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## I. RESPONSIBILITY FOR PURCHASING

The main focus of Logistics-Purchasing is to facilitate the acquisition of goods and services in order to meet the needs of schools and departments. Our work centers on educating staff members, primarily responsible at the campus and department levels for purchasing, so that they can make most purchases directly.

## II. LEGAL REQUIREMENTS

### A. **Contracts**

1. All school district contracts for the purchase of **real property (goods) valued at \$10,000** or more in the aggregate during a 12 month period are covered by state legal requirements. EC 44.033
2. All school district contracts for the purchase of **services valued at \$25,000** or more in the aggregate during a 12 month period are covered by state legal requirements. EC 44.031
3. Exceptions
  - a. Professional Services – financial or technology consultant, architect, physician, certified public accountant, attorney, surveyor, engineer, or state certified real estate appraiser. EC 44.031f
  - b. Only Source Goods - items covered by a patent, copyright, or monopoly; films, books, manuscripts; utility services; and captive replacement or component parts for equipment repair. EC 44.031j
  - c. Repair or replacement of school equipment that has been damaged or destroyed with the approval of the Board of Trustees. EC 44.031h

### B. **Contracting Dollar Ranges**

1. Contracts for real property with an annual aggregate value between \$10,000 to \$25,000 (computers \$10,000 to \$15,000). EC 44.033; 44.031k
  - a. A vendor list is established by the District with the names of all vendors interested in doing business with the District. EC 44.033b

- b. Categories of personal property are established and vendors are listed in these categories. EC 44.033b
  - c. An advertisement for interested vendors is run annually for two consecutive days in a newspaper for the county in which the school district's central office is located. EC 44.033b
  - d. Purchases above \$10,000 in the aggregate will be made by asking for quotations from at least three vendors on vendor list. EC 44.033c
  - e. Quotations may be in writing or by telephone. EC 44.033c
  - f. The District is responsible for keeping a written record of these quotations for audit purposes. EC 44.033c
2. Contracts for all goods and services with an annual aggregate value above \$25,000.
- a. Exceptions:
    - 1. Computers with an annual aggregate value above \$15,000, EC 44.031k
    - 2. School buses with an annual aggregate value above \$20,000 EC 44.031 1
  - b. These contracts must be preceded by a competitive pricing mechanism.
    - 1. Bids
    - 2. Sealed proposals for construction
    - 3. Requests for proposals (received the same way as bids)
    - 4. An inter-local agreement
    - 5. Reverse auction procedure. EC 44.031
    - 6. Design build method
    - 7. Job order contracts method
    - 8. Construction manager method
    - 9. Political subdivision corporation for electricity purchases
  - c. Notice is required for bids and requests for proposal:
    - 1. To be published once a week for at least two weeks prior to the deadline for receiving responses.
    - 2. In a newspaper for the county in which the school district's central office is located. EC 44.031g
3. Political subdivision corporation may be used in lieu of competitive pricing mechanisms for the purchase of electricity. LGC 304.001

- a. The Board of Trustees must pass a resolution to accept the by-laws of the corporation.

**C. Awarding Contracts**

The following criteria and point values will be used unless otherwise noted. The base is ten points unless otherwise noted.

1. Costs
  - a. Purchase price = 2
  - b. Long term costs (service, supplies, maintenance, etc.) = 2
2. Product or services
  - a. Quality = 1
  - b. Extent to which the good or service meets District needs = 2
3. Vendor
  - a. Reputation = 1
  - b. Safety record LGC 271.0275 = 1
  - c. Past relationship with the district = 1
  - d. Historically Under Utilized Business (HUB) status = 0
4. Any other relevant factor EC 44.031b

**D. Enforcement**

1. District staff members commit a criminal offense if they make or authorize separate, sequential, or component purchases to avoid using competitive pricing mechanisms when required. EC 44.032b
2. District staff members commit a criminal offense if they fail to use competitive pricing mechanisms when required or award contracts for reasons other than those cited. EC 44.032c
3. Conviction of an offense results in an individual's:
  - a. Immediate removal from office,
  - b. Inability to serve in any public office in Texas for four years, and
  - c. Ineligibility to receive any compensation through state or local government contracts. EC 44.032e
  - d. This is a Class B misdemeanor involving moral turpitude. EC 44.037b

**E. Personal Property and Services Notes**

1. Bid and proposal openings shall be at public meetings of the Board of Trustees or by an officer of the District in a District office. LGC 271.026a
2. A bidder may withdraw a bid due to a material mistake in the bid. LGC 271.026b
3. Bids may not be changed for the purpose of correcting errors after they have been opened. LGC 271.026a
4. The Board of Trustees has the right to reject any and all bids. LGC 271.027a
5. Contract Length
  - a. Contracts obligate current District revenue only for the year in which they are awarded.
  - b. Multi-year agreements are permissible if they contain:
    1. The right of the Board to terminate the contract at the end of each budget, or
    2. An appropriate funding-out clause to allow termination should funds become unavailable to pay for the contract. LGC 271.903
6. Payment
  - a. Payment for goods and services received and invoiced is due thirty-one days after the completion of the contract or receipt of the invoice.
  - b. The rate of interest that accrues on an overdue payment is the rate in effect on September 1 of the fiscal year in which the payment becomes overdue. The rate in effect on September 1 is equal to the sum of:
    - (1) one percent; and
    - (2) the prime rate as published in the Wall Street Journal on the first day of July of the preceding fiscal year that does not fall on a Saturday or Sunday.. GC2251.021, .025, .029

7. Tie Bids
  - a. If the District receives two or more low bids that are identical, the selection of the winner shall be by the casting of lots.
  - b. If only one of the bidders submitting identical bids is a resident of the District, that vendor will receive the award. LGC 271.901
8. Non-resident bidders must underbid resident bidders by not less than an amount (percentage) by which a resident vendor would be required to underbid in the non-resident bidder's state (reciprocity). GC 2252.001; 2252.002
9. Single proprietorships and partnerships where an owner or operator of the business has been convicted of a felony cannot contract with a school district. EC 22.083b
10. School district purchasing procedures and specifications must not discriminate against products made from recycled materials. H&SC 361.426
11. Inter-local Agreements between school districts, other local governments, and state agencies for the purchase of goods and services satisfies the requirement that contracts be preceded by a competitive pricing mechanism. GC 791.025 b, c
12. Purchasing Cooperatives
  - a. Cooperatives may be established by school districts, regional education service centers, county departments of education, and other local governments to pool goods and services needs in order to obtain optimal pricing.
  - b. The Board of Trustees must approve a contract with the governmental unit operating the cooperative designating a person to act for the District in all matters pertaining to the cooperative.
  - c. The governmental unit operating the cooperative may collect fees from the participating districts or governments to cover the cost of operating the cooperative. LGC 271.102
13. Child Nutrition purchases for personal property exceeding \$25,000 must utilize a bid, proposal, state or federal contract, cooperative purchasing agreement, or inter-local purchasing arrangement due to federal school lunch program requirements. (Federal law sets \$100,000 as the minimum, but requires meeting state statutes.)

14. The Board of Trustees may not purchase milk or milk products imported from outside the United States. H&SC 435.021
15. The Board of Trustees may not purchase beef and beef products imported from outside the United States. AC 150.012
16. Annually, Logistics-Purchasing will issue a report to the Board of Trustees covering the management and administrative fees paid to purchasing cooperatives. The district will include any up-charges from products or services in that report. HB 273 , 2007 Legislature

**F. Construction**

1. The school district must employ an architect to prepare plans and specifications for:
  - a. New construction where costs exceed \$100,000.
  - b. Building renovations where costs exceed \$50,000. Art 249a, Sec. 16, V.A.T.S.
2. The state or a political subdivision of the state may not construct a public work involving engineering in which the public health, welfare, or safety is involved, unless:
  - a. the engineering plans, specifications, and estimates have been prepared by an engineer; and
  - b. the engineering construction is to be performed under the direct supervision of an engineer. OC 1001.407
3. However the following work is exempt:
  - a. a public work that involves electrical or mechanical engineering, if the contemplated expense for the completed project is \$8,000 or less;
  - b. a public work that does not involve electrical or mechanical engineering, if the contemplated expense for the completed project is \$20,000 or less.  
OC 1001.053
4. Procedure for acquiring professional services:
  - a. Select the most highly qualified provider on the basis of competence and qualifications.
  - b. Attempt to negotiate a contract with the best provider at a fair and reasonable price.
  - c. If a contract cannot be negotiated, consider the next best provider and attempt to negotiate a contract. GC 2254.004
5. Payment and Performance Bonds

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- a. For construction projects in excess of \$100,000, the District shall require a performance bond in the amount of the contract. GC 2253.021 b
  - b. For construction contracts in excess of \$25,000, the District require a payment bond in the amount of the contract solely to protect vendors and subcontractors supplying labor or materials. GC 2253.021 c
  - c. If the District does not obtain bond coverage it has the same liability as a surety. GC 2253.027
  - d. Neither a payment or performance bond is required for design services in design-build contracts. GC 2253.022
6. School districts must pay the prevailing wage to all workers on public works contracts
- a. The Board of Trustees is responsible for establishing wage rates by:
    1. Conducting a survey of local wage rates or
    2. Using data from the federal Department of Labor.
  - b. Contractors and subcontractors must also pay this rate.
  - c. Complaints from laborers shall be received by the Board and acted on within 30 days.
  - d. If violations have occurred the Board may assess the contractor penalties to reimburse affected workers. GC 2258.021, .022, .023, .052d
7. The District must include a requirement for all contractors to provide all workers providing services to a construction project the appropriate workers' compensation coverage. 28 TAC 110.110 (c) (7)

#### **G. Construction Bids & Requests for Proposals**

1. The Board of Trustees considering a construction contract, must first determine which competitive procurement method will be used in awarding the project. EC 44.035 (a)
2. In publishing the requests for bids or proposals, the District will note in the request document the criteria and weights that will be used to evaluate the offers received. EC 44.035 (b)
3. The evaluation for the selection for a construction services contract must be documented and made public by the seventh day after the contract is awarded. EC 44.035 (c)

4. Bids for Contractors

- a. The District may use competitive bids to select a contractor for construction and renovation projects.
- b. Procedures for bidding shall meet the requirements previously presented. EC 44.040

5 Proposals for Contractors

- a. The District may use a request for proposals to select a contractor for construction and renovation projects.
- b. Proposals for construction services are characterized as sealed proposals and may not be reviewed by other parties in the proposal process. EC 44.039
- c. The District may discuss each vendor's proposal with that vendor to clarify and modify the original proposal.
- d. Procedures:
  - 1. Architect or engineer prepares construction documents.
  - 2. The District will contract independently for inspection, testing and verification services.
  - 3. The District will prepare an RFP that includes construction documents, selection criteria, estimated budget, project scope, and schedules.
  - 4. Advertising and opening of proposals shall meet requirements previously noted.
  - 5. Proposals must be evaluated and ranked within 45 days of opening.
  - 6. Negotiations begin with the vendor making the best offer and if not successful, be ended in writing before proceeding to the next vendor.
  - 7. Selection of a contractor shall be based on the best value for the District. EC 44.039

3. Proposals for Design Build Contracts

- a. The District may use a design-build contract to select a contractor for construction and renovation projects.
- b. Proposals for a design-build contract are characterized as sealed proposals and may not be reviewed by other parties in the proposal process. EC 44.036
- c. Procedures:
  - 1. An architect or engineer prepares construction documents.

2. The District will contract independently for inspection, testing and verification services.
3. The District will prepare an RFP that includes general information on the project site, project scope, budget, special systems and selection criteria.
4. Advertising and opening of proposals shall meet requirements previously noted.
5. Evaluation of proposals is in two steps:
  - a. Rate the companies proposing based on experience and qualifications.
  - b. Rate finalists on safety, long term project durability, methods to establish costs, and construction schedules.
6. Select a firm and have project specifications developed.
7. The design-build firm will supply the District with a set of signed and sealed construction plans at the end of construction. EC44.036

4. Proposals for a Construction Manager/Agent

- a. The District may contract a consultant or construction manager/agent to oversee construction and renovation projects.
- b. Procedures:
  1. Architect or engineer prepares construction documents.
  2. The District selects the most highly qualified manager/agent on the basis of competence and qualifications.
  3. Attempt to negotiate a contract with the best manager/agent at a fair and reasonable price.
  4. If a contract cannot be negotiated, move to the next best manager/agent and attempt to negotiate a contract.
  5. Once the agent is selected, the District shall then procure for a general contractor, trade contractors, and sub-contractors through the use of bids or requests proposal.
  6. The District or manager/agent will procure all independent inspection, testing and verification services. EC 44.037

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5. Proposals for a Construction Manager-At-Risk

- a. The District may contract a manager-at-risk to oversee construction and renovation projects.
- b. Proposals for a manager-at-risk contract are characterized as sealed proposals and may not be reviewed by other parties in the proposal process. EC 44.038
- c. Procedures:
  - 1. Architect or engineer prepares construction documents.
  - 2. The District will contract independently for inspection, testing and verification services.
  - 3. The District will prepare a request for proposal that includes general information on the project site, project scope, budget, special systems and selection criteria.
  - 4. The request for proposal may request the manager's proposed fee and other costs separately if a two-step qualification process is used.
  - 5. All proposals must be evaluated and ranked within 45 days of opening.
  - 6. Attempt to negotiate a contract with the best manager at a fair and reasonable price.
  - 7. If a contract cannot be negotiated, the District must end negotiations in writing and then consider the next best manager and attempt to negotiate a contract.
  - 8. The selected manager shall then procure trade contractors and sub-contractors through the use of bids or requests for proposal.
  - 9. The selected manager may submit his own bid or proposal for portions of the project.
  - 10. The manager and a District representative will open all trade contractor and sub-contractor bids or proposals in manner that does not disclose the contents of the bid or proposal during the selection process.
  - 11. All bids and proposals shall be made public within days after the final selection is made.
  - 12. If the manager recommends a bid or proposal and the District requires the use of another trade or sub-contractor, the District must compensate the manager for any additional cost incurred by the manager as a result of the District's action. EC 44.038

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## 6. Job Order Contracts

- a. The District may award job order contracts for repair and renovation work.

1. Proposals for a job order contracts are characterized as sealed proposals and may not be reviewed by other parties in the proposal process. EC 44.035
  2. Advertising and opening of proposals shall meet requirements previously noted.
  3. Proposals must be evaluated and ranked within 45 days of opening.
- b. The District selects the manager that offers the best value to the District based on selection criteria in the request for proposal.
  - c. Advertising and opening of proposals shall meet requirements previously noted.
  - d. The District may award job order contracts to one or more vendors.
  - e. The job order for a specific project must be signed by a District representative and the contractor.
  - f. Indicated costs may be a fixed price, a negotiated lump sum, or unit based on estimated quantities. EC 44.041
  - g. A job order contract requires the use of engineering or architectural services that constitute the practice of engineering within the meaning of OC 1001.

## **H. Lease Purchase of Real Property**

1. The Board of Trustees may approve a contract for the lease purchase of buildings and other renovations provided:
  - a. The public is given 60 days printed notice.
  - b. If five percent of the registered voters approve a petition for a referendum on the proposed contract the matter must then be approved by a majority of District voters at a referendum.
  - c. The contract is submitted to the Attorney General for approval. LGC 271.004

## **I. Construction Notes**

1. All new construction must meet educational adequacy standards and construction quality standards as set by the State Board of Education. (Renovations need only meet construction quality standards.) (EC 42.352; 19 TAC 61.11)

2. All specifications for new construction and major renovations must be based on the requirements of the District's educational program. 19 TAC 61.13
3. Construction quality is established by adoption of the City of Houston Building Code.
  - a. A plan review will be conducted by a certified building code consultant for all project specifications prior soliciting bids and proposals.
  - b. Any conditions not conforming to the code must be revised in the plans and specifications. 19 TAC 61.1034 b
4. Americans With Disabilities Act standards will be applied to all new construction and renovations. 28 CFR 35.151; 34 CFR 104.23 (Federal)
5. Playground equipment and surfacing purchased after September 1, 1997 must comply with the provisions in the *Handbook for Public Playground Safety*. H&SC 765.061

**J. Law Code Abbreviations**

EC - Education Code  
GC - Government Code  
LGC - Local Government Code  
H&SC - Health and Safety Code  
AC - Agriculture Code  
TAC – Texas Administrative Code  
PC - Penal Code  
V.A.T.S. - Vernon's Annotated Texas Statutes  
OC – Occupational Code

**II. [STANDARDS OF CONDUCT](#)**

**A. Ethics**

1. The District subscribes to the "Code of Ethics and Standard Practices for Texas Educators," (Board Policy, DH-Exhibit) which establishes proper conduct for District staff members. Principle I, Professional Ethical Conduct, clearly applies to those individuals engaged in the purchasing process. This principle includes the following standards:
  - a. The educator shall not intentionally misrepresent official policies of his school district or educational organization

and shall clearly distinguish those views from his personal attitudes and opinions.

- b. The educator shall honestly account for all funds committed to his charge and shall conduct his financial business with integrity.
- c. The educator shall not use institutional or professional privileges for personal or partisan advantage.
- d. The educator shall accept no gratuities, gifts, or favors that impair or appear to impair professional judgment.
- e. The educator shall not offer any favor, services, or thing of value to obtain special advantage.
- f. The educator shall not falsify records, or direct, or coerce others to do so.

- 2. All District staff members are public servants and therefore subject to Title VIII of the Penal code, regarding offenses against public administration, including bribery and corrupt influence (Chapter 36), perjury and other falsification (Chapter 37), obstructing governmental operation (Chapter 38), and abuse of office (Chapter 39). All District staff members shall perform their duties in conformity with District policy, ethical standards for educators, and state and federal law.

professional

## **B. Conflict of Interest**

School district employees are limited in the types of employment in which they may be involved outside of normal school activities.

- 1. No staff member shall accept employment or engage in any business or professional activity that the staff member reasonably expect would require or induce the disclosure of confidential information acquired by reason of official position.
- 2. No staff member shall have any personal financial or other business interest or obligation that in any way creates a substantial conflict with the proper discharge of duties while employed by the District. Such substantial conflicts include, but are not limited to taking time away from the position with the District for the business interest or obligation, or use of the position with the District and/or facilities of the District to advance the cause of the business interest or obligation. (Board Policy, DBD Local)

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## **C. Gifts**

1. The State Ethics Commission established a workable limit of \$50 for meals and other gifts. In 1992, the Ethics Advisory Board held that benefits not allowed under state law included the following examples: a \$50 clock, a hotel room, an airline ticket, a hunting trip, football tickets, a hunting rifle, and a \$60 or more restaurant meal
2. The State Board of Educator Certification has defined “tokens of recognition” such as plaques, fruit, baked goods, coffee mugs and ornaments as acceptable gifts. Gifts to educators have never been condoned by the State.
3. *The Texas Child Nutrition Program Handbook* summarizes Child Nutrition limits as follows. “... if you have any influence on what is purchased and accept gifts from vendors, you have committed a Class A misdemeanor.”

### III. CONTRACTS

#### A. **Contracts/Common Law**

1. A District Purchase Order is an offer. A contract is created between the District and the vendor only when the vendor accepts the terms of the Purchase Order by causing the goods or services requested on the order to be delivered. In other words, the District's offer (Purchase Order) is a presentation to the vendor of what the District wants from the vendor and under what conditions (terms). Purchase Orders provide a uniform way for the District to make offers to vendors with all terms in writing. This is why it is critical to the purchasing process that the school or department receiving the goods or services, immediately compare the delivery of same with the Purchase Order. If the vendor has altered the terms of the Purchase Order to the point where the recipient is dissatisfied, then a possible breach of the contract has occurred. In such a situation, Purchasing should be notified at once.
2. In the case of bids and request for proposals (all types), a different set of circumstances exists. Here, the offer is the vendor's bid or proposal. This is the vendor's offer to the District of what the vendor will sell the District and under what terms. The acceptance of an offer occurs when the Board of Trustees awards a bid or offer selects a proposal. (Note: the vendor may withdraw his [bid/proposal] at any time up until the offer is accepted [award made] by the Board.)

3. A contract is created between the District and the vendor after the bid is accepted by the Board and a contract is signed by a District signatory. A Purchase Order for the goods or services may be withheld or amounts substantially reduced by the Purchasing Agent if the needs of the District change and the materials or services are no longer needed even though the Board has accepted the offer.

**B. Contract Signatories**

1. Contracts exceeding \$25,000 after approval by the Board of Trustees may only be signed by the following:
  - a. The Superintendent of Schools may sign any authorized and lawful contract on behalf of the Board of Trustees.
  - b. All construction contracts and change orders above \$15,000 will be signed by the Superintendent and/or the President of the Board of Trustees.
  - c. The Assistant Superintendent for Financial and Support Services may sign any authorized and lawful contracts on behalf of the Board of Trustees in absence of the Superintendent or Director of Logistics.
  - d. The Director of Logistics is authorized to sign all contracts for the purchase of goods and services.
  - e. Contracts and change orders for construction below \$15,000 may be signed by the Assistant Superintendent for Financial and Support Services.
  - f. The budget authority granted to a Principal or Director in no way authorizes them to execute contracts or make purchases in the name of the District.

**C. Lease Rental Contracts**

Any contracts for rental, lease, lease purchase, or any other provisions that will extend past the fiscal year will have cancellation provisions and must be renewed by the issuance of a new Purchase Order for each fiscal year. (Attorney General of Texas Opinion No. M-950 dated September 14, 1971.)

**D. Consultants Contracts**

1. A consultant is an independent contractor, not an employee, which offers services to the public. A consultant usually maintains an office and usually provides the equipment and materials necessary for completing or performing a service. A consultant is paid on a fee basis for specialized services that are usually considered to be

temporary or short-term in nature, normally in areas beyond the expertise of the employing entity's employees.

2. Consultants hired to perform a service will execute a written contract acceptable to the District, prior to the performance of the service. A request to pay a consultant must be submitted with a copy of the signed contract.

#### **IV. PURCHASE ORDERS**

##### **A. Purchase Requisitions**

1. The purpose of the Purchase Request is to give staff members a method to ask for goods or services.
2. Purchase requests are normally created electronically and approved by the Principal or Director who has evaluated the need for the goods or services. If, in the opinion of the Principal or Director, the items or work are not needed or if budgeted funds are insufficient to cover the request, the Purchase request is to be returned to the originator with the reason why the request is declined.
3. If the request is approved, it may be entered electronically as a purchase requisition. It must meet the following criteria:
  - a. The budget coding is verified as to correctness and available funds.
  - b. All items or services are priced.
  - c. All items or services are identified by a quantity.
  - d. A recommended vendor is identified by a Person/Entity Identification number.
  - e. A ship to address (school or department organization number) is noted.
  - f. A method of handling the purchase order has been selected from requisition codes.
  - g. All items are fully described with brand and model numbers, if available.
  - h. Shipping costs are added to all orders.
  - i. A required by date is provided.
4. Unique requests for goods or services totaling \$1,000 to \$25,000 require quotations from at least three vendors or an only source statement before they will be processed. Requests for standard items and services require the use of a District contractor

5. Requests for goods or services totaling over \$25,000 in the aggregate for twelve months (June 15 to June 14) must be supported by a competitive pricing mechanism before purchases can be made.
6. Orders must not be deliberately split to avoid the necessity for quotes or competitive bids.
7. Computer purchases must be coded 199 xx 6397 00 xxx 11 xx (instructional) or 199 xx 6398 00 999 99 xx (administrative) which will automatically forward the requisition to Technology for approval.
8. **Approval Authority** - All Purchase Requisitions must be approved by the designated Director or School Principal before being electronically sent to Purchasing. In the event a Director or Principal is absent, he may designate approval authority to another person(s). **The budget authority granted to a Principal or Director in no way authorizes them to execute contracts or make purchases in the name of the District.**
9. Method of approval of requisitions may be at the Director or School Principal's discretion at the campus/department level with some physical evidence of approval kept at that facility.
10. Book requisitions may be entered as one (1) item that includes instructions to the vendor as to bar code numbers, catalog cards, etc. (Add one line item for shipping and handling.)
11. Purchase requisitions entered as one (1) whole order but consisting of many items must be received in full on the receiving screen. This allows Accounts Payable to pay for any part that has been received and invoiced.
12. Purchase requisitions to be held for lists or forms to be mailed with the Purchase Order must also have the SA (see attachment) requisition code.
13. Travel Advancements must have a \$.01 line item added to allow for adjustments.
14. All purchase requisitions must have a zero line item at the end of the item list to allow for adjustments.

**B. Purchase Orders**

No purchases are authorized without issuance of a Purchase Order, and payment will not be made for such purchases.

Anyone creating or authorizing such a commitment prior to securing a purchase order will be held personally liable for payment of such agreement and/or may be liable to prosecution under the Texas Penal Chapter 39 Abuse of Office, Section 39.01.

Code

1. Regular Purchase Orders are issued by the Logistics - Logistics - Purchasing based on information submitted on the Purchase Requisition. The Purchase Order is computer-generated with budgeted funds being encumbered at the same time.
2. A Purchase Order is not a contract, but an offer to purchase goods or services.
3. **No goods or services are to be ordered or repairs made without a Purchase Order (P.O.) number having been issued prior to placing the order with the vendor.** The individual placing an order without a P.O. number will be responsible for payment of the invoice.
4. Purchase Orders are not to be modified with the vendor or by schools or departments directly. If it becomes necessary to change the terms of a Purchase Order, the school or department must first advise the Logistics-Purchasing by use of *Cancel/Change Form*. Once agreement to any price increases or modification of terms is reached, Logistics-Purchasing has the responsibility to adjust the encumbrance on the Purchase Order and notify all involved parties of the changes.
5. When merchandise received is purchased from the 6600 (capital outlay) budget, or is an item to be added to the Site Based Management Inventory System, the person receiving the merchandise must record the manufacturer name, model number, and serial number of the item on either or both asset management systems.
6. Once a Purchase Order is issued, the same P. O. number cannot be used for reorders. Where merchandise has been returned or damaged and a reorder of replacement merchandise is desired, a new Purchase Requisition must be submitted.

7. In the event it is necessary to cancel a Purchase Order, the secretary/bookkeeper must advise the Logistics - Purchasing in writing by use of *Cancel/Change Form* as to why they are canceling the order. The Logistics - Purchasing will liquidate the encumbrance. The department/campus placing the order should notify the vendor or specifically request that Purchasing mail a revised copy to the vendor.

**C. Open Purchase Orders**

1. Open Purchase Orders and/or open accounts are established with vendors by the Logistics-Purchasing only through Board approval of competitive bids or proposals or by quotations. Purchase Orders not issued in this manner are considered to cover a one-time single purchase per each Purchase Order number assigned.
2. If you receive an original invoice it should be forwarded to Accounts Payable with the Purchase Order number written at the top center of the invoice.

**D. Direct Pay Purchase Orders**

1. Direct Pays are entered in the computer in the same manner as a requisition. Logistics-Purchasing will assign a Purchase Order number to this transaction. All invoices, receipts, or registration forms should be attached to a copy of the P.O and sent to Accounts Payable. The following transactions are paid directly to the vendor:
  - a. driver's license check-ups;
  - b. Activity Fund reimbursements;
  - c. membership fees and dues;
  - d. entry fees;
  - e. registration fees for workshops, classes, and training sessions;
  - f. reimbursements to individuals in prescribed situations; and
  - g. boiler inspection fees and similar.
2. Deduct sales tax where identifiable.
3. Athletics - maximum of \$8.00 for student meals, \$26.00 per day for coaches. This is tax exempt.
4. For services rendered by an individual, payment cannot be approved unless the request contains their social security number (tax identification number) and address.

**E. Activity Fund (Petty Cash/Principal's Revolving Fund) and PTA/PTO Purchases**

1. Purchase Orders can be used for purchases to be paid out of school petty cash or activity funds or by the PTA/PTO where a Purchase Order is required by the vendor, will enable the school or terms from the vendor, or playground equipment. PTA/PTO to obtain more advantageous is required by other policy, i.e.,

2. The following procedure is to be used for this type of purchase:

- a. Create a Purchase Requisition coded to the appropriate school budget to the Logistics-Purchasing electronically. A Purchase Order will be issued to the vendor with the same budget account codes noted.
- b. Add information about the check to the Notes screen, i. e., NOTE: check for purchase forwarded to Finance Office.
- c. All conditions for submitting a valid Purchase Requisition apply as usual, i.e., purchases over \$1,000 must be supported by quotes, contract, etc.
- d. Forward a school activity fund (petty cash/ Principal's revolving fund), or PTA/PTO check payable to SISD with the P.O. number and the budget code being reimbursed on the check in the full amount of the purchase to the Business Office.
- e. The Finance Office will credit the referenced school budget and deposit the check to the SISD bank account.

**F. Activity Fund Reimbursement**

1. All activity fund reimbursements are handled through the Direct Pay process.
2. Enter the Direct Pay information on your computer just like any other Purchase Requisition. The Logistics-Purchasing will assign a Purchase Order number to this transaction. All invoices, receipts, or registration forms should be attached to a copy of the Purchase Order and sent to Accounts Payable.
3. The deadline for the weekly check run for Direct Pay submissions is noon on Mondays.
4. Charges to activity/principal's funds must be limited to items necessary for daily operations and of an emergency nature.

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**Generally items costing more than \$50.00 and especially  
items on your fixed asset list are not to be purchased  
of-pocket funds.**

**G. Prepaid Purchase Orders**

1. The Logistics-Purchasing will issue Purchase Orders on a prepay basis where the vendor requires payment at the time the order is placed. However, the final decision whether to prepay the Purchase Order or request billing from the vendor rests with the Accounts Payable.
2. To request that a Purchase Order be prepaid, the department/school must enter a Purchase Requisition in the usual manner and use PP as the Requisition Code to prepay the order. It is essential that the correct purchase amount and exact shipping costs be listed so that an accurate remittance check can be issued.
3. If any forms must accompany the Purchase Order and payment to the vendor, add see attachment (SA) to Requisition Code and forward immediately to Accounts Payable with the Purchase Order Number noted on them.
4. The Logistics-Purchasing will issue a Purchase Order number. Accounts Payable will process a remittance check on the next check run and mail the check with the Purchase Order directly to the vendor.
5. Any problems with defective or damaged merchandise, etc., are handled the same way as any other Purchase Orders.

**H. Material Preview/On Approval Purchase Order**

1. Materials to be previewed must be ordered on a Purchase Order in the usual manner. All usual conditions for issuing a Purchase Order shall apply.
2. All Purchase Requisitions for materials to be previewed must be so identified on the requisition as a part of the description text.
3. The following procedure is to be used for receipt, acceptance or return of previewed materials:
  - a. Review of the materials must be made **within fourteen calendar days** after receipt of merchandise. A decision whether to keep or return the materials must be made in a

timely manner because State law requires that vendors be paid within thirty days.

- b. Return of any rejected preview materials is the responsibility of the department/school for which the Purchase Order was issued. The return must be made promptly and must include information to the vendor indicating the Purchase Order number, any reference numbers the vendor has assigned to the order, and the name and location of who is returning the material.
- c. Note on the Receiving Screen of the Purchase Order which, if any, items were rejected, and record in the remarks any information pertaining to the return of the
- d. If the School or Department has indicated acceptance of all items on the Purchase Order Receiving Screen, Accounts Payable will process the order for payment in the usual manner. If any items are noted as being returns, the Purchase Order is not paid until all returned items credited back to the District on a credit accepted items are properly invoiced.

screen items.

are memo and all

NOTE: The original encumbrance on the Purchase Order cannot be reduced because the materials have been returned, but only upon acknowledgment by the vendor with a credit memo.

## V. INTERNAL PROCEDURES

### A. Specifications

- 1. Preparation of specifications shall be the responsibility of the requesting school or department. The responsibility of the Logistics-Purchasing is to review the specifications to ascertain whether competitive bids/proposals can be obtained and assure that Board policies and state laws are followed regarding the purchase.
- 2. Specifications must contain adequate technical descriptions to clearly identify for prospective bidders the type of material, equipment, or services required. In addition to the detailed specifications, brand names, model numbers, and like descriptions may be referred to as product meeting specifications to inform prospective bidders of the type of quality required. Descriptions must include quantitative data such as size, weight, or volume and qualitative data such as commercial grade, texture, finish, strength, chemical analysis, or composition where possible.

descriptions

specifications to inform

quality required. Descriptions

data such as size, weight, or volume and

data such as commercial grade, texture, finish, strength,

chemical analysis, or composition where possible.

3. All bids will carry descriptive specifications when possible. The Logistics - Purchasing will not usually accept the use of items specified with an "or equal" qualification.

**B. Vendor List**

1. The Logistics - Purchasing maintains a computerized bid list. The list is based on categories derived from goods or services for which the District has taken bids or intends to take bids. A vendor may request to be placed on the bid list in one of the following ways:
  - a. The vendor mails a letter to the Logistics - Purchasing on the company's letterhead indicating the goods or services offered, company address, telephone number, and sales representative.
  - b. A sales representative visits the Logistics - Purchasing in person informing an employee which bid list he wants to be placed on and leaves a business card.  
[Notice: this system will change after October 1, 2007.  
Check our website.]
2. Bid packages are mailed to vendors registered on the computerized bid list on or before the date that notice of the bid opening is published.
3. A vendor may be removed from the bid list by failing to respond to three consecutive bids, failing to update addresses and telephone numbers, withdrawing a bid, failing to honor a bid, failing to honor contracts or warranties, or making false or misleading statements (written or oral) during any business negotiation with the District. Once removed, a vendor will not be reinstated on the bid list until he can demonstrate that any past problems have been corrected and his organization can meet all bidding requirements.

**C. Expediting Orders**

1. When a Purchase Order remains open and unpaid for at least thirty days after the required delivery date specified, the school or department involved is expected to take action with the vendor to obtain delivery. The Logistics - Purchasing can sometimes assist in dealing with vendors where there are delivery problems, particularly involving merchandise purchased on bids. However, the Logistics - Purchasing usually does not have firsthand knowledge of whether the merchandise ordered has been received and/or billed. Every effort needs to be made on the part of all

schools and department to do their part in promptly closing out Purchase Orders once merchandise is received or it is determined that, for some reason, the Purchase Order should be canceled.

2. To assist Accounts Payable in the prompt close-out of completed orders and to resolve problems with outstanding Purchase Orders over ninety days old, the Accounts Payable Department will investigate:
  - a. Any invoice received which does not reflect a Purchase Order number, or which reflect an incorrect one, or for which there is no matching Purchase Order in the outstanding file.
  - b. Purchase Orders and all related backup paperwork after Accounts Payable has sent two requests for invoice without response.
  - c. Purchase Orders with problems which require communication with vendors to resolve.

#### **D. Receiving**

1. Generally, orders from most vendors are shipped F.O.B. point of origin, i.e., the title is transferred to the buyer at a company manufacturing plant or warehouse when the delivery company picks up the goods. It is the school's or department's responsibility to file a claim when damage is discovered. This saves time and the holder of the goods establishes better communication between and the freight company.

#### **CHECK SHIPMENTS WHEN THEY ARRIVE!**

2. Freight damage should be handled in the following manner:
  - a. **Freight damage** is to be noted on the driver's receipt before he leaves.
  - b. A department or school cannot reject a shipment unless it is "particularly worthless" (cannot be repaired). Have the driver confirm the damage in writing, and determine that acceptance will damage your building (ex. leaking paint).
  - c. If the driver refuses inspection of any carton, be sure to note any sign of external damage on the delivery receipt.
  - d. **DO NOT** speculate as to cause of damage. Report only visible damage.

or

- e. If concealed damage is discovered, the school or department has fifteen days from the day of delivery to call the carrier and report the damage, otherwise the Principal Department Head becomes responsible without recourse.
  - f. Confirm your call to the carrier in writing.
  - g. **Keep the damaged goods and all packing materials in a safe place** until the carrier makes an inspection (mark the P.O.# on carton).
  - h. Request a copy of all inspection reports.
  - i. If the carrier does not inspect within thirty days, make your own detailed inspection report with pictures.
  - j. Once inspection has been made, the carrier will usually propose a settlement. If this is unacceptable or you do not hear from the carrier, contact the Logistics - Purchasing for further assistance.
3. Staff members must not accept deliveries without inspection. **Writing "subject to inspection" on the receipt will not protect the school or department.** The carrier's inspection must be made at the delivery site.
  4. **Manufacturer defects** in merchandise should be reported in writing to Purchasing by the Principal or Department Head as soon as possible after receiving. This merchandise is not to be used until the Principal or Department Head has been notified by Purchasing as to its disposition.
  5. Once the order is received and checked, the bookkeeper should execute the receiving process through Insight.
  6. If a partial shipment of merchandise is received and accepted, notify the Accounts Payable Department in the following manner:
    - a. Indicate on the receiving screen, which items were received and the date received.
    - b. The Purchase Order will remain open until all merchandise has been received.
    - c. Any receiving copies are to remain in the receiver's files unless a manual order was created (i.e. library books, large orders). A copy of a receiving goes to Accounts Payable.
  7. Once the Purchase Order has been paid in full no changes may be made; i.e. receipt of further goods or cancellation of purchase order.

**E. Equipment Warranty, Maintenance, and Repair**

For repair of equipment which has been received and paid, a school or department has one of the following options:

1. If the equipment is under warranty, contact the vendor from whom it was purchased. If the product was purchased through a District bid, contact Purchasing. (Warranties start the day the equipment is received even if school is not in session and the item is not put in use right away.)
2. If the equipment is no longer under warranty, contact the Maintenance Department for repair assistance.
3. For those items covered by outside maintenance contracts such as typewriters, duplicating equipment, and some copiers, contact the appropriate service company holding a maintenance agreement with the District.
4. For all computer equipment, contact the Management Information Services Department.

**F. Trade-In of Equipment**

1. Before executing purchases for vehicles, computer equipment, business machines, audio-visual equipment, and other similar types of items, the Logistics - Purchasing will determine the following:
  - a. Do suppliers of the equipment to be purchased offer trade-in allowances?
  - b. Is there surplus equipment in the District available to be traded in for the replacement equipment?
2. In all cases where it is possible to trade in equipment in order to reduce the initial purchase price, the Logistics - Purchasing will seek the trade-in allowance.

**G. Fund Raising/Catalogue Sales**

1. All vendors approaching Principals concerning fund-raising activities at their schools shall have prior permission from the Logistics - Purchasing to enter the school.
  - a. The Department will advise these vendors about how to present their programs and caution against disruption of class time.

- b. Principals should request evidence that the vendor has been approved by Purchasing in the last twelve months and call Purchasing if a problem arises.
2. Purchasing does not see vendors offering educational promotions (such as free books or encyclopedias). These vendors must meet with the Deputy Superintendent before entering the schools.
3. Catalogue vendors do not need prior Purchasing approval to leave catalogues and meet with the Principals.

## **H. Open Records**

All information collected, assembled or maintained by governmental bodies pursuant to law or ordinance or in connection with the transaction of official business is public information and available to the public during normal business hours of any governmental body with certain exceptions.

Three exceptions clearly concern the purchasing operation:

1. information which, if released, would give advantage to competitors or bidders;
2. information pertaining to the location of real or personal property for public purposes prior to public announcement of the project, and information pertaining to appraisals or purchase price of real or personal property for public purposes prior to the formal award of contracts therefore;
3. trade secrets and commercial or financial information obtained from a person and privileged or confidential by statute or judicial decision;

The concern is that information is not disclosed at inappropriate times leaving the District unprotected.

## **I. Sales Taxes**

1. Spring Independent School District is exempt from the payment of state sales taxes by the fact it is a political subdivision of the State of Texas. The District's Sales and Use Tax Permit number is 1-74-6002339-7. **This is not a "tax exempt" number as none exist in Texas.** (RCS Chapter 20, Title 122A, 20.04) Tax Code 151.309
2. Staff members may not use the District's tax exempt status for purchases of personal property. Anyone avoiding the payment of

sales tax by using this exemption may be liable for prosecution under Texas Penal Code, Chapter 39, Abuse of Office, Section 39.01. Tax Code 151.707

3. All Purchase Orders notify vendors of the District's tax exempt status. When placing a confirming Purchase Order with a vendor, the school or department should indicate to the vendor that the District holds this exempt status and should not be charged tax.

#### **J. Quotations**

1. The term quotation is used to identify the task of securing pricing information from a vendor for goods or services.
  - a. Verbal or telephone quotations must be requested from vendors for one-time purchases between \$1,000 and \$10,000.
  - b. Formal written quotations are required for purchases between \$10,000 and \$25,000 in the aggregate during the District's annual aggregate contract period from June 15<sup>th</sup> of one year through June 14<sup>th</sup> of the following year.
2. Any required quotations whether verbal, written, or faxed obtained by a department or school must be cited in the Notes Screen of the Purchase Requisition and written copies maintained for one school year after the quotation is taken.

#### **K. Contracted Vendors**

To save time in selecting vendors and obtaining requisition approval, schools and departments are encouraged to use approved District contractors from the District's *Contract Reporter*. This site is updated monthly and lists approved contractors and their vendor numbers. Requestors can access a vendor's catalogue, their web site, or the company's representative for product and pricing information. Requisitions using approved contractors and their bid number will receive priority in processing.

#### **L. Purchase of Office Supplies**

Office Supplies are purchased from Supply Services or the District approved Office Products Supplier through their web site. Limit requests for office products to these sources only.

#### **M. Annual Aggregate Category Dates**

1. The District establishes the twelve month period to comply with annual aggregate value of a category of goods or services to run from June 15 to June 14 of the following year.
2. For item categories that exceed \$25,000 during this date range, a competitive pricing mechanism will be employed to select a contractor to supply the goods or services requested.

## VI. SPECIAL PROCEDURES

### A. **Purchase of Computer Hardware/Software**

1. If you plan to purchase a computer or computer hardware, contact the M.I.S. Department and use the contracted vendors.
2. Before any computer software may be ordered the approval form must be completed and signed by the appropriate administrators/directors/C&I and M.I.S. Attach the completed form with signatures to the original purchase requisition and add notes indicating that the approval form is on file.

## VII. GLOSSARY

**Annual Aggregate** - This pertains to the total amount of purchases made by a school district within a single category of items during a twelve month period. The state does not prescribe on what date the period starts and stops.

**As Is** - An expression signifying that goods offered for sale are without warranty or guarantee. The purchaser has no recourse with the vendor for the quality or condition of the goods.

**Authorized Deviation** - Permission given to a supplier authorizing production or delivery of items within stated limits other than those specified originally.

**Backorder** - The undelivered part of a previous order which the vendor re-enters for shipment at a later date.

**Bid** - A response to a specified request for goods or services. Usually requested for contracts exceeding an annual aggregate of \$25,000.

**Bid Bond** - Bid bond guarantees an owner of property that a party bidding for a contract will, if his bid is accepted, enter into a contract and furnish performance and payment bonds for the carrying out of the work, or pay the owner the difference between the amount of his bid and that of the bid finally accepted.

**Buy Board** – Cooperative run by the Texas Association of School Boards

**Caveat Emptor** - "Let the buyer beware": The sale is at the buyer's risk.

**Caveat Venditor** - "Let the seller beware": In some cases, the vendor is liable to the buyer if the goods delivered differ in kind, quality, use, and purpose from those specified in the contract of sale.

**Certified Check** - A check endorsed by a bank which guarantees its payment.

**Change Order** - A purchaser's document used to modify or add to a purchase order.

**Competitive Pricing Mechanism** - A term used to collectively describe the various methods the state has provided to meet bidding requirements for purchases above \$25,000. These include bids, requests for proposal, C.I.S.V. catalogue purchases, Texas GSC contracts, Federal GSC contracts, and inter-local government contracts.

**Confirming Order** - A purchase order originally placed verbally for goods or services.

**Delivery Schedule** - The agreed time or rate of future deliveries of purchased goods or services.

**DIR** – Department of Information Resources, a state agency providing contracts for computers and software

**Discount** - An amount deducted from the selling price by the vendor. It is generally applied when a purchaser meets a stipulation that reduces the cost of the goods.

**Expediting** - "Follow-up" Tracing the status of an order to ensure efficient movement of goods to the School or Department in accordance with the terms of the Purchase Order.

**Express Warranty** - Vendor's representations concerning the nature and use of goods, which he intends the buyer to rely on.

**HCDE** - Harris County Department of Education

**HGAC** - Houston Galveston Area Council – a cooperative

**Inventory** - A stock of goods or an itemized list of a stock of goods on hand at a particular time. When ascertained by a physical count of the items it is a "physical

inventory"; when determined from records maintained for routine business activities, it is a "book inventory."

**Invitation to Bid** - A request made by a purchaser to prospective suppliers for their competitive price quotations on goods or services.

**Invoice** - The vendor's itemized list of goods or services shipped which specifies price and terms of sale.

**Knocked Down (k.d.)** - A term to indicate that the article described is delivered unassembled. When an article is shipped "k.d.", it must be reduced in size by one third or as specified in the carrier's tariff to be eligible for the applicable freight rate.

**Lump Sum** - The price agreed upon between vendor and purchaser for a single job or a single purchase of merchandise in bulk.

**Manufacturer** - One who produces or assembles items from raw materials or components.

**Negligence** - Under a legal duty the doing or omission of some act which a reasonable, prudent person would not have done or omitted under the circumstances.

**Open Account Purchase** - A purchase made by a buyer who has established credit with the seller. The transaction is charged to the purchaser's account, payment for which is to be made at some future date agreed upon by buyer and seller.

**Original Equipment Manufacturer - (OEM)** Seller's classification of a buyer whose purchases are incorporated into a product he manufactures, usually without changing the item which he acquires.

**Payment Bond** - often referred to as a Labor and Materials bond, guarantees that bills for labor and material used in the work project will be paid. This coverage is usually included automatically in the Performance Bond so no additional charge is necessary.

**Performance Bond** - guarantees the owner that work will be completed according to the contract specifications. This is considered the key bond in a work project because the owner not only wants the work completed - usually within a specified time - but also completed according to the owner's specifications.

**Political Subdivision Corporation** – a corporation that acts for multiple political subdivisions to negotiate the purchase of electricity.

**Proprietary Article** - An article made and marketed by a patentee.

**Purchase** - To acquire goods or services for a price.

**Purchase Order** - A purchaser's formal written offer to a vendor containing all terms and conditions of a proposed transaction.

**Purchase Requisition** - A formal request made to the Logistics - Purchasing to procure goods or services from vendors.

**Quotation** - A statement of price, terms of sale, and description of goods or services offered by a vendor to a prospective purchaser. When given in response to an inquiry, it is generally considered a sales proposal. Also, the stating of the current price of a commodity. For the District it is primarily used when making purchases between \$1,000 and \$25,000.

**Rebate** - A form of discount in that the vendor returns, (or rebates) to a purchaser in consideration of the purchase of a specified quantity or value of goods usually within a stated interval.

**Receiving Copy** - A receiving department document used to inform other in the company of the receipt of purchased goods. Copies are usually distributed to the accounting department.

**Request for Proposal (RFP)** - This is an alternate to the competitive bid process. The proposals are advertised and received in the same way as bids. Once opened, the District can select the best proposal and negotiate specific terms with the vendor to further lower the price or improve the contract.

**Reverse Auction Procedure** - A bidding process using an internet site where vendor can offer one or more bids for goods or services. Vendor does not know the identities of the other vendors. Bidding is in real time.

**Sample** - A small portion of goods taken as a specimen of quality.

**Sealed Competitive Proposal** - A term coined by the state to identify proposals dealing with construction. The term sealed is used to indicate that the proposals are not to be made available for public review. In reality this proposal is no different than the standard RFP.

**Separate, Sequential, and Component Purchases** - Dividing a purchase into several parts or buying parts of a system on separate orders avoid having to use competitive pricing mechanisms to purchase goods and services.

**Specification** - A comprehensive and accurate statement of the technical requirements descriptive of a good or a service, and of the procedure to be followed to ascertain if the requirements are met. A federal specification is a specification established in accordance with procedures prescribed by the Federal Specification Board and approved for use by all government agencies.

**Stock** - The supply of goods maintained in a stores system to satisfy anticipated demand.

**TCPN** - The Cooperative Purchasing Network formally Texas Cooperative Purchasing Network.

**Terms of Payment** - The method of payment agreed upon in a sales contract. The three basic terms are cash, open account, and secured account.

**Tracer** - A request made to a carrier to trace a shipment for expediting purposes or to establish date of delivery.

**Vendor** - A seller of goods or services.

**Warranty** - An undertaking, either express or implied, that certain fact regarding the subject matter of a contract is as it is declared or promised to be. Not to be confused with "guarantee," which entails contractual responsibility for the substandard performance or nonperformance of another party?

**Wholesaler** - A purchaser who buys goods for resale to a retailer or industrial user.