

PAYMENTS FOR GOODS AND SERVICES

I. Purchases Subject to Bid

It is the policy of the Board that whenever the amount of a contract requires, by law, submission for bids, the Board of Education shall authorize the School Business Administrator/Board Secretary to initiate the bidding procedures. Legal advertisements shall be placed and all bids shall be opened at the place and time designated in the advertisement.

A. The School Business Administrator or/Board Secretary shall:

1. Analyze and tabulate all bids, except construction bids;
2. Review and analyze bids, along with the appropriate personnel, and consult with them regarding recommendations for award or rejection; and
3. Bring recommendations and supporting materials before the Board for their consideration.

The Board will make all decisions including, when advisable, rejection of any or all bids received. The School Business Administrator/Board Secretary shall make a reasonable effort to obtain two or more bids for each prospective purchase requiring bidding.

B. The Board of Education encourages the administration to:

1. Seek advantage in savings that may accrue to the district through joint agreements for the purchase of work, materials, or supplies;
2. Evaluate any savings, which may result from the purchase of any materials, supplies, or equipment under contracts entered into by the State Treasury Department, Division of Purchase and Property;
3. Solicit contracts without competitive bidding if price quotations are lower than the state contract price and are obtained as provided by law; and
4. Standardize items commonly used in all schools, such as major equipment items and classroom furnishings.

C. The School Business Administrator/Board Secretary shall solicit quotations when they are required by law.

## PAYMENTS FOR GOODS AND SERVICES (Continued)

- D. Contracts shall be awarded to the lowest responsible bidder upon resolution of the Board, unless the Board chooses to reject all bids, to re-advertise, or to purchase under a state contract.
- E. Whenever two or more proposals or bids of equal amounts are the lower proposals or bids submitted by responsible bidders, the Board of Education may award the contract to whichever one of the lowest bidders it may determine.
- F. The Board shall consider the advantages of entering into a contract for more than one year, whenever and as the law permits.

## II Purchases Budgeted

- A. All purchases that are within budgetary limits may be made upon authorization of the Superintendent and Business Administrator/Board Secretary unless the contemplated purchase is for more than \$1,000 in which case prior approval is required from the Board.
- B. Before the Business Administrator/Board Secretary places a purchase order; approval must be obtained from the Superintendent who shall check as to whether the proposed purchase is subject to bid, whether sufficient funds exist in the budget, and whether the material might be available elsewhere in the district.
- C. The Business Administrator/Board Secretary shall make a reasonable effort to receive in writing at least three written quotations from independent sources for the supplies, equipment, or services desired whenever possible, and when the contemplated expenditure is for an amount greater than fifteen-percent of the bid threshold established in accordance with law and is not made under a state contract. All quotations received shall be attached to and retained with a copy of the resulting purchase order.
- D. In the interests of economy, fairness, and efficiency in its business dealings, the Board requires that:
  - 1. Items commonly used in the various schools or units thereof shall be standardized whenever consistency with educational goals can be maintained.
  - 2. Opportunity shall be provided to as many responsible suppliers as possible to do business with the school district. To end the responsible administrator shall develop and maintain lists of potential suppliers for various types of supplies, equipment, and services.
  - 3. The Chief School Administrator shall make alternate suggestions to the requisition if, in his or her judgment, better service, delivery, economy, or utility can be achieved by changing the proposed order.

## PAYMENTS FOR GOODS AND SERVICES (Continued)

- E. Upon the placement of a purchase order, the Business Administrator/Board Secretary shall commit the expenditure against a specific budget line item to guard against the creation of liabilities in excess of appropriation.

### III. Purchases Not Budgeted

When funds are not available for proposed appropriation, a legal transfer from one line account to another within major accounts may be made by the Board if it is apparent that the necessary surplus funds do exist in another line account, and it can be demonstrated the proposed expenditure would be warranted in the current fiscal year.

- A. Under normal conditions, proposed purchases that would exceed the line amount appropriated by no more than \$1000, provided a sufficient amount is available in the budget for transfer by the Board's normal policy by the Board Secretary and Chief School Administrator. When the proposed purchase would exceed the appropriation by more than \$1,000., the order may be placed only upon the approval of the Board.
- B. In the event of an emergency (which exists whenever the time required for the Board to act in accordance with regular procedures would endanger life or property or threaten the continuance of existing school classes), a purchase order may be authorized by the appropriate Board committee or committee chairperson. It is not intended by this policy that emergencies be permitted to occur as a result of inadequate planning, delay, etc.
- C. When budgeted funds are allocated on a building basis, the total amount so budgeted may not be exceeded without prior approval of the Chief School Administrator. Any expenditures in excess of appropriation made in conformance with this policy shall be reported to the Board at the next meeting with a recommendation of funds to be transferred to cover said purchase.

### IV. Cooperative Purchasing

The Board recognizes the advantages of centralized purchasing in that volume buying tends to maximize value for each dollar spent. The Board, therefore, encourages the administration to seek advantages in savings that may accrue to this district through joint agreements for the purchase of supplies, equipment, or services with the governing body(ies) of other contracting units and to evaluate any savings which may result from the purchase of any materials, supplies, and equipment under contracts entered into by the State Treasury Department, Division of Purchase and Property.

- A. The Board authorizes the Chief School Administrator and the School Business Administrator/Board Secretary to negotiate such joint purchase agreements for services, supplies, and equipment which may be determined to be required from time to time by the Board and which the Board may otherwise lawfully purchase for itself, contracting units as may be appropriate in accordance with state law, the policies of this Board, and the dictates of sound purchases procedures. He or she will report all such negotiations to the Board and seek Board approval for all contemplated agreements.

## PAYMENTS FOR GOODS AND SERVICES (Continued)

- B. Cooperative or joint purchases require an agreement approved by the Board and the participating contracting body(ies) which shall specify the categories of equipment and supplies to be purchase; the manner of advertising for bids and of awarding contracts; the method of payment by each participating party and such other matters as may be deemed necessary to carry out the purposes of the agreement. Such agreements are subject to all legal bidding requirements. Purchases made through state or county contract may be made without bid. However, comparison will be made between state contract price and other vendors prior to purchase to insure lowest price is obtained;

### V. Payment Procedures

- A. Before warrants are signed by the President, Board Secretary, and Treasurer of School Moneys and issued in payment of bills or claims, the bill or claim must be properly audited and approved, according to law.
- B. In general, bills or claims shall be audited by the Board Secretary and approved by resolution of the Board. However, in order to provide for the prompt payment to which vendors are entitled, claims duly audited by the Board Secretary for items previously approved or provided for in the budget may approved by the Chief School Administrator and paid by the School Business Administrator/Board Secretary, unless the contemplated purchase is for more that \$1,000, in which case prior approval is required form the Board. However, the Chief School Administrator and Board Secretary shall be permitted to authorize and release payment of insurance premiums, utility bills, legal and help wanted advertisements, and postage meter charges, when delay of such payments would jeopardize continuation of the services to the district. Such payment shall be r reported to the Board at the next regular meeting.
- C. Items not previously approved by the Board, as provided for in the budget, must be audited by the Board Secretary and presented for Board approval.

N.J.S.A. 18A:18A-1 et seq.; 18A:19-1 et seq.; 18A:22-8, 22-8.1 N.J.A.C. 6:20-2.13, 6:20-8.1 et seq.

#### **Other Reasons:**

N.J.S.A. 18A:19-1, -2, -4 and -4.1 permit boards to choose among several methods of approving bills for payment. The intention is to speed the process so districts can take advantage of discounts, and to encourage more vendors to bid.

#### **Recommendation:**

A policy stating procedures to be followed in approval of bills for payment.

PAYMENTS FOR GOOD AND SERVICES (Continued)

**Legal References:**

<u>N.J.S.A.</u>	18A:19-1	Expenditure of funds on warrant only; requisites
<u>N.J.S.A.</u>	18A:19-2	Requirements for payment of claims; audit of claims in general
<u>N.J.S.A.</u>	18A:19-3	Verification of claims
<u>N.J.S.A.</u>	18A:19-4	Audit of claims, etc., by secretary; warrants for payment
<u>N.J.S.A.</u>	18A:19-4.1	Account or demand; audit; approval
<u>N.J.S.A.</u>	18A:19-9	Compensation of teachers, etc., payrolls
<u>N.J.S.A.</u>	18A:22-8.1	Transfer of amounts among line items and program categories
<u>N.J.A.C.</u>	6A:23-2.9	Petty cash funds

**Possible Cross References:**

*3320	Purchasing procedures
*3451	Petty cash funds
*3453	School activity funds
4142	Salary checks and deductions
4242	Salary checks and deductions

\*Indicates policy is included in the Critical Policy Reference Manual.

**Date:** Revised: 4/28/98

Second Reading and Final Adoption – May 24, 2005

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