

**PURCHASING: AUTHORIZATION AND CONTROL PROCEDURES**

NWESD 189 utilizes encumbrance accounting as a means of reserving available program budget for obligations for goods, materials and/or services, which have been ordered, but not yet received. Encumbrance accounting ensures that expenditure authority will be available for recording the expenditure when the goods, materials or services are subsequently received. An encumbrance represents a commitment; not an expenditure.

Encumbrance accounting should be used to the extent necessary to assure effective budgetary control and accountability, and to facilitate effective cash planning and control. Certain costs do not lend themselves to encumbrance. Such costs include, but are not limited to: utilities, internal agency goods and services, travel reimbursement to employees and emergency imprest purchases. Salaries and benefits encumbrances will be done to the maximum extent possible by the Payroll department in the normal course of their business. However, it is recognized that certain salaries and benefits do not lend themselves to encumbering. Such costs include, but are not limited to, employees paid by timesheet or for overtime.

In an emergency, necessary office incidentals, may be purchased through the use of imprest accounts. Such purchases are subject to prior approval by the Assistant Superintendent of Finance and Compliance, or designee. Receipts are required.

**General Purchase Orders**

Unless the Superintendent determines an exception to be appropriate, the following expectations apply to general purchase orders.

- 1) Purchases of goods and services are to be made via purchase orders (PO) issued in advance of the purchase. Purchase orders are to be submitted electronically through administrative channels to the NWESD 189 Assistant Superintendent of Finance and Compliance, or designee, for approval prior to being issued.
- 2) The originator of the purchase order is responsible for compliance with relevant laws, regulations, policies, procedures, specific grant funding source requirements and budget capacity within the program.
- 3) The fiscal department is responsible for proactively communicating known potential legal, policy, and/or grant funding source concerns and helping to appropriately resolve them.
- 4) The agreements to purchase services are to comply with requirements outlined in Policy 5050 for "Contracts for Services." Whenever possible, copies of the agreements should be electronically attached to the PO.
- 5) Staff should utilize the *Contract Clauses Checklist Form 5050F1* for all contracts created internally by staff or externally by a Contractor. Staff creating contracts internally should use

the appropriate contract template provided by the Fiscal Department on the NWESD 189 Intranet. Any exceptions must be discussed in advance with the Fiscal Department.

- 6) All proposed contract and related agreements are to be submitted to the Superintendent for review at least one (1) week in advance of desired acceptance to permit discussion and appropriate resolution of any identified concerns. Upon acceptance, all contracts are to be approved by the Superintendent, or designee. Whenever possible, copies of the contracts should be electronically attached to the Purchase Order.
- 7) If the proposed transaction is to be funded by a grant or other restrictive funding source, written clarification regarding any technical or procedural questions should be obtained by the originating department prior to any request to commit funds.

These expectations may be best met by the following purchase order generation, review, and approval process:

- 1) The authorized employee initiates an electronic requisition which will become a purchase order when it receives final approval. The requisition is numbered sequentially in the PO Group series assigned to the department/program. It contains vendor name, address, ship to location and address, unit quantity, description, unit price, total price, total price of all items on purchase order, sales tax, grand total and appropriate expenditure code(s). Necessary paperwork such as forms documenting approval for travel, food purchases, contracts, incentives or to meet other requirements is either attached electronically or submitted in hardcopy. When completed, the requisition will be electronically submitted to the next level for approval.
- 2) After verifying/substantiating the requisition, the department/program supervisor electronically denies or approves the purchase order request, which automatically forwards it to either the next level for approval or to the Assistant Superintendent of Finance and Compliance, or designee, for final approval.
- 3) The Assistant Superintendent of Finance and Compliance, or designee, is responsible for verifying:
  - A) the request is a legal NWESD 189 purchase;
  - B) the expenditure account code is valid;
  - C) budget capacity exists within the overall budget for all programs and within the object of expenditure for grant funded programs;
  - D) the total cost, based upon numbers provided, is correct;
  - E) necessary paperwork to meet requirements is provided if appropriate; and
  - F) relevant laws, regulations, policies, procedures, and any grant or other funding requirements appear satisfied (based upon information submitted by the originating department).

- 4) If concerns are identified by the fiscal department, which are not readily resolved by meeting with the program manager, they are to be referred to the Superintendent for consultation/decision.
- 5) Upon approval of a purchase order, it may be submitted to the vendor to instigate the purchase.
- 6) The accounts payable staff in the fiscal department will typically directly receive the related invoice(s) from the vendor and will ensure the department/program receives either copies or other notice of the invoice as needed to accomplish step seven (7) below.
- 7) Upon a) receipt of merchandise and/or services, or b) the establishment of a contractual obligation that results from a legally binding agreement appropriately executed on behalf of the NWESD 189 by the Superintendent, or designee, the department/program will stamp either a copy of the purchase order or the related invoice with the following certification, provide the appropriate information and sign the certification:

INFORMATION FOR ACCOUNTING: \_\_\_\_\_

INFORMATION FOR ACCOUNTING:

PO#	ACCOUNT CODE	AMOUNT
_____	_____	_____
_____	_____	_____

CERTIFICATION: I, the undersigned, do hereby certify under penalty of perjury, that I have personally verified that: the materials and/or services described in this document have been furnished or rendered to Northwest ESD 189 or, if this is an advance payment, it is payable pursuant to a contract or is available as fulfillment of a contractual obligation: and that the claim for payment of such is just, due, and an unpaid obligation against Northwest ESD 189.

- A) Date: \_\_\_\_\_ Signature: \_\_\_\_\_ Department: \_\_\_\_\_ When the purchase is complete, the department/program will so note on the stamped copy of the purchase order or invoice and ask the fiscal department to close the purchase order.
- B) The stamped documents identified above will be forwarded to the fiscal department, with all packing slips and other receiving documents, for the fiscal department to process for payment.
- 8) If the invoice is received by a department/program other than the fiscal department, the procedures noted in step six (6) above will be followed and the invoice with other supporting documentation promptly forwarded to the fiscal department.
  - 9) Should merchandise be found defective, the department/program will work directly with the vendor to resolve the matter. However, the fiscal department should be immediately advised of the problem and provided copies of related correspondence.
  - 10) If fiscal department staff has concern(s) related to the propriety of making payment, they shall be communicated to the purchase order originator and his/her supervisor for resolution. Should the concerns remain unresolved, the issue will be forwarded to the Superintendent for consultation/decision. Payment may be withheld until the Superintendent's determination.

- 11) Payment for any item will not be processed except in accordance with the above procedures, unless the Superintendent determines special circumstances warrant an exception. Requests for reimbursement for non-travel related purchases totaling less than fifty dollars (\$50) are considered such an exception when claimed on the appropriate travel/expense form.

### **Federally Funded Subrecipient Purchases**

Unless the Superintendent determines an exception to be appropriate, the following additional expectations/considerations will apply to federally funded purchase orders passed onto other agencies as sub-recipients.

- 1) Member districts will be designated “sub-recipients” when they receive a pass through grant from a federal NWESD 189 grant award.
- 2) Department/Program Supervisors are primarily responsible for the monitoring of expenditures of federal funds by sub-recipients.
- 3) Purchase orders and other appropriate materials will be used to notify member districts when they are a sub-recipient to a federal grant. This packet of information will be sent to the sub-recipient (member district) superintendent by the Department/Program Supervisor and should include:
  - A) A letter identifying the amount of grant dollars being issued, allowable expenditures (activities), restrictions (if any), matching requirements (if applicable), documentation required for reimbursement, timelines/deadlines, and any other necessary information.
  - B) A purchase order in the amount of the total funds available. The purchase order will include the CFDA number for the grant and account codes for member district record keeping (see Form 6210-F1)
  - C) An *Acknowledged Receipt of Grant and Acceptance of Terms/Conditions* (see Form 6210-F2) including certification regarding suspension and debarment.
- 4) When approving payment (reimbursement) to a sub-recipient, the program/department supervisor will review the claim documentation provided by the sub-recipient and request additional documentation as needed to:
  - A) determine the sub-recipient expenditures are legal and proper expenditures;
  - B) determine the expenditures are made in support of authorized grant activities; and
  - C) obtain documentation, if matching expenditures are required, verifying the sub-recipient has fulfilled its obligation.

All documentation will be retained by the Department/Program Supervisor for audit purposes.

- 5) Payment (reimbursement) to a sub-recipient will be made when the Department/Program Supervisor has signed the *Approval to Pay/Certification Sub-Recipient Monitoring* notice stamped on the purchase order and submitted it to the fiscal department (see Form 6210-F3).

### **Credit Card Purchases**

The use of a NWESD 189 credit card increases the efficiency and cost effectiveness of program expenditures by providing purchasing opportunities in cases where a purchase order is not accepted by the vendor and where special rates benefiting the agency would otherwise be lost. Separate Operating Guidelines for credit card use will be provided.

Unless the Superintendent determines an exception to be appropriate, the following additional expectations/considerations will apply to credit card purchases.

- 1) Credit cards may be issued in an employee's name based upon need and an appropriately completed and approved Authorization and Use Agreement (see Form 6210-F5).
- 2) The NWESD 189 will maintain generic credit cards not issued in individual employee names which may be used by staff on an approved, as needed, basis. (see Form 6210-F4). The Assistant Superintendent of Finance and Compliance, or designee(s), will serve as custodian of these credit cards, and make them available to employee(s) requesting them. Certain documentation may be requested by the Assistant Superintendent of Finance and Compliance, or designee(s), prior to making the credit card available.
- 3) A card is only to be used after a properly completed and approved purchase order is provided. The purchase order should be made out to the credit card company and the vendor's name should be noted on the first line of the purchase order description. The credit card number is not to be used to establish an open account.
- 4) When an Internet order is placed, the employee will print documentation from the Internet necessary to identify and validate what has been ordered. The documentation is to be treated as an invoice and processed for payment like all other invoices, except the payment will be made to the credit card company.
- 5) If a NWESD 189 purchase is processed via an employee's personal credit card, the employee may request reimbursement, pursuant to policy/procedures (see Policy 6215), but said purchases will be limited to fifty dollars (\$50) unless advance approval is granted by the Superintendent, or designee.

**NORTHWEST EDUCATIONAL SERVICE DISTRICT 189**

**PROCEDURE 6210-P**

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