WAYNE TOWNSHIP PUBLIC SCHOOLS

PURCHASE ORDER OVERVIEW

November 7, 2023

Presentation Overview

- Public Procurement
- Vendors
- Requisitions
- Accounting
- Purchase Orders
- Payment of Bills
- Questions

Presentation Purpose

- The purpose of this presentation is to assist Board of Education employees in the proper purchasing practices in full compliance with New Jersey Statutes, Regulations and respective guidance.
- To provide an overview of the procurement process between entering a requisition, generating a purchase order, placing an over, delivery of materials or services, and payment.

Purchasing Ethics

All district employees are to practice exemplary ethical behavior in the purchasing process. Employees are to avoid any action that may be considered a conflict with their position and vendors providing goods and services.

- ➔ No financial interest in contracts with BOE.
- ➔ No receive gifts from vendors.
- ➔ No favoritism.

Legal Authority

- The Purchasing Agent is the only individual in the school district that has authority to make purchases for the Board of Education
- All requests for purchase must be with an approved purchase order signed by the Purchasing Agent prior to the goods and services to be received.
- Any school district employee who orders and/or receives goods and services without an approve purchase order has made an unauthorized purchase.
- Unauthorized purchases are a violation of State Law and Board Policy.
- Board Policy (Purchasing Manual) found on website.

Public Procurement

In an effort to address district needs, lower costs and comply with state regulations, the business office works with various agencies to acquire products and services. Our district utilizes the following procurement methods:

- New Jersey State Contracting
- Cooperative Purchasing Programs
- Educational Data Cooperative Program
- District public bidding and request for proposals

Vendors

Step One: Identify the vendor / company name and look for it in computer system (CSI). If this is a new vendor:

- Correct name and address
- Business Registration Certificate (BRC)
- IRS W9 Form
- Potential amount in the aggregate
  - Chapter 271 Political Contribution Disclosure
  - Affirmative Action Evidence
- Send email with information to Accounts Payable

Requisition Entry

Step Two: Individual enters the information into the financial software program creating a requisition. All requisitions are to be typed in capital letters in detail to include the following:

- Vendor/Contractor Name and Address
- Current Budget Year for renewal or professional services
- Quote # - (Shopping Carts from vendor websites cannot be used)
- Detailed description of goods or services
- Item number, quantity, and price
- Budget account number

Requisition Entry

- “10% Estimated Shipping & Handling”, if you are unable to ascertain the actual charges
- “Shipping and Handling Included or Free Shipping” if there are no shipping charges
- Cooperative Contract Number - (ie: EDS Bid# 11828,ESCNJ 18/19-23)
- Delivery - Attention of -Name of the person to deliver to
- Additional Information - Any information you feel needed for the vendor or Purchasing Agent to know

Requisition Entry

Multi-Page Requisitions - Exception

- When large quotes are obtained from one vendor, there is a 2 page limit, equivalent to 40 lines of the requisition in CSI.
- Type on the requisition a detail summary of what is being purchased
- Type on the requisition "See attached quote"
- Type on the requisition the full price and any shipping/delivery costs

Requisition Entry

Quotes over Quote Threshold

- Quotation Limits - $6,600 through $43,999

  Quotes more than $44,000 must be competitively quoted or advertised for bid
- Receipt of Two(2) Quotations - the school district shall solicit (2) quotations for different vendors and attach to the requisition.

Requisition Approval

Step Three: Once entered, the requisition is reviewed by various levels of authority. Approval includes :

- The first level supervisor (ie:Principal)
- The second level supervisor(ie:Director/Administrator)
- Purchasing Agent - Reviews for compliance of requisition entry
- Board Secretary/Business Administrator - Final approval of the requisition
- Printout – Converts to a purchase order
- Superintendent - Reviews purchases over $25,000
- Board of Education - Approves exceptions
- Purchase orders are mailed or emailed to the vendor

Approved Purchase Orders

During the entry and approval process, the requisition purchase order is recorded in the district's financial system. A quick overview follows for the chart of accounts:

- Fund
- Program
- Function
- Object
- Location

Uniform Minimum Chart of Accounts

- Goal is to provide uniform financial reporting by educational agencies and public schools including charter schools
- All school districts in New Jersey use the same chart of accounts
- Reviewed and/or updated annually by NJDOE

Accounting Overview - Funds

- Public School Accounting – Uniform Minimum Chart of Accounts
  - Fund 10 – General Fund
    - Fund 11 – Operating Budget
    - Fund 12 – Capital Outlay
  - Fund 20 – Restricted Funds (State & Federal)
  - Fund 30 – Capital Projects (Construction)
  - Fund 40 – Debt Service

What makes up a account classification?

Accounts divided into the following dimensions:

- **Fund**-10,11,12 (General), Fund 20 - (Restricted Funds), Fund 30 - (Capital Projects)
- **Program & Projects** - activities designed to accomplish an objective or goal

What makes up a account classification?

- **Functions** - activities for which a service or material is required
- **Objects** - used to describe the service or commodity obtained
- **Location** - identify a unit of operation or internal district grouping

Accounting Overview – Account Lines (Example)

- 11-110-100-101-04-000

- 11 – General Fund (Fund)
  - 110 – Kindergarten (Program)
  - 100- Instruction (Function)
  - 101 – Teacher Salaries (Object)
  - 04 – James Fallon (Location)
  - 000- Not Used – (Sub- Program)

Purchase Orders = Promise to Pay

Review of Purchase Order for technical aspects such as:

- Vendor name or address is incorrect or incomplete
- Detail of items, item numbers, quantity or price are correct
- Official Quote from the vendor is not attached
- Shipping charge or free shipping is not included
- Account number is incorrect
- Not enough funds on the account line
- Co-op #'s or Bid #'s are not included
- Ship to location is incorrect

Purchase Orders

The Purchase Order process may take several days, if all appropriate documentation and approvals are not completed.

If you do not receive a purchase order for a requisition that you entered within 2 weeks, please contact the Purchasing Agent.

Payment of Bills

Once Accounts Payable receives an invoice (bill) from a vendor, the invoice is reviewed and initialed signifying that the goods and services were in fact provided. Initials and/or proper signature on the "receiver" document is sent to the business office to start the process of payment. The process includes:

- Signed purchase order voucher from the vendor (if over quote threshold of $6,600)
- Signed receiver from initiating person (BLUE copy)
- Purchase order with correct amount for payment(PINK copy)
- Checks for duplicates or other issues on face

Preparation of Payment Package

Once the paperwork is in order, the accounts payable / bookkeeper prepares the file / package and enters check information into the system. Payment packages are reviewed by the following:

- Accounts Payable Manager
- Board Secretary / Business Administrator
- Board of Education
- Mailed

Potential Issues

- Purchase order does not cover the total cost. If amount is less than 10% of the original purchase order, an adjustment can be made. If the amount is greater than 10% of the original purchase order, a new purchase order must be processed.
- Incorrect shipment is researched and resolved.
- Bill presented without approved purchase order is an unauthorized purchase.
- Vendor does not bill and research is conducted at the fiscal year end.
- Shipping & Handling is missing or not enough.
- Items are unavailable, an adjustment is made by Accounts Payable
- Items are on backorder - decide whether to wait for delivery or cancel the item with the vendor

QUESTIONS

1. What do I do if I do not have enough money in the account?
2. What do I do if I do not see a vendor in the system?
3. How much detail do you need for a requisition?
4. What is the Blue all about?
5. When do I provide a rationale for PO?
6. Why do you need an invoice?

QUESTIONS CONTINUED

1. Why do I need a quote?
2. What is a contract number?
3. What if I did not get all my stuff?
4. What is the reason for closing purchase orders?
5. Why do field trip related checks seem problematic?
6. How do I pay for a principal's conference in advance?
7. What is a confirming order?
8. How long will it take to receive a copy of the purchase order?
9. Why do I need to type requisitions in capital letters?