

POLICY: 813. PURCHASING

**ARROWHEAD UNION HIGH SCHOOL DISTRICT
PURCHASING PROCEDURE**

The Board of Education authorizes the Business Office to purchase and supervise the purchasing of all materials, goods, services, and supplies for the school system in accordance with applicable state and federal laws and sound purchasing practices subject to the following provisions.

1. The business manager is authorized to issue purchase orders when budget appropriations are adequate to cover obligations.
2. Contracts shall be awarded to the lowest responsible vendor complying with specifications and with other stipulated conditions of purchase.
3. All purchases of materials, equipment or supplies and all public work contracts of \$10,000 or more shall be made on the basis of competitive bids or quotations.

In the case of purchases not amounting to \$10,000, the business manager shall be authorized to make decisions based on his knowledge of existing market conditions and shall use competitive bids or quotations whenever possible.

4. The engagement of providers of professional services (attorneys, auditors, architects, etc.) shall be made on the basis of the level of service desired, qualifications, cost, expertise, experience, and other relevant factors.
5. Bids shall be taken on property and casualty and employee benefit insurance plans every three years unless the Board otherwise provides.
6. The business manager may authorize the issuing of blanket purchase orders to vendors from whom frequent, low cost purchases are made, provided these purchases do not exceed \$750 in total cost, on that single purchase order.
7. In cases where there is a sole source of purchase of materials equipment or supplies, which purchase would be subject to this procedure, the business manager or his designee shall negotiate the terms and conditions of the purchase.
8. Attempts shall be made to involve local bidders whenever possible.
9. In the event two or more vendors submit identical bids or quotations, the purchasing agent shall award the contract or order to the vendor, who in the judgment of the business manager is most likely to provide the better service, product, or contract performance.

(The District reserves the right to reject any and all bids or quotations and to approve the bidder quotation that is in the best interest of the Arrowhead Union High School District - Policy #813.)

10. No Board member, officer, or employee of the district, or a spouse or dependent child of any such person shall have a financial interest in any contract entered into by the District with an aggregate value of more than \$1,000 annually.

11. No Board member, officer, or employee of the School District, or their immediate families shall accept anything of value from any supplier of materials, equipment, supplies or services to the District under circumstances that suggest that the item of value was offered for the purpose of securing a concession from the District.
12. No Board member, officer, or employee of the School District shall use District purchasing power and procedures to purchase goods or services for his/her personal use.
13. All purchases are required to follow the Arrowhead Union High School District Purchase Requisition/Purchase Order Process. Exceptions to this process may be approved by the business manager only in emergency situations.

August 8, 1991
July 9, 1997

POLICY: 813.1 PURCHASING CARD PROGRAM

Definition of Terms in this Policy

- The term “purchasing card” refers to a District-issued purchasing card.
- The term “purchasing cardholder” refers to the employee whose name is embossed on the front of the card. In the case of a site assigned card, “purchasing cardholder” refers to the site supervisor or his/her designee.
- The term “business manager” refers to the District Purchasing Card Program administrator. “Purchasing card program” refers to the District’s Purchasing Card Program.

Responsibilities Overview

The cardholder responsibilities include, but are not limited to:

1. All purchases must have District approval, as per District purchasing procedures
2. Securing the physical card and card information (i.e.: card number and security code)
3. Obtaining and retaining proper documentation of card transactions and usage
4. Reviewing, reconciling, and ensuring correct accounting codes for transactions
5. Following up with the card bank and vendors for returns, and fraudulent or disputed charges
6. Notifying the card bank and the business manager of suspected fraudulent charges and lost or stolen cards
7. Complying with all other applicable District policies and procedures

The business manager is directly responsible for managing the program, including, but not limited to:

1. Updating policies, procedures, and manuals for the Purchasing Card Program
2. Performing audits of card usage and transactions
3. Processing new card applications and closing or suspending cards
4. Making adjustments and changes to card blocks, limits, and other card information
5. Retaining documentation of all card applications, changes, and related information
6. Retaining documentation of posting period audits, transactions, and related information
7. Program training for District staff

The business manager is also responsible for, but not limited to:

1. Overseeing the Purchasing Card Program
2. Approving cardholder applications

The accountant and accounts payable bookkeeper:

1. Performing specific duties or tasks associated with the program as assigned by the business manager

Ethics

Purchases will reflect the best available value for the District and will be restricted to only those necessary for District purposes. It is the responsibility of every card user to meet these expectations.

Suppliers and vendors are an extension of our District resources. All District personnel are expected to maintain professional, considerate relationships and communications with District suppliers and vendors.

Types of Purchasing Cards

1. Individual cards are embossed with a single cardholder's name and are to be signed by that staff member. The name embossed on the card is the only individual authorized to use this card. A cardholder may not lend their card to anyone else. With the appropriate approval, the cardholder may make purchases on behalf of another staff member.
2. Site-assigned cards are embossed with the name of a location or department; such as a school name or specific department within one or more schools. Site assigned cards are the responsibility of the supervisor of the department. Any member of the site in which the card is embossed who has purchasing privileges may request the card to make District-related purchases. A site-assigned card will have "Request District ID" written in the signature line on the back of the card.

Requesting and the Issuance of Purchasing Cards

1. Supervisors may recommend personnel to become cardholders by completing a "Purchasing Card Application and Issuance Form" and submitting it to the business manager for approval.
2. The business manager will provide training for approved applicants before card(s) are issued.
3. Prior to receiving a purchasing card, approved applicants will sign the issuance form agreeing to cardholder responsibilities.

Unauthorized Purchases

1. Personal purchases (use of the card for personal identification is prohibited)
2. Purchases intended to bypass any District purchasing procedures or policies
3. Purchases split to circumvent purchase limits or competitive pricing/bidding requirements
4. Business related meals and/or travel that is not pre-approved or authorized by the cardholder's supervisor
5. Capital equipment purchases (unit cost of \$500 or more) unless specifically authorized by the business manager
6. Telephone calls
7. Telecommunications equipment: phones, pagers, or cellular phones
8. Alcoholic beverages, drugs, or pharmaceuticals
9. Insurance
10. Gift cards and/or gift certificates
11. Hazardous materials
12. Furniture, unless specifically authorized by the business manager
13. Computer software, hardware, or any auxiliary device (printer, modem, storage system, etc) that works in conjunction with a computer, unless specifically authorized by the director of technology services
14. Leases or rentals of facilities or property
15. Purchases that require a contract unless contract has been pre-approved and signed by the business manager
16. Consultants or temporary help
17. Services from a "Tax Reportable" or "1099 vendor." A tax reportable or 1099 vendor is defined as an individual, sole proprietorship, or limited partnership who is paid more than \$600 for services. All medical and/or attorney's fees are considered tax or 1099 reportable, regardless of their status.
18. Purchases from companies outside of the United States, unless specifically authorized by the business manager
19. Parking tickets, speeding tickets, or other vehicular tickets or fines
20. Fuel for your personal vehicle during business travel. Fuel and mileage for business travel using your personal vehicle will be reimbursed utilizing the District's "Direct Payment Request" form. If the travel is done in a District-owned vehicle, fuel may be purchased using a card.

Purchase Limits, Restrictions, and Blocks

1. Cash advances are permanently blocked on all cards
2. Spending limits are enforced. Purchases over the monthly cumulative or single purchase limits set on the card will be declined by the vendor. Spending limits are established by the business manager and take into consideration cardholder job responsibilities, along with types and frequency of purchases.
3. Merchant categories. Certain vendors or vendor types are blocked.

Requesting a Change to a Purchase Limit or Merchant Block

1. Spending limits and merchant blocks can be temporarily or permanently changed with the approval of the cardholder's supervisor and the business manager.
2. To request a block lift or limit change, submit a "Request for Purchasing Card Limit Adjustment or Merchant Block Lift" to the business manager. The form will be signed by the requestor and his/her direct supervisor.

Placing Orders

1. Cardholders will keep card information secure at all times.
2. Cardholder will inform vendor prior to purchase that the District is tax exempt. The tax exempt number is embossed on the front of the card. If required, Tax Exempt Certificate copies are available by contacting the business manager.
3. Cardholder will obtain a purchase receipt or confirmation. Cardholder will ensure that no State of Wisconsin sales tax was charged and that both the line item and total purchase prices are correct.
4. The cardholder will retain purchase receipts and other documentation.
5. Cardholder will document detailed information for orders placed over the phone. The optional "Purchasing Card Telephone Order Form" is available for use.
6. Cardholder will ensure site security when using the internet to place orders.
7. Fax orders are not encouraged. Secure or shred any fax documents containing card information. Cardholder will follow up with vendor to ensure they received the fax.

Recordkeeping and Documentation Requirements

1. The cardholder is responsible for maintaining adequate documentation and records for card use in an organized manner. Documentation will be retained for all transactions and for such a time as is stated in state regulations for records retention.
2. If there is no receipt for a purchase, a "Purchasing Card Missing Receipt" form will be completed, signed by the cardholder's supervisor, and filed with the card's records.
3. The business office shall maintain all records of purchasing card application and issuance forms, limits, cardholder transfers, and lost/stolen/destroyed card information.

Review and Reconciliation of Transactions

1. Review, approval, and reconciliation will be done by cardholders, approvers, and supervisors/administrators online.
2. Prior to the 20th day of each month, all transactions on the most current statement are due to be reviewed, approved, and reconciled by the staff who have been determined to perform these roles for each card. On or after the 20th of the month, the business manager will upload transactions from the latest statement into the District financial system and into the general ledger.
3. It is the responsibility of the cardholder to reconcile statements with supporting documentation and to assign the correct accounting code to each transaction.

Returns, Credits, and Disputed Items

1. The cardholder is responsible for contacting the bank or vendor promptly on any fraudulent, disputed, or returned items.
2. Returns must be made for credit to the card only. No cash returns are permitted.
3. The cardholder will file documentation of disputed, returned, or fraudulent charges with other card documentation.

Card Security

1. It is the responsibility of the cardholder to safeguard his/her card and card information.
2. It is the responsibility of the business manager to safeguard all card information retained and communicated through the duties of the business manager position.

Reporting Lost or Stolen Cards

1. If a card is lost or stolen, the cardholder must immediately notify the bank.
2. Once the bank is notified, promptly notify the business manager.
3. For contact information, see the "Purchasing Card Procedure Manual."

Transaction Audits

1. The business manager will perform both intentional and random audits of card usage. Audits will be performed at least once per month.
2. Notification of audit will be delivered to the cardholder via e-mail. Documentation copies and written explanation of expense(s) are expected to be forwarded to the business manager within three business days of receiving the notification.

Consequences of Procedure or Policy Violations

1. Misuse, abuse, and/or failure to comply with District policies and procedures will result in disciplinary measures that can include revocation of cardholder privileges or even termination of employment.

Termination or Transfer of Employment

1. A cardholder who leaves employment of the District or is transferred to another site shall return their card to their supervisor.
2. The supervisor is responsible for contacting the business manager, who will cancel the card. The supervisor will cut the card in half and return it to the business manager.
3. A cardholder who is transferred to another District site may reapply to become a cardholder at that site.

Payment to Card Bank

1. Payment to the card issuer shall be completed electronically via electronic funds transfer by the business office.

POLICY: 830. WAIVER OF PERFORMANCE BONDS

The Arrowhead Union High School District (the “District”) hereby establishes the following written standards for waiver of performance bonding requirements pursuant to authority granted by s779.14(1m) Wis. Stats.

1. For contracts under \$20,000, performance bond requirements are generally waived unless specifically demanded by action of the superintendent of the Arrowhead Union High School District (the “superintendent”) or by the Arrowhead Union High School District Board of Education (the “Board”).
2. For other contracts under \$100,000, waiver may be authorized by the superintendent.
3. For contracts in excess of \$100,000, waiver shall require a written resolution of the Board.
4. After making a decision to waive performance bonds, the Board, the superintendent, or a designee of either, shall endeavor to notify the architect or other design professional and counsel or other legal professional, responsible for preparation of the contract documents, so that appropriate disclosures may be made in the bid documents. Among other things, this may encourage subcontractors, laborers, and material suppliers to avail themselves of alternative legal protections, or to protect themselves by contract with their general contractor or subcontractor.
5. In making the decision whether to waive or not waive performance bond requirements, due consideration shall be given to the potential advantages of waiver, including direct cost savings that may accrue as a result of not including bond costs, indirect cost savings that may accrue by virtue of expanding the field of potential bidders, and intangible public benefits that may accrue by the inclusion of unbondable bidders who are small businesses, disadvantaged businesses, minority businesses, or women-owned businesses. Consideration shall also be given to the potential disadvantages of waiver, including the possibly increased chance for the involvement of unqualified contractors, possible performance and morale problems created by unpaid subcontractors, laborers or material suppliers, and the possibility of claims by unpaid subcontractors seeking a basis for relief against the owner.
6. In granting a waiver of the performance bond requirements in a particular case, the appropriate official or body, in its discretion, must be satisfied that adequate guarantees are in place to successfully complete the project after considering factors such as the following:
 - a. the financial stability and wherewithal of the general contractor for which the performance bond would otherwise be required (the “Contractor”);
 - b. the reputation, professionalism and trustworthiness of the Contractor, based either on a past direct relationship between the Contractor and the District or by references from other entities which have worked closely with the Contractor;
 - c. a payment distribution system that provides the District satisfactory assurances that it shall receive regular lien waivers from the Contractor and any subcontractors and material suppliers; and
 - d. contractual authority for the District to retain sufficient amounts of payments to the Contractor to assure proper performance by the Contractor and payment of any subcontractors, laborers and material suppliers.
7. Any action taken in waiving or not waiving the performance bond requirement shall constitute the appropriate official’s representation that due consideration has been given to the factors set forth above.

8. These standards are for the benefit of the Arrowhead Union High School District only, and are not intended to create any duties of ordinary care vis-à-vis any third persons, or to confer any rights upon third persons who seek to enforce their alleged breach as third party beneficiaries, or to provide any other basis for claims by third parties.

PROCEDURE

BOARD RESOLUTION

WHEREAS, Section 779.14(1m) of the Wisconsin Statutes prohibits certain contracts for the performance of labor or furnishing of materials pertaining to any public improvement or public work from being made unless the prime contractor provides a surety bond ensuring: 1) faithful performance of the contract and 2) payment of subcontractors, laborers and material suppliers (such requirement hereinafter referred to as the "Bonding Requirement");

WHEREAS, Section 779.14(1m) authorizes public entities to waive the Bonding Requirement for contracts that meet written standards for waiver established by such entities;

WHEREAS, the School Board (the "Board") for the Arrowhead Union High School District (the "District") established written standards for waiver of performance bond requirements in accordance with Section 779.14(1m) (the "Standards"), and pursuant to such Standards, the Board may waive the Performance Bond Requirement for contracts in excess of \$100,000 by written resolution;

WHEREAS, the District is preparing to enter a contract in excess of \$100,000 with _____
_____ (name of contractor) to undertake a building project involving
_____ (description of project);

WHEREAS, the Board has considered the advantages and disadvantages of waiving the Performance Bond Requirement as well as other various factors included in the Standards, including, among other things: the direct cost savings the District shall experience by not requiring a surety bond; the financial stability and reputation of _____ (name of contractor); the possibility of claims by unpaid subcontractors, laborers or material suppliers; the opportunity for the District to obtain lien waivers when payments are made; and the ability of the District to retain sufficient amounts of payments to assure proper performance and payment of subcontractors, laborers and material suppliers; and

WHEREAS, the Board, after considering such factors, is satisfied that adequate guarantees are in place to successfully complete the project and desires to waive the statutory requirement that _____
_____ (name of contractor) provide a surety bond before a contract can be made.

NOW, THEREFORE, BE IT RESOLVED THAT, the Arrowhead Union High School District Board waives any requirement under Wis. Stat. Section 779.14(1m) that _____
(name of contractor) provide a surety bond for a Construction Manager Agreement between the Arrowhead Union High School District and _____ (name of contractor) dated _____, 20____ related to the Arrowhead Union High School District project.

Adopted and recorded this _____ day of _____, 20____.

School Board President

Attest: _____

School District Clerk