

**LITTLE ROCK SCHOOL DISTRICT
PROCUREMENT & MATERIALS
MANAGEMENT**



LITTLE ROCK
SCHOOL DISTRICT

**REGULATIONS AND PROCEDURES
HANDBOOK**

Revised 2/2022

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LRSD PROCUREMENT REGULATIONS

I. GENERAL INFORMATION

Within the Little Rock School District, the Board of Directors has the final responsibility for developing policy governing the general administration of the school system, and overseeing the process in which the public funds entrusted to them are expended. The responsibility for the procurement of all commodities, services and construction is delegated to the Director of Procurement per Board Policy 7.5. **Individual schools and departments have no authority to make purchases except as approved by the Procurement Department.**

This manual is intended to list the general regulations and procedures developed to accomplish the procurement process for the Little Rock School District. While it is somewhat detailed, it cannot cover all eventualities. The occasional exceptional case will be worked out as circumstances and good business practices warrant.

These regulations and procedures have been prepared primarily for the guidance of the administrative personnel responsible for procurement/material management and for the various departments and schools served by the Procurement Department. However, the information and guidelines contained in this manual are also of considerable use to our current and potential suppliers.

A. STATUTORY AUTHORITY

School districts in Arkansas are not bound by the purchasing statutes covering state agencies. In essence, school purchasing is primarily governed by board policy and administrative regulations. Public school legislation enacted relative to public school purchasing is contained in Title 6 Chapter 21 Subchapter 3 of the Arkansas Code of 1987 annotated. This legislation outlines the legal parameters governing the responsibilities of school purchasing officials and defines those procurement transactions that require competitive bidding.

B. CENTRALIZED PURCHASING SYSTEM

The Procurement Department is under the supervision of the district's Chief Financial Officer. The Department serves the district by relieving the rest of the district from performing a function that is common to all. This results in greater effectiveness and economy through specialization. Some advantages to this are better service to users, closer coordination and more effective control, reduced costs and uniformity of procedures and practices.

To avoid the waste in time and money associated with decentralized purchasing and property disposal, the Little Rock School District has established centralized Procurement and Materials Management. This is essential to efficient business administration because of the economy made possible by standardization and consolidation of requirements for quantity or bulk purchasing and maximum utilization of resources for accomplishing the total materials management function. Good planning and procedures are required to accomplish the final

objective of getting the supplies to the location where they are needed, at the time they are needed, in the quantity needed, without loss or damage.

The Procurement Department is assigned very definite responsibilities for negotiation and buying for all departments of the district regardless of the source of funding. The department must work with hundreds of individuals within the district and in the business community, in providing the district's logistical requirements economically, efficiently, effectively and as promptly as circumstances will permit.

C. PROCUREMENT MISSION AND FUNCTIONS

1. Mission

The Procurement Department's overall mission is to purchase competitively without prejudice and to seek maximum educational value for every dollar expended. The prime guidelines governing this responsibility are that all purchases fall within the framework of budgetary limitations and be consistent with the approved educational goals and programs of the district. The procurement department is charged with establishing and administering purchasing regulations and procedures to accomplish this mission.

Purchasing is one of the most common of business activities. It is defined as the acquisition of property and the giving of an acceptable and reasonable consideration in return. Every transaction between a buyer and a seller involving the transfer of property is a contract. Some can be a simple purchase order, duly signed and acknowledged; while some are lengthy written agreements covering a myriad of contractual conditions. From the beginning to the end of a transaction between a buyer and a seller, many problems are involved, and the proper handling of these, and the administering of the business functions connected with them, are vital factors in the successful operation of the district.

For these reasons, the authority and responsibility of purchasing rest with the Procurement Department. This places the responsibility on those whose primary concern is in the performance of this special task and it permits the establishment of uniform procedures governing the actions and relationships of those involved in the procurement process. The Procurement Department shall maintain overall legal authority, responsibility and accountability for implementing the purchasing program and establishing the regulations, procedures and control, even in those instances when certain functions are delegated.

Up-to-date records of available sources of supply are necessary to the Procurement Department. Consequently, procurement personnel must constantly seek out new products and manufacturing representatives, wholesalers and retailers, who may have new lines, grades of material and

better prices. Therefore, easily available, carefully compiled records of purchases must be maintained extending over a period of years.

Ideally, all requests for prices, services and all purchase transactions shall be made by the Procurement Department. In some specific instances, in coordination with the Procurement Director, the Chief Financial Officer may assign responsibility for certain procurement action to other designated officials.

2. Functions

The public school purchasing official is part of the administrative process charged with the responsibility of expending public funds. This responsibility carries with it the obligation, both moral and legal, to ensure that maximum value is obtained for each dollar spent. The obligation can best be discharged by applying professional techniques and maintaining the highest ethical standards in all business interactions and relationships between vendors and contractors and the district's schools and departments.

Professional management is the process of achieving maximum effectiveness in the utilization of resources (severely limited at times) to accomplish the district's goals and objectives. A professional, effective, efficient and well-managed procurement operation will achieve cost reductions and savings.

There are three key operative words that govern every procurement action. These words and their most meaningful definition are:

Efficiency Providing the best possible service to the user at the lowest total operational cost.

Economy Continuously and vigorously striving for improved performance relative to obtaining better prices for goods and services purchased.

Effectiveness Providing the required goods and services to the user when needed at acceptable levels of quality.

The purpose of the Procurement Department is to organize and administer procurement and property disposal for all schools and departments of the district in accordance with responsibility and authority delegated by the district's superintendent and the Board of Directors. The Procurement Department is assigned very definite responsibilities for contracting and procurement for all departments of the district as well as other related functions.

Specific functions are:

- a. Procure all equipment, supplies and services for district use in such a manner that the maximum value will be obtained for the money expended.
- b. Establish, administer and coordinate procurement and materials management regulations and procedures throughout the district.
- c. Negotiate and execute purchase orders, contracts and leases with vendors to the best interest of the district.
- d. Consolidate purchases of like or common items to obtain the maximum economical benefits.
- e. Utilize all known contracts and sources to expedite deliveries of needed supplies and equipment.
- f. Develop and administer a program to advise all requisitioners on correct requisitioning procedures. Advise them of proper lead times required and of all unusual supply situations or problems.
- g. Develop and maintain current list of qualified bidders whose reputations, financial position and price structures are acceptable for consideration as logical sources of supply.
- h. Maintain vendor performance records.
- i. Analyze prices paid for materials, equipment and services.
- j. Act as spokesman for the district on all matters pertaining to procurement and property disposal.
- k. Achieve effective standardization of products whenever possible and execute annual contracts for their procurement.
- l. Provide the schools and departments with current status of their requisitions and information concerning the delivery time for requested items.
- m. Develop and implement measures that provide for the effective receiving of orders.
- n. Maintain liaison with various governmental or educational agencies in relationship to the district's authority to obtain excess of surplus equipment and supplies. Establish necessary procedures for locating, obtaining and inventorying the available and desired item.

- o. Enter into cooperative procurement arrangements with other institutions or public agencies when it is in the best interest of the district.
- p. Serve as the district's primary point of contact with vendors, contractors and suppliers on matters pertaining to the function of procurement and acquisition of materials, equipment, supplies and services.
- q. Procure, through competitive buying procedures, commodities necessary for the operation of the district.
- r. Study price trends and market conditions and keep informed of sources of supply and new product development.
- s. Determine, as appropriate, quantity and quality of commodities purchased.
- t. Serve as the central depository for bids and associated procurement documents.
- u. Control the development and maintenance of the vendor register. Final authority on the selection, qualification and, when appropriate, removal of vendors from the register. Provide vendor reports to district decision makers regarding available vendors by commodities offered including minority and women owned businesses.
- v. Assume responsibility for all purchasing actions to determine compliance with administration and Board of Directors policies and directives; state and federal laws and regulations; assure conformity with overall good purchasing practices; and compliance with proper ethical standard.
- w. Maintain effective communication and liaison with district management and school staff personnel, the local business community, governmental and other educational agencies.
- x. Develop and maintain appropriate records and reports, such as vendor's performance, bidders list, contract files, management reports and inventory records.
- y. Prepare for the Chief Financial Officer, as needed, reports relating to the materials management function.
- z. Assume responsibility for the operation of the Central Supply Center inventory control system and Central Warehousing operations.
- aa. Assume responsibility for the appropriate disposal actions for the discarding of equipment and furniture declared obsolete or surplus.

- bb. Assume responsibility for operation of the intra-district mail distribution.
- cc. Attend, participate and represent the district in meetings with groups, committees, agencies, etc., as appropriate, on matters relating to procurement and materials management.
- dd. Develop and maintain the district Property Accounting System.

D. GENERAL REGULATIONS

1. Blanket Orders
A blanket purchase order is a negotiated purchasing arrangement, which designates one vendor as a supplier for a specific item or class of items or services which may be required on a frequent basis by a particular department. The blanket order defines the terms, conditions, persons authorized to use the blanket order and delivery instructions. Firm dollar limits and specific directions are established as controls regarding this type of order. The vendor receives a properly authorized request from a designated department, makes delivery and invoices against the original blanket purchase order. This procedure is followed until the effective date is expired and/or the dollar limit is exhausted.
2. Conflict of Interest – Board Member, Officer and Employees
No board member, officer or employee of the district shall be interested financially in any contract entered into by the district. This shall also preclude acceptance of any gratuities, financial or otherwise, by the above persons, from any supplier of materials or services to the district. (Also see Board Policy GBEA & AR Code Annotated 6-24-101:119)
3. Conflict of Interest - Suppliers: Suppliers and potential contractors shall be cautioned that communicating directly or indirectly with any Little Rock School District official for the purpose of influencing the outcome or gaining favorable advantage in the award of a bid or contract is prohibited. Any action taken which may tend to degrade the integrity of the competitive procurement process will be considered as grounds for disqualification.
4. Cooperative Procurement
The Director of Procurement has been delegated authority to join with educational institutions and other public agencies in the joint-cooperative procurement of supplies, materials, equipment and contractual services whenever the best interest of the district will be served. These cooperative procurements will be in accordance with the institution's procurement policy but the district will issue its own purchase orders, negotiate separate contracts or appropriate and develop separate payment processes.

5. Correspondence with Vendors
All correspondence with vendors should be written by the Procurement Department, except in special cases where the technical details involved make it advisable to delegate authority to others. In such cases, Procurement will receive copies of all correspondence. In addition, it may be necessary for faculty members or other personnel to correspond directly with suppliers to obtain information on supplies they may be utilizing. This is felt necessary and even encouraged by Procurement.
6. Emergency Buying
Emergency orders must be kept to a minimum. When necessary, emergency purchases will be made by a buyer from Procurement by telephone and a confirming purchase order will be sent immediately to the vendor. To initiate an emergency transaction, the authorized user should call Procurement giving the requisition number, item needed, the circumstances and the total cost. Proper planning eliminates many rush transactions but real emergencies will be handled as expeditiously as possible. Emergency purchases over \$10,000 must be documented and approved by both the CFO and Superintendent.
7. Local Buying Preference
Other things being equal, the district prefers to deal with local sources of supply in order to minimize communications and shipping problems. The Little Rock area is amply blessed with commercial suppliers with inventories of most products required.
8. Market Analysis
Procurement personnel must systematically select useful information from the mass of information received daily. New sources of supply, new lines and grades of material and prices paid for equipment, will be analyzed and purchased in accordance with market conditions.
9. Minority Vendors
In support of the Little Rock School District's goal to achieve an equitable integrated public education program, Procurement enhances this effort by ensuring that responsible minority businesses enterprises (MBE) and labor surplus area firms (LSA) are afforded a fair and equal opportunity to participate in the procurement process. LRSD recognizes AR Code 15-4-301:315 and 2CFR 200.321 to support and encourage participation of businesses owned & controlled by minority vendors and in impoverished areas. LRSD has in effect a 10% spending goal with MBE's and a 10% spending goal with women owned business enterprises (WBE) (Board Policy 7.5.1). LRSD encourages MBE's and WBE's to contact us for any assistance.
10. Overdrafts Prohibited
No purchase requisition shall be allowed to overdraw a budget account except by written authority of the Chief Financial Officer. It is the responsibility of the requisitioner to know that funds are available in a

designated account before a request for purchase is made. The Business office provides a periodic report of expenditures and unexpended balances to departments and schools of the district.

11. Payment In Advance

Pre-payment is sometimes necessary in cases such as subscriptions, dues and memberships where payment is required before the goods or services are delivered. This means that a check must be written and presented to the vendor before delivery can be accomplished. Since a check is written in advance, information on the requisition must be precise, especially the price. The requisition should indicate prepayment. Proper back-up documentation such as a subscription notice, etc. must accompany the requisition.

12. Procurement Process Review

The Procurement Department will continuously review the procurement system. Department personnel must be constantly alert to new or different methods and techniques which could result in improved economy or efficiency in the acquisition function. Creativity, initiative and ingenuity are the key elements of the review process. However, personnel may be assigned specific projects periodically with the objective of finding areas in which improvements can be made.

13. Purchasing Surplus Government Property

There are two sources for obtaining government surplus property - Federal Surplus Property and Marketing and Redistribution (state). Certain authorized personnel may go by the federal facility. Any Little Rock School District employee may go to the State facility. When desired merchandise/equipment is identified, a purchase requisition should be completed, showing exact description of merchandise and price. A purchase order will be generated and taken to the site by the user to pick-up merchandise.

14. Quality/Quantity Determination

Procurement has the full authority to question the quality, quantity and type of material requested in order to facilitate economy.

15. Receiving and Interviewing Salesmen

Sales representatives must be qualified and approved by the Procurement Department before they visit and demonstrate their products at the schools or departments. Sales representatives, once approved by Procurement, will be issued a Vendor Visitation Authorization which authorizes them to visit schools or departments. If they do not have one, direct them to Procurement. Demonstrations should be coordinated as users at other schools may desire to attend and learn about the product.

16. Records

Records of all purchases will be carefully compiled, readily available and maintained as required by district regulations, state and federal law.

17. Small Orders Discouraged
Small orders are costly to the district and even more so to vendors. The district will consolidate items as much as possible so vendors will more readily offer discounted prices.
18. Standardization of Procedures Based on Board Policies
Procurement procedures and administrative practices developed from Board policies shall be uniformly standardized but sufficiently flexible to care for isolated unique conditions. Items commonly used in the various schools or departments thereof shall be standardized whenever consistent with educational goals and in the interest of efficiency and economy.
19. Term Contracts
A term contract is an agreement with established prices and terms between vendor and the district. This contract is based upon frequent requirements for items of similar nature or category which are competitively bid indicating quality desired and delivery instructions. The term or duration of the contract can vary with any extensions mutually agreed to by both parties.
20. Vendor Relations
No favoritism will be extended to any vendor. Each order will be placed on the basis of quality, price and delivery; past services being a factor if all other considerations are equal.
21. W-9
The Procurement Department will not issue purchase orders to firms or individuals unless a federal tax identification number or social security number is on file. This information must be obtained in writing either by having vendors complete IRS form W-9 or a signed letter from the firm or individual listing the Federal ID number or social security number.

II. INITIATING A PURCHASE

A. DISTRICT APPROVED PURCHASE PROCESSES (The District has approved TWO purchase processes)

1. PRO-CARD: A VISA Procurement card used for purchases under \$1,000 within the established District rules (see LRSD Pro-Card handbook and Board Policy DGD).
2. Regular District Purchase Order: A pre-numbered purchase order issued to the vendor by the District's Procurement & Materials Management Department for expenditures over \$1,000 OR under \$1,000 where the Pro-Card is not used. This form is to be signed by the District's Director of Procurement & Materials Management and is the primary method for ordering or contracting goods/services. A copy of the purchase order is presented to the vendor and is the authority to ship/deliver the goods/services ordered.

B. HOW TO GENERATE A REGULAR PURCHASE ORDER

The district utilizes an Automated Purchase Order System that allows the generation of a regular purchase order by the Procurement Department. The following steps explain how a regular purchase order is prepared.

Step One: DETERMINE NEED AND PLAN PROPERLY

All users should recognize the need for timely anticipation of their resource requirements. The Procurement Department strives to act quickly and efficiently; however, proper and economical purchasing takes time. Sources must be located, bids obtained (if applicable), negotiations accomplished, prices compared and qualities checked before orders can be placed. Once the order is placed, additional time is required for normal processing by the vendor. Transportation takes time and the least expensive means of transportation may be slow. All these factors affect the time that elapses between recognition or identifying the requirement and the actual receipt of the order. The more time allowed for the procurement action, the more effective the process becomes. Only with proper planning and foresight can unnecessary delays be avoided.

The necessity of pre-planning supply and equipment needs by users cannot be over emphasized. The time required to issue an order and secure delivery after the receipt in Procurement of a properly prepared and approved requisition varies according to several factors, among which are the following:

1. Are the items simple or complex?
2. Are the items expensive or of small value?

3. Are there many or is there only one source of supply?
4. Are the items regularly stocked by the dealers, or must they be scheduled with the manufacturers for future delivery?
5. Is the item a standard one or is it newly developed and marketed?
6. Are modifications or attachments as to speed, output or sensitivity required even for otherwise standard equipment?
7. Is the item to be used alone or as part of a "system" presently on hand, or are components to be secured from the same or various sources?
8. Are one or more potential suppliers available locally?
9. Can the item be maintained or serviced locally?

Obviously, all these questions must be considered by the Procurement Department in checking and amplifying specifications, securing prices and negotiating desired delivery dates.

Step Two: PREPARATION OF A PURCHASE REQUISITION

A purchase requisition is a computer generated communication transmitting the needs of the requisitioner to the Procurement Department. It is procurement's responsibility to handle the requisition in an appropriate manner. Procedures for the actual preparation of a district requisition are contained in a separate desktop guide developed for schools/departments. Once a requisition has been prepared it must be approved. In general, all requisitions exceeding \$1,000 must be approved by at least one level of authority above the originating school/department (see Appendix B). Exceptions to this will be:

1. The Superintendent will have authority to approve all requisitions from his/her budget.
2. MRO Supplies purchased by the Facilities Services Department are covered under separate procedures.

Step Three: PREPARATION OF A REGULAR PURCHASE ORDER

A regular purchase order is the authorization for a vendor to deliver merchandise to the District. A signed, official purchase order containing a purchase order number is the primary method of procurement obligating the district. All purchase transactions must be authorized by an official district contract or purchase order signed by the Procurement Director or his designee. Exceptions may be made only as provided for by administrative directive.

Issuing a Regular Purchase Order: Once a properly approved requisition is received, Procurement will generate a computer generated purchase order.

Except for competitive bids, regular purchase orders will be issued within three (3) days and when possible, within twenty-four (24) hours after receipt of an approved requisition. Delivery, however, will always depend on stock of vendors and the problems they have in producing or securing delivery from their suppliers.

Only the Procurement Department can make modifications to purchase orders and contracts such as: prices, terms, delivery address, delivery date, quantity and quality. Verbal or written instructions issued by unauthorized individuals regarding purchases will not be recognized by the district and payment for these obligations may not be allowed.

Occasions often arise necessitating the cancellation of a regular purchase order. Only the Procurement Department is authorized to cancel an order. Some of the reasons for cancellation are: merchandise is no longer available, company has gone out of business, delivery time cannot be met and price increases exceed users budget. If the user is notified by the vendor of a cancellation, the school/department should refer vendor to Procurement.

III. COMPETITIVE BIDDING

Competitive bidding shall be the standard method of purchasing where the estimated purchase costs equal or exceeds the amount established by AR Statute 6-21-304 unless a sole source or emergency determination is made. Awards shall be made without prejudice or favoritism to any vendor. See APPENDIX A FOR BIDDING FLOWCHART and APPENDIX B for Bid/Quote Rules and Expenditure Authorization Levels.

A. DEFINITIONS

1. Commodities: Commodities shall mean all supplies, goods, material, equipment, machinery, facilities, personal property and services, other than personal and professional services, purchased for or on behalf of the school district.
2. Invitation for Bids (IFB) - (1) The customary formal sealed bidding method used by state and local governments for the purchase of equipment, materials, supplies and construction. (2) All documents, whether attached or incorporated by reference, utilized for soliciting bids.
3. Open Market Purchases: Open Market Purchases shall mean those purchases of commodities by any purchasing official in which competitive bidding is not required.
3. Pre-bid conference: A technique used in preparation for formal bidding when specifications have not previously been developed for a new product or service and the district may not have the professional expertise or the time to develop adequate specifications. Manufacturing representatives, consultants and prospective bidders, as appropriate, are gathered in a formal conference to assist in the development of requirements, specifications, etc.
4. Purchase: Purchase shall mean and include not only the outright purchase of a commodity but also the acquisition of commodities under rental-purchase agreements or lease purchase agreements or any other type of agreements whereby the school district has an option to buy the commodity and to apply the rental payments on the purchase price thereof.
5. Purchasing Official: Purchasing official shall mean the Board of Directors of any school district or a lawfully designated agent of the school district with authority to contract or make purchases on behalf of the school district.
6. Purchase Price: Purchase Price shall mean the full sale or bid price of any commodity, without any allowance for trade-in.

7. Request for Information (RFI) - A sourcing document used primarily to locate providers of goods or services. Used in informal, uncompetitive solicitation of information, data, comments, or reactions from possible suppliers/contractors. Normally, but not necessarily always, followed by issuance of a Request for Proposal or a multi-step bidding procedure.
8. Request For Proposal (RFP) - (1) All documents, whether attached or incorporated by reference, used for soliciting (competitive) proposals. The RFP procedure permits negotiation of proposals and prices as distinguished from an Invitation for Bids. (2) The solicitation document used in the competitive formal proposals process. The procedure allows changes to be made after proposals are opened and contemplates that the nature of the proposals and/or prices offered will be negotiated prior to award.

B. **COMPETITIVE BIDDING PROCEDURES**

Since all purchasing requests flow through the Procurement Department, competitive buying is a continuous process, regardless of the estimated end cost. However, in those instances where competitive bidding is required, the following procedures are established. The following methods may be used for purchases equal to or exceeding amount established in AR Code 6-21-304.

1. Formal Invitation for Bidding (IFB)
This method of procurement requires:
 - a. An item description and all contractual terms and conditions applicable to the procurement;
 - b. Public, contemporaneous opening of bids at a pre-designated time and place;
 - c. Unconditional acceptance of a bid without alteration or correction except as authorized elsewhere in this regulation; and
 - d. Award to the responsive and responsible bidder who has submitted the lowest bid that meets the requirements and criteria set forth in the invitation for bids.
2. Two-step Formal Competitive Bidding (multistep):
Where it is considered impractical to initially prepare a purchase description, precise specification or scope of work to support an award based on price, an invitation for bids may be issued requesting the submission of unpriced technical proposals to be followed by an invitation for bids requesting pricing information, limited to those bidders whose technical proposals meet the requirements set forth in step one.

3. Formal Request for Proposals (RFP):

When the Procurement Director determines that the use of a formal IFB is not practicable and advantageous, a contract may be awarded by soliciting proposals. An RFP is a method of procurement which involves but is not limited to:

- a. An award made to the responsible offeror whose proposal is determined to be the most advantageous for the District, considering product price or cost data and other evaluation factors set forth in the Request for Proposals.
- b. Proposals are to be sealed by the vendor and delivered to the designated address by the designated time. Unlike an IFB, An RFP does not require a public reading. Precautions must be taken to avoid disclosure of contents to competing offerors in the event follow-up negotiation is needed. Proposals may be accessible to the public after awarding, provided confidentiality provisions are not violated.
- c. Written or oral discussions may be conducted with responsible offerors who submit proposals determined to be reasonably susceptible of being selected for award for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements. Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and such revisions may be permitted after submission and prior to award for the purpose of obtaining best and final offers. Discussion need not be conducted:
 - i. with respect to prices, where such prices are fixed by law or regulation, except that consideration shall be given to competitive terms and conditions;
 - ii. where time of delivery or performance will not permit discussions; or
 - iii. where it can be clearly demonstrated and documented from the existence of adequate competition or accurate prior cost experience with that particular commodity or service that acceptance of an initial offer without discussion would result in fair and reasonable prices, and the Request for Proposals notifies all offerors of the possibility that award may be made on the basis of the initial offers.

These two methods of source selection, IFBs versus RFPs, differ fundamentally in the following ways:

Under IFBs, judgmental factors may be used only to determine if the supply or service bid meets the purchase description. Under RFPs, judgmental factors may be used not only to determine if the items or services being offered meet the procurement description but also to evaluate competing proposals.

The effect of this latitude of judgmental evaluation is that under an IFB, once judgmental evaluation is completed, award is made on a purely objective basis to the lowest responsive bidder. Under an RFP, the quality of competing products or services may be compared and trade-offs made between price and quality of the products or services offered. Award under competitive proposals is made to the responsible offeror whose proposal is most advantageous to the District, which may not be the lowest offer in all instances.

IFBs and RFPs also differ in that, under an IFB, no change in bids is allowed once they have been opened, except for correction of errors in limited circumstances. The RFP method permits discussions to allow clarification to assure responsiveness to the solicitation and ultimately to negotiate an agreement, price and other factors considered.

- C. Federal Fund/Child Nutrition Purchases
Federal Fund and Child Nutrition purchases are funded with federal dollars and shall abide by federal rules regarding bidding thresholds:
- a. Micro Purchases: Aggregate purchases not exceeding \$10,000 which may be awarded without soliciting competitive quotations – if price is reasonable. Buy American applies.
 - b. Small Purchases: Aggregate purchases not exceeding federal small purchase threshold of \$249,999 or the State of AR Competitive Bid threshold per Code 6-21-304 (adjusted annually). Minimum of 2 (two) written quotes and assurance of open and free competition. Buy American applies Cooperative Contracts cannot be used to satisfy the small purchase threshold requirement; however, a cooperative contract can be one of the three quotes obtained.
 - c. Formal Bid Purchases: Aggregate purchases expected to exceed the amount established in AR Statute 6-21-304.

LRSD Child Nutrition will maintain a written code of conduct for its employees involved in the procurement process in compliance with federal and state requirements.

D. PROCUREMENT OF PROFESSIONAL & PERSONAL/CONSULTANT SERVICES

1. Definitions:

Professional Services - Infrequent, technical, and/or unique functions performed by independent contractors whose occupation is the rendering of such services. While not limited to licentiates, the services are considered "professional" and the contract may run to partnerships, firms or corporations as well as individuals.

Arkansas law defines professional services as legal, financial advisory, architectural, engineering, construction management, land surveying and such other services as the political subdivision shall designate by 2/3 vote of its governing body. The law **(19-11-801:805)** further requires that procurement of these services shall be accomplished through contract negotiation, as opposed to competitive bidding. Selection is made on the basis of demonstrated competence and qualifications for the type of services required and at fair and reasonable prices.

Personal/Consultant Services - Infrequent, technical, or unique functions performed by an independent entrepreneur. Personal services contracts most often run to individuals rather than partnerships, firms or corporations. There is no clear definition in the State statutes that deal with school district's acquisition of personal services, except that statute 6-21-301 exempts personal and professional services from the competitive bid requirement. In the absence of clear statutory guidelines, the district will acquire personal services like a professional service. In addition, the district considers all consultant services as personal services and therefore exempt from competitive bidding. Consultants are defined as those persons who are exceptionally qualified by education or by experience in a particular field or discipline to perform some specialized service.

2. Selection Procedures for Professional, Personal/Consultant Services:

Professional Services:

Selection and Negotiation is accomplished by the District issuing a separate solicitation through an RFQ (Request for Qualifications): In evaluating the qualifications of each person/firm, the District shall consider:

- i. The specialized experience and technical expertise of the firm with respect to the type of professional services required;
- ii. The capacity and capability of the firm to perform the work in question, including specialized services, within the time limitations fixed for the completion of the project;
- iii. The past record of performance of the firm with respect to such factors as control of costs, quality of work, and ability to meet schedules and deadlines; and

- iv. The firm's proximity to and familiarity with the area in which the project is located.

The District shall select three (3) qualified firms. The District shall then select the firm best qualified and capable of performing the desired work and negotiate a contract for the project with the firm selected.

For the basis of negotiations, the District and the selected firm shall jointly prepare a detailed, written description of the scope of the proposed services.

If the District is unable to negotiate a satisfactory contract with the firm selected, negotiations with that firm shall be terminated. The District shall then undertake negotiations with another of the qualified firms selected. If there is a failing of accord with the second firm, negotiations with such firm shall be terminated. The District shall undertake negotiations with the third qualified firm. If unable to negotiate a contract with any of the selected firms, the District shall reevaluate the necessary services, including the scope and reasonable fee requirements, again compile a list of qualified firms and repeat the process.

Personal/Consultant Services:

The LRSD requires numerous categories of consultant/personal services. These services can be acquired by either of the following two methods:

(1.) Prospective vendors are requested to submit an ONLINE application (SEE APPENDIX C) for the category for which they are interested. A district committee will evaluate new applications when received and designate approved vendors based upon the evaluation outcomes. The Procurement Department will negotiate terms/conditions and prepare an applicable contract for services with approved vendors. Contract duration will be dependent on project OR no more than one school year at a time. In either case, the resulting contract may be extended based on mutual agreement of both parties. **VENDORS ARE RESPONSIBLE FOR REQUESTING CONTRACT RENEWAL.** In addition, approved vendors are encouraged to UPDATE their applications annually for any changes. District schools/departments may utilize any of the vendors on the approved list by completing a requisition noting the approved contract number on the requisition. The approved list will be maintained by Procurement and posted in the LRSD Teachers' Lounge. Vendors will remain on the list subject to annual review by the District committee or contract termination.

(2.) The district may issue an RFQ as needed for a particular public project and follow the steps as listed for the acquisition of professional services.

E. OTHER BID PROCEDURES

1. Award:

Award will be made as promptly as possible to the responsive and responsible bidder or offeror whose bid or proposal is most economical for the purpose(s) intended according to criteria set forth in the solicitation.

2. Bid Guarantee (Bid Bond): On certain bids, the Director of Procurement may deem it necessary to require bid bonds. The deposits would be in a reasonable amount and usually not in excess of five per cent (5%.) of the base bid or contract amount. The Invitation for Bids will specify the deposit amount. A certified check, cashier's check or properly executed bond made payable to the Little Rock School District should accompany the bid proposal.

The successful bidder's surety will be retained until he has entered into a contract and furnished the required material or services or, if required, provided a performance bond. Should a bidder fail to enter into a contract or furnish the required bonds within ten (10) working days after his bid is accepted, his bid guarantee may be forfeited to the district as liquidated damages but not as a penalty.

3. Bidder Lists (from the Vendor Register):

Opportunity shall be provided for all responsible vendors to conduct business with the district and the Director of Procurement shall develop and maintain lists of potential bidders for the various types of materials, equipment and supplies. Such bidder's lists shall be used in the development of an e-mailing list for distribution of specifications and Invitations for Bids. All responsible vendors may be included in this list upon request by completing the district's vendor register.

4. Breach of Contract Controversies:

- a. General - any contractor who is determined in writing by the Procurement Director to be in breach of any of the terms and conditions of a contract with the district held by such contractor, shall, at the discretion of the Procurement Director, be declared in default and such contract may be terminated as a result of such default.
- b. Default - a default in performance by a contractor for which a contract may be terminated shall include but shall not necessarily be limited to failure to perform the contract according to its terms, conditions and specifications or failure to make delivery within the time specified or according to a schedule fixed by the contract.

c. Contractor's liability - the contractor and/or his surety, if a performance or payment bond has been required under the contract, shall be jointly and severally liable to the district for any and all loss or damage as provided in the contract between the district and the contractor as a result of the contractor's default; provided, however, that a contractor's surety liability shall not exceed the final sum specified in the contractor's bond.

5. Disqualification of Vendors: The Director of Procurement may disqualify a vendor on a bid under consideration for any one or combination of the following reasons:

- a. Bidders product does not meet district specifications or bid conditions.
- b. Bid is not received on the district's Invitation for Bids form.
- c. Bid not signed.
- d. Required bid bond not furnished.
- e. Failure to comply with bid instructions, terms and conditions that are judged to be essential to the competitive bid process and the best interest to the district.

Disqualification of vendors on future bids may be considered for any one or combination of the following reasons:

- a. Refusal of the vendor to complete a contract or bid.
- b. Vendors past history of late deliveries, partial shipments and incomplete shipments.
- c. Vendors products have proven unreliable, unworkable **or** have not accomplished the result requested in the district specifications.

6. Evaluation of Bids:

Bids shall be evaluated based on the requirements set forth in the Invitation for Bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery and suitability for a particular purpose and criteria affecting price such as life cycle or total ownership costs. The Invitation for Bids shall set forth the evaluation criteria to be used. In some instances, the evaluation process may require the assistance of individuals or groups of individuals knowledgeable of the requirement, the intended use of the product(s) and the desired performance level.

7. Exception to Bid Requirements: The commodities listed in AR Code 6-21-305 may be purchased without soliciting bids.
8. Exempt Commodity Classes: The following commodity classes are exempt from competitive bidding:
 - a. Advertising in electronic and print media, periodicals and related publications.
 - b. Fees, including medical fees and physician fees.
 - c. Freight and storage charges and demurrage.
 - d. Licenses.
 - e. Maintenance on office machines and technical equipment.
 - f. Membership in professional, trade and other similar associations.
 - g. Postage.
 - h. Services of visiting speakers, lecturers and performing artists.
 - i. Taxes
 - j. Travel expense items, such as room and board and transportation charges.
 - k. Utility services or equipment which is defined, recognized and regulated by the Arkansas Public Service Commission as a monopoly offering.
 - l. Professional and personal/consultant services.
 - m. Published books, software, manuals, maps, periodicals, films, tapes, diskettes, technical pamphlets, copyrighted materials, informational and **educational** resource materials and other **educational** program costs.
 - n. Items, components, parts that would otherwise be incompatible or cause incompatibility when used with or added to an existing set or system.

9. Late Bids:
All formal invitations for bid specify a bid number, day, hour and place for the public opening of the bid. Each vendor has the responsibility for ensuring that his bid arrives in time to be considered. The only late bids that may be considered at the discretion of the Director of Procurement are those bids that are delayed as a result of incorrect handling by the Procurement Department or district personnel. All other late bids will be refused and filed unopened with date of receipt stamped on outside of envelope.
10. Mistakes or withdrawal of Bids:
Correction of patent or provable errors in bids which do not prejudice other bidders, may be allowed upon approval of the Director of Procurement. In the event of an obvious error or under other circumstances considered excusable, the Director of Procurement may allow the vendor to withdraw his bid with or without prejudice. Prior to the opening of any bid, the vendor may withdraw his bid for any reason. The bid may be resubmitted any time prior to the stated opening time and date established for that bid. Penalty for withdrawal of a bid may, at the discretion of the Procurement Director, result in the disqualification of that vendor on future bids. Period of disqualification not to exceed one (1) year.
11. Negotiated Purchases (Rejection of all bids):
The Director of Procurement may reject all bids and purchase the commodity by negotiating a contract. If the director determines that the purchase should be made by negotiation, each responsible bidder or offeror who submitted a bid or proposal shall be notified of the determination and shall be given a reasonable opportunity to negotiate
12. Nondisclosure and Confidentiality:
When requested by a bidder or offeror, and except as otherwise provided by law, information furnished by a bidder or offeror shall not be disclosed outside the Procurement Department without prior written consent by the bidder or offeror. This provision is not intended to prohibit disclosing such information with certain appropriate officials of the district and its attorneys.
13. Opening of Bids:
Formal bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the Invitation for Bids. Each bid, together with the name of the bidder, shall be recorded. Upon evaluation and award, bids will be open for public inspection, except as protected under applicable provisions allowing vendors right of nondisclosure.

14. Performance and Payment Bond:
The Director of Procurement, at his discretion, may require that a performance bond be furnished. The performance bond is used to ensure performance of the contract in the time and manner prescribed and to save, indemnify and keep the Little Rock School District harmless against loss.

Bid invitations requiring a performance and payment bond are specifically stated in the Invitation for Bids. Bonds in the amount of one hundred per cent (100%) of the contract amount are required, unless specifically pre-set at a lesser amount by the Director of Procurement.

15. Protest Procedures:
A bidder or prospective bidder may protest to the Director of Procurement when he feels that the bid terms, specifications or method of award will bring about an unfair result. The protest must be submitted in writing within 14 calendar days of or 14 calendar days after the vendor knows or should have known of the facts giving rise to the protest. The Director will convene a hearing as soon as possible and issue a written opinion within 7 calendar days stating the basis for the protest and what action, if any, will be taken.

In the event of a timely protest, the Director will suspend award until a decision is reached as to the merits of the protest, except where necessity requires immediate award in order to protect substantial interest of the district.

When a protest is found to have merit, the award will be changed accordingly unless the item was awarded earlier due to necessity.

If the protesting bidder or offeror is not satisfied with the findings and ruling of the Director of Procurement and wishes to pursue the protest beyond the jurisdiction of the district, the bidder or offeror may seek such remedy as may be allowed by applicable state law. However, in no event can the district accept liability in excess of reasonable expenses actually incurred in connection with the solicitation.

16. Public Notice:
Advertising or publicizing the districts procurement actions is not mandatory except in capital construction projects. The Procurement Department maintains an extensive listing of qualified vendors or bidders for most commodity classes. In those instances when suppliers are not known to the department or where the number of known vendors is considered inadequate for maximum competition, procurement may determine it beneficial to advertise.

17. Responsibility of Bidders and Offerors:
A determination of responsibility of a bidder or offeror shall be made in accordance with the following rules. A reasonable inquiry to determine the

responsibility of a bidder or offeror may be conducted. The unreasonable failure of a bidder or offeror to promptly supply information in connection with such an inquiry may be grounds for a determination of non-responsibility with respect to such bidder or offeror. If a bidder or offeror is determined to be non-responsible, the reasons shall be stated in the determination.

- a. Application (via Vendor Register): A business desiring written notice of Invitations for Bids shall make application to have its name placed on the bidders list for the commodities and services it wishes to supply or provide. The business must provide complete information requested in the application before it will be considered for placement on a bidders list.
- b. Determination: The Director of Procurement may refuse to list any prospective bidder not providing all information requested via the vendor register. The prospective bidder has the burden of showing that it meets the qualifications for inclusion on the bidders list on which it seeks to be listed. The prospective bidder will be advised if his application is disapproved and the reason(s).
- c. Changes/Removal: Any bidder may make changes to or remove their application from the online district vendor register.

18. Single Source (Sole Source) or Proprietary Purchases: A contract may be awarded for a required or designated commodity or service to a sole or single supplier when the Procurement Director determines that it is not practicable to use other than the required or designated commodity or service. Written justification is required and approved by the Procurement Director to document when there is only one source for the needed or designated commodity or service. Sole source procurements shall be those procurements, which, by virtue of the performance specification, are available only from a single source. Brand name or design specifications shall not be sufficient explanation for sole source. Examples of the considerations which may apply in reaching a single source determination are:

- a. Requirements of performance compatibility with existing equipment, systems or services; or
- b. Repairs involving hidden damage.

A sole-source supplier is the only acceptable vendor who is able to furnish the product or service. Although documentation and technical assistance may be required from the user department, the Procurement Director is responsible for making sole-source determination. In doing so, the following must be considered:

- a. Is there a lack of responsible competition for a product or service which is vital to the operation of the district?
- b. Does the supplier possess exclusive capabilities?
- c. Is the product or service unique and easily established as one-of-a-kind?
- d. Can program requirements be modified so that competitive products or services may be used?
- e. Are there patented or proprietary rights that fully demonstrate:
 - i. a feature providing a superior utility not obtainable from similar products?
 - ii. a product is available from only one prime source, and not merchandised through wholesalers, jobbers or retailers where competition could be encouraged?
 - iii. What would the user do if the product or service were discontinued?

Care must be taken to avoid making sole-source purchases because of a preference for a particular brand. Central procurement must examine the intended use of the product or service and assure that only one supplier is capable of satisfying the intended use. The Procurement Department must challenge all representations that would limit competition or the rationale of "standardization". Each question of standardization/interchangeability requires Procurement to seek an interface which will permit competition, while not diminishing acceptable quality and utility.

Documentation of any approved Sole Source determination is to be kept on file at Procurement.

19. Specifications: To provide a common basis for bidding, specifications should set out the essential characteristics of the items being purchased so that all bidders or offerors know exactly what is wanted and can accurately compute their bids. Assuring that specifications contain essential requirements relate directly to the aspects of proper quality level. In purchasing, quality means the suitability or adequacy of a product to the intended use. Either over-specifying or under-specifying is wasteful. Commodities purchased should be capable of performing as necessary and be as durable as needed but they should not have any unnecessary frills or status features. Requiring unnecessary features can also result in a specification that is so restrictive that it defeats the objective of promoting competition. When practical, requirements should be expressed in generic terms.

Specification may be classified as standard and nonstandard:

- a. Standard - specification is developed for repeated use, in the sense that it can be lifted from a file, ready to use.
- b. Non-standard - specification is prepared for a particular procurement and connotes a one-time use.

Types of specifications:

- a. Design - design specifications set the requirements for the item to be purchased by detailing the characteristics that the item must possess, and usually means that it is written in such detail that it describes how the product is to be manufactured. Normally accompanied with drawings or blue prints. Classified as non-standard.
- b. Performance - performance specifications set out the performance or functional requirements that a product must meet. Describe the capabilities that the product must satisfy. Generally, performance specifications provide the best approach. Performance specifications normally fall into the standard classification.
- c. Combination - combination specifications are written to include features from both the performance and design types. Carefully prepared specifications customarily contain both design and performance requirements.
- d. Brand Name or Equal - brand name or equal specifications cites one or more brand names, model number or other designation that identify products of a particular manufacturer as having the characteristics of the item preferred. Any other brands or models substantially equivalent to those named are considered, for award, with the Procurement Department reserving the right to determine equivalency. Where brand name or equal specifications are used, it shall be clearly stated in the bid invitation that the brands designated are for reference purposes only and does not indicate a preference.

Using departments are responsible for developing the specifications necessary to support their purchase requirements. The Procurement Department will assist, as appropriate, and shall exercise final approval authority.

Specifications should be prepared using the following guidelines:

- a. Simple, clear and concise.
- b. Thorough enough to discourage the bidding of materials not consistent with quality requested.

- c. Capable of being checked. If a specification cannot be checked, it is of little value.
 - e. As fair to vendors as possible.
20. Split Purchases: No procurement action shall be separated, split or parceled in any manner with the intent or purpose to cause the purchase to be made under a less restrictive procedure.
21. Suspension or Debarment - Vendor:
The Director of Procurement may, at any time, suspend or debar a vendor for cause.

The Director may convene a hearing when it becomes known that a breach, anticipatory breach or that an extraordinary circumstance has occurred. The Director must give notice and opportunity for the vendor to be heard and then issue a written opinion stating the action taken and the reasons. This opinion will be final unless the vendor seeks remedy in court of appropriate jurisdiction.

The causes for suspension or debarment include but are not limited to the following:

- a. Conviction for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract.
- b. Conviction under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property or any other offense indicating a lack of business integrity or business honesty which currently, seriously and directly affects responsibility as a contractor.
- c. Conviction under state or federal antitrust statutes arising out of submission of bids or proposals.
- d. Violation of contract provisions, as set forth below, of a character which is regarded by the Procurement Director to be so serious as to justify debarment action:
 - i. deliberate failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract; or
 - ii. a recent record of failure to perform or of unsatisfactory performance in accordance with the terms of one or more contracts; provided that failure to perform or unsatisfactory performance caused by acts beyond the control of the contractor shall not be considered to be a basis for debarment.

- e. Continuous failure to post bid or performance bonds or to provide alternate bid or performance guarantee in the form acceptable to the Procurement Department in lieu of a bond, as required by an Invitation for Bids or a solicitation for proposals.
- f. Substitution of commodities without the prior written approval of the Procurement Department.
- g. Failure to replace inferior or defective commodities within a reasonable time after notification.
- h. Refusal to accept a contract awarded pursuant to the terms and conditions of the contractor's bid.
- i. Falsifying invoices or making false representations or untrue statements about any payment under a contract or to procure award of a contract or to induce a modification in the price or the terms of a contract to the contractor's advantage.
- j. Collusion or collaboration with another bidder or other bidders in the submission of a bid or bids for the purpose of reducing competition.
- k. Falsifying information in the submission of an application for listing on the district's vendor or bid list.
- l. Any other cause the Procurement Director determines to be so serious and compelling as to affect responsibility as a district contractor including debarment by any other governmental entity for any cause.
- m. For violation of the ethical standards set forth in applicable state and district laws, policies or regulations.

22. Tie Bids: In the event of tie bids, the following will be used in the determination of award:

- a. Past performance on previous bids.
- b. Delivery partial shipments, non-deliveries, cancellations.
- c. Quality of product
- d. Discounts
- e. History of warranties and guarantees
- f. Distance – longest distance for bidder to deliver.

IV. PURCHASING FROM THE SUPPLY CENTER

A. GENERAL

The Little Rock School District operates a centralized supply and material system which buys, warehouses and distributes to the schools and departments, quantities of items which are common to their needs. The Supply Center is the responsibility of and operated by the Procurement Department.

The Supply Center, through competitive bidding, purchases instructional and custodial materials in large quantities receiving wholesale or near wholesale prices. These materials are stored in the central warehouse facility at 1800 East 6th Street. The Supply Center functions similar to a retail store, selling to the schools and departments at considerable savings. This is possible due primarily to the elimination of operating and overhead cost that accrue to commercial businesses and passed on to the customer. Delivery is accomplished by Supply Center personnel using district owned vehicles.

B. REGULATIONS

- i. Mandatory Purchasing: Materials and supply items carried in the Supply Center for resale may not be bought from outside sources. Only those items not available in the central warehouse will be approved for purchase from outside vendors.
- ii. Supply Catalog: A Supply Center Catalog is available online listing all instructional and custodial materials carried in the central warehouse. It is essential that persons responsible for procuring supplies become thoroughly familiar with the use of this catalog.
- iii. Requisitions: Most schools and departments have the ability to enter supply requisitions on-line using the district's automated system. The requisitions are electronically transmitted. Those few departments that are not online are to prepare a preprinted supply center requisition. The following additional procedures apply to supply center orders:
 1. Items cannot be procured from the Supply Center without a preprinted or system generated requisition.
 2. Do not call the warehouse to place an order.
 3. Prices in the catalog are subject to change without notice. (Up-to-date pricing is reflected as an on-line requisition is entered).
 4. Back orders are not allowed. If any portion of an order is out of stock, schools/departments must re-order on another requisition within a reasonable time frame.

5. To economize on labor and transportation (delivery) costs, users are requested to consolidate their orders as much as possible on one requisition at the school or department level.

Preparing A Requisition: Specific instructions on the proper preparation of a supply center requisition are contained in Procurement’s “Desktop Guide” for bookkeepers and secretaries; however, some of the most critical points to remember are listed below for emphasis:

- a. Accuracy in using the proper catalog number when ordering supplies.
- b. Accuracy in using the correct budget account code.
- c. Forward requisitions to Procurement (this applies to preprinted requisitions only).
- d. Please note if order is an emergency, otherwise delivery of order will follow the normal delivery schedule.
- e. Orders will not be received by telephone or any manner other than a properly prepared preprinted or system generated requisition.
- f. Schools/departments are to check merchandise carefully and sign the warehouse delivery copy upon delivery. Should there be a problem or question about the order, immediately notify the Inventory Control Specialist. Do not call or deal directly with Supply Center warehouse personnel. All transactions must flow through the inventory control desk with Procurement.

- iv. Delivery Schedule: Procurement posts requisitions the day after a requisition is entered and the following delivery schedule is followed:

REQUISITION ENTERED	DELIVERY
Monday	Wednesday
Tuesday	Thursday
Wednesday	Friday
Thursday	Monday
Friday	Tuesday

- v. Returns/Credits: Items may be returned to the Supply Center and credit received, where warranted, or exchanged in those cases where items were issued incorrectly or mistakenly ordered. Items can only be returned or exchanged after notifying the Inventory Control Specialist. Items must be in the same condition as issued (unused and in the original wrapping, carton or container). Do not call the warehouse personnel or return items through the school mail unless instructed to do so by the inventory control specialist. Items bought/issued in one fiscal year cannot be returned or exchanged in the following fiscal year. In cases where inattention or improper care is exercised in requisitioning supplies and materials from the Supply Center and the items must be returned to the warehouse inventory, a restocking charge of 15% may be imposed to help defray the expense.

V. CAPITAL EQUIPMENT (FIXED ASSET) PURCHASES

A. GENERAL (Refer to Board Policy 7-13)

The Little Rock School District Procurement and Materials Management Department is responsible for the development and maintenance of the Fixed Asset Property Accounting, Distribution and Disposal System. This section outlines the general regulations and procedures developed to accomplish the capture, control and disposal of all movable capital equipment (fixed assets).

The Little Rock School District's Fixed Asset Property Accounting System is a computerized management system designed to control all fixed asset property (movable equipment) owned by the district. Real property (real estate) and buildings, permanent objects, fixed or built-in equipment, and other assets integral to a specific real property, are not included in the accounting system addressed in this section.

The criteria covered in this document comply with all federal and state property accounting and auditing procedures and guidelines. The Procurement Director of the Little Rock School District is appointed the responsible office for the development, implementation and maintenance of the Fixed Asset Property Accounting System.

B. PROPERTY CLASSIFICATION AND CONTROL

Distinguishing Between Supply and Equipment Items: The criteria below are based on a combination of the most practical and commonly accepted guidelines for distinguishing between supplies and equipment. Unless otherwise bound by federal, state or local law, the district will use these criteria in their supply/equipment classification decisions. In those cases where the classification of an item is unclear, the administration will confer with the district auditors to arrive at a determination. In instances where a single piece of equipment is purchased, the amount of **\$1,000.00** will be used in determining whether or not to charge the purchase to capital outlay or supplies.

For exceptions to the \$1,000.00 capitalization policy defined above, refer to **APPENDIX D "FIXED ASSET EXCEPTIONS UPDATE"**. Exceptions are generally movable equipment items that may cost less than \$1,000.00 but sound management practice warrants inventory control and accountability due to their vulnerability to theft or loss.

1. Equipment Items: An equipment item is any instrument, machine, or apparatus with a value of \$1,000.00 or more, which meets all of the following criteria:
 - a. It retains its original shape, appearance, and/or character with use.

- b. It does not lose its identity through fabrication or incorporation into a different or more complex unit or substance.
- c. It is nonexpendable; that is, if the item is damaged or some of its parts are lost or worn out, it is more feasible to repair the item than to replace it with an entirely new unit.
- d. Under normal conditions of use, including reasonable care and maintenance, it can be expected to serve its principal purpose for at least two (2) years.

Equipment items, as defined above, are considered fixed assets and will be formally controlled through inventory and accounting procedures established in the district's Fixed Asset Property Accounting System. The system will only control property that is defined as movable equipment (see later discussion on movable versus built-in equipment).

2. Supply Items: An item should be classified as a supply if it does not meet all the equipment criteria above. In general, a supply has one or more of the following characteristics:
- a. Its acquisition cost is less than \$1,000.00 per unit.
 - b. It loses its identity through fabrication or incorporation into a different or more complex unit or substance.
 - c. It is expendable; that is, if the item is damaged or some of its parts are lost or worn out, it is usually more feasible to replace the item with an entirely new unit rather than repair it.
 - d. It is consumed, worn out, or deteriorated as it is used, to the point of being useless or not available for its principal purpose; and, under normal use, it reaches this state of uselessness or unavailability within two (2) years.

Formal accounting and control procedures are not required for supply items. Supplies may be expendable (consumed) or nonexpendable (having some permanent quality, i.e., furniture). Nonexpendable supplies (tools, for example) may require informal accounting at school or department level, depending upon the expense of the effort involved versus the benefits derived.

Distinguishing Between Built-In and Movable Equipment: After an item has been identified as equipment, the following criteria may be applied to determine if the item is built-in or movable:

1. An equipment item is built-in if:
 - a. It is an integral part of a building; that is, it is permanently fastened to the building, functions as part of the building, and causes appreciable damage to the building if it is removed; or
 - b. It is permanently attached to a site and functions as part of the site.

Built-in equipment may be incorporated into a building at the time the building is erected or at a later date. See **APPENDIX D “FIXED ASSET EXCEPTIONS UPDATE”** for examples of built-in equipment and the object code to use for purchasing them. Built-in equipment is sometimes referred to as fixed equipment (not to be confused with fixed assets) and will not be captured in the LRSD Fixed Asset Property Accounting System.

2. Movable equipment consists of items that:

- a. Are transportable from one location to another without appreciable damage or change to the location from which they are removed or to the location where they are installed; and
- b. Do not function as integral parts of the building or site and are not permanently fastened or attached to the building or site.

A piece of equipment that is simply bolted or screwed to the floor, such as a heavy lathe or desk, and that can be moved as a unit once these fasteners have been removed, is movable equipment. The term movable refers to permanency of installation and not to size and weight.

Movable equipment items are considered personal property or fixed assets and will be formally controlled by the Little Rock School District Fixed Asset Property Accounting System.

C. PROCEDURES FOR CAPTURING FIXED ASSETS IN THE PROPERTY ACCOUNTING SYSTEM

The procedures outlined below have been developed to insure the capture of all fixed assets that are acquired through the regular procurement cycle regardless of source of funds; i.e., regular, federal, vocational, etc. All asset tags are controlled, assigned and distributed by the Procurement Department.

All approved purchase orders are reviewed and any necessary changes are made in the object codes (to insure capture of all fixed assets) and the deliver to locations (it is determined, at this time, whether property is to be centrally received or shipped directly to receiving site. Factors to consider will include but not be limited to: size of equipment, installation requirements, complexity of project, etc.)

Fixed Assets Centrally Received by Procurement:

1. Upon receipt of property in Central Receiving, equipment is inspected and tagged with Little Rock School District asset tags (with the exception of computers and laptops that are tagged by Dell prior to shipping) within SEVEN days of receipt of equipment.
2. All pertinent information (description, model number, brand name, serial number, asset tag number, purchase order number and location) is scanned and printed on a "Warehouse Items by Location" (WIL) inventory sheet within SEVEN days of receipt of equipment.
3. Equipment is delivered to receiving site along with two (2) copies of the completed WIL sheet within SEVEN days of receipt of equipment – exceptions may be granted by the Procurement Director. To indicate receipt of property by school or department, signature is required on the first copy and returned to the Procurement Department by delivery driver.
4. Second copy of the WIL sheet is retained at receiving site for insertion of room number and other information. Completed WIL sheet is to be returned to the Procurement Department within THIRTY days of equipment receipt. School or department retains a photocopy for their files.

Fixed Assets Shipped Directly to School or Department:

1. Receiving copy of purchase order, a partially completed Property Accounting Source Document (PASD), instruction memo, and applicable asset tags are forwarded to the receiving school/department within SEVEN days of date of purchase order.
2. Personnel at user site (receiving school or department) is responsible for receiving, inspecting and tagging all property/equipment that is delivered directly to their site. The signed green receiving copy of purchase order is to be returned to Procurement immediately upon receipt of equipment. Procurement will review outstanding PASD's on a weekly basis to verify vendor payment. The PASD is to be returned within THIRTY days of payment of invoice. If the PASD is not returned within THIRTY days, pending requisitions from the school/location will not be processed. Procurement will send out reminders to the school/location within the THIRTY-day time allotment.

Fixed Asset Reconciliation

1. Each school/admin locations will conduct physical inventories of all their fixed assets on an annual basis. In addition, every two years as budget allows, an independent audit will be conducted by a contracted vendor.
2. Online fixed asset inventory reports will be available for each district location.

3. Procurement will enter all fixed asset information received by schools/departments in its financial system within THIRTY days of receipt of all required documents.

The majority of the LRSD fixed assets are acquired through the regular procurement cycle, as outlined above; however, additional assets are acquired through other channels and procedures may vary, as follows:

1. Exchanges of property or trade-ins.
2. Property that was acquired, possibly by unknown means, at an earlier date, but was not captured in the Fixed Asset System at time of acquisition.
3. Property acquired through Activity Fund should be purchased using an activity fund purchase order with a copy forwarded to Procurement. Since these purchases are not handled by the Procurement Department, it is the responsibility of receiving school to notify the Fixed Asset Property Manager when capital assets are acquired so they can be captured in the Fixed Asset Property Accounting System.
4. Donated Property. **SEE APPENDIX E “Donations of Property” and APPENDIX F “Donations of Computer Equipment”**
 - a. After approval by the Board, the Procurement Department prepares letter to the donor acknowledging gift and expressing appreciation. The letter is signed by all Board members and the Superintendent.
 - b. Asset tags and partially completed Property Accounting Source Document (PASD) are sent to the involved principal or administrator. It is the responsibility of the building principal or administrator at receiving site to tag the donated property, complete the PASD, and return to the Procurement Department. Property is not captured in the Fixed Asset Property Accounting System until completed PASD is received in the Procurement Department.
 - c. Once the donation is formally approved by the Board of Directors, it becomes district property and can not be returned to the donor or given away. Disposal can only be accomplished in accordance with established property disposal procedures.

Every attempt has been made to cover all aspects of capturing fixed assets, as outlined previously, regardless of acquisition method. Exceptions to these procedures, if and when they occur, will be worked out on a case to case basis and appropriate procedures will be developed or modified as required.

D. ACCOUNTABILITY OF DISTRICT PROPERTY AT SCHOOL/DEPARTMENT LEVEL

- 1 The Procurement Department is assigned the responsibility of accounting for and inventorying fixed assets within the Little Rock School District. No one is to reassign, transfer, dispose of, exchange or initiate any other action affecting the disposition and location of fixed asset property without prior approval of the Director of Procurement.
- 2 Each building principal and account administrator (department head) is accountable at all times for his/her assigned property. Every reasonable effort should be exerted to ensure that district property is protected and secured at all times. School equipment and materials are especially susceptible to theft and disappearance at the end of the school year and during summer months.
- 3 For those schools where summer school sessions are conducted, a form is available from the Procurement Department for use in identifying those property items to be used by the summer school staff. (Form No. PDO026)
4. For information on use of school equipment or property, refer to **APPENDIX G “Use of School Equipment or Property”** and **APPENDIX H “Hand Receipt for Temporary Accountability of District Material/Equipment” (Form No. PDO025)**. Form was designed to fulfill the requirement regarding check-out system for equipment to be used for school purposes off of district premises.
5. For information on the use and control of employees' possessions while on district property, refer to **APPENDIX I “Use and Control of Employees’ Possessions while on District Property & Theft of Personal Property in Schools”** and **APPENDIX J “Record of Employee’s Personal Property Approved for use on District Premises” (Form NO. PDO028)**. This form was designed to fulfill the requirement regarding maintaining an up-to-date record of employee’s personal possessions used on District property.
6. On incidents involving damage, destruction, or theft of District property, **it is the principal/budget manager’s responsibility to complete an online Criminal/Serious Incident Report**. Be sure that the section of the form entitled “Property Damage Involved” is completed in its entirety to include the following information: **complete description (brand, model #, serial #) and LRSD asset tag number of each missing or damaged item**. This report serves as documentation to remove the stolen or destroyed property from the fixed asset inventory system.

E. EXCESS PROPERTY

Schools are encouraged to call Procurement (539-0543) to arrange for the pick-up of excess property/equipment at their location. A list providing a description and tag/serial number (if applicable) is to be submitted before any pick-up will occur. Procurement is responsible for the management and redistribution of all fixed asset property that is excess to the district but in a reusable state. The district operates a warehouse to store excess reusable fixed assets. Schools/Locations may request any reusable fixed asset- please see appendix K for more information.

F. PROPERTY DISPOSAL

Disposal of all Little Rock School District fixed asset property that has been declared salvage/scrap/obsolete is a function of the Fixed Asset Property Accounting, Distribution and Disposal section of the Procurement Department.

Once property is declared excess by a specific site, it is removed from that site's inventory and placed in storage. Determination is made by the Procurement Department as to whether property is suitable for reuse within the District or declared salvage/scrap and disposed of by either public auction, sealed bid or recycled as waste. The district may also donate excess items to other institutions provided LRSD students benefit.

G. CAPITAL EQUIPMENT ACCOUNT CODES

(Those codes commonly used at school or department level)

Certain procurement actions require determination concerning the type or classification of the materials or goods ordered so that the expenditure can be charged against the proper account. Refer to **APPENDIX D "Fixed Asset Exceptions Update"** for a list of the capital equipment account codes to be used when purchasing movable accountable property.

ALL OTHER FURNITURE AND EQUIPMENT ITEMS (with the exception of computers) FALLING BELOW \$1,000 SHOULD BE PURCHASED FROM SUPPLY CODES.

VI. TEXTBOOKS

A. GENERAL

The District operates a centralized textbook management system. All textbook purchases are coordinated by the district's Textbook Administrator who is an employee at the procurement department.

B. REGULATIONS

- i. The District approved textbook list is updated annually in the district's textbook management system. For a new adoption, the responsible curriculum department appoints an adoption committee consisting of experienced teachers and consistent with AR Statute 6-21-413. This committee selects those textbooks that meet all of the district curriculum standards to be implemented for the adoption period. These selections become official upon approval by the Board of Directors.
- ii. Textbook representatives are not to visit schools directly. All textbook representatives are to be referred to the District's Textbook Administrator.
- iii. Any needed textbook workshops or in-service meetings are coordinated through the district's curriculum department.
- iv. Textbooks for the Little Rock School District are ordered from the AR state depository by the Textbook Administrator and shipped directly to the schools. Orders are determined based on class enrollments and the existing textbook inventories provided by each school. Schools are NOT to call the depository. Any questions concerning orders, etc. should be directed to the Textbook Administrator.

Teachers' editions are not ordered from the state depositories. The Textbook Administrator orders and distributes teachers' editions and ancillaries by contacting each publisher representative. Extra copies are stored at the Supply Center Warehouse. Principals are to contact the Textbook Administrator via e-mail for any additional teachers' editions.

- v. Each school principal designates one person called a Textbook Coordinator to maintain textbooks at their site. The designated Textbook Coordinator is responsible for an end of year inventory as well as mid-year inventory verification at their discretion. The Textbook Coordinator is required to verify all textbooks are scanned into the Tipweb inventory system at the end of each school year. Schools are allowed up to a 7% loss for textbooks. Any amount over 7% is to be paid back to the District from each school's lost & damaged textbook fund.

- vi. **LOST/DAMAGED TEXTBOOKS:** Students and their parent/guardian(s) are responsible for payment of lost/damaged textbooks. If a book is lost, not returned, or is damaged beyond use, the student will be charged for the entire cost of the book. Students who return books damaged beyond an acceptable condition may be assessed a damage fine at the school's discretion. Guidelines are as follows:
- Minor damage will be assessed at 25% of book cost (removal of bar code); and
 - Major damage will be assessed at 50% of book cost. It is the student's responsibility to clear all fines. Principals are to use reasonable efforts to collect fines including payment plans for parents.
- vii. When additional textbooks are needed, the school's Textbook Coordinator completes a request ONLINE using the Tipweb system and an e-mail is automatically forwarded to the Textbook Administrator. The Textbook Administrator will either order books from the depository or transfer excess books from another school.
- viii. Excess textbooks (current textbooks not being used) are removed from schools and re-issued as needed or added to the inventory at the Supply Center Warehouse for future distribution. Schools notify the Textbook Administrator of excess books by completing an online form in the Tipweb system.