

AVON MAITLAND DISTRICT SCHOOL BOARD

ADMINISTRATIVE PROCEDURE

NO. 516

SUBJECT: PURCHASING PROCEDURES

Legal References: *Education Act: Section 171 (1)13 Powers of Boards: Provision of Supplies; Part IX Division A - General Finance; Section 286 Duties of Supervisory Officers: Supervise Business*

Related References: *Administrative Procedure 517 Purchasing Authority*

1. Purchasing Goods or Services

This administrative procedure provides direction for all school personnel when purchasing goods or services. Approval of a budget for a project or purchase does not exclude the department or employee from following the policies and procedures of the Board regardless of the funding source.

2. Administrative Procedures

2.1 Bulk School Supply Orders

Once a year, the Purchasing Department generates a tender card which is created from the automated tendering system in the Navision financial software. This tender card includes all items purchased in the prior year and any other items added for the upcoming year. Beside each stock item is the estimated usage from the prior year, unit of measure, description, and blank spaces for brand/category and unit price. The prices paid in the previous year are not included in the list. The export spread sheet (Tender Card) is sent to potential suppliers who fill in their prices, brand/category and return it to the Purchasing Department. The Purchasing Department then loads the information into Navision for the prices to be analyzed and the winning bids to be awarded on the Tender Card. The Tender Card is then turned into a requisition, "School Catalogue", for each school so they can fill in quantities required for the next school year. The principals/secretaries fill out the number of items that they would like for the upcoming year on their own requisition specifically generated for their school. Once complete it is sent to the Purchasing Department via the automated system in Navision to issue purchase orders to suppliers.

Once the purchase orders are processed by the Purchasing Department, the vendor copies are distributed to the vendors and the schools are notified to print off the school and receiving copies of the purchase order. At this point, the purchase orders go through the same process as school-initiated purchase orders.

2.2 School Initiated Orders

If the product or service totals less than one thousand dollars, the goods or services can be ordered verbally. The packing slip and/or invoice will be signed, dated and approved by the Principal. If the value is equal to or exceeds one thousand dollars,

or a purchase order is required by the supplier, an electronic requisition is produced by the school secretary which is approved by the principal then forwarded as follows:

- a) Single item > or = to \$1,000 to the Purchasing Manager for financial approval, and then to purchasing for processing
- b) I.T. hardware, software and peripherals to the Manager of IT for approval, and if a single item is >\$1,000 to Purchasing Manager for financial approval, then to purchasing for processing.
- c) Orders that do not contain single items >\$1,000 will be processed by purchasing providing principal approval is in place.

The Purchasing Manager ensures the process has been followed by checking the requisition history of the purchase requisition.

Once the purchase orders are created, the suppliers copy is distributed to the vendor. A copy is also kept by the Purchasing Department. The school should print the originator copy in Navision by selecting the requisition and printing the fulfilled purchase order. When goods are received the shipment is reconciled to the packing slip. The packing slip is reconciled to the originator copy of the purchase order. If the order is complete it is marked as complete on the originator copy of the purchase order. The packing slip and originator copy of the purchase order must be signed and dated by the receiving party. The paperwork is then sent to accounting for invoice matching and entering for payment.

Exceptions to the above are milk orders, field trips or trips outside of our jurisdiction.

2.3 Purchase Orders

2.3.1 **Administration Office Purchase Orders:** When items are ordered for schools by central purchasing, the school will print the originator copy of the purchase order from the electronic requisition system (Navision). A signed copy of the originator copy is to be returned to the accounting department with each shipment received against that purchase order complete with the packing slips signed and dated. When the final shipment is received the order is marked as complete.

2.3.2 **Personal Purchases:** Extension of the board's credit or the use of school purchase orders for personal purchases is strictly forbidden. The board requires ethical practices in all its purchases. Educational "deals" from various vendors require consultation with the Superintendent of Business.

2.4 Capital Equipment Purchases

2.4.1 Capital is classified by the Tangible Capital Asset guidelines published by the Ministry of Education. Purchases are classified by the Tangible Capital Assets Associate following the Ministry guidelines and as directed by the Finance Administrator. Purchases of capital items must be sent to the Purchasing Manager for approval, utilizing the electronic requisition systems (Navision) or Form 516A Purchasing: Capital Expenditure Request before they are forwarded to the Purchasing Department and before the product or service is acquired.

2.4.2 The Principal and/or the Manager of Information Technology must approve all purchases of computer hardware, software and peripherals before being sent to the Purchasing Manager and/or the Purchasing Department.

2.5 Invoices

All invoices are sent to the board offices for payment. Any orders issued from the Education Centre that are not complete, shall be forwarded to the Accounts Payable Department with the packing slip and a photocopy of the purchase order to indicate what has been received. This is to be used for both school and administrative office purchase orders. This must be completed in full so that its status may be updated by the Education Centre or Accounts Payable Department.

2.6 Receiving Goods

Any person receiving goods delivered at the school must count all parcels and cartons and examine each for visible signs of damage or shortage. A proper inspection of the supplies delivered must be carried out within 24 hours, and all shortages and/or errors promptly reported to the supplier. If there is a problem resolving the discrepancy, the purchasing department should be contacted. Attached, as Appendix A is a detailed guideline for receiving goods.

2.7 Returning Goods and Warranty Return

When there has been a shipping error or there is a need to return goods for warranty purposes, it is important to contact the supplier immediately regarding the problem encountered. Form 516B Purchasing: Return Goods Form must be completed. A detailed guideline is included with this procedure as Appendix B.

Guidelines for Receiving Goods

It is important to avoid the problems that occur when packing slips and purchase orders are not properly signed for goods received. Following these guidelines for receiving goods will ensure accurate and timely payments to all of our suppliers:

Please make sure when the shipment arrives that you count the number of packages being received and they match what is indicated on the freight bill.

When the shipments arrive from the freight or courier company any damage or shortages should be noted immediately on the freight waybill and initialed by the driver.

Within 24 hours the shipment should be checked against the packing slip received with the shipment.

Once you have checked the shipment against the packing slip the items received should be marked by a check mark and the packing slip dated and signed by the individual checking the shipment.

Then you should verify this packing slip against the purchase order and/or any supportive paperwork (faxed request or order form). If a purchase order has been used, please sign the originator copy and date indicating the order is complete. **Shortages in the shipment should be reported immediately to the supplier (within 24 to 48 hours)**

If the shipment is complete please attach the packing slip to the originator copy of the purchase order (if issued) and send it to accounts payable. Please make sure that you have signed and initialed all the paperwork.

Backordered and Discontinued Items

If there are backordered items please do not hold back the paperwork. Please mark and initial the packing slip and if a purchase order is used please send a photocopy with the items received marked, dated and with the signature of receiver. Once the order is completed, you can send the original receiving copy of the purchase order.

If the items backordered or discontinued are needed immediately, you might want to phone the supplier to find out when they might be available and any substitutes they may have to satisfy your requirements.

Return Goods and Warranty Return Documentation Guideline

Purpose:

When it is determined that there has been a shipping error or there is a need to return goods for warranty purposes the following process should be followed.

Process:

Contact the supplier immediately regarding to the problem encountered (wrong item, quantity, etc.) and determine how the situation will be rectified. Please document all contact with the supplier and be sure to know the dates, times and people that you have spoken to and the information rendered. This information can be written on the back of the packing slip or on the purchase order.

Always try to obtain either a return goods authorization number (R.G.A.#) or written (faxed) authority from the supplier.

Once it has been determined that the goods are to be shipped to the supplier please complete Form 516B Purchasing: Return Goods Form and be sure to enter all the information required.

Please Note: When you return any material only send back copies of the paperwork, never the originals.

Enter in the supplier number, name and address.

Enter in the school number, name and address.

Enter in the date, original purchase order number (important if used), invoice number (if available), packing slip number (most important) and the name of the person processing the return (needed in case questions need to be answered).

Itemize all the items you are returning: school catalog number (if applicable), supplier's item number, brief description, quantity and price. Extend all the costs and get a sub-total. If there is a re-stocking charge please subtract this from your sub-total, then calculate the amount of applicable taxes to be credited. If we are prepaying the freight and charging it back to the supplier please add this cost and calculate the credit expected.

Note: If you are returning a complete shipment consisting of multiple page packing slips or invoices you may state "As Per The Attached". Please be sure to send the attachment to all parties and state the purpose of the return.

Enter the return goods authorization number, or the person's name as reference. In this area please note if there is a re-stocking charge and the percentage (example: 25%).

Enter the contact name and date.

Check one box stating who is paying the freight.

Prepaid - We are paying the freight.

Collect – The supplier is paying the freight. The supplier will arrange pick up or give you a courier account to ship the goods back.

Prepaid and Add – We will send the goods on our account but add the amount to the total of credit we expect.

Please record the Freight/Courier Company's Name, Waybill Number and the Date the shipment is being picked up.

Please also advise why the goods are being returned: wrong item/quantity shipped, hidden damage due to poor packing, **(External damage should be claimed through the freight/courier company)** etc.

Please distribute copies as follows:

Originator or school copy for your records

Supplier copy to be used as a packing slip and to notify the supplier of the expected credit.

Accounting copy to notify accounting of a credit that will be expected.

Note: All original copies of the packing slips, invoices and all credit notes should be sent to accounting. Photocopies or fax copies are not acceptable.

Purchasing copy to track the supplier/product performance.

Accounting will not pay any invoice until all credit issues have been resolved. So please forward all paperwork pertaining to any goods returned immediately, so that payment can be processed.