

SECTION D

PURCHASING

One of the most important aspects of controls over expenditures is an efficient and effective system of purchasing. The objectives of an effective purchasing system are to buy materials, supplies, commodities, and services that are of the right quality, quantity, price and from the right source with delivery being at the right place. These objectives should be accomplished in accordance with management's purchasing policies and in accordance with applicable federal and state purchasing laws. Each school district shall establish a purchasing system which will meet these objectives.

Well-designed Purchasing System

A well-designed purchasing system should include the following forms:

- A. Purchase requisitions
- B. Purchase orders
- C. Receiving reports

Note: All public-school districts are required to use purchase orders, except for those goods and/or services detailed in the school board's approved purchasing policy.

The use of purchase requisitions and receiving reports are optional; however, the control objectives documented by such reports must be achieved by other means if such reports are not used. The school board may exempt certain purchases from purchase order requirements. This may be achieved by the school board's approved purchasing policy detailing, which type(s) of transactions are exempt from purchase order requirements.

- A. Purchase requisitions are documents completed and signed by school personnel requesting authorization by school district management for the purchase of requested goods and/or services.
- B. A purchase order is defined as a document authorizing the delivery of specified merchandise or the rendering of certain services and the making of a charge for them. Acceptance of a purchase order by the vendor establishes a legally binding contract. The purchase order gives the vendor authority to ship the required items and binds the district for payment.
- C. Receiving reports are documents recording the fact that the items ordered were actually received.

Using purchase requisitions, purchase orders, and receiving reports, the purchasing process, **in electronic form**, could work as follows:

1. School district personnel, seeing a need for certain goods or services, should enter information in electronic form into a purchase requisition by listing the goods and/or services needed. The purchase requisition should be reviewed by the requesting individual's department head for a determination of approval or disapproval. If disapproved, the requisition should be returned to the requesting individual. Approved requisitions would be forwarded to the school board's designated purchasing agent for further consideration. The purchasing agent should review the approved requisition for budgetary constraints and state and federal purchasing requirements before approval or disapproval is given for issuance of a purchase order.
2. When goods and/or services are received, a receiving report should be prepared by the person receiving those goods and/or services. The person receiving the goods should verify receipt of goods and services by comparison of items received to the items ordered as detailed on the purchase order. The receiving report should be signed and dated once acceptance has been made. In the absence of a receiving report, the vendor's invoice should be signed and dated by the person receiving the goods and/or services once acceptance has been made.
3. Prior to paying any claim, the accounts payable clerk should match the following documents:
 - a. Purchase order
 - b. Vendor invoice(s)
 - c. Purchase requisition, if used
 - d. Receiving report, if used

Using purchase requisitions, purchase orders, and receiving reports, the purchasing process, **in paper form**, could work as follows:

1. School district personnel, seeing a need for certain goods or services, should prepare a purchase requisition by listing the goods and/or services needed. The purchase requisition should be signed and dated by the individual requesting the goods and/or services. The purchase requisition should be reviewed by the requesting individual's department head for a determination of approval or disapproval. This approval or disapproval should be documented. The department head should sign and date his approval or disapproval. The approved requisition would be presented to the school board's designated purchasing agent for further consideration. The purchasing agent should review the approved requisition for budgetary constraints and state and federal purchasing requirements before approval or disapproval is given for issuance of a purchase order.
2. If disapproved, the requisition should be noted as such, copied, filed and notification given to the requesting individual of the disapproval.

3. If approved, once state and federal purchasing requirements have been satisfied, a purchase order should be prepared. Each purchase order should be pre-numbered, itemized by individual goods and/or services needed, signed and dated by the purchasing agent before being sent to the vendor.
4. When goods and/or services are received, a receiving report should be prepared by the person receiving those goods and/or services. The person receiving the goods should verify receipt of goods and services by comparison of items received to the items ordered as detailed on the purchase order. The receiving report should be signed and dated once acceptance has been made. In the absence of a receiving report, the vendor's invoice should be signed and dated by the person receiving the goods and/or services once acceptance has been made.
5. Prior to paying any claim, the accounts payable clerk should match the following documents:
 - a. Purchase order
 - b. Vendor invoice(s)
 - c. Purchase requisition, if used
 - d. Receiving report, if used

Other Matters:

1. All purchase orders shall be pre-numbered if they are used in paper form. In an electronic format, purchase orders shall be generated numerically. Purchase requisitions do not require pre-numbering.
2. The use of open purchase orders to vendors is allowable. Open purchase orders must be used according to school board policy and in compliance with state law.
3. While centralized purchasing is recommended for the majority of school districts, centralized vs. decentralized purchasing is a determination that each school district should make by considering the most efficient and effective means of handling purchasing. With centralized purchasing, all purchases of the school district are handled by one department where purchases are received at one location. With decentralized purchasing, purchases are handled by more than one department with purchases received at more than one location.
4. School boards shall establish detailed purchasing policies and procedures. Included in these policies and procedures, the board shall identify those items, if any, it is exempting from purchase order requirements. Purchasing policies and procedures shall be approved by the school board and recorded on its official minutes.

Public Purchasing Laws:

Mississippi public school districts must make purchases in accordance with the Mississippi Code of 1972, Annotated. Also see the "Quick Reference Index of School Related Laws" (Section P of this manual).

The most significant code sections affecting purchasing are:

- 31-7-1 Definitions
- 31-7-9 Purchasing Regulations
- 31-7-12 State Contract Price for Purchase of Commodities
- 31-7-13 Bid Requirement and Exceptions; Public Auctions
- 37-39-1 Public Schools; Definitions
- 37-39-15 Purchase of Supplies or Equipment for Schools
- 37-39-17 Restrictions on Purchases in Small Quantities

Purchases using federal funds are also subject to applicable federal regulations.

Note: The Mississippi public purchasing laws are subject to amendments by the Legislature each year. To keep current, each school district is encouraged to review any amended public purchasing laws. These amended code sections may be obtained from the Office of the Secretary of State. Additional purchasing guidance is available at dfa.ms.gov.

Purchasing Document Formats:

The actual forms and formats to be utilized are to be determined by the district.