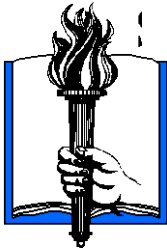


**MURFREESBORO CITY SCHOOLS
ADMINISTRATIVE DIRECTIVES**



Descriptor Term: Purchasing: General Purpose Extended School Program Reimbursements Inventory & Equipment	Descriptor No: AD FM9	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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The Department Head requesting approval will forward recommendation for the awarding of contracts to the Director of Schools. The Director of Schools or his/her designee will review the contract and its needed services and, if approved, will forward the proposed contract to the City of Murfreesboro Legal Department for legal review.

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

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

Purchasing Procedure

Purchase Requisitions

The requisitions will include:

1. Date
2. Description of item(s)
3. Vendor name
4. Vendor address
5. Quantity
6. Cost
7. Budget Line Account Number
8. Approval of Department Supervisor and Finance

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

Invoices/Packing Slips

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

Frequent Purchases at Same Store

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

Reimbursements

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

Procedures for Purchasing Items with Federal Funds (SEE AD FM 17)

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.

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.

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

Equipment Inventory

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

The property/inventory records must include the following information:

- Description of the property;
- A serial number or other identification number;
- The source of property;
- Who holds the title;
- The acquisition date;
- Cost of the property;
- The location, use, and condition of the property; and,
- Date of disposal if applicable

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

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185 Adequate maintenance procedures must be developed to keep property in good condition.
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187 **Disposition of Equipment**

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

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

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

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

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200 In order to meet compliance guidelines Murfreesboro City Schools will:

- 201 1. Notify local law enforcement when it is discovered equipment has been stolen and obtain
202 a police report.
- 203 2. File written policies and procedures for control of Federal equipment with the Tennessee
204 Department of Education.
- 205 3. Use the Tennessee Department of Education's definition of equipment.
- 206 4. Maintain an equipment log/database that contains the following information elements for
207 equipment purchased.
 - 208 a. Description of item
 - 209 b. Serial number, bar code, or local identifying number
 - 210 c. Source of property
 - 211 d. Titleholder
 - 212 e. Acquisition date
 - 213 f. Cost
 - 214 g. Location
 - 215 h. Use
 - 216 i. Condition
 - 217 j. Disposition data
- 218 5. Conduct a physical inventory of equipment at least annually that meets the following
219 objectives:
 - 220 a. Confirms equipment location
 - 221 b. Assesses the condition of the equipment
 - 222 c. Confirms the equipment is located in a secure environment
 - 223 d. Provides corrective action if a systemic weakness is found in the equipment security
224 or other areas of non-compliance
 - 225 e. Updates the condition, location, and other data elements of the equipment
226 log/database

227 *Update the equipment log/database when there is a change in condition, disposition
228 of equipment)

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232 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

