

# NYSED Ed Management Services

## CHAPTER I

### STEPS IN THE PURCHASING FUNCTION

The purchasing function is generally considered to cover the complete supply transaction, beginning with the initiation of a request (requisition) to supply a certain need and ending with the approval of a claim for payment.

To ensure internal control, the purchasing function is centralized in the position of the purchasing agent. A recommended purchasing procedure, which incorporates nine steps, involved in the purchasing of supplies and equipment for schools is described below. These are applicable to the smallest unit, as well as to the largest school system. Some of the steps may be eliminated, computerized and combined, provided an adequate system of control remains.

**A. Processing the Requisition.** The user, e.g., teacher, principal, custodian, or stockroom clerk, initiates a requisition. While the procedure should provide an adequate means (e.g., computerized standard supply lists) by which each user can make his need known, the number of people who initiate formal requisitions should be kept to a minimum through the proper timing and grouping of requests. Processing of requisitions will be expedited by observing the following rules:

1. The user prepares the requisition and retains the duplicate copy for reference. Requisitions may be computerized and should be numbered and have a letter to designate the requisitioner, school or department for identification and authorization purposes.
2. The requisition goes to the purchasing agent (PA) who checks on inventory, pricing information, and budgeting code, proper approval and availability of funds (encumbrance).
3. Requisitions for which there are unencumbered funds are approved for processing.
4. Requisitions for which there are not sufficient unencumbered funds available are returned to the originator who has two options:
5. He/she may abandon the request.
6. He/she may return the requisition to the purchasing agent, along with a request for a transfer of funds. (Appendix transfer process)
7. If the request for transfer of funds is denied, the requisition is returned to the originator along with explanation.
8. If the proper authority approves the transfer request, the requisition is resubmitted to the purchasing agent with the approved transfer request.
9. The processing resumes as in #2 and #3 above.
10. The purchasing agent then reviews pending requisitions to determine whether a formal bid or an informal solicitation is required.

**B. Preparing Specifications.** Before an order is placed, bid solicited, or quotation requested, the purchasing official must specify what is desired so that prospective vendors may intelligently bid or quote prices and/or fill orders.

1. Specifications may be very simple or in considerable detail.

Example: Tape Cellophane 1/2" x 2592" Roll

2. When a brand name is used to identify the product requested, "equal to or better" products of similar or superior function, purpose, design, or performance characteristics may be substituted for the brand name product, unless the purchase is made under a special board resolution permitting standardization (Section 103, subdivision 5, General Municipal Law). See paragraph on Standardization, Chapter IV.

is usually taken after recommendation is made to the chief school officer by the purchasing official.

Formal contract documents are not reserved solely for large contracts such as for construction, but vendors (especially those who do repairs) often require contracts. The board's attorney should approve any contract document before it is signed. The designated official, usually the president of the board of education or the clerk on behalf of the board, signs the contract. In most cases, school districts issue a regular purchase order after board award of contract to the successful bidder(s). The order will refer to the bid submitted, to the specifications, which will be attached as part of the contract, and will bear the price or prices indicated by the bidder in his bid.

- For purchase orders issued on purchases under the bid limit:
  - The purchasing official signs orders.
  - Essential information to be included in the purchase order:
    - Quantity and unit package of the item.
    - Description of item or items.
    - Quoted price (including delivered free on board (f.o.b.) shipping point).
    - Packing and marking instructions.
    - Method of shipment: parcel post, express, freight, and truck, cheapest way.
    - Place and time of delivery.
    - Terms--request that any discounts by reason of payment method be stated (example: cash discount 2% ten days).
    - Accounting code(s) for item(s) purchased
  - The purchase order should not call for services or conditions beyond those indicated on the quotation sheet and accepted by the vendor.
- Although Education Law does make provision for a Petty Cash Fund, it is to be operated in accordance with regulations established by the Commissioner of Education. (See Section 170.3 of the Regulations of the Commissioner of Education.) These regulations limit the amount of the fund by size and type of district. In addition, they permit payment from the Petty Cash Fund only under conditions calling for immediate payment upon delivery. Constant vigilance must be maintained to assure that regular purchasing procedures are not being circumvented by petty cash purchases.

**E. Follow-Up on Order for Delivery.** The purchasing official has the responsibility for following up contracts and orders to expedite delivery. The urgency for follow-up will depend on circumstances such as the need for items on a certain date, experience with the vendor, market conditions, transportation conditions, and nature of the material to be purchased. A definite routine for follow-up on critical items should be established. The requisitioner should be kept advised as to the status of the requisition.

**F. Invoice from Vendor.** When the invoice is received from the vendor, the purchasing official should review it to verify that the price agrees with quotations or contract figures and the terms of the order, including f.o.b. shipping or delivery point.

**G. Receipt of Goods.** Upon receipt, goods should be checked for condition and for quantity and quality as stated in the purchase order or contract. This may be accomplished by having the receiving employee a) sign a packing slip or the receiving copy of the purchase order and b) forward it to the purchasing official as evidence of receipt of goods or materials. If only a partial shipment is received, the purchasing official may wish to prepare a confirmation order listing the material not shipped. This confirmation order will not only advise the vendor of the continued desire to secure prompt delivery of the balance of this back order, but will place a copy of this back order in the file of outstanding orders. The back order confirmation will replace the original purchase order pulled from the file of outstanding orders when this original complete purchase order is attached to the invoice covering the partial shipment and moved up for audit and payment **unless further action is warranted regarding back orders. For example if the vendor appears not to be able to fill the order and the district intends to exercise the "buy against clause" against the vendor. In this instance a partial payment would not be processed.**

# Purchasing Handbook

## CHAPTER II

### RELATIONSHIP OF PURCHASING TO OTHER SCHOOL FUNCTIONS

The purchasing procedure does not take place as an isolated administrative function. The individual responsible for purchasing must always keep in mind all functions of the school system and, in larger schools, must work closely with all offices and departments of the system.

To operate efficiently, the purchasing agent must be given proper authority and cooperation in his relationships with the educational and non-teaching staff. The following are suggested as helping to define this relationship.

- Requests for the purchasing agent should make prices and/or repair service, except in rare instances. In any case, the purchasing agent through the issuance of a purchase order should make the final commitment.
- Communications with suppliers should be handled by purchasing personnel salespersons should be discouraged from visiting classrooms, schools, or departments for the purpose of selling their products. For information on special or technical items, a school or department should request the visit of sales personnel through the purchasing department.
- The purchasing agent should be in a position to seek advice from colleagues in matters of common interest. The purchasing agent should not be expected to be an expert in all matters. Where desirable on technical matters, the purchasing agent will coordinate meetings with staff members and supplier. For example, other employees, such as the director of music or the director of physical education, should be consulted on matters associated with such departments.

The relationship of purchasing to other school functions is outlined below:

#### **A. To Educational Services.**

- Designation of certain items is the responsibility of the instructional and supervisory staff, and there should be agreement on a standard of quality. Example: the purchasing agent procures textbooks after adoption of texts by the board of education.
- Educational personnel should be relieved of the details of procurement of supplies and equipment, including contacting sales personnel.

#### **B. To Finance Department.**

- For budget preparation the purchasing department may:
  - Provide computerized standard supply lists.
  - Provide purchasing calendar, market information and estimated prices.
- For budget control, cooperation is essential before purchases are made and funds encumbered.
  - The right time to purchase, from a market standpoint, may be built into the purchasing calendar to insure budget cycle provides the available school funds.
  - The finance department should be alerted concerning extraordinarily large commitments.

## CHAPTER III

# Purchasing Handbook

### PURCHASING PROCEDURES

Purchasing should be carried out under principles of sound business management and must be within the scope of federal and State laws, local ordinances, board of education policy, and State Education Department decisions and regulations, as well as regulations of the State Comptroller.

It is the responsibility of the purchasing official of a school district to have the required supplies and equipment on hand when needed, in the necessary quantity and of a quality best suited for the project. Sources of supply, price, delivery, stores management, and salvage are also generally involved in the purchasing function. A number of these aspects of purchasing are considered in this chapter.

**A. Quality of Product.** Circumstances and use are determining factors in quality selection. In some instances an inexpensive article is adequate. There are many other situations when only the best grade is acceptable and proves most economical in the long run. Thus, the purchasing official, with knowledge of markets and materials, has an important part to play in the selection of quality.

- Standardization of equipment authorized by law.  
Section 103 of the General Municipal Law permits a board of education to standardize on items of equipment. For example, a specific component, make or model required for compatibility or matching types and styles of furniture may be procured. (See "Standardization of equipment authorized by law" found in Chapter IV on Competitive Purchasing.)
- Standard or quality selection should be cooperatively determined.  
Educational supplies and equipment are generally and broadly defined as items used by schools, such as instructional, office, medical, custodial, and maintenance needs. However, there are considerations peculiar to each type of supply or equipment. Some of these are set forth below.
  - **I**nstructional supplies and equipment
    - (1) Selection of titles and authors of textbooks is the responsibility of the educator.
    - (2) For classroom equipment and supplies, the purchasing agent should be an advisor to the educator in the selection of quality. This cooperative approach will assure the procurement of a quality that is consistent with long-run economy and classroom requirements.
    - (3) Computerized standard lists of supplies should be established for grades, classes, and schools and departments. (See sample list, Appendix 12).
  - Maintenance and operations.
    - Equipment: The plant supervisor or the custodian may require a certain brand or manufacturer's article to fit into an established operation. For example, a particular valve may be required in a plumbing or heating system. In the procurement of such maintenance equipment as floor machines, brushes mowers, etc., consultation between the using department and the purchasing agent should result in setting up specifications covering a satisfactory type or grade of equipment.

- Performance of product. The following examples of tests may be run to determine what a product will do or accomplish.
  - (1) Wearing and covering qualities of paint and floor wax.
  - (2) Absorption qualities of paper towel.
- Valuable information for the purchasing official and the using department on many products is contained in the publications Consumers' Bulletin and Consumer Reports.
- Specifications for items to be purchased should be clear and concise so as to place the basic responsibility on the seller to provide a product that will meet the needs of the user. To assure quality standards in items to be furnished, specifications should indicate to the vendor what is required and expected. Specifications may be simple or written in considerable detail, depending on the importance of the item or the necessity for a more complete description to define type and quality demanded.
  - Specifications may describe requirements in terms of:
    - (1) Chemical composition.
    - (2) Physical, chemical, or electrical characteristics.
    - (3) Materials and method of construction.
    - (4) Dimensions and tolerance.
    - (5) Manufacturer's description or model number (the words "or equal" must be added unless standardization has been authorized).
    - (6) Bidder's sample, when requested.
    - (7) Performance factors.
  - Specifications and instructions, especially on bids, should include the following (see Bid Form, Appendix 5):
    - The bid price is to be the net delivered price. There is to be no charge for delivery or insurance.
    - Definite or approximate quantity required.
    - Where and when delivery is to be made. A reasonable penalty clause " buy against clause" for not delivering on time should be included.
    - Statement when award will be made.
    - If an alternate bid is requested, details must be given as to what alternate includes.
    - If a sample showing quality desired is available, statement of where bidder may inspect such sample.
    - If bidder is requested to furnish a sample for conformity, statement of where and when such sample is to be delivered.
    - Type of packing required.
    - Statement that board reserves the right to reject all bids and to waive informalities or minor irregularities.
    - Requirement of bidder's guarantee that all goods meet specifications and all unacceptable items will be replaced at the bidder's expense.
    - Sample contract documents, if any, which are to be signed by the successful bidder and the school district.
    - Statement of any surety required (i.e., certified check or bid bond payment, and performance bond), if a condition of the contract.
    - If specifications call for a piece of equipment to be taken in trade, statement as to where bidder may see such an item.
    - Explanation of how tests for conformity with specifications will be made.
    - Official proposal sheet or bid form.
    - Statement of Non-Collusion
  - Specifications may be based on:
    - A very detailed description of equipment or supplies required (see Specification, Appendix 5).
    - Standard specifications available from a number of sources. Some of the best known are:
      - (a) Federal Bureau of Standards (i.e., Federal Specifications), General Services Administration, Washington, D.C. 20025.
      - (b) American Society for Testing and Materials, 1916 Race Street, Philadelphia, PA 19103.

- Quantity discount. An extra discount for a larger purchase may not be economical if the additional quantity is in excess of need. The purchasing agent should beware of overbuying.
- Inventory record. This should give an excellent picture of needs based on past usage and current availability.
- Time required for delivery--whether immediate or involving extended waiting period. The economic situation at a given time may influence delivery.
- Storage facilities available.
- Market condition or trend.
- Cooperative sharing of items by departments or groups may be possible. Example: items such as paper cutters paper punches, visual aids.
- Factors favoring large quantity, infrequent purchases:
  - Budget control. Quantity purchases will reduce number of entries against an account.
  - Better price. Volume purchasing frequently decreases unit cost. Price per unit may change at 25 or 100 units.
  - Lower delivery cost. Usually the cost per hundredweight decreases as the tonnage increases.
  - Purchase department expense. Fewer orders necessitate less paper work, thus saving time and money.
  - Adequate and continuous supply is assured. Many school systems have found it economical to contract for or to purchase supplies once a year on a cyclical basis. Delivery may be specified in one shipment or spread out over the year in several installments.
- Factors favoring small, frequent purchases:
  - Nonstorage cost. Warehousing overhead is eliminated.
  - No deterioration. Merchandise is used up speedily.
  - Less danger of obsolescence. Newer models can be ordered.
  - Changing educational needs or user preference. Program changes are not held up because old supplies must be used.
  - Less insurance risk. Smaller value of stock to be protected from loss.
- Recurring items may be purchased on annual contract or periodic large order basis for delivery as needed.
  - Fuel oil for season's use.
  - Light bulbs--incandescent and fluorescent.
  - School lunch items--milk, ice cream, (where escalator clauses are used).
  - Maintenance service agreements--for office machines, motors, clocks, and boilers.
- Types of contracts for purchase of school materials:
  - Definite Quantity Contract should be used when specific amounts of material are to be purchased at one time, with delivery in one lot or at specific times during the year. Example: 1,000 reams of copy machine paper, with delivery in one shipment or 250 reams quarterly.
  - b. Continuing Contract is used when amount is indefinite, but estimated, for delivery during the fiscal year. Example: fuel oil as required. School lunch items, such as milk, bread, and ice cream, come under this heading.
- Frequent and recurring items relatively small in value may be procured by:
  - a. Blanket orders issued monthly to local dealers for emergency needs:
    - (1) Panes of window glass in less than full boxes.
    - (2) Minor repairs to motor vehicles.
    - (3) Oxygen and acetylene tank refills.
- Confirming orders for emergency supplies after approval by the purchasing agent. While this method of purchasing is not recommended, there are instances where it may justifiably be used in order to save time and labor cost, such as immediate repairs for electric and plumbing equipment or service.

### **C. Storage or Stocking of School Supplies and Equipment.**

- Items of equipment may be turned in on new purchases (e.g., old computers, printing press, and refrigerators).
- Items of equipment may be offered for public sale.
  - (1) These should be advertised if they are of considerable value.
  - (2) There may be acceptance of a suitable offer from a dealer or individual.
- In stock control, it is desirable to use principle of "first in, first out" in order to use up old items and eliminate obsolescence. As far as possible, old stock should be used before issuing a newer pattern or style. It is helpful to have the receiving date marked on stocked items.
- Scrap.
  - Metals should be sold for junk.
  - Paper should be sold as waste paper.



and all purchase contracts involving an expenditure of more than twenty thousand dollars shall be awarded by the appropriate officer, board or agency of a political subdivision or of any district therein including but not limited to a soil conservation district, to the lowest responsible bidder furnishing the required security after advertisement for sealed bids in the manner provided by this section. In any case where a responsible bidder's gross price is reducible by an allowance for the value of used machinery, equipment, apparatus or tools to be traded in by a political subdivision, the gross price shall be reduced by the amount of such allowance, for the purpose of determining the low bid. In cases where two or more responsible bidders furnishing the required security submit identical bids as to price, such officer, board or agency may award the contract to any of such bidders. Such officer, board or agency may, in his or her or its discretion, reject all bids and advertise for new bids in the manner provided by this section. In determining whether a purchase is an expenditure within the discretionary threshold amounts established by this subdivision, the officer, board or agency of a political subdivision or of any district therein shall consider the reasonably expected aggregate amount of all purchases of the same commodities, services or technology to be made within the twelve-month period commencing on the date of purchase. Purchases of commodities, services or technology shall not be artificially divided for the purpose of satisfying the discretionary buying thresholds established by this subdivision. A change to or a renewal of a discretionary purchase shall not be permitted if the change or renewal would bring the reasonably expected aggregate amount of all purchases of the same commodities, services or technology from the same provider within the twelve-month period commencing on the date of the first purchase to an amount greater than the discretionary buying threshold amount. For purposes of this section, "sealed bids", as that term applies to purchase contracts, shall include bids submitted in an electronic format including submission of the statement of non-collusion required by section one hundred three-d of this article, provided that the governing board of the political subdivision or district, by resolution, has authorized the receipt of bids in such format. Submission in electronic format may, for technology contracts only, be required as the sole method for the submission of bids. Bids submitted in an electronic format shall be transmitted by bidders to the receiving device designated by the political subdivision or district. Any method used to receive electronic bids shall comply with article three of the state technology law, and any rules and regulations promulgated and guidelines developed thereunder and, at a minimum, must (a) document the time and date of receipt of each bid received electronically; (b) authenticate the identity of the sender; (c) ensure the security of the information transmitted; and (d) ensure the confidentiality of the bid until the time and date established for the opening of the bids. The timely submission of an electronic bid in compliance with instructions provided for such submission in the advertisement for bids and/or the specifications shall be the responsibility solely of each bidder or prospective bidder. No political subdivision or district therein shall incur any liability from delays of or interruptions in the receiving device designated for the submission and receipt of electronic bids.

- 1. (Effective June 1, 2013) Except as otherwise expressly provided by an act of the legislature or by a local law adopted prior to September first, nineteen hundred fifty-three, all contracts for public work involving an expenditure of more than thirty-five thousand dollars and all purchase contracts involving an expenditure of more than twenty thousand dollars, shall be awarded by the appropriate officer, board or agency of a political subdivision or of any district therein including but not limited to a soil conservation district, to the lowest responsible bidder furnishing the required security after advertisement for sealed bids in the manner provided by this section. In determining whether a purchase is an expenditure within the discretionary threshold amounts established by this subdivision, the officer, board or agency of a political subdivision or of any district therein shall consider the reasonably expected aggregate amount of all purchases of the same commodities, services or technology to be made within the twelve-month period commencing on the date of purchase. Purchases of commodities, services or technology shall not be artificially divided for the purpose of satisfying the discretionary buying thresholds established by this subdivision. A change to or a renewal of a discretionary purchase shall not be permitted if the change or renewal would bring the reasonably expected aggregate amount of all purchases of the same commodities, services or technology from the same provider within the twelve-month period commencing on the date of the first purchase to an amount greater than the discretionary buying threshold amount. In any case where a responsible bidder's gross price shall be reduced by the amount of such allowance, for the purpose of determining the low bid. In cases where two or more



and meats as required are bid where consumption of such items is above the legally required dollar limit.

- Advertising. Formal advertising is required when the annual purchases exceed the dollar limit established by the bid law. When a district buys an item of supply it is necessary to advertise if the annual purchases exceed \$10,000 (\$20,000 effective June 22, 2010) regardless of the number of deliveries called for during the school year. For example, the total value of paper or paper towels used during the year, if purchased one-half in July and the other half in December, might be less than the bid law requirement (currently \$10,000 (\$20,000 effective June 22, 2010)) for each purchase. However, since the total of the purchases exceeds \$10,000 (\$20,000 effective June 22, 2010) in the school year, the purchase must be formally advertised and bid. Lack of storage facilities could also be a deterrent to accepting delivery in one lot. Other considerations may exist which would justify dividing the purchase.
- Intent. The general intent of the law and the school district's responsibility should be the basis for action. The general interest of the taxpayers and the economical and efficient operation of the schools should dictate the action to be taken by the district. Circumstances vary, and a procedure considered good for one district could work to the detriment of another. In *Pioneer Coal Company Vs Board of Education of the City of Rochester*, Monroe County Supreme Court, Wheeler, J., September 10, 1949, it was held that "it is the well-settled law of this state that in the absence of fraud, corruption, or abuse of discretion, the judgment or discretion of the proper officials will not be disturbed by the courts." However, evading the intent of the law cannot be countenanced.
- Specificity of bid proposals. Here again, circumstances will be the determining factor. For example, a school district has the right to determine the kind of bus it requires as to type, size, power unit, and other important factors. Generally accepted educational practices may make it desirable to have several makes of office machines available for students, rather than have all equipment of one type. The same principle may apply to homemaking equipment and shop machines. Educational authorities have the responsibility to specify which textbook is to be used without regard to competition. School officials certainly have the right to determine the type of pupil seating best adapted, in their opinion, for a particular district. It may be highly desirable to match existing furniture as far as possible, in order to provide for flexibility and interchange of equipment. Even a manufacturer's style or symbol may be mentioned in a specification to indicate the standard required. However, the phrase "or equivalent" should be included in order to provide for competitive bidding. When the low bidder offers an alternate or substitute, the board must determine whether the item offered is, in fact, equal to that specified. Remember that the award must be made to the lowest responsible bidder meeting specifications. Bidders may be disqualified for failure to meet specifications.
- Bid limits. The bid limit refers to the net, not the gross, price. Section 103 of the General Municipal Law was amended to clarify that the bid limit applies to the net, rather than the gross, price. "In any case where a responsible bidder's gross price is reducible by an allowance for the value of used machinery, equipment, apparatus or tools to be traded in by a political subdivision, the gross price shall be reduced by the amount of such allowance for the purpose of determining the low bid." Examples are old computers, lathes, sewing machines, etc., turned in on the purchase of new, and so indicated in specifications. In such cases, the bidding sheet usually provides for a gross price for the new item or items, less an allowance for the trade-ins, and the resulting net delivered price.  
When a discount is involved, the net price is the determining factor as to whether an item comes under the bid limitation. Thus, the discount is not considered to be a part of the payment. However, the specification should state that the board reserves the right to purchase by individual items groups of items, or by total of all items in line with the best interests of the school district. The board should also specify that all discounts will be considered in determining the lowest responsible bidder.
- Standardization of equipment authorized by law. Section 103, subdivision 5 of the General Municipal Law makes it possible for a board of education to standardize on a particular type or kind of equipment, material, or supplies by adopting a resolution, "...by a vote of at least three-fifths of all the members of the governing body of a political subdivision" affirming that there is need for standardization. The "...resolution shall contain a full explanation of the reasons for its adoption." However, this action does not eliminate the necessity of advertising for bids and awarding the contract "...to the lowest responsible bidder furnishing the required

- Award of contract. If the board of education is in session when bids are opened, a contract may be awarded at once. However, it is advisable to review bids carefully, and a reasonable time may elapse between opening of bids and award of contract. In case identical bids are received, the award may not be divided. The board should determine which bidder is to receive the contract. If the board believes there may be collusion between bidders, all bids may be rejected and advertised.
- Equipment requiring installation. This handbook does not go into detail in connection with construction contracts (new buildings, additions to buildings, etc.). However, when bids are requested on equipment to be installed or erected in a school building (such as lockers, shelving, and science equipment), the district should, in its specifications and instructions to bidders, specify that the vendor is to comply with all State and local regulations relating to labor, such as minimum hourly wage, working conditions, insurance, and safety factors. The inclusion of such requirements may eliminate confusion and possible misunderstanding between the vendor and the district as the work progresses, and insure no work stoppage because of infringement of labor laws or regulations.
- Bidder's withdrawal of bid submitted. Section 103(11) of the General Municipal Law allows a bidder to withdraw a bid when:
  - The mistake was made known prior to the award of the contract or within three days of the bid opening, whichever is shorter;
  - The price was based on an error of such magnitude that enforcement would be unconscionable;
  - The bid was submitted in good faith and the bidder submitted evidence that the mistake was a clerical error;
  - The error in the bid, substantiated by original work papers, documents, or materials used in preparing the bid, evidences an unintentional substantial arithmetic error and/or omission of a substantial quantity of work, material, or service;
  - The district is no better or worse off than it was prior to the bid (status quanta).

The sole remedy for bidder error under this section is the withdrawal of that bid and the return of the bid bond or security. The reformation or amendment of a bid or contract is strictly prohibited. The board of education may, at its discretion, award the bid to the next lowest bidder or rebid the contract.

**D. Multi-Year Leases and Installment Purchases.** A motivating factor behind use of multi-year leases and installment purchasing over traditional methods of acquiring equipment, machinery and apparatus is the ability to make payments over the life of the equipment. More importantly, technology has advanced so rapidly that equipment becomes technologically obsolete before its physical life is over. Technological developments bring about either new techniques of instruction or more efficient operation. The sections of law that govern such agreements are as follows:

- Lease/Rental of Personal Property Section 1725 of the Education Law provides that:
  - The board of education may enter into an agreement for the lease of personal property.
  - The board of education must adopt a resolution stating the reason why such agreement is in the best financial interest of the district.
  - The agreement may not exceed the current year unless the voters approve such agreement, either as a separate proposition or as an appropriation, with indication, in the budget presented to the voters.
  - Such agreements are subject to competitive bidding requirements if the total amount over the term of the contract exceeds the dollar limit for purchases established by Section 103 of the General Municipal Law.

(See Chapter V, "[Purchasing Through Agencies Other Than Vendors - Office of General Services](#)" for information regarding use of state contracts in lieu of competitive bidding.)

- Lease-Purchase Agreements for Instructional Equipment. Section 1725-a of the Education Law, authorizes school districts to enter into lease-purchase agreements for instructional

- Certificates of Participation (COPs). COPs may be sold at public or private sale, either independently or in connection with a pooled or aggregate program. The proceeds of the COPs may be used for the establishment of reserve funds to secure the COPs and to pay for credit enhancements and the actual and necessary expenses directly related to the issuance of COPs (other than personal service expenses of the political subdivision), in addition to being applied toward the cost of the capital acquisitions. The proceeds from COPs may only be invested in certain government obligations or special time deposit accounts or certificates of deposit with banks or trust companies as prescribed by Section 109-b. COPs are declared to be a proper investment for municipalities in the State and may be deposited for any purpose for which the deposit of State obligations is authorized.
- Regulations of the State Comptroller. The authority to enter into installment purchase contracts, to authorize the execution and delivery of COPs and to conduct a negotiated sale of COPs are subject to rules to be promulgated by the State Comptroller. Except as provided in those rules, private sales of COPs are subject to the Comptroller's approval. Also, the annual financial report of the political subdivision to the State Comptroller must contain a detailed statement of installment purchase contracts entered into by the political subdivision, the provisions made for payment, the purpose for which the installment purchase contract was entered into, whether COPs were issued and such other information as the Comptroller may require.

**E. Multi-Year Service Contracts** should not be entered into in the absence of specific legislative authority. The legislative authority currently available to school districts, subdivision 14 of Section 305 of the Education Law, provides for multi-year transportation and cafeteria service contracts only. Contracts for such items as cleaning/maintenance, trash removal, maintenance of clock systems, care of grounds and snow plowing, should:

- Be for a single year only;
- Be bid as a public works contract;
- require the payment of minimum wage rates and supplements; and
- Specify which party provides equipment and supplies. A contract for the purchase of management services for cleaning and maintenance of school buildings would also need to meet the above conditions, unless exempt as a professional service under General Municipal Law. In any case, where contracts include the purchase of supplies, materials and equipment, the one-year contract limitation and the bidding requirements of Section 103 of the General Municipal Law apply.

details and specifications between the participating school districts before such joint action can be undertaken. The participating districts may appoint one official or one body to recommend award of contracts after advertising and bidding. Specifications may also be written requiring vendors to deliver items and bill each district separately for its portion of the contract. It has been demonstrated that cooperative purchasing by two or more districts has resulted in lower prices because of the larger quantities involved, and savings have resulted to the districts in expense, time, and effort.

Buses, among other items, have been purchased cooperatively to the advantage of the participating districts where the districts have agreed in advance on common specifications. Many other items of supplies and equipment lend themselves to cooperative purchasing. The advertising law still applies in cooperative bidding and purchasing projects.

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[1] General Municipal Law, Section 103, Subdivision 3.

[2] General Municipal Law, Section 119.o.

of minimum and maximum inventory levels, reordering, scheduling of deliveries, product information and accounts payable. The total cost of purchasing may be reduced considerably by minimizing paperwork and red tape. Holding down the cost of material acquisition is the first step toward purchasing efficiency.

The programming devised for inventory control and/or accounting will depend on the information required by the purchasing department. Programming will vary according to the particular situation.

Computer services are an important managerial aid in the areas of planning, analysis, record keeping, tabulating, and research. The data processing system employed should be carefully analyzed and tested before final program adoption. "Debugging" a new program and running parallel systems before accepting the new and discontinuing the old will eliminate time consuming problems when the program is set up and operational. The final results will be only as good as the raw data input in any data processing system.

## **B. Purchasing Forms.**

- Requisitions. In some districts a single requisition form may serve all purposes and types of requests. In other districts, depending on size and variety of activities, several different special purpose requisition forms may be desirable for efficient operation of the purchasing function. There is no set standard as to type and number of forms. The following comments describe some of the current practices in this State:
  - General requisition--to cover both the direct purchase of an item and the furnishing of the article from the warehouse.
    - Original copy to business office.
    - Copy retained at school.
  - Building requisition--to cover changes in buildings or equipment to be attached to building or connected with services.
    - Original copy to business office or building and grounds department
    - Copy retained at school.
- Annual requisition forms. When purchasing is done on an annual basis, the following specialized and pre-established annual requisition forms or standard supply lists for recurring supplies and equipment needs may be used. The group listings indicate the breakdown into items pertaining to the department or service named.
  - (1) General arts and crafts.
  - (2) General school supplies.
  - (3) Industrial art supplies.
  - (4) Health supplies.
  - (5) Homemaking supplies.
  - (6) Kindergarten supplies.
  - (7) Library books and supplies.
  - (8) Various school equipment: desks, chairs, tables, typewriters.
  - (9) Textbooks and workbooks.
  - (10) Computer supplies and equipment.
  - (11) Musical instruments.
  - (12) Science supplies and equipment.
  - (13) Audio-visual supplies and equipment, television, radio, etc.
  - (14) Physical education and interscholastic sports supplies and equipment.
  - (15) Custodial supplies.
  - (16) Maintenance equipment.
  - (17) Transportation supplies and equipment.
  - (18) Cafeteria supplies and equipment.

The annual requisition forms should have a place to indicate quantity on hand, quantity needed, unit cost, and net order. The school building principal should approve them before they are sent to the central office.

In some of the larger districts of the State the following types of requisition forms and procedures have been standardized:



- Order follow-up or expediter form. This may be a printed postcard or a printed form sent to vendor requesting information as to delivery date on order or orders already placed.
- Receiving report may be one of the copies of the purchase order or a special form. The receiver's signature and date of receipt of goods are required on this copy before payment is authorized

### **C. Purchasing Tips**

- Timing purchases. The school district will benefit from prompt delivery and will avoid drop shipments and back orders by placing orders at times other than the supplier's peak-load period. This peak of purchase activity for school equipment and supplies is usually from June through August.
- Off-season purchases. It is generally good business practice to purchase seasonal goods in the off season--lawn mowers and garden equipment in the winter when factories face a slack period; snow shovels in the summer. Contracts for fuel oil may be awarded in the summer.
- Packaging instructions. The relative advantages of the several methods of packing and delivery in terms of cost and convenience should be weighed. Shipment to a central point costs less than drop shipments to individual schools. However, unpacking and local delivery costs may offset the initial savings.
- Formalizing procedures. By formalizing purchasing procedures and reducing procedural instructions to writing, associates and interested personnel will benefit.
- Standards supply lists. These may include all commonly used standard items organized in groupings such as office, general classroom, art, science, custodial, health, etc. (See Appendix 12.)
- Control. All requests for price repair services, and purchases should be made through the purchasing office.
- Vendor calls. Salespersons should be discouraged from making calls on teachers in schools or on maintenance employees without first clearing with the purchasing agent and building principal.
- New information. The purchasing agent should strive constantly to increase knowledge of new materials, services, sources, and processes and should suggest new items to interested personnel.
- Objectivity. No favoritism should be extended to any vendors. All transactions should be on the basis of quality, price, delivery, and service.
- Personal purchases. Purchasing agents should not make personal purchases for staff personnel.
- Contact with vendors. The purchasing agent should periodically visit vendors' plants or places of business to keep informed on new items, materials, and processes.

**D. Sources of Purchasing Information.** The following volumes and publications are appropriate to have available for reference purposes in any purchasing office.

- Purchasing Periodicals:  
Purchasing (a national magazine of industrial purchasing)  
Purchasing Week
- Miscellaneous:  
Thomas' Register of American Manufacturers. (This is a complete annual list of manufacturers by product, by manufacturer's name, and by trade name.)  
MacRae's Blue Book (similar to Thomas' Register)  
Consumer Bulletin  
Consumer Reports  
American Society for Testing and Materials

### **E. Professional Associations.**



2. To endeavor to obtain the greatest value for every tax dollar expended.
3. To be receptive to advice and suggestions from colleagues, both in the educational field and in other departments of business administration, insofar as such advice and suggestions are not in conflict with legal or moral restrictions in purchasing procedures.
4. To strive for knowledge of school equipment and supplies in order to recommend items that may either reduce cost or increase the efficiency of the means of education.
5. To insist on and expect honesty in sales representation whether offered verbally or in writing, through the medium of advertising or in the sample of a product submitted.
6. To give all responsible bidders equal consideration and the assurance of unbiased judgment in determining whether their product meets specifications and the educational needs of the district.
7. To discourage the offer of, and to decline, gifts that in any way might influence the purchase of school equipment and supplies.
8. To accord a prompt and courteous reception, insofar as conditions permit, to all who call on legitimate business missions.
9. To counsel and assist fellow school purchasing officials in the performance of their duties whenever occasion permits.
10. To cooperate with educational, governmental, and trade associations in the promotion and development of sound business methods in the procurement of school equipment and supplies.

- i. Time schedule for legal notice, issuing bid invitation, bid call tabulation, and recommendation
- j. Sharing of cost

5. A notice of requirements is sent to vendors and advertised pursuant to General Municipal Law §103 inviting them to submit bids. In inviting bids, it is important to give complete specifications for each item, the purchase unit, and the quantity required.

6. Bids should be kept sealed and confidential until the designated time for opening. Sealed envelopes containing the bids should be time stamped to indicate the date, time, and place of receipt. Special colored and marked envelopes are recommended for each individual item being bid so that all bids for that product or commodity grouping can be opened at the same time. The bids should be placed in a locked receptacle until the time specified for opening. A bidder may wish to change his quotation before the bids are closed. If this occurs, there should be no objection on the part of the bid coordinator. Bids received after the time and date specified for bid opening must be rejected. Late bids may be returned unopened to the bidder.

7. Formal bids result in a contract awarded by the governing body and should contain all the essentials of a contract. A contract should contain four basic elements: (1) agreement (meeting of minds) resulting from an offer and acceptance; (2) consideration or obligation; (3) competent (responsible) parties; and (4) a lawful purpose. All contracts should be dated to indicate when the contractual relationship begins.

For additional assistance contact Educational Management Services at (518) 474-6541.