

eopa

ACCOUNTING HANDBOOK

2011/12



PASSION - PRIDE - EXCELLENCE

DISTRICT

&

FEDERAL

Purchasing & Bidding

All purchases of commodities (including supplies, goods, materials, equipment, machinery, facilities, personal property, and services other than personal and professional services, including those purchased under lease-purchase agreements) require Board approval and shall be as follows:

(1) In each instance in which the purchase price (including tax and without any allowance for trade-in) shall equal or exceed \$10,000, the commodity shall be procured by soliciting at least three bids. The Superintendent, however, may reject all bids and may purchase the commodity by negotiating a contract. In this latter case, each vendor who submitted a bid shall be notified of this determination and shall be given a reasonable opportunity to negotiate.

(2) Open market purchases may be made where the purchase price is less than ten thousand dollars (\$10,000).

(3) In each instance in which commodities are bid and a bid other than the lowest bid was accepted, a written explanation shall be placed on file in the Business Office as to why the lowest bid was not accepted. A copy of the letter shall be sent to those vendors whose bid was not accepted explaining the reason why the bid was not accepted.

(4) Written bids may be delivered in person, by mail, or by fax to the individual accepting the bids. Verbal bids whether in person or over the phone will not be accepted.

(5) No Malvern School employee shall parcel or split any item or items with the intent or purpose of enabling the purchase to be made under a less restrictive procedure.

(6) The following commodities are exempt from the bidding procedure even if their purchase price exceeds \$10,000, but must have approval from the Superintendent:

- Commodities purchased in instances of an unforeseen and unavoidable emergency. No such emergency purchase shall be approved, however, unless a statement is attached to the purchase order describing the emergency necessitating the purchase of such commodity without competitive bidding;
- Commodities available only from the Federal Government;
- Utility services, the rates for which are subject to regulation by a State or Federal Regulatory Agency;
- Used equipment or machinery, with the exception of used school buses; and
- Commodities which are available only from a single source. However, the person who purchases commodities available from only one source must state in writing that it is not practicable to use other commodities or services available elsewhere. A copy of this statement shall be attached to the purchase order.

(7) It shall be the responsibility of each Malvern School employee who solicits bids to forward all required bids along with the bid specifications to the Superintendent's office for safe keeping in that office. The superintendent shall be responsible for ensuring submitted bids, whether written, faxed or emailed are retained in accordance with Policy 7.15 – Record Retention and Destruction.

(8) No contract providing for the making of major repairs or alterations for the erection of buildings or other structures, or for making other permanent improvements shall be entered into by the District where all estimated costs of the work shall exceed the sum of \$30,000 (or a similar sum as adjusted by the Director of Arkansas State Building Services) unless the following publication procedure is followed:

- The District shall first publish notice of its intention to receive bids therefore one (1) time each week for not less than two (2) consecutive weeks in a newspaper of general circulation published in Hot Spring County or in a trade journal reaching the construction industry.
- The date of publication of the last notice shall be not less than one (1) week before the day fixed therein for the receipt of bids.
- All notices shall contain:
 - (a) A brief description of the kind or type of work contemplated
 - (b) The approximate location thereof
 - (c) The place at which prospective bidders may obtain plans and specifications
 - (d) The date, time, and place at which sealed bids will be received
 - (e) The amount, which may be stated in percentage, of the bid bond required
 - (f) A statement of the taxing unit's reservation of the right to reject any or all bids and to waive any formalities
 - (g) Such other pertinent facts or information which to it may appear necessary or desirable.
- Every bid submitted on public construction contracts shall be void unless accompanied by a certified check or by a corporate bid bond. The bid security shall indemnify the public against failure of the contractor to execute and deliver the contract and necessary bonds for faithful performance of the contract.
- On the date and time fixed in the notice, the District's representatives shall open and compare the bids and thereafter award the contract to the lowest responsible bidder, but only if it is the opinion of the representatives that the best interest of the District would be served thereby. Bids may or may not be awarded on the date of opening but should be done in a timely fashion.
- In the event that all bids submitted exceed the amount appropriated for the award of the contract and if bidding on alternates was not required by the plans and specifications, the District representative shall have the authority to negotiate an award with the apparent responsible low bidder, but only if the low bid is within twenty percent (20%) of the amount appropriated.

Open Market Purchasing

Campus Purchases

Open market purchases, which are purchases made where the purchase price is less than ten thousand dollars (\$10,000), must adhere to the following:

- (1) All purchases are to be made using an approved Purchase Order which is to be obtained from your campus principal's office or your supervisor.
- (2) After a purchase is made, the purchase order is to be turned in (along with supporting documentation) to the principal's office.
- (3) Any single item purchase with a price of at least \$500.00 (including tax and shipping) or any invoice with a total of at least \$2500.00 (including tax and shipping) must be **preapproved** by a member of the Central Administration.
- (4) Monies provided for the classroom teachers to purchase supplemental education supplies must be spent by February 28.
- (5) All purchases to be made after April 1 must be **preapproved** by a member of the Central Administration.
- (6) All invoices should be dated between July 1 and June 30 of the current school year.

Open Market Purchasing

Maintenance and Transportation Purchases

Open market purchases, which are purchases made where the purchase price is less than ten thousand dollars (\$10,000), must adhere to the following:

- (1) All purchases are to be approved by the Assistant Superintendent over the maintenance and transportation departments.
- (2) After a purchase is made, the invoice is to be turned in to the Assistant Superintendent's office.
- (3) All invoices should be dated between July 1 and June 30 of the current school year.

Approval of Invoices in a Timely Manner

Whenever the Business Office sends you an invoice for approval, you must sign and return the approved invoice within one week to your Principal's office or Supervisor. If there is a problem with the invoice that prevents you from doing this, please call the appropriate bookkeeper immediately and let her know. Please remember that the ultimate responsibility for all invoices lies with the appropriate Principal or Supervisor, not with other employees under their supervision. All invoices should be dated between July 1 and June 30 of the current school year. Prior year invoices could affect the district's legal balance after audit.

Reimbursements

Reimbursement request must be submitted to the Principal's Office on a **current** expense reimbursement form. Itemized receipts/invoices must be attached to the reimbursement form for any items purchased. For a receipt to be valid it should contain the name of the issuing company, the date, the itemized amount and reflect only the individual employee's expenses. There is no guarantee of reimbursement unless items were preapproved for purchase.

Board Policy 7.12 states that employees are only eligible for reimbursement for travel expenses for travel which has been approved in advance. "Approved in advance" shall mean approval prior to the making of any reservations or registrations. Employees can request reimbursement for transportation cost, meals, lodging, parking and conference fees by submitting a reimbursement form to the Principal's Office after employee returns. No cash advances shall be made for travel.

Reimbursement form shall be submitted to the Principal's Office no later than 30 days after the reimbursable event. For those employees that travel daily, reimbursement forms shall be submitted quarterly.

Meals may only be reimbursed for travel which necessitates an overnight stay. Meals shall be reimbursed for the actual expense up to the IRS per diem limits. If a meal is provided by the professional development offering and the attendee chooses to eat elsewhere, the meal will not be reimbursed. (Appendix C)

Travel necessitating overnight lodging shall be reimbursed for room rates and parking (including taxes) only. No phone calls or entertainment charges shall be reimbursed. Itemized lodging receipts must be attached.

Lodging shall be reimbursed for the actual expense up to the IRS per diem limits unless the location of the conference or other approved reason for travel is located in a hotel which does not offer rates within the IRS rate schedule; the hotel in which the conference is held has no rooms available; or the conference or other approved reason for travel is held in a location other than one that is part of a hotel. (Appendix C)

Reimbursement for travel shall be for the lesser of the cost between travel by air or by car with some consideration allowed for length of time of the method of travel. Mileage shall be reimbursed at the current rate authorized by the IRS and based on mileage charts listed in Appendix A (in district mileage chart) and Appendix B (out of district mileage chart). All other mileage will be calculated using MapQuest.

The district will not reimburse expenses of any non-school board member or non-employee who accompanies the school board member or employee during his/her related travel.

For a full explanation for travel reimbursements refer to Board Policy 7.12 - (Expense Reimbursements).

Issuing of Checks by the Business Office

When an invoice or an expense voucher is sent to the Business Office to be paid, the check is normally written within a few days. Many factors, however, may delay this process. Payrolls and month-end closing, for example, must take priority over the accounts payable process.

If for some reason you need to have a check written for which there is a deadline, you must follow a slightly different procedure in order to ensure that the check is written on time.

This procedure is outlined below:

- (1) Attach a note to the invoice or voucher (preferable written in red) stating that the check must be issued by a certain date.
- (2) Point out the deadline to the campus bookkeeper so she will make sure the invoice or voucher is processed and sent to the Business Office.
- (3) You may call the Business Office on the day of the deadline and make sure that the check has been written and mailed.

Please keep in mind that the Business Office must have at least three working days of advance notice in order to write any check. This is necessary in order to utilize the batch processing system that our computer was designed to handle.

If you will follow this process on those check requests that need to be expedited, we can assure you that your check will be issued and mailed on time.

Policy on Return of Purchased Goods

If you wish to return any items which have been ordered and which have been delivered to you, please make sure that you request a receipt from UPS, or other shipper, for the returned items. You must keep this receipt on file in order to prove that you have returned the items if a question arises from the vendors concerning its whereabouts. This is especially necessary if we continue to receive billing for the items after they are returned.

All returned items must be processed through the Principal in order that he/she may advise the appropriate personnel of these procedures. If you fail to do so, we have no legal basis to refuse to pay invoices that may be sent on this returned merchandise. Therefore, your building's budget may incur expenditures for the returned merchandise. Also, any credit memos issued to you for returned merchandise should be turned in to your bookkeeper to be forwarded to the business office.

Contractual Obligations

No employee of the Malvern School District shall enter into a contractual obligation with a vendor for products or services without first approving that contract through the Superintendent.

This includes any contract wherein the school district (including the individual school) is obligated for payment beyond the timeframe of the present school year. Only the Superintendent is authorized to sign agreements that obligate district funds beyond one school year.

Purchase of Goods or Services from School Board Members

Arkansas law requires that bids be solicited on all purchases that are made from school board members, regardless of the amount of the purchase. The law further requires that the bid not be awarded to the board member unless he or she is the lowest bidder.

Please make sure that you send the Superintendent all bids on any purchase made from a board member so that he can maintain them on file for inspection by the auditors.

Also, Arkansas law prohibits certain business transactions (purchases, professional services, etc.) between the district and board members, administrators, principals, teachers, and other employees. If you or a family member owns a business and you anticipate ever doing business with the Malvern School District, you have a responsibility by law to fully disclose that potential transaction before the transaction takes place. Forms are available in the superintendent's office.

Procedures Concerning Applications for Grants

All applications for any type of grant funds must be submitted to the Business Office for review **prior to submission**. Regardless of the source of funds, grant money is subject to district accounting and auditing policies. Reviewing your application will allow us to be sure you have budgeted for any necessary taxes and matching funds. This will also assist us in setting up an account for funds upon receipt. Please send a copy of the total application, including cover letters, to the Business Manager.

Procedures Concerning Federal Programs

Originals of all approved Federal Grant Applications and amendments will be kept in the Business Office for auditing and monitoring visits. Copies of the applications should be kept by the person administering the grant.

All federal fund purchases must be in the ACSIP and preapproved by the Federal Programs Coordinator (except Special Education, see next paragraph). After orders have been received, invoices should be signed and turned in to the campus bookkeeper for processing. Bookkeepers should indicate from which fund the invoice should be paid before forwarding it to the Business Office.

All Special Education purchases must be preapproved by the Special Ed Supervisor. All Special Ed invoices must be sent to the Special Ed Supervisors office to be approved before sending them to the Business Office. This will insure the invoice can be processed in a timely matter.

All invoices to be paid out of Federal programs ending June 30 must be received in the Business Office no later than May 15.

All invoices to be paid out of Federal programs ending September 30 must be received in the Business Office by August 15.

Fixed Assets

It shall be the policy of the Malvern School District to maintain an up-to-date inventory of all fixed assets owned by the district. This inventory shall be completed annually for each location by the Principal or Supervisor no later than June 30 of each year. The inventory shall list all fixed assets meeting the criteria in the paragraphs below. This information will be entered into a computer database at the Business Office.

For the purpose of this handout (and with the exception of certain Federal programs), a fixed asset is defined as an item (or group of like-kind items) that costs over \$500. An example of like-kind items would be a classroom set of desks. A fixed asset may also be one of the following that have a cost of less than \$500: a TV, VCR, camcorder, or similar item (those items that should be inventoried because of their popularity as a personal consumer item). It must also meet all of the following criteria:

1. It retains its original shape, appearance, and/or character with use.
2. It does not lose its identity through fabrication or incorporation into a different or more complex unit or substance. For example, it is not a bus transmission, a computer keyboard, or software.
3. If the item is damaged or some of its parts are lost or worn out, it is more feasible to repair the item than replace it with an entirely new unit.
4. Under normal conditions of use, it can be expected to serve its principal purpose for more than one year.

Each year the Principal or Supervisor in charge of fixed assets will conduct a complete review of the items list in the inventory of fixed assets. Corrections, additions, and deletions will be made to the inventory list so as to maintain an up-to-date inventory. One copy will be sent to the District Treasurer office and one copy will be kept in the office of the Principal or Supervisor.

Items that are determined to have been lost, stolen, or damaged beyond repair are to be removed from each location's inventory in a timely fashion.

ACTIVITY

Purchasing

Purchasing items with activity funds follow the same guidelines as purchasing items with district funds:

- (1) Purchases must be made using a Purchase Order.
- (2) Purchase orders must be turned in to your principal's office prior to the order being made and signed by the principal or supervisor.
- (3) Single item purchases costing \$500.00 or total invoice costing \$2500.00 must be preapproved by Central Administration.
- (4) All invoices should be dated between July 1 and June 30 of the current school year.

Collection and Deposit of Funds

The following procedure must be followed when money is collected on behalf of the Malvern School District:

- (1) All money collected in the classroom, library, little store, etc., for activity funds should be receipted at the time it is collected and turned in to the school office daily. **No cash or checks are to be left in any classroom overnight. Refer to Board Policy 7.7.**
- (2) A three-copy receipt must be written for any money turned in at the school office. The original receipt should be given to the individual submitting the money, one copy must be sent to the Business Office (see step 4), and one copy must be kept at the school office. This receipt should reflect receipt numbers if applicable from the person turning in money to the school bookkeeper or other documentation as required.
- (3) Money collected in the school office should be deposited in a timely manner, preferably daily.
- (4) A copy of the deposit slip and copies of all receipts should be sent **promptly** to the Business Office in order that it may be posted to the proper accounts.
- (5) No employee of the Malvern School District may be authorized to collect or to expend any monies on behalf of a Booster Club without written approval of the building Principal.

Fund-Raising Activities

No student, parent, staff member, patron or support organization may initiate a fund-raising activity without first receiving prior approval from the appropriate building Principal.

It is against the law as well as unsafe for students to go door-to-door and solicit funds as a part of a fundraising activity.