



**FINANCIAL PROCEDURES
FOR
LOCAL SCHOOL
ACTIVITY FUNDS I**

March 2019



PURCHASES



**Requisitions &
Purchase Orders**

Requisition

- Serves as a written request or order for something
- Includes
 - Vendor Name¹
 - Vendor Address
 - Quantity
 - Item Description²
 - Item Cost/Extended Amount³
 - GL Account Number⁴
 - Individual Requesting Purchase
- Must be signed by the Principal BEFORE a purchase of goods or services is made or a contract is signed⁵

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Purchase Order

- Approval of expenditure prior to purchase
 - Verify approved vendor
 - Verify funds available
 - Verify allowable use of funds
 - Compliance with Alabama Bid Law
 - Compliance with Alabama Ethics Law
 - Monitoring tool for where and how funds are being used¹
- Encumbers funds²
- Provides vendor protection for not charging Alabama sales tax³

Purchase Order

- Recurring Payments¹
- Multiple Purchases with Single Vendor²
- Not to Exceed³
- Vendor is PTO Committee Chair⁴
- Vendor is Parent⁵
- Open PO's⁶
- Non-Compliance⁷

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Purchase Order

- Scholarships for Higher Education
 - Selection based on criteria set by membership¹
 - Check must be made payable to the student's school of choice²

Purchase Order

- Scholarships for Care and Needs
 - Selection based on criteria set by membership¹
 - Maintain adequate records to substantiate distribution under an Internal Revenue Service inquiry²
 - Recommend check be made payable to creditor³
 - Alabama Ethics Law does not allow for the financial support of any public employee (i.e. district-paid employee)

Purchase Order

Land Improvements

- Organizations do not have the authority to enter into any type of contract related to use of Board property and/or equipment
- Plans must be submitted to the Superintendent BEFORE a purchase of goods or services is made or a contract is signed, regardless of the financing¹

Purchase Order

Contracts

- Contracts, including service contracts for landscaping, maintenance, travel/charter buses, and copier leases must have, in writing, the approval of the Superintendent, or his/her designee, BEFORE services begin

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Purchasing Card Program

Purchasing Card Program

The purchasing card (PCard) is a privilege and a convenience in order to streamline the acquisition of materials, supplies, and equipment.

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Purchasing Card Program

- Those boards electing to participate will sign an agreement with a financial institution to administer the purchasing card
- It is important that the cards are used as intended and that the procedures regarding use of these cards are adhered to

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General Guidelines

- Cardholder is prohibited from using the card for personal use¹
- Cardholder must notify merchants purchases with card are exempt from Alabama sales tax²
- Cardholder must submit a legible receipt with an itemized listing or supporting documentation³

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General Guidelines

- A board may use the PCard for selected departments¹
- A board may issue bid specifications that require the successful bidder to accept the PCard as payment for bid items
- The board should set limits for each PCard²
- Each cardholder must sign an agreement
- The board can set merchant code restrictions to the extent feasible

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General Guidelines

Restrict these categories where possible:

- International Purchases¹
- Cash Advances
- Convenience Stores
- Gas Stations²
- Beverage & Tobacco Stores
- Apparel Stores³
- Automatic Billing

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General Guidelines

A BOE cannot withhold payroll amounts from cardholders for unallowable charges, sales taxes, exceeding the card limit, or failure to turn in card receipts

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Issuing the Purchasing Card

Agreements should include the following provisions:

- Cardholder agrees to use card exclusively for purchases specified in agreement
- Cardholder agrees to reimburse board for unallowable purchases¹
- Cardholder agrees to obtain legible receipt with itemized listing²

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Issuing the Purchasing Card

Provisions continued:

- Cardholder agrees to reimburse board for purchases not supported by itemized receipt¹
- Cardholder agrees to inform merchants that purchases are exempt from sales tax
- Cardholder agrees to reimburse board for sales tax charged²

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Issuing the Purchasing Card

Provisions continued:

- Cardholder agrees to reimburse board for purchases made in excess of card limit¹
- Cards must be kept with same security protection as cash
- Cardholder agrees to comply with guidelines for purchasing card
- Cardholder understands privilege may be suspended for failure to comply

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Issuing the Purchasing Card

Provisions continued:

- Cardholder understands use of card for personal use is subject to criminal prosecution

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Issuing the Purchasing Card

Additional Provisions:

- Expenditures made by cardholder must comply with the approved budget
- Cardholder must submit receipt next business day¹
- Cardholder must notify the bookkeeper immediately, if suspect card is lost/stolen²
- Prohibited from purchasing items that must be competitively bid

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Operating the Purchasing Card

- Determine the individual(s) designated to receive a purchasing card¹
- Determine the budgetary expenditure account limitations for purchases by the cardholder
- Determine the specific limitations on the purchasing card for each cardholder²

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Operating the Purchasing Card

- Obtain a signed agreement from the cardholder
- Issue a purchase order for the total of the purchasing card limits of the cardholders at the beginning of the purchasing period
- Create a Receipt Log¹
- Reconcile statement using reference number from Receipt Log

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Operating the Purchasing Card

PCards cannot be used to circumvent the advance travel expense provisions or the applicable provisions of the Alabama Competitive Bid Law

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Bid Law

Bid Law

The Alabama Competitive Bid Law requires all contractual services for labor and the purchase or lease of materials, equipment, and supplies \$15,000 or more shall, except as otherwise provided in the law, be subject to free and open competitive bidding, or sealed bids, to the lowest responsible bidder.

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Bid Law

- Maximum contract length is five years*
- Like-Items¹ purchased with public funds² in excess of \$15,000 in a fiscal year³ must be bid or purchased from an approved bid list
- BOE authorized to use all State of Alabama contracts when they are advantageous to the Board⁴
- Competitive, sealed bids shall be requested by the Finance/Purchasing Department⁵
- Items less than \$15,000⁶

Bid Law

Exempt from Competitive Bid Law:

- Purchase of classroom materials, supplies and equipment with CIS funds IF the item cost is less than \$7,500¹
- Purchase of Insurance
- Professional Service Contracts (lawyers, CPA's, architects)
- Purchases made with funds other than those raised by taxation or received through local or state government sources²

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Bid Law

Exempt from Competitive Bid Law (continued):

- Contractual services or purchased commodities for which there is only one vendor or supplier¹
- Contractual services and purchases related to security

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Bid Law

Adherence to the Alabama Bid Law is mandated in the Code of Alabama and failure to comply can result in a negative outcome for the individual, group and/or Board. Violations of this law can be considered a felony offense.

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