

**South Burlington School District
Procedures
Purchasing**

1. Any purchase order and/or commitment of funds by the District will be done through Purchase Orders (PO's) or contracts. All purchase orders shall be entered into the computer accounting system and approved before a purchase is made. If an order is placed over the telephone, the purchase order must still be approved ahead of time.
2. Purchase Orders will be approved by the building administrator prior to being entered into the computer accounting system. Purchase Orders will be given final budget approval by the Business Manager or the Superintendent, and distributed by the Accounts Payable Clerk. Final budget approval will not be granted if a line item is over budget.
3. PO's shall be coded to the account code that most accurately describes the purpose intended, NOT to an account where there are remaining funds available.
4. Allow one week for the processing of PO's.
5. When goods have been received by the school, the receiving report and the original invoice shall be submitted to the Business Office for payment. The school employee responsible for checking in the goods upon arrival must initial the invoice indicating that all goods were received and that they are in sound condition. When the employee accepts the shipment and indicates that all is in order, the District becomes liable for payment.
6. Under no circumstances shall an employee of the District accept any compensation or gifts from vendors in return for purchasing their products. If free gifts come as the result of a purchase, they belong to the District.
7. PO's which are funded via grants, must include the grant name on the PO. This facilitates the reconciliation of grant funds at year end.
8. See the general information guide on the District website for more information about processing purchase orders.

APPENDIX #2

The State of Vermont's Open Bid Law

The Vermont Statutes: Title 16, Chapter 009, Subchapter 004, § 559. Public bids

(a) When the cost exceeds \$15,000.00. A school board or supervisory union board shall publicly advertise or invite three or more bids from persons deemed capable of providing items or services if costs are in excess of \$15,000.00 for any of the following:

- (1) the construction, purchase, lease, or improvement of any school building;
- (2) the purchase or lease of any item or items required for supply, equipment, maintenance, repair, or transportation of students; or
- (3) a contract for transportation, maintenance, or repair services.

(b) When a school construction contract exceeds \$500,000.00:

(1) The State Board shall establish, in consultation with the Commissioner of Buildings and General Services and with other knowledgeable sources, general rules for the prequalification of bidders on such a contract. The Department of Buildings and General Services, upon notice by the Secretary, shall provide to school boards undergoing construction projects suggestions and recommendations on bidders qualified to provide construction services.

(2) At least 60 days prior to the proposed bid opening on any construction contract to be awarded by a school board that exceeds \$500,000.00, the school board shall publicly advertise for contractors interested in bidding on the project. The advertisement shall indicate that the school board has established prequalification criteria that a contractor must meet, and shall invite any interested contractor to apply to the school board for prequalification. All interested contractors shall submit their qualifications to the school board, which shall determine a list of eligible prospective bidders based on the previously established criteria. At least 30 days prior to the proposed bid opening, the school board shall give written notice of the board's determination to each contractor that submitted qualifications. The school board shall consider all bids submitted by prequalified bidders meeting the deadline.

€ Contract award.

(1) A contract for any such item or service to be obtained pursuant to subsection (a) of this section shall be awarded to one of the three lowest responsible bids conforming to specifications, with consideration being given to quantities involved, time required for delivery, purpose for which required, competency and responsibility of bidder, and his or her ability to render satisfactory service. A board shall have the right to reject any or all bids.

(2) A contract for any property, construction, good or service to be obtained pursuant to subsection (b) of this section shall be awarded to the lowest responsible bid conforming to specifications. However, when considering the base contract amount and without considering cost overruns, if the two lowest responsible bids are within one percent of each other, the board may award the contract to either bidder. A board shall have the right to reject any bid found not to be responsible or conforming to specifications or to reject all bids.

(d) Construction management. The school board may contract for the service of construction management to assist in a school construction project. The State Board, in consultation with the Commissioner of Buildings and General Services and other knowledgeable sources, shall adopt rules defining the term "construction management" and specifying the nature of bidding

requirements under construction management services in order to assist school boards to comply with the public bidding requirements of this section.

€ Application of this section. Any contract entered into or purchase made in violation of the provisions of this section shall be void; provided, however, that:

- (1) the provisions of this section shall not apply to contracts for the purchase of books or other materials of instruction;
 - (2) a school board may name in the specifications and invitations for bids under this section the particular make, kind, or brand of article or articles to be purchased or contracted;
 - (3) nothing in this section shall apply to emergency repairs;
 - (4) nothing in this section shall be construed to prohibit a school board from awarding a school nutrition contract after using any method of bidding or requests for proposals permitted under federal law for award of the contract;
 - (5) nothing in this section shall prevent school districts or supervisory unions from entering into agreements with other school districts or supervisory unions to conduct joint bidding procedures otherwise consistent with this section;
 - (6) nothing in this section shall require a school board to invite or advertise for bids if it elects to purchase goods, materials, or supplies through the Commissioner of Buildings and General Services, pursuant to 29 V.S.A. chapter 49; and
 - (7) nothing in this section shall require a school board or supervisory union board to invite or advertise for bids if it is renewing a contract entered into pursuant to subsection (a) of this section provided that annual costs will not increase more than the most recent New England Economic Project Cumulative Price Index, as of November 15, for State and local government purchases of goods and services, the total amount of the contract does not exceed an increase of 30 percent more than the total amount of the original contract, and the contract for the renewal period allows termination by the board following an annual review of performance.
- (f) Waivers. The State Board shall by rule adopt standards governing the authority of the Secretary to grant individual waivers to the provisions of this section. The rules, at minimum, shall require the school board seeking the waiver to demonstrate to the Secretary that it is unable to comply with the bidding procedure through no fault of its own, and that it has proposed an alternative method of minimizing costs through a fair and public process.
- (g) Violations. The State Board may deny State aid for school construction and for debt service on a project that proceeds in violation of this section. (Added 1969, No. 298 (Adj. Sess.), § 36; amended 1971, No. 232 (Adj. Sess.), § 1, eff. April 5, 1972; 1989, No. 188 (Adj. Sess.), § 3; 1993, No. 233 (Adj. Sess.), § 75, eff. June 21, 1994; 1995, No. 185 (Adj. Sess.), § 86, eff. May 22, 1996; 1999, No. 77 (Adj. Sess.), § 1; 1999, No. 148 (Adj. Sess.), § 76, eff. May 24, 2000; 2003, No. 12, § 1; 2005, No. 54, § 3; 2007, No. 66, § 3;

Appendix #3

Anti-Kickback Act of 1986

The Anti-Kickback Act of 1986, 41 U.S.C. § 51 *et seq.*, modernized and closed the loopholes of previous statutes applying to government contractors. The 1986 law attempts to make the anti-kickback statute a more useful prosecutorial tool by expanding the definition of prohibited conduct and by making the statute applicable to a broader range of persons involved in government subcontracting. A summary of this act follows below:

Prohibited conduct – the Act prohibits attempted as well as completed “kickbacks,” which include any money, fees, commission, credit, gift, gratuity, thing of value, or compensation of any kind. The act also provides that the inclusion of kickback amounts in contract prices is prohibited conduct in itself.

Purpose – The Act requires that the purpose of the kickback was for improperly obtaining or rewarding favorable treatment. It is intended to embrace the full range of government contracting.

Covered class of “kickback” recipients – The Act prohibits “kickbacks” to prime contractors, prime contractor employees, subcontractors, and subcontractor employees. These terms are defined in the Act.

Type of contract –The Act defines kickbacks to include payments under any government contract.

Knowledge and willfulness –The Act requires one to knowingly and willfully engage in the prohibited conduct for the imposition of criminal sanctions.

The Federal Procurement Fraud Unit in the Fraud Section, Criminal Division, has sample indictments and will handle inquiries or questions about this statute and will provide guidance on a variety of procurement fraud issues.

APPENDIX #4

**South Burlington School District
Executive Limitations Monitoring Report**

April 28, 2015

2.7. Asset Protection (detail policy #5 excerpt)

The superintendent shall not cause or allow district assets to be unprotected, inadequately maintained, or unnecessarily risked.

Further, without limiting the scope of the foregoing by this enumeration, the superintendent shall not (Detail Policy #5) make any purchase (a) wherein normally prudent protection has not been given against conflict of interest; (b) of over \$15,000 without having obtained comparative prices and quality; (c) of over \$75,000 without a stringent method of ensuring the balance of long-term quality and cost. Orders shall not be split to avoid these criteria.

Superintendent's Interpretation

I interpret this to mean that the superintendent will ensure that employees approving purchases will receive training in identifying potential areas of conflict of interest of purchases. I interpret "comparative prices and quality" to mean that on purchases of items over \$15,000 and subject to the Vermont State bid law, the superintendent will ensure that the bid law is followed. I interpret "stringent method" to mean that purchases over \$75,000 will, through the bid process, have a documented review of factors appropriate to the purchase (such as safety, durability, longevity, maintenance requirements, and aesthetic value).

Prepared by John K. Stewart,
Business Manager
July 28, 2015