

 Tucson, Arizona POLICY REGULATION	REGULATION TITLE: Purchasing Procedures
	CODE: DJ-R

Purchasing Procedures

The Purchasing Department issues and maintains hundreds of contracts with vendors to provide the District with needed equipment, supplies and services. These contracts may be single-year or multiple-year contracts, and are the result of solicitations approved by the Governing Board or the Director of Purchasing. The solicitations are usually either an Invitation for Bid (IFB) or a Request for Proposal (RFP). There are also contracts available for use by TUSD employees from other public entities and purchasing cooperatives, such as the State of Arizona and Mohave Educational Services Cooperative. To find a list of current TUSD vendors (awarded contracts or cooperative contracts) go to the Purchasing Department's *Buying From Vendors* intranet website at <http://intranet/purchdpt/menuvendor.html>.

No purchase can be made until a Purchase Order has been issued; a Requisition is not a substitute for a valid Purchase Order. If a vendor is on the list as having an existing contract with TUSD, the school or department should submit a requisition for either a one-time Purchase Order or a blanket Purchase Order. The requisition first goes to Finance, and then to the Purchasing Department where it subsequently gets issued to a vendor as a purchase order. Until a purchase order is issued, no goods or services may be ordered or accepted.

In those cases where there is no existing contract (i.e., the vendor cannot be located on the Purchasing website of current vendor contracts), and a purchase amount falls below the formal sealed solicitation threshold of \$100,000 then schools and departments shall follow the mandatory quotation procedures detailed below prior to submission of the requisition.

Cumulative Expenditures:

Schools and departments are required to plan ahead, and to consult with Purchasing to anticipate the cumulative annual expenditures for like items or services, taking into account associated sales tax and freight costs, for known or anticipated needs over the course of a fiscal year (and not limited to the amount of one specific requisition). When determining the level of competitive purchasing required for multi-term contracts, the District must consider the total expenditures that will be made over the multiple years. Requisitions shall never be divided or sequenced to avoid the requirement for a formal sealed bid/proposal solicitation process.

Quotation Procedures:

A. Fiscal Year Cumulative District Purchases Costing Under \$10,000

1. Obtain a current price quotation from a reasonable source, including a current vendor catalog, a sales representative's telephone quote, a vendor internet price, a sales flyer, or other suitable alternative. Solicit a firm quotation with shipping and tax whenever practicable to assure maximum value.
2. Prepare and document on the requisition: complete description of the material(s) or service(s), quantity, date of quotation, catalog date if appropriate, quoter's name, firm price(s), freight charge, percent of sales tax, and any other pertinent information.
3. List or attach all quotations and/or a Verbal Quote Summary (Form PUR1005) quotation worksheet available at the Purchasing Intranet Site. Electronically attach all information to the requisition.

B. Cumulative District Purchases Costing at least \$10,000, but less than \$50,000

1. Solicit 3 or more current oral or written vendor quotations. Quotes may be documented on either a Verbal Quote Summary (Form PUR1005), a Written Quote Summary (Form PUR1006), or by vendor letterhead with an attached recommendation from the using department as to the selected quote.
2. Prepare and document on the requisition: complete description of the material(s) or service(s), quantity, date of quotation, catalog date if appropriate, quoter's name, firm price(s), freight charge, percent of sales tax, and any other pertinent information.
3. Electronically attach all information with a Verbal Quote Summary (Form PUR1005) or a Written Quote Summary (Form PUR1006) to the requisition.

C. Cumulative District Purchases Costing at least \$50,000, but less than \$100,000.

1. Solicit 3 or more current written quotations on vendor letterhead. Quotes must be documented on a Written Quote Summary (Form PUR1006) with an attached recommendation as to the selected quote from the using department.

2. Prepare and document on the requisition: complete description of the material(s) or service(s), quantity, date of quotation, catalog date if appropriate, quoter's name, firm price(s), freight charge, percent of sales tax, and any other pertinent information.
3. Electronically attach all the original written quotations and/or forms to the requisition.

D. Cumulative District Purchases of Materials, Services or Construction in excess of \$100,000.

1. Must be procured by formal competitive sealed bid or proposal, to be prepared and issued by the Purchasing Department, with aid from the requisitioning school/department, as required.
2. Governing Board approval is required for award of transactions that are \$250,000 or more.
3. Governing Board approval is required for award of consulting services contracts that are \$100,000 or more.

E. Restrictions on TUSD Employee Contact with Outside Vendors

1. **Contact Before and/or During a Competitive Purchasing or Procurement Process is Initiated:** A competitive procurement process (currently cumulative expenditures \$10,000 up to \$100,000) consists of creation of a Request for Quote (RFQ), or other competitive procurement process, its subsequent issue, and finally, award of a contract to one or more vendors. Contact and communications, including but not limited to meetings, telephone calls, correspondence and e-mails, with vendors before the competitive purchasing or procurement process is initiated shall be kept to a minimum, meaning only such contact and communications as necessary for the routine course of business should occur. All contact and communications beyond said minimum contacts shall be conducted and documented pursuant to Section F below, and retained at the originating site, or referred to the Purchasing Department where they will be documented in the procurement file. Documentation of all vendor contacts will be retained according to the requirements of the Arizona Records Retention Manual (see Section F below).
2. **Contact Before and/or During New or Ongoing Formal Sealed Bidding/Solicitation Processes:** All contact and communications with vendors related to new or ongoing Requests for Proposals (RFP) and Invitation for Bids (IFB) competitive procurements (currently cumulative expenditures \$100,000 and above) including but not limited to meetings, telephone calls, correspondence and e-mails, during the procurement process shall be handled solely through the

Purchasing Department and shall be documented in the relevant procurement file. Any such contact and communications with vendors during a new or ongoing procurement process by District employees other than those in the Purchasing Department shall be documented pursuant to Section F and retained at the originating site or in the procurement file, according to the requirements of the Arizona Records Retention Manual.

F. Documenting Vendor Contacts

District Schools and Departments shall keep a record of all meetings, telephone calls, correspondence and e-mails with vendors.

The following guidelines are recommended:

- **Telephone calls:** Routine telephone communications with vendors do not need to be logged, such as giving street directions or providing routine contact information. Verbal or written quotes for cumulative purchases of \$100,000 or less do not need to be logged separately if the results of those communications are memorialized in writing on, or attached to, the Requisition sent to the Purchasing Department. However, non-routine questions from vendors (such as communications about bids, promotions, or product demonstrations) should be referred to the Purchasing department or memorialized in email and retained at the site for three (3) fiscal years after the fiscal year created.
- **Emails:** Routine and non-routine emails concerning the “competitive purchasing or procurement process” shall be retained at the site for three (3) fiscal years after the fiscal year created. All vendor communications about purchases over \$100,000 shall be referred to Purchasing.
- **Site visits:** All schools and departments shall keep a Log of Vendor contacts to memorialize visits from vendors. It is not necessary to keep a separate log of Vendor contacts if the school or department already has a visitor sign-in log. If the school or department already keeps a visitor sign-in log, the following data points/columns shall be added to the Visitor log that all visitors are required sign when checking in.
 - Vendor (Yes/No)
 - Name
 - Company Name
 - Who You are Here to See

The Log of Vendor contacts and/or Sign- in sheets shall be retained at the site for three (3) fiscal years after the fiscal year created.

G. Purchase Orders

All requisitions must be approved by authorized staff and be in compliance with all requirements of the above regulations.

Purchase orders may be approved only by authorized staff which includes the Director of Purchasing, Purchasing Manager, Purchasing Department Procurement Specialists, Chief Financial Officer (CFO), Deputy Superintendent of Operations or the Superintendent. Purchasing Department Procurement Specialists are authorized to approve purchase orders only for purchases up to \$100,000.

Any purchase which does not comply with established purchasing procedures will, when deemed appropriate by the CFO, Deputy Superintendent of Operations or the Superintendent, become the financial responsibility of the individual authorizing the improper purchase. Violations of these procedures will be reported to the violator's supervisor. Such violations will be matters for evaluation and/or disciplinary action, as deemed appropriate by the supervisor.

Governing Board Policy DJ, Purchasing Procedures, stipulates that, "a properly executed purchase order shall be issued for the acquisition of all goods, personal services and construction."

A properly executed purchase order is:

An authorized purchase order that has been issued by the Purchasing Department, prior to request for, receipt of, or acceptance of any goods or personal services, and prior to registration for conferences/seminars, or making travel reservations.

Authorized purchase orders are required for the following reasons:

- 1) Required by State law;
- 2) Required by Governing Board Policy;
- 3) Required in order to ascertain if the purchase meets State law and District policy;
- 4) Required in order to ascertain if the purchase is within the adopted budget of the District.

A Requisition is not a substitute for an authorized Purchase Order. Expenditures incurred before the date an authorized Purchase Order is issued are considered After-the-Fact Procurements and the District reserves the right to refuse payment.

H. After-the-Fact Procurements

After-the-Fact procurements violate State and federal laws, school district procurement rules and Governing Board Policy.

An After-the Fact procurement occurs when a school site or department orders materials, services or construction prior to a purchase order being issued by the Purchasing Department. It is illegal for school district staff to authorize the procurement of products or services, or to financially obligate the District without a properly issued purchase order. Also, if a school site or department overspends the dollar amount of a current purchase order without prior authorization from the Purchasing Department, or orders restricted items from a blanket purchase order, an After-the-Fact procurement results.

To discourage school sites or departments from initiating After-the-Fact procurements, the following procedures shall be followed:

1. When a site administrator discovers or is notified that an actual or potential *after-the-fact* procurement has occurred, he or she shall submit an After-the-Fact/Payment Problem Worksheet (Form PUR1000) and Requisition, if applicable, to the Purchasing Department. The site administrator has the choice of recommending that the District refuse payment by selecting "DO NOT recommend payment" on the worksheet.
2. The Purchasing Department shall not authorize payment unless the originating school/department has submitted an After-the-Fact/Payment Problem Worksheet (Form PUR1000) recommending payment.
3. Upon receipt of an After-the-Fact/Payment Problem Worksheet, the Director of Purchasing or Purchasing Manager will determine if an ethical violation likely occurred. Obligations that occur as a result of clerical errors, miscommunication with vendors or between departments, anticipated change orders, or adjustments determined by the Director of Purchasing to be of nominal value, may not be considered ethical violations. If no ethical violation occurred, the requisition will be processed and/or other appropriate action taken. The Director of Purchasing shall maintain a separate log of all such instances. If the Director determines that an ethical violation did occur, the Director will immediately report the After-the-Fact Procurement to the CFO.
4. Employee After the Fact purchases totaling \$1000 and above during a fiscal year will be reported to the appropriate Deputy Superintendent for review.
5. The Purchasing Department will complete its investigation and produce written Findings within a reasonable time frame.

6. If there is a finding that one or more vendors violated law or Board Policy, the Purchasing Director, in consultation with his/her own supervisor and the Legal Department, will have the final decision over corrective action to take. Corrective Action will take into account the severity of the violation and the number of past violations by the vendor, and can include actions ranging from written warning, to recommended non-payment of an After-the-Fact procurement, to cancellation of contract, to recommendation to the Governing Board for debarment or suspension. After review of the Findings, the Purchasing Director will communicate his or her corrective action to the vendor(s) in writing, and provide a copy to the Legal Department.
7. TUSD reserves the right to refuse payment for any improper procurement. If TUSD should refuse to pay a vendor for an After-the-Fact Procurement, the responsible employee(s) may be liable for civil damages and attorneys' fees should the vendor choose to institute court action seeking payment from the employee.

I. Emergency or Sole Source Purchases, all Categories

1. If an emergency purchase is required involving health, welfare or safety of the public, employees or students, provide a written statement with the requisition documenting the basis of the emergency and the basis for the selection of the particular vendor. Emergency procurements shall be limited to the materials, services or construction necessary to satisfy the emergency need.
 - A. During normal working hours of the District, (7:45 a.m. – 4:45 p.m., Mon. - Fri.), the requesting department will enter a purchase requisition via the electronic requisition process and obtain a fully executed purchase order prior to committing District funds for any goods or services.
 - B. The TUSD Purchasing Department will maintain a list of purchase order numbers that may be issued in the event an emergency occurs after normal working hours, including weekends and holidays, and other circumstances which do not allow for a purchase order to be approved and processed using an online requisition. Approval for an emergency procurement and a valid purchase order number must be obtained over the telephone from an authorized TUSD Purchasing Official.
 - C. The requesting department shall first identify those supplies or services necessary to meet the emergency. Prior to seeking quotes, the requesting department is strongly encouraged to contact a Purchasing Official to determine if a contract exists that can meet the emergency need and to obtain additional guidance and assistance.
 - D. To the greatest extent possible, departments are encouraged to solicit proposals or quotations from contracted vendors. A list of contracted vendors is available on the Purchasing Department intranet website

<http://intranet/purchdpt/index.htm>. If this is not possible, the requesting department shall perform as much competition as practicable depending upon the nature and urgency of the emergency. The requesting department should at a minimum attempt to get three written quotes from prospective vendors. Departments may contact a Purchasing Official for assistance in identifying prospective vendors to obtain quotes.

- E. The authorized Purchasing Official will provide a purchase order number to use in making the emergency purchase. Authorized District Purchasing officials are the Director of Purchasing, Purchasing Manager, CFO, Deputy Superintendent of Operations and the Superintendent.

- F. After the purchase has been made, the requesting department must enter an online purchase requisition that includes the following information
 - a. The emergency purchase order number.
 - b. The vendor's invoice, if available.
 - c. A description of the goods/services necessary to meet the emergency.
 - a. The total costs required for the emergency procurement.
 - b. The account codes from which the funds are to be expended.
 - c. The contract or bid number, if applicable.
 - d. An attachment that contains:
 - i. A full explanation of the circumstances of the emergency.
 - ii. A list of vendors solicited and the quotes/proposals received.
 - iii. The reason for the selection of a particular vendor.

- G. The Purchasing Official that authorized the emergency procurement will approve/process the requisition/purchase order and complete Purchasing Form A-01 Determination Letter and attach it to the purchase order.

- H. Depending upon the total dollar value of the purchase, the Purchasing Director shall, at the first scheduled governing board meeting following the procurement, provide to the governing board a report concerning the emergency procurement including the following information:
 - a. The basis for the emergency which necessitated the emergency procurement, and why it was impracticable to convene a meeting of the governing board;
 - b. The basis for the selection of the particular contractor, including an explanation of how the procurement was made with as much competition as was practicable under the circumstances; and
 - c. Why the price paid was reasonable.

2. The District strongly discourages the use of sole source procurements. District school sites and departments must attempt to obtain competitive quotations for sole source purchases of \$100,000 or less. The District shall negotiate with the sole source provider to get the most advantageous contract. Request for Proposals or Invitation for Bids may be required for sole source purchases over \$100,000, to ensure that a proposed sole source vendor is actually a sole source. Before a sole source is considered, all documentation of the efforts made to adequately determine a sole source must be approved. All sole source documentation must be attached to the requisition and/or on file in the Purchasing Department. Sole source approvals are subject to procurement approval levels in GB Policy DJ.

J. Consultant Services Acquisition Process

The District shall establish procedures for the procurement of consultant services. Those procedures shall include:

1. A clearly defined scope of work and/or specifications for all consultant services being procured.
2. The written quotation process required for procurements of \$10,000 but less than \$100,000 shall require at least three written quotes.
3. Of the three written quotes, no more than one can be a no response quote or "no quote." A minimum of two comparable quotes with pricing shall be required for competitive analysis.
4. Where applicable, the current District Bidder List should be used to seek a broader selection of bidders for the quote process.
5. A declaration of objectivity may be required for staff involved in the quote process to disclose any relationships that may appear to have an effect on the selection of a particular vendor.

K. Procurement Card

The District shall establish rules and procedures that must be followed by all users of the Procurement Card. Prior to receiving any pCard, all users will be required to attend a training session on the "Rules and Procedures in Use of a pCard and they will be required to sign a "User Agreement."

1. A Procurement Card can only be used for District business-related

purchases.

2. Personal purchases with this Card **are not allowed**.
3. A Procurement Card (pCard) shall not be used to purchase materials or services that are inappropriate for use by an employee.
4. The Card shall not be used for cash withdrawals or purchase of alcoholic beverages or tobacco products.
5. This Card cannot be used for the expenses of a spouse or family member.
6. The Procurement Card is a mechanism for making purchases and payment with ease and convenience. The card is not to replace our current purchase order system.
7. Prior to using the Card, a user's agreement must be signed.
8. There are dollar limits associated with the use of this Card.
9. District staff are responsible for following the rules and using the Card responsibly.
10. Failure to follow the rules or inappropriate usage of the Card may result in temporary or permanent loss of card privileges and may be a violation of the District's Conduct policy.

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Legal reference: A.R.S. 15-213. Procurement Rules of School Districts; Adoption of Rules; Report; Recovery of Damages by Contractor for Delay; Civil Action; Definition
A.R.S. 41-2501, et seq.
Arizona Administrative Code

Cross Reference: Governing Board Policy DJ, Purchasing Procedures

Replaces: TUSD Regulation # 3320, Purchasing Procedures