**

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100 **Purchase Requisitions**

101 The requisitions will include:

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- 103 1. Date
- 104 2. Description of item(s)
- 105 3. Vendor name
- 106 4. Vendor address
- 107 5. Quantity
- 108 6. Cost
- 109 7. Budget Line Account Number
- 110 8. Approval of Department Supervisor and Finance

111

112 Upon approval of the requisition, a purchase order number will be assigned and the order can be
113 placed.

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115 **Invoices/Packing Slips**

116 Invoices and/or packing slips are to be submitted to the Finance Office as soon as they received
117 for prompt payment.

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119 **Frequent Purchases at Same Store**

120 In cases where frequent purchases are made at one store, e.g., Holden Hardware, one purchase
121 order number may be issued to that store for a month as long any single item does not exceed
122 \$500 or is considered equipment. An equipment item should not be entered on a monthly
123 purchase order.

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125 **Reimbursements**

126 Reimbursements do not require purchase orders. The proper request form for reimbursements
127 should be obtained from the Finance Office. Sales taxes cannot be reimbursed.

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129 **Procedures for Purchasing Items with Federal Funds**

- 130 • A requisition will be entered into purchasing software by Federal Programs designee.
- 131 • Requisition will be approved by Federal Programs or school principal (if appropriate),
132 appropriate program director, Finance Director, Federal project bookkeeper, and Director
133 of Schools or Designee.

- Purchase order number will be assigned and requestor notified via email that order is ready to be placed.
- The Federal programs personnel or Federal Programs designee will place orders.
- When merchandise is received, school personnel should check the packing slip with actual inventory and send packing slip to the Federal programs office—Attn.: Purchasing—noting any discrepancies.

EQUIPMENT & INVENTORY

Definition of Equipment

Every local educational agency (LEA) should have approved definition of *equipment*. If there is none, the State of Tennessee definition of equipment applies as follows: equipment is “all items (machinery, implements, tools, furniture, livestock, vehicles, and other apparatus) purchased with an object code of 16 with a unit cost of \$5,000.00 or more and a minimum useful life expectancy of three years. Freight charges and installation cost should be included as cost of equipment. Sensitive minor equipment is defined as “items purchased with an object code of 099 with a cost between \$100.00 and \$5,000.00.” It includes sensitive items such as computers, external computer peripherals, weapons, etc., as determine by the State Personal Property Section. *To see a listing of items, go to Appendix B of the Post Manual at <http://www.intranet.state.tn.us/generalserv/fiscal/document/postuserman.pdf>.*

The LEA definition for equipment can be more restrictive than this definition, but it cannot be less restrictive. The LEA must use the same definition for all equipment including, but not limited to, equipment used by nonpublic schools. The LEA cannot apply a more stringent standard for Federal programs.

Guidelines for Equipment

Purchasing—LEAs will budget in the equipment line item sufficient funds for planned purchases of any items to be considered to be equipment in the LEA. The LEA will maintain all supporting documentation: inventory records, purchase orders, receipts, and vendor contracts

All purchases must be made in compliance with policies and statutes governing the LEA.

Allowable Equipment—*The LEA is responsible for assuring that only allowable equipment is purchased.* To avoid problems, the LEA should submit a list of proposed purchases to its Federal programs field service consultant for discussion. However, prior approval in writing is required only for items costing \$5,000 or more.

An LEA may purchase or lease equipment with Federal program funds if 1) it is reasonable and necessary to operate its Federal program effectively, 2) existing equipment will not be sufficient, and 3) the costs are reasonable.

Real property and equipment purchased with Federal program funds may be made available to other educational programs or projects, providing this use does not interfere with its use for the Federal programs or significantly shorten the equipment’s useful life.

Asset Tags—A bar code or other type of secure tag must be affixed to identify each piece of equipment. The name of the LEA, the Title or program, and asset tag number is required.

182 All items purchased as equipment, including sensitive equipment, as well as materials and
183 supplies must be accounted for in such a manner as to avoid fraud, waste, or abuse. These
184 purchases will be reviewed as a part of the regular monitoring process.

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186 **Equipment Inventory (EDGAR Section 80.32)**

187 The LEA must maintain an inventory of equipment purchased until disposition takes place.

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189 The property/inventory records must include the following information:

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- 191 • Description of the property;
- 192 • A serial number or other identification number;
- 193 • The source of property;
- 194 • Who holds the title;
- 195 • The acquisition date;
- 196 • Cost of the property;
- 197 • Percentage of Federal participation in the cost of the property;
- 198 • The location, use, and condition of the property; and,
- 199 • Date of disposal if applicable

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201 A physical inventory with reconciliation with property records is required at least once every two
202 years. Also, an inventory control system must be developed and implemented to prevent loss,
203 damage, or theft of the property. Any loss, damage, or theft shall be investigated.

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205 Adequate maintenance procedures must be developed to keep property in good condition.

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207 **Equipment Procedures for Items Purchased with Federal Funds**

- 208 • The school administrator in non-Title schools, the school-wide chairperson in Title I
209 schools, and the Project Director for items in office locations will be responsible for all
210 equipment purchased with Federal funds.
- 211 • Persons responsible will label all non-consumable equipment purchased upon receipt.
212 Federal programs personnel will provide appropriate label information to be included.
- 213 • Person responsible will maintain an up-to-date written inventory of all received non-
214 consumable items over \$100 which includes: description of item, serial number, source
215 of property, titleholder, acquisition date, cost, physical location of property, use and
216 condition, and disposition.
- 217 • Person responsible will submit the written inventory to the office of Federal programs
218 annually. Any changes in the data elements should be highlighted with this submission.
- 219 • Every other year, staff from the Federal programs office will conduct a physical
220 inventory. The results of this inventory will be submitted to the SDE upon completion or
221 more frequently if requested.
- 222 • To adequately maintain equipment, person responsible for the item will notify
223 appropriate department—technology or maintenance—of needed maintenance/repairs.
- 224 • School personnel should notify the Federal Programs Supervisor immediately if materials
225 purchased with Federal funds are taken during a school theft. A copy of the police report
226 should be submitted to the Federal programs office. A report must be on file for any item
227 removed from the inventory due to theft.

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229 The Murfreesboro City Schools Federal Programs Department utilizes the State of Tennessee
230 definition of equipment (POST Manual, pages 95-97) to define equipment.

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Disposition of Equipment(EDGAR 80.32)

Equipment may be disposed of with no obligation to the Federal government, if **ALL** of the following criteria are met:

1. Equipment is no longer needed in the current program.
2. Equipment is not needed in other programs
3. Equipment item has a current per-unit fair market value of less than \$5,000.

If the LEA disposes of equipment with a fair market value of less than \$5,000, the proceeds must be used to support the program for which the equipment was purchased. No request for approval of equipment disposition is required.

If the equipment's fair market value is more than \$5,000, the LEA must submit a cover letter with supporting documentation as per the forms provided by the Office of Federal Programs to its Federal programs field service consultant for review and submission to the Office of Federal Programs. Upon approval from the appropriate federal programs office, the LEA may proceed with the disposition process. If items are to be sold after approval of the disposition, the proceeds must be used to support the program for which the equipment was purchased. Documentation of such sale and use for the program must be maintained.

If authorized or required to sell property, proper sales procedures must be established to ensure the highest possible return.

In order to meet compliance guidelines regarding Federal equipment, Murfreesboro City Schools will:

1. Notify local law enforcement when it is discovered equipment has been stolen and obtain a police report.
2. File written policies and procedures for control of Federal equipment with the Tennessee Department of Education.
3. Use the Tennessee Department of Education's definition of equipment.
4. Maintain an equipment log/database that contains the following information elements for equipment purchased with Federal funds.
 - a. Description of item
 - b. Serial number, bar code, or local identifying number
 - c. Source of property
 - d. Titleholder
 - e. Acquisition date
 - f. Cost
 - g. Percentage of Federal participation in the cost
 - h. Location
 - i. Use
 - j. Condition
 - k. Disposition data
5. Conduct a physical inventory of equipment at least bi-annually that meets the following objectives:
 - a. Confirms equipment location
 - b. Assesses the condition of the equipment
 - c. Confirms the equipment is located in a secure environment
 - d. Provides corrective action if a systemic weakness is found in the equipment security or other areas of non-compliance

- 281 e. Updates the condition, location, and other data elements of the equipment
282 log/database
283 *Update the equipment log/database when there is a change in condition, disposition
284 of equipment)
- 285 f. Notifies the Tennessee Department of Education when the inventory has been
286 completed and what (if applicable) general results, including any corrective actions
287 that will be taken.
- 288 1. Notify the Tennessee Department of Education (TDE) of its schedule for physical
289 inventory of
290 Equipment and
291 2. Notify TDE of results of the physical inventory once it is completed.
- 292 6. Plan for scheduled maintenance for items of equipment for which regular maintenance is
293 required.
- 294 7. Assess the residual value of equipment before disposing of equipment that is no longer
295 needed. (If the equipment has a remaining fair market value, exceeding \$5,000,
296 Murfreesboro City must refund the Federal program its fair share of the proceeds from
297 the disposition of the equipment.)
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304 Board Related Policy: 1.601, 2.804, 2.808

Murfreesboro

City Schools

REQUEST FOR EXPENDITURE OR REIMBURSEMENT

Check for the amount of \$ _____

Payable to: _____

Reason for request: _____

Requested by: _____

(Please print)

Signature: _____ Date: _____

Supervisor Approval: _____ Date: _____

.....
(Office Use Only)

Accounting

Charge to Account # _____ Fund _____

Approved: _____ Not Approved: _____

Date: _____

Assistant Superintendent for Administrative and Support Services

