

**Texas Association of School Business Officials
TASBO Award of Merit for Purchasing Operations
Overview of Process**

As a part of the process to define best practices for purchasing, the Texas Association of School Business Officials Purchasing Research Committee and the Board of Directors has created an Award of Merit for Purchasing Operations (AOM) in Texas school districts. The design of the award allows any size district to compete for recognition in this field. Much of the award's emphasis is based on the Best Practices in Purchasing as identified by the Legislative Budget Board during the Texas School Performance Review process, and on the Purchasing Module in the Management Section of the Financial Accountability System Resource Guide published by the Texas Education Agency.

The TASBO Award of Merit (AOM) for Purchasing Operations provides recognition to school districts that are committed to following professional standards in the acquisition of goods and services. Those districts that earn additional points may receive Recognized Status as part of their award. These districts are considered the most innovative in Texas.

Requirements for Consideration

1. The TASBO Award of Merit for Purchasing Operations evaluation is open to any Texas school district, including Region Education Service Centers.
2. Applicant school districts must supply complete and true documentation, certified by the Superintendent or the Chief Financial Officer of the district on district letterhead.
3. Proposals must be submitted electronically to the TASBO site using the guidelines for electronic submission.
4. A district may seek the AOM by reaching a minimum point total as described in the evaluation criteria.
5. The district may achieve a recognized status beyond the AOM by meeting the minimum point criteria for this level of recognition. The criteria for this part of the award are different from the standard award.
6. Award recommendations of the TASBO Purchasing AOM Coordinator will be submitted to the TASBO Board of Directors for approval.

The Proposal

1. Complete the TASBO Award of Merit for Purchasing Operations Application Form.
2. Following the Application Form, a letter of certification from the Superintendent or Chief Financial Officer is required.
3. All forms should be in Adobe PDF format. .
4. Electronic documents will be organized into folders and subfolders based on the Guidelines for Applications. Please follow the guidelines found in Appendix A.
5. All materials submitted will be marked to identify the school district making the proposal.

Proposal Fee

The proposal fee for this award is \$300 to cover administrative costs. A check or money order payable to TASBO should be included with the district's submitted proposal.

Proposal Deadline

All proposals must be uploaded to the TASBO FTP site at www.tasbo.org between July 1 and August 31, 2010 or submitted on CD or flash drive and received by TASBO by August 31, 2010. Submissions on CD or flash drive should be mailed to TASBO, Attention: Becky Bunte, CFO, 2538 South Congress Ave., Austin, TX 78704.

Proposals received after that date will not receive consideration and districts will be notified.

Management Process

1. The TASBO Purchasing Committee will identify candidates with a strong purchasing background to serve as coordinator for the Award of Merit Process.
2. The Board of Directors will choose the coordinator based on input from the Purchasing Committee.
3. The Executive Director will work with the Coordinator and the Purchasing Committee to handle administration of the process such as publicity, submissions, notices, etc.
4. Appeal Process: The original decision by the coordinator may be appealed by the district to the Purchasing Research Chairman. This decision may be appealed to the Executive Director of TASBO. The final appeal would go to the TASBO Board.

Evaluation Process

The TASBO Award of Merit for Purchasing Operations has several thresholds that must be met before a district can be considered for this award.

1. Evaluation criteria are developed around proficiencies defined by the protocols for the Texas School Performance Review process managed by the Legislative Budget Board.
2. The Letter of Certification signed by the Superintendent or Chief Financial Officer requires a responsible and truthful submission of documents.
3. Each proposal will be sent to two reviewers who have no previous work experience with the district being evaluated.
4. The recommendations of the reviewers will be submitted to the Coordinator.
5. If both reviewers recommend that the Award of Merit be granted, the coordinator will forward a recommendation for approval to TASBO. If both reviewers determine that the Award of Merit should not be given, the Coordinator will determine which comments should be sent to the applicants to help them in improving operations and/or the submission process for future submissions. If the two reviewers do not agree, the coordinator will send the application to a third reviewer.
6. Districts that have a minor deficiency will be notified by TASBO and have 30 calendar days to correct the deficiency. (A minor deficiency is defined as a technicality involving the application, independent of the substantive evidence of merit described in the application, such as lack of signatures)

Award

Presentation of the Award of Merit for Purchasing Operations will be made at the annual TASBO Conference each year. Districts will be notified in December that they are to receive the award and should plan on attending the conference to receive the award.

TASBO Award of Merit for Purchasing Operations

Guidelines for Application

AWARD OF MERIT FOR PURCHASING OPERATIONS

1. PURCHASING OPERATION ORGANIZATION

- a. Organization Chart – Supply a recent organizational chart showing where the purchasing function is assigned in the organization hierarchy. In larger districts a second chart showing the organization of the purchasing department may be required. If warehousing is a function of purchasing operations, it should also be included. Documentation should not be more than 3 years old.
- b. Job Descriptions – all staff members assigned to the purchasing function must have a job description showing job title, to whom the position reports, wage/hour status, date last updated, primary job duties, secondary job duties (if any), qualifications, education/certification, special knowledge or skills, and prior experience.
- c. Staff Training – A record of in-service training, TASBO training, and any other training given to each staff member will be included. Training materials should also be supplied for additional documentation. The purpose is to provide evidence that training programs are available to improve staff member skills.
- d. Purchasing Manual – Two parts of written procedures for purchasing operations must be supplied.
 - i. Operational procedures covering law, local regulations, and ethical behavior.
 - ii. Procedure for the creation of requisitions and purchase orders for manual or automated purchasing systems.

These procedures may be contained in standard operating manuals but may also be in training materials for new staff members.

2. PURCHASING POLICIES AND PROCEDURES

- a. Board Policy – A copy of the district's policy manual relating to regular purchasing operations as noted in CH Legal and Local and any special purchasing procedures as noted in CH Legal and Local policies.
- b. Ethics/Conflict of Interest – A copy of the district's policy relating to conflict of interest and ethics standards as noted in CH Legal and Local policies.
- c. Payment Procedures - A copy of the district's policy manual relating to petty cash reimbursements and payment procedures.
- d. External Audit – A copy of the district's most recent annual audit report from its

independent auditor offering an unqualified opinion is required. The letter to management on internal control matters must also be included or a letter from the superintendent of the district (Executive Director for ESCs) certifying that the auditor found no deficiencies in the purchasing and/or warehouse departments in internal controls. Specific deficiencies about purchasing disclosed by the external auditor may be considered in denying an application.

3. PURCHASING CONTRACT OPERATIONS

- a. Contractors' List – A copy of the list of district's contracts or contractors showing annual dollar expenditure by vendor and length of each contract. This may be in several parts depending on the way the district keeps this information.
- b. Cooperative Purchasing Agreements - A list of cooperative purchasing agreements supported either by board resolution or cooperative approval letters.
- c. Annual Aggregate - Explanation of how the district establishes annual aggregate limits and verifies that contracts or cooperative agreements are in place to satisfy legal requirements.
- d. Vendor Performance – Explanation of how the district communicates with and evaluates vendors. This should include documentation of surveys, meetings, letters, memorandum to contract files, memorandum of understanding, brochures, web site information, etc. There must be enough evidence to show that Purchasing makes efforts to provide vendors with information needed to effectively meet the needs of the district.

4. STAFF TRAINING AND CERTIFICATION

Small school districts will have slightly lower point requirements for Training and Certification (up to 6 points) due to a small staff (less than 3 FTEs with primary function in purchasing as shown on the positions' job description, ie, more than 2/3 of job description in purchasing duties); however, this will place greater weight on their organization and management functions. Support staff includes all staff other than the head of the department.

- a. TASBO Certifications (List certifications other than TASBO also with a notation of the source of the certification.)
 - i. The Chief Purchasing Officer is TASBO certified.
 - ii. One or more of the support staff is TASBO certified.
- b. Active TASBO Members – Attach a listing of activities that staff members (listed in the demographic information sheet) have participated in during the fiscal year immediately preceding this application. Please include training from non-TASBO activities also with a notation of the source of the training.
 - i. The Chief Purchasing Officer participation in TASBO activities.
 - ii. One or more of the support staff participation in TASBO activities.

SUPPLEMENTAL COMPONENTS TO AWARD OF MERIT

5. PROCUREMENT CARD SYSTEM

If the district uses a procurement card system that involves multiple users (Note: This does not include fuel cards, department store cards such as Wal-Mart, HEB, etc.), **it must provide** the following:

- a. A copy of the bid or statement from the cooperative (or state contract) that is providing the card vendor.
- b. Written internal procedures for staff members using the card including vendor or spending limits.
- c. Local Board policy establishing the use of the cards. [CH (Local) in most districts]
- d. A copy of the latest internal or external audit which examines the P-card system of purchases should be included. If an external auditor performs this function, the management letter included with the audit report (Section 2, d) is sufficient. If the report includes the disclosure of significant deficiencies related to the procurement card system, the application will not be considered.

6. WAREHOUSING

If the district operates a warehouse under the supervision of the purchasing function, **it must provide** the following:

- a. Policy and Procedures – A manual detailing operating procedures including services provided, procedure for requisitioning supplies, return procedure, and delivery schedule. If a district policy exists it should be included. If requisitions are processed by computer, documentation specifying procedures for data input must be included.
- b. Staff Information - Job descriptions for all employees are to be provided along with the staff handbook detailing appropriate staff member behavior.
- c. Inventory Information – An inventory report is to be provided showing the types and quantities of supplies maintained along with information about the number of orders filled.
- d. Audit – Provide a copy of the latest physical inventory along with the internal auditor's summary letter. If an external auditor does the test counts, the management letter included with the audit report (Section 2, d) is sufficient. If there is disclosure of significant deficiencies related to warehousing, the application will not be considered.

RECOGNIZED STATUS

Districts seeking recognized status will be required to obtain additional points in other areas of their operation based on trends in purchasing operations.

7. STAFF TRAINING AND CERTIFICATION

a. Education Status

i. Education of the Chief Purchasing Officer will be considered:

Highest degree earned –

Bachelor's Degree = 1 point,

Master's Degree = 2 points,

Doctorate = 3 points

(Provide evidence of degree status.)

ii. Support Staff holding a degree and working in purchasing operations receive 2 points

(Provide evidence of degree status.)

b. Longevity Status

i. The Chief Purchasing Officer has been working in purchasing operations for 10 years or more. (Provide evidence of work history.)

ii. One or more support staff members in the school purchasing operation have had 10 years or more in purchasing operations. (Provide evidence of work history.)

8. USE OF TECHNOLOGY

The district will provide evidence of an automated purchase order system including remote entry of requisitions and centralized processing of purchase orders. Documentation including training manuals provided as part of the purchasing manual requirement may be used to satisfy this requirement. The district is to provide the following:

- a. a description of the automated purchase order system and how it works,
- b. a link to purchasing home page providing information to both vendors and staff members,
- c. a link to on-line vendor registration system,
- d. a link to website where on-line bids and requests for proposals are maintained,
- e. evidence of the system used to contact vendors regarding available requests for goods and services,
- f. a link to the posting of tabulations and awards,
- g. evidence of most recent reverse auction procedure completed within 24 months of filing the application for the Award of Merit. This will include service or software used, bid prices received, and award by the board of trustees, and
- h. evidence of on-line surplus property disposal sales. This may include the vendor or software used, a summary of the last 12 months of sales, and list of items offered for bid.

9. COMMUNICATION TOOLS

The district is to provide the following:

- a. copies of issues of regular Business/Finance/Purchasing newsletter for the past 12 months,
- b. documentation of regular in service/ training program for staff members involved in the creation of requisitions, receiving of merchandise, and evaluating vendor performance (i.e. end users),
- c. documentation or a link to the listing of approved vendors available for use by staff members (This may be the list of awarded contracts and may also contain vendors available to provide goods and services through cooperative arrangements.),
- d. documentation of the methods user information is obtained by the Purchasing Department about vendors and their goods and services (This can be written surveys, campus/department surveys, and similar data gathering techniques.), and
- e. evidence of internal department meetings designed to assure appropriate communication and handling of purchasing operations.

10. MANAGING DISTRICT IN COOPERATIVE OR OTHER PROGRAM

If the district is a managing or lead district in operating a cooperative or other program for the benefit of other political subdivisions, describe the members, the procurement awards or services provided, and the communication structure with the other entities.

Appendix A: File Structure for Electronic Submission (Please do not use periods in the file and folder names)

Main Folder – District Name, TASBO Purchasing Award of Merit xx xx 2009 (date of submission)

Subfolders include:

- 1 Purchasing Operation Organization
 - A Organization Chart
 - B Job Descriptions
 - C Staff Training
 - D Purchasing Manual
 - i Operational procedures
 - ii Requisition and PO procedures
- 2 Purchasing Policies and Procedures
 - A Board policy
 - B Ethics Conflict of Interest
 - C Payment procedures
 - D Audit
- 3 Purchasing Contract Operations
 - A Contractors' list
 - B Coop Purch. Agreements
 - C Annual Aggregate
 - D Vendor Performance
- 4 Staff Training and Cert
 - A Certifications
 - i CPO
 - ii Staff
 - B Activities
 - i CPO
 - ii Staff
- 5 PCard
 - A Bid
 - B Procedures
 - C Policy
 - D Audit
- 6 Warehousing
 - A Procedures manual
 - B Job descriptions

- C Inventory
- D audit
- 7 Rec. Training and Cert
 - A Education
 - i CPO degree
 - ii Staff degrees
 - B Longevity
 - i CPO degree
 - ii Staff degrees
- 8 Technology
 - A PO system desc.
 - B Links (b-f)
 - G Reverse auction
 - H Online surplus sales
- 9 Communications
 - A Newsletter
 - B Training
 - C Approved vendor list
 - D User information methods
 - E Internal department meetings
- 10 District Coop Program