

The background features several overlapping circles in various shades of blue, ranging from light to dark. Thin blue lines intersect at various points, creating a geometric pattern. The entire design is enclosed within a double-line black border.

**Professional Development Training Session**

# **Public School Purchasing**

**NJASBO Academy  
Robbinsville, NJ**

**John Donahue  
Executive Director**

**Michele Roemer  
Assistant Executive Director**

**James Shoop  
Presenter**

**March 27, 2019**

# **Public School Purchasing**

## **Professional Development Training**

### **Mr. James Shoop**

School Business Administrator (Ret.)

SHOOP SBA, LLC

# Legal Citations

Compliance, Compliance and Compliance

Public School Purchasing

*"All decisions made by public officials should be supported by some legal authority."*

# The Law and Code

## Public School Contracts Law (PSCL)

**N.J.S.A. 18A:18A-1 et seq.**

The Public School Contracts Law provides to the Purchasing Agent the laws that must be followed when procuring goods and services for the school district.

## New Jersey Administrative Code

The following New Jersey Administrative Codes provide to the Purchasing Agent legal support, guidance and further explanation to ensure compliance with the Public School Contracts Law:

- A. N.J.A.C. 5:34-1 et seq.—Department of Community Affairs—Division of Local Government Services—Purchasing Regulations
- B. N.J.A.C. 6A:23A-1 et seq.—Accountability Regulations

**Federal Procurement Code—Uniform Guidance--2CFR 200.317 et seq.**

**New Jersey QSAC—Fiscal Management DPR #15**

## Local Board of Education Policy

### Other Legal Citations of Interest Pertaining to Purchasing

#### Item

#### Citation

Affirmative Action Requirements	N.J.S.A. 10:5-31 et seq.
Business Registration Certification	N.J.S.A. 52:32-44
Contractor's Registration	N.J.S.A. 34:11-56.48
Expenditure Notification—State Comptroller	N.J.S.A. 52:15C-10
Iran Disclosure Law	N.J.S.A. 52:32-55 et seq.
National School Lunch Program Regulations	7CFR 210.21
Political Contribution Disclosure	N.J.S.A. 19:44A-20.13(a)
	N.J.S.A. 53:34-25
Prevailing Wages	N.J.S.A. 34:11-56.25
Shared Services Agreements	N.J.S.A. 40A:65-1 et seq.

**Documents! Documents!  
Documents!**

## Purchase Order Requirements

The School Business Administrator/Purchasing Agent, pursuant to law, must receive from vendors doing business with the school district, the following vendor documents. Purchase orders may not be signed and processed unless the documents are current and in the possession of the school district.

### PURCHASE ORDER REQUIREMENTS

<b>CONTRACT/PURCHASE ORDER THRESHOLDS (AGGREGATE)</b>	<b>AFFIRMATIVE ACTION EVIDENCE (AA)</b>	<b>BUSINESS REGISTRATION CERTIFICATE (BRC)</b>	<b>CHAPTER 271 PCD (PAY TO PLAY) (271)</b>
<b>Up to       \$ 6,000</b>	(a)	No	No
<b>\$ 6,000 - \$17,499</b>	(a)	<b>YES</b>	No
<b>\$17,500 - \$39,999</b>	(a)	<b>YES</b>	<b>YES</b>
<b>*\$40,000 – and over</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>

\*Based upon a QPA \$40,000 Bid Threshold

(a) It is suggested that Affirmative Action evidence be on file from all vendors and contractors.

**Iran Disclosure Form!** It is suggested that this form be on file from all vendors/contractors.

# **Authority to Purchase**

**New Jersey  
Public School Contracts Law  
N.J.S.A. 18A:18A-1 et seq.**

# Authority to Purchase

## A. Who has the authority to purchase in a school district?

N.J.S.A. 18A:18A-2(b) – The Purchasing Agent

Purchasing Agent means the

- Secretary of the Board
- Business Administrator (Assistant Superintendent for Business)
- Business Manager

The Purchasing Agent is duly assigned the **authority, responsibility, and accountability** for the purchasing of the board of education.

## B. How Does the Purchasing Agent purchase goods and services for the district?

The Purchasing Agent issues a purchase order.

A **purchase order is a document issued by the Purchasing Agent** authorizing (not confirming) a purchase transaction with a vendor...N.J.S.A. 18A:18A-2 (v).

## C. What is the purchasing process for the district?

1. Purchasing Agent prepares and signs a purchase order.
2. The purchase order is sent to the vendor
3. The vendor receives the purchase order and then, only then, the vendor provides either the goods or services to the district.

## D. Unauthorized or Confirming Orders

If there is any deviation from this process, the purchase becomes an unauthorized purchase or a confirming order. The district then becomes subject to any penalties outlined in State law and code. District employees may be subject to sanctions as recommended by the Superintendent of Schools.

The district may also receive an audit finding and the district may also lose points in the NJQSAC Fiscal Management Section DPR #15.



**NJ QSAC Fiscal Management DPR #15 Effective July 1, 2018 4 Points Assessment**

“The district board of education approves purchase orders approved by only the purchasing agent and issued in advance of goods received or services rendered...

**There are no confirming orders.”**

Bluntly speaking, only the Purchasing Agent of the school district is authorized by law to purchase on behalf of the district.

- No Principals
- No Coaches
- No Custodians
- No Teachers
- No Supervisors
- No Superintendents
- No Architects; Engineers
- No Board Members

**Withholding of State Aid, Violations of PSCL—N.J.A.C. 6A:23A-5.4**

The NJ Department of Education shall withhold State funds from any public school district which fails to obey the provisions of the Public School Contracts Law.

**Contracts with Vendors—Shall be in Writing--N.J.S.A. 18A:18A-40**

All contracts with vendors shall be in writing. No school official, including the School Business Administrator, may call or contact a vendor to perform any service or provide any goods. The contract with the vendor must be in the form of an official purchase order.

**Gentle Reminder: Authority to Purchase—The Purchasing Agent**

Only the Purchasing Agent has the authority to do the purchasing for the district. Employees should not be contacting vendors in any manner, to have the vendor provide services or goods for the district. **Do not put yourself, or your administrator’s certificate at risk by contacting vendors to ask them to provide goods or services to the district.**

**Professional Advice and Guidance:**

**“Do not say, do or sign anything that can ruin you professionally.”**

# **Strategies to Limit Unauthorized Purchases**

# Strategy #1

## Change the Business Office Terminology

Eliminate the term “Confirming Order” from the official vocabulary of the Business Office. Call the confirming order what it really is – **an unauthorized order!**

New Jersey State Law N.J.S.A. 18A:18A-18A-2(v) notes that a purchase order is a document issued by the Purchasing Agent, authorizing (not confirming) a purchasing transaction with a vendor.

Only the Purchasing Agent is authorized to make purchases on behalf of the school district.

# Strategy #2

## Superintendent Letter to All Employees

It is recommended that on an annual basis, the Superintendent of Schools or the **School Business Administrator**, send a letter to all employees in the school district, informing them of the possible consequences of unauthorized (confirming) orders.

The letter should highlight the following;

- ❖ The authority to purchase;
- ❖ Explanation of an unauthorized purchase;
- ❖ Laws and code relevant to purchasing; and
- ❖ District warning and sanctions.

The letter should be given to all employees and discussed at staff meetings.

A sample letter is attached.

Name of School District  
Office of the Superintendent

SAMPLE

Memorandum

**To:** All School District Employees  
**From:** \_\_\_\_\_ Superintendent  
**Re:** *Purchasing Procedures*

All purchases of goods and services must be made through the proper purchase order process as outlined in the school district purchasing manual.

**Unauthorized Purchases**

Any school district employee who orders and/or receives any goods or services without first going through the approved purchase order process, has made an unauthorized purchase. Unauthorized purchases are a violation of

- New Jersey Public School Contracts Law—N.J.S.A. 18A:18A-1 et seq.
- Board of Education Policy
- NJ QSAC Fiscal Management DPR Indicator #15

The district may be subject to penalties as outlined in N.J.A.C. 6A:23A-5.4 (a).

The State of New Jersey conducts audits of the district's business practices. Failure to comply with State law, regulations and board policy, with respect to contracting with vendors, may place the district at risk for penalties and may in certain instances place individual liability on district employees.

We will be working with the Business Office to monitor compliance with this directive.

If you have any questions about the district's purchasing practices, please do not hesitate to contact the School Business Administrator.

c. School Business Administrator  
Board Attorney

# Strategy #3

## Annual Training Session

The School Business Administrator, to be in compliance with New Jersey Administrative Code, **N.J.A.C. 5:34-1.1(b)**, should provide an annual training session(s) to all officials involved with the purchasing process.

A letter should be sent to all principals and district administrators inviting them to the training session.

Attendance should be taken and let it be known that any makeup training sessions will be held on a **Friday afternoon at 3:15 p.m.**

# Strategy #4

## **Annual Letters to Vendors**

On an annual basis, the School Business Administrator, should send a letter to all vendors who provide goods and services to the school district.

The main focus of this letter is to inform vendors about authorized purchases and unauthorized purchases.

The vendors have to be told up front to only accept requests for purchases through the approved purchase order process.

It is also a good time to inform vendors about your district's strict policy on vendor relations and ethics in purchasing.

A sample letter is attached.

**SAMPLE**

**TO: All Vendors**

**Date:** \_\_\_\_\_

**UNAUTHORIZED ORDERS**

**Official Notification**

**Authorized Purchases**

The Board of Education only recognizes purchases made through the approved purchase order process. All purchases made by the School District require:

- **Written Purchase Order**
- **Purchase Order Number; and an**
- **Authorized Signature (Purchasing Agent)**

**Unauthorized Purchases**

Any Board employee who orders and/or receives any materials, supplies or services without first going through the approved purchase order process has made an unauthorized purchase.

**Vendors' Responsibility**

- **Do Not Honor Requests!**  
Vendors are not to honor or accept any requests for goods or services unless the vendor receives a written purchase order with an authorized signature and a purchase order number.
- **Contact the Business Office!**  
Please alert the School Business Administrator at \_\_\_\_\_ if any Board employee attempts to place an order without an authorized purchase order.
- **You will NOT Get Paid!**  
The Board of Education will not be held responsible for any unauthorized orders or unauthorized purchases.

**Authorized Signatures**

The Board of Education will only recognize purchase orders signed by:

**School Business Administrator**



# ETHICS IN PURCHASING

## Vendor Relations

### Recommendation of Purchases

It is the desire of the Board of Education to have all Board employees and officials practice exemplary ethical behavior in the procurement of goods, materials, supplies, and services.

School district officials and employees who recommend purchases shall not extend any favoritism to any vendor. Each recommended purchase should be based upon quality of the items, service, price, delivery, and other applicable factors in full compliance with N.J.S.A. 18A:18A-1 et seq.

### Solicitation/Receipt of Gifts – Prohibited

School district officials and employees are prohibited from soliciting and receiving funds, gifts, materials, goods, services, favors, and any other items of value from vendors doing business with the Board of Education or anyone proposing to do business with the Board.

## Vendor Responsibility

### Offer of Gifts, Gratuities -- Prohibited

Any vendor doing business or proposing to do business with the Board of Education, shall neither pay, offer to pay, either directly or indirectly, any fee, commission, or compensation, nor offer any gift, gratuity, or other thing of value of any kind to any official or employee of the Board of Education or to any member of the official's or employee's immediate family.

### Vendor Influence -- Prohibited

No vendor shall cause to influence or attempt to cause to influence, any official or employee of the Board of Education, in any manner which might tend to impair the objectivity or independence of judgment of said official or employee.

## Vendor Certification

Vendors or potential vendors will be asked to certify that no official or employee of the Board of Education or immediate family members are directly or indirectly interested in this request or have any interest in any portions of profits thereof. The vendor participating in this request must be an independent vendor and not an official or employee of the Board of Education.

# CONTRIBUTIONS TO BOARD MEMBERS

### Award of Contract – Reportable Contributions – N.J.A.C. 6A:23A-6.3(a) (1)

“No board of education will vote upon or award any contract in the amount of \$17,500 or greater to any business entity which has made a contribution reportable by the recipient under P.L.1973, c83 (codified as N.J.S.A. 19:44A-1 et seq.) to a member of the board of education during the preceding one year period.”

### Contributions During Term of Contract – Prohibited – N.J.A.C. 6A:23A-6.3(a) (2) (3)

“Contributions reportable by the recipient under P.L. 1973, c83 (codified as N.J.S.A. 19:44A-1 et seq.) to any member of the school board from any business entity doing business with the school district are prohibited during the term of the contract.”

“When a business entity referred in (a) (2) is a natural person, contribution by that person's spouse or child that resides therewith, shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by any person or other business entity having an interest therein shall be deemed to be a contribution by the business entity.”

# Strategy #5

## Individual Letters to Vendors

It is going to happen even in the best school districts! There will be unauthorized purchases. The School Business Administrator should take some corrective action to limit these unauthorized purchases. Attached are three (3) sample letters that may be used as the occasion arises.

### 1. **Letter to Vendor – Unauthorized Purchase**

This letter to the vendor identifies the purchase that was made through the invoice submitted by the vendor. The SBA puts the vendor on notice of the unauthorized purchase and asks the vendor to

*“ . . . acknowledge in writing to my office that you fully understand these purchasing procedures.”*

The SBA will not start the payment process if there is no written acknowledgement.

### 2. **Letter to Vendor – Items Added to the Purchase Order**

This letter reminds the vendor that only goods and services listed on the purchase order are to be delivered or rendered. There are times when an employee may add an item to a purchase order if another item is out of stock. The Business Office usually finds out about these purchases when the invoice submitted by the vendor does not match the items on the purchase order.

Adding items to a purchase order is an unauthorized purchase. Only the Purchasing Agent may authorize purchases for the district.

This letter calls for the vendor to contact the school to make arrangements to pick up the unauthorized items.

### 3. **Letter to the Vendor – Cannot Pay Invoice**

This letter is usually sent to the vendor who repeatedly violates school district procedure by providing goods and services to the district without first receiving an authorized purchase order.

**A final note!** For documentation purposes, it is suggested that copies of all letters be sent to the **Superintendent**, the **Board Attorney** and the **Principal/Administrator**.

# Letter to Vendor – Unauthorized Purchase

ANYTOWN BOARD OF EDUCATION

SAMPLE

Date: \_\_\_\_\_

## Re: Unauthorized Purchase -- Services/Goods

I am sorry to inform you that

\_\_\_\_\_  
Name of Company

\_\_\_\_\_  
Invoice Number

provided unauthorized services and or goods to the Board of Education.

The Board of Education pursuant to State Law and Board Policy authorizes all purchases through an approved signed purchase order. There is no purchase order for the following purchase(s):

Date	Amount	Service/Goods
_____	_____	_____
_____	_____	_____

The district has taken corrective action on our part. I ask that in the future provide no services or goods unless a signed approved purchase order is first received by your company.

If any employee of the Board of Education contacts you to provide any service or goods for the district, do not do so, unless you receive from the Board of Education a signed purchase order with a purchase order number, authorizing you to perform the service or provide the goods.

**Please acknowledge in writing to my office that you fully understand these purchasing procedures.**

As for the above listed invoice(s), it will be reviewed by district officials. A determination will be made whether to pay the invoice or not.

Yours truly,

\_\_\_\_\_  
School Business Administrator

c: \_\_\_\_\_, Superintendent of Schools  
\_\_\_\_\_, Board Attorney  
\_\_\_\_\_, Principal/Administrator

# Letter to Vendor – Items Added to the Purchase Order

ANYTOWN BOARD OF EDUCATION

SAMPLE

Date: \_\_\_\_\_

**Re: Unauthorized Purchase—Items Added to Purchase Order # \_\_\_\_\_**

I am sorry to inform you that **Name of Company** provided unauthorized goods/materials to the Board of Education.

The Board of Education pursuant New Jersey State Law and Board Policy authorizes all purchases through an approved signed purchase order.

The attached purchase order (# \_\_\_\_\_) to your company lists the approved items.

The invoice ( \_\_\_\_\_ ) submitted by your company for this purchase order has the following extra items which were not on the original purchase order:

<u>Quantity</u>	<u>Description</u>	<u>Unit Price</u>	<u>Total Price</u>
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This is an unauthorized purchase! The school and your company had no authority to add items to the purchase order.

Please submit a revised invoice deleting the additional items. The school district will only pay for the items on the original purchase order.

**You may want to contact the school in question to work on having the items in question returned.**

Yours truly,

\_\_\_\_\_  
School Business Administrator

C: \_\_\_\_\_, **Superintendent of Schools**  
\_\_\_\_\_, Accounts Payable Manager  
\_\_\_\_\_, Board Attorney  
\_\_\_\_\_, Principal / Administrator

# Letter to the Vendor – Cannot Pay Invoice

ANYTOWN BOARD OF EDUCATION

SAMPLE

Date: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Re: Invoice No. \_\_\_\_\_

***Please note this is an unauthorized purchase!***

The Board of Education only recognizes purchases made through the approved purchase order process.

Please do not accept any requests for goods or services unless the request is made on a signed purchase order with a purchase order number.

**We cannot pay this invoice! (Go ahead and sue us!)**

Yours truly,

\_\_\_\_\_  
School Business Administrator,

Enclosure

C: \_\_\_\_\_, **Superintendent of Schools**  
\_\_\_\_\_, Board Attorney

# Strategy #6

## Formalize the Purchasing Process

It is recommended to formalize the purchasing procedures of the district and to highlight the authorization to purchase process. Suggested methods to formalize the process could be the following:

### **1. Update Board of Education Policy on Purchasing**

All school districts, from time to time, should review all board policies and regulations to ensure compliance with current laws and code; and to furthermore, codify the actual purchasing practices of the school district.

### **2. Adopt Annual Resolution on Authorization for Purchasing**

The board should adopt on an annual basis, a resolution on Authorization for Purchasing of Goods and Services. Among the suggested topics in the board resolution are:

- a. Authorization to Purchase;
- b. Aggregation and Remaining Amount;
- c. Preparation of Bid Advertisement; Opening of Bids;
- d. Authorized Purchases; and
- e. Unauthorized Purchases

A sample resolution is attached.

### **3. Purchasing Manual – Preparing and Adoption**

It is suggested that every school district prepare a working, user friendly purchasing manual. The manual will be the guidebook for all employees to understand the district's purchasing procedures. The manual should be revised on an annual basis and approved by the board of education, prior to the beginning of the new fiscal year.

The Purchasing Manual should emphasize again, that the only person in the school district that is authorized to purchase goods and services is the Purchasing Agent.

## **Authorization for Purchasing of Goods and Services**

### **Authorization to Purchase**

The Board of Education, pursuant to N.J.S.A. 18A:18A-3(a), designates \_\_\_\_\_, Business Administrator, as the Purchasing Agent for the Board of Education and authorizes him to award contracts, in full accordance with the law, for purchases that do not exceed in the aggregate in a contract year the total sum of \$40,000.00 (bid threshold) without public advertising for bids. Furthermore, \_\_\_\_\_ is authorized to solicit competitive quotations pursuant to N.J.S.A. 18A:18A-37(a) and to award contracts pursuant to N.J.S.A. 18A:18A-37(c). Pursuant to N.J.S.A. 18A:18A-2 (b) in the absence or unavailability of the Purchasing Agent, the Board of Education authorizes \_\_\_\_\_ to sign purchase orders for the district.

### **Aggregation and Remaining Amount**

Your Committee of the Whole, pursuant to N.J.A.C. 5:34-8.3, et seq., further authorizes \_\_\_\_\_ to seek either competitive quotations or competitive bids when original determinations of aggregation are found to be more than anticipated or incorrect.

### **Preparation of Bid Advertisements; Opening of Bids**

Pursuant to N.J.S.A. 18A:18A-2(b), \_\_\_\_\_ is designated to have the power to prepare advertisements, to advertise for and to receive bids. \_\_\_\_\_, in accordance with N.J.S.A. 18A:18A-21(b) is authorized to publicly receive bids, unseal them and announce the contents. In the absence or unavailability of the Purchasing Agent, the Board of Education authorizes \_\_\_\_\_ to publicly receive bids, unseal them and announce the contents.

### **Purchase Order System /Authorized Purchases**

All purchases made by the Board of Education shall be done through the purchase order system. Pursuant to N.J.S.A. 18A:18A-2(v), a purchase order is a document issued by the purchasing agent authorizing a purchase transaction with a vendor to provide goods or to perform services.

### **Unauthorized Purchases**

Any Board of Education employee who orders and/or receives any goods and services without going through the approved purchase order process has made an unauthorized purchase. Unauthorized purchases are a violation of State Law N.J.S.A. 18A:18A-2(v) and N.J.S.A. 18A:18A-3(a). Board employees making unauthorized purchases are subject to **disciplinary action as outlined by the Superintendent.**

### **Resolution Adopting 20xx - 20xx Purchasing Manual**

The Board of Education further recommends the Purchasing Manual prepared by \_\_\_\_\_, School Business Administrator, be hereby adopted for the 20xx – 20xx School Year. The manual outlines the proper purchasing practices that are to be followed by all Board of Education employees to be in compliance with the New Jersey State Law of Education Policy.

The Board of Education further empowers the Superintendent of Schools, to impose sanctions against employees who make unauthorized purchase as defined in the Purchasing Manual.



# Methods of Procurement

How the school district legally purchases goods and services!

***“We just can’t go to Costco and buy items off the shelf!”***

# Methods of Procurement

## It's More Than Bidding!

### Methods of Procurement for Public School Districts

- A. Advertise for Bids
- B. Solicit for Quotations
- C. Request for Proposals (RFP)
- D. Competitive Contracting Proposals
- E. Extraordinary Unspecifiable Services (EUS) and Insurance
- F. State Contract Purchases
- G. Emergency Contracts
- H. Cooperative Purchasing Agreements
- I. Shared Services Agreements
- J. Sound Business Practices
- K. Proprietary Purchasing
- L. Federal Funds Grants—2 CFR 200.318 et seq.
- M. Federal Funds—National School Lunch—7 CFR 210.21

## Advertising for Bidding—the Standard!

The State of New Jersey has clearly outline in N.J.S.A. 18A:18A-4 (a) the following:

*“**Every contract** for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, **shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this chapter or specifically by any other law.”***

It is noted that the State of New Jersey has highlighted that every contract that exceeds the bid threshold shall be awarded to the lowest responsible bidder after public advertising for bids and bidding.

### Exceptions

The State of New Jersey has provided an exception clause if you want to use another procurement method.

So, it appears that you either bid or use another procurement method recognized by law when purchasing goods and services.

# Methods of Procurement Public School Districts

## Procurement Method

### A. **Advertise for Bids** (Purchases that exceed the bid threshold--\$40,000)

This method is used for contracts for goods, materials, services and public works projects that exceed, **in the aggregate**, the bid threshold of \$40,000.

#### *Examples*

##### Building Services

Plumbing, Electrical, HVACR work  
Custodial Supplies  
Public Works Project

##### Technology

Computer Supplies/Equipment  
Printers / Computer  
Interactive White Boards

##### Food Services\*

Groceries/Canned Goods  
Pest Control Services  
Baking Goods—Rolls, Bread

##### Title I Testing

Test Scoring Services

##### District

Furniture  
AV Equipment  
Calculators  
Health and Medical Supplies

##### Athletics

Footwear  
Athletic Supplies/Equipment  
Physical Ed Supplies/Equipment

### **Award of Contract--Lowest Responsible Bidder**

The common thread of all these bids is that the district has to award the contract pursuant to N.J.S.A. 18A:18A-4 (a) to the **lowest responsible bidder**.

\*Subject to Federal Guidelines 7 CFR 210.21 and 2 CFR 200.318 et seq.

Purchases of all goods and services when using Federal Funds are subject to Federal Guidelines 2 CFR 200.318 et seq.

**The bidding process could take from six (6) to eight (8) weeks from start to finish!**

**B. Quotations (Purchases that fall between \$6,000 and \$39,999)**

This method of procurement is used for contracts for goods, materials, services and public works projects that **in the aggregate** between \$6,000 and \$39,999.

**Examples**

Athletic Wear	Fitness Equipment
Athletic Trainer Supplies	Instrument Reeds
Dry Cleaning Services	Payroll Checks

**Award of Contract—Price and Other Factors**

The board of education is obligated to solicit at least two (2) competitive quotations and award the contract pursuant to N.J.S.A. 18A:18A-37 (a), to the vendor whose response is most advantageous, **price and other factors included**.

**C. Request for Proposal—RFP--**This method is preferred to procure contracts for:

**Professional Services**

Medical  
Auditing; Accounting  
Legal  
Engineering, Architectural

**Academic/Operational Services**

(Contracts less than \$40,000)  
Instructional Services  
Educational Services  
Professional Development

**Special Education Related Services**

**Award of Contract—Evaluative Criteria**

The RFP method is designed to award the contract to the vendor based upon a list of criteria which is includes as recommended by the NJ State Comptroller’s Office with the publication

**Best Practices in Awarding Service Contracts (2010)**

- Technical Criteria
  - Submission of narrative how firm will provide services; planned approach; measurable results
  - Understanding how services will be provided

- Management Criteria
  - Business organization; staffing
  - Experience; and
  - Knowledge of district
- Cost Criteria
  - Fee proposal submission; cost analysis

The contract for an RFP contract does not; I repeat *does not* have to be given to the respondent who submits the lowest price. The evaluative process is designed to award the contract to the respondent whose response will provide the highest quality service at a fair and competitive price.

**D. Competitive Contracting (Certain Contracts over \$40,000)**

This method is used for certain contracts over \$40,000.00.

The district can only use this procurement method for contacts that are outlined in N.J.S.A. 18A:18A-4.1. **Some** of the examples that are permitted are:

1. Proprietary Computer Software for Board Use
  - a. Student Information Systems
  - b. Business Office; Human Resources
  - c. Student Transportation
2. Professional Development Services
3. Educational Consultant Services
4. Instructional Improvement Services

The award of contract is similar to the RFP award—an evaluative criteria which includes, price and other factors considered.

**E. EUS—Extraordinary Unspecifiable Services—Procurement of Insurance**

This method is the procurement method for the purchase of insurance and insurance consulting services. Similar to the RFP process

## **F. Other Procurement Methods**

- State Contract (GSA Contracts) Purchasing
- National Cooperatives
- Emergency Contracts
- Cooperative Purchasing Agreements through ESC/ED DATA
- Shared Services Agreements
- Sound Business Practices

## **G. Federal Procurement Uniform Grant Guidance – 2 CFR 200.318 et seq.**

School districts, when procuring goods and services using federal funds shall comply with Federal Regulations procurement standards 2 CFR 200.318 et seq., and the New Jersey Public School Contracts Law—N.J.S.A. 18A:18A-1 et seq.

# **Federal Funding**

## **Examples of Federal Funding—Every Student Succeeds Act (ESSA)**

- Title I, Part A – Improving Basic Educational Programs
- Title II, Part A – Supporting Effective Educators
- Title III, Part A – English Language Acquisition, Language Enhancement, and Academic Achievement
- Title IV, Part A – Student Support and Academic Enrichment

## **Other Examples of Federal Funding**

- I.D.E.A. Part B Handicapped
- Perkins Vocational Education
- National School Lunch Program
- National School Breakfast Program

All grant administrators and Purchasing Agents of school districts are to comply with federal regulations and the Public School Contracts Law and should adhere to the guidance as provided by the New Jersey Department of Education

## **Navigating the Uniform Grant Guidance**

# The Purchase Order Rationale Form



# The Purchase Order Rationale Form

## Genesis of the Rationale Form

In 2007, the NJDOE entered into a contract with **KPMG**, a professional firm, to conduct an audit of the Passaic Public Schools. This was part of a statewide audit of all Abbott School Districts. Part of the scope of the audit was to review expenditures of the school district over a two (2) year period.

## Analysis of Expenditures

The NJDOE asked KPMG to determine whether the expenditures were reasonable and if the expenditures were of an educational or operational value. Could they be linked to a district initiative or program? KPMG also had to determine if the expenditures were efficient or excessive.

## KPMG Activity—March 2007 through June 2007

KPMG over a four (4) month period reviewed 1808 individual purchase orders with me. They asked the following questions:

- Why did you buy this?
- What is the educational value or operational value of the purchase?
- How did this purchase benefit the students?
- What district program was linked to the purchase?
- Then KPMG made their own determination whether the purchase was inefficient or excessive.

In many cases we had to call district administrators at their offices or even at home to obtain the rationale of the purchase. I could not provide many of the answers as my job was to ensure the purchases were in compliance with the Public School Contracts Law.

## Results of the Audit—Part 1

KPMG placed the expenditures into three (3) categories

- **Reasonable**—expenditure supports the educational or operational activities of the district.
- **Discretionary**—expenditures were not of educational value or they appeared to be excessive.
- **Inconclusive**—expenditures appeared to be reasonable, however the purchases may appear to be excessive.

### Summary of Purchases—total purchase orders reviewed, 1808 PO's

	<b>Number of Purchase Orders</b>	<b>Value of Purchases</b>
Reasonable	1701	\$9,608,000
Discretionary	23	26,000
Inconclusive	84	229,000

## Results of the Audit—Part 2—The Purchase Order Rationale Form

The school district instituted the requirement of the Purchase Order Rationale Form. District administrators and school principals who recommend purchases now had to explain in writing, the **educational** or **operational need** for the purchases.

Administrators now had to justify the need for the purchase and if so required, explain the purchase at a board or education meeting. A rationale form was prepared and instructions on the use of the form were provided to all.

## The Argument!

### It could happen to you!—The Best Argument

#### **N.J.A.C. 6A:23A-5.1**—Order to Show Cause to Withhold or Recover State Aid due to

- Excessive
- Unreasonable
- Ineffective or
- Inefficient expenditures

*“If the Department of Education identifies ineffective or inefficient expenditures... the Commissioner shall... provide the school district the opportunity to be heard as to why the amount of the ineffective or inefficient expenditures shall not be withheld from State aid or refunded to the Department.” N.J.A.C. 6A:23A-5.1 (a)*

At any time the NJDOE may conduct an audit to determine if a school district’s expenditures are excessive, unreasonable, ineffective or inefficient and if identified so; may withhold state aid.

#### **N.J.A.C. 6A:23A-4.1**—Commissioner’s Compliance Audit

The Commissioner of Education may conduct an audit of any school district for the following:

- **Spending** that was not in compliance with Federal and State law and regulations;
- **Procedural noncompliance** with Federal and State law and regulations; and
- **Questionable or inefficient spending practices**; and other business related items.

## PURCHASE ORDER RATIONALE FORM

### Educational or Operational Rationale

A Purchase Order Rationale Form shall be attached to the top of each requisition/purchase order submitted (exceptions noted) to the Business Office. This form asks for a written explanation as to the **educational or operational** need for the purchase.

Administrators who submit purchase orders have to put in writing why the purchase is essential to the school district. Administrators who sign off on purchase orders will now have to provide explanations on the following:

- How students will learn or benefit from the purchase?
- What educational achievement or program may be linked to the purchase?
- How is the purchase of operational value to your school/office?

Administrators will now have to justify the need for the purchase and if so required, explain the need at a Board of Education meeting.

### Review

The \_\_\_\_\_ will review each purchase order to ensure what is being requested is essential to the school district. The \_\_\_\_\_ will review the educational or operational need for each purchase and if he is satisfied, he will approve the purchase order.

### ***Reminder!***

- The Purchase Order Rationale Form is to be submitted for all purchases with exceptions noted and shall be attached to the front of the purchase order (requisition form);
- A detailed explanation of the educational or operational need is required for each form;
- The form is to be signed by the administrator or supervisor with an original signature (blue ink).

## Purchase Order Rationale Form

### A. Educational Rationale

As a result of this purchase, please explain what will students learn or how students will benefit. Note any educational achievement or program that may be linked to this purchase.

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### B. Operational Rationale

Provide a brief explanation how this purchase is of operational value to your school/office. Note any particular benefits to the district. Explain whether any goods/services are being utilized on a regular basis and whether they are useful on a long term basis.

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Name of School/Office \_\_\_\_\_

Administrator/Supervisor \_\_\_\_\_

Signature: \_\_\_\_\_ Date \_\_\_\_\_

Name of Vendor \_\_\_\_\_

Amount \$ \_\_\_\_\_ Account# \_\_\_\_\_

### Administrative Review

\_\_\_\_\_ Approved

\_\_\_\_\_ Not Approved

Other: \_\_\_\_\_

\_\_\_\_\_ Date \_\_\_\_\_

Approval Official

Approval Official

***Please attach the Rationale Form to the front of the Purchase Order (Requisition Form) – One Form Per Purchase Order (Requisition Form). – Original signature required (blue ink).***

# **Meals, Refreshments, Activities**

## **Non-Essential Purchases**

## MEALS; REFRESHMENTS; ACTIVITIES

The State of New Jersey Department of Education has provided guidance to school districts through Administrative Code **N.J.A.C. 6A:23A-5.8** on board expenditures for meals and refreshments.

The expenditure of public funds (**purchase order**) for meals and refreshments may be used for the following:

### **Permitted Activities for Meals; Refreshments; Catering**

- **Student Activities**

Reasonable costs for light meals and refreshments directly related to activities that benefit students and are part of the **instructional program** are permissible. These activities must be part of the instructional program and not solely for student entertainment.

- **Parent Activities**

Reasonable costs\* for light meals and refreshments for parent activities are permissible. It is expected that expenditures for this purpose will be minimal and infrequent.

- **Dignitaries**

Reasonable costs\* for light meals and refreshments for dignitaries as defined in State code, are permissible.

- **Board Member Meetings -- N.J.A.C. 6A:23A-7.12(f)**

Light meals and refreshments\* are permitted for all board members and for employees who are required to attend a board of education meeting.

\*Please note that costs for light meals and refreshments are limited as follows:

Breakfast	\$ 7.00 per person
Lunch	\$ 10.00 per person
Dinner	\$ 15.00 per person

(NJ OMB Circular 16-11-OMB Section XI—Letter J)

### **Documentation Required—Light Meals and Refreshments**

Documentation must be provided to support expenditures for light meals and refreshments. The following information is to be provided on the Purchase Order:

- Description of the activity;
- Purpose/justification of the activity; goal; objectives;
- Make-up of the group receiving the meals; and
- Names of employees and board members included in the group.

## **Prohibited Activities for Meals; Refreshments; Catering**

- **Athletic Activities—Feeding Guests**

Light meals and refreshments served to **guests** at any athletic event, game or contest are not permitted.

- **Staff and Employees of the School District**

Light meals and refreshments are not permitted for employees and staff of a school district, unless the staff member or employee is essential to **a student activity** where light meals or refreshments are being served. N.J.A.C. 6A:23A-7.12 (d); 6A:23A-5.8 (b) (4)

- **Honoring Employees**

Receptions, dinners or other social functions held for or honoring any employee or group of employees are not permitted when public funds are being used.

**Please note: the use of public funds (purchase order) for the purchase of employee recognition awards is permitted.** For example—Retirement Plaques!

## **A Word About Field Trips**

### **Field Trips—Instructional Program**

All field trips paid through public funds (purchase order) shall be part of the instructional program, have an educational value and shall be reasonable in cost. Field trips solely for student entertainment are prohibited when using public funds.

### **Field Trips—Not Part of the Instructional Program**

Field trips that are not part of the instructional program and are solely for student entertainment may be paid using student activity funds.

### **Board Resolution Approving Field Trip Destination**

All field trip destinations shall be pre-approved by the board of education. A board resolution approving the field trip must be attached to the purchase order for admission and transportation, when applicable.

### **Just a Reminder! New Jersey State Law—Field Trips**

#### **N.J.S.A. 18A:36-21– Field trips; costs to be borne by parents or guardians, exceptions, financial hardship**

Any board of education may authorize field trips for which all or part of the costs are borne by the pupils' parents or legal guardians, with the exception of pupils in special education classes and pupils with financial hardship. In determining financial hardship the criteria shall be the same as the statewide eligibility standards for free and reduced price meals under the State school lunch program.



# **SCHOOL DISTRICT TRAVEL**

## **OUTLINE**

### **School Business Travel**

# School Business Travel

## Examples of School Business Travel

1. Visitations
2. Regularly Scheduled Events
3. Registration Fee of Less Than \$150.00

## Maximum Travel Amount

\$1500.00 Annual Maximum—Annual Board Resolution

## Approval process

The employee shall receive approval from the Superintendent of Schools prior to the travel event-N.J.A.C. 6A:23A-7.3 (b) (3).

## Documents Needed—Approval Process

Prior to the travel event the Superintendent shall have on file the following documents:

- Justification Statement
- Insurance Identification Card

## Purchase Order for Registration

Prior to signing and processing the purchase order for the registration the following documents shall be attached to the PO

- Written Superintendent Approval
- Copy of Registration Form

## Automobile Vehicles—Mileage Reimbursement

\$.31 per mile travel reimbursement (NJ State Appropriations Act)

# School Business Travel

## Purchase Order for Reimbursement

Prior to signing and processing the purchase order for reimbursement the following documents shall be attached to the PO

- Insurance Identification Card
- Travel Commute Deduction Worksheet
- Travel Report\*
- Vehicle Registration
- Written Superintendent Approval
- Envelope with receipts if applicable

*\*All employees are to submit a travel report within 30 days, a brief travel report-N.J.S.A. 18A:11-12 (d). Copy of the report should be attached to PO for reimbursement.*

## Meals

Meals: Please note that for In-State, one day trips, there will be no reimbursement for meals.

## Reimbursement Deadlines for School Business Travel

**June 30<sup>th</sup>**—Submission of Vouchers--N.J.A.C. 6A:23A-7.13 (f)  
Vouchers for reimbursement should be submitted as soon as possible

**July 30<sup>th</sup>**—Submission of Vouchers—N.J.A.C. 6A:23A-7.13 (g)  
Vouchers for travel not submitted by July 30<sup>th</sup> or by the closing of the books shall not be paid.

# School Business Travel

## Sanctions and Penalties for Violations of Travel Requirements

- **Approval Authority**

Any person that approves any travel request in violation of law, administrative code or board policy shall reimburse the district three (3) times the amount of the cost of the travel. N.J.S.A. 18A:11-12 (s)

- **Reimbursement Authority**

Any person that provided reimbursement for a travel event in violation of the law, code or board policy shall reimburse the district three (3) times the amount of the cost of the travel.

- **Employee**

Any employee who violates the travel law, code or board policy shall reimburse the district three (3) times the amount of the cost of the travel event.

- **Board of Education**

Any Board of Education that is not in compliance with the travel limitations may be subject to sanctions by the Commissioner and possible loss of state aid.

### Forms Review

Request for Travel School Business Travel

Checklist—Return of Purchase Order

Mileage Commute Worksheet

# **SCHOOL DISTRICT TRAVEL**

## **OUTLINE**

# **Conferences**

# Conferences

These rules apply to “Conventions and Conferences” as noted in N.J.S.A. 18A:11-12 (1) (b)

## **Approval Process—Prior to the Travel Event—N.J.S.A. 18A:11-12 (1) (f)**

- Superintendent of Schools
  - Board of Education—Majority of the Full Membership of the Board
  - Executive County Superintendent of Schools—N.J.A.C. 6A:23A-5.9 (c)
- Out of State Conferences where the following exists:
- Total Cost Exceeds \$5000.00 or
  - Six (6) or more individuals attend the same travel event

## **Conference Registration—Purchase Order**

Prior to signing and processing the PO for the conference registrations the following documents shall be attached to the PO:

- Written approval from the Superintendent
- Copy of the board resolution approving the travel event
- Copy of Registration Form
- Written approval from Executive County Superintendent (if applicable)

## **Travel Methods**

- Automobile--\$.31 per mile
- Air Fare—employee must provide quotations from three (3) airlines or airline services. Many restrictions on airfare—no first or business class.
- Rail Service—no high speed services such as Acela
- Car rentals prohibited—unless absolutely necessary

# Conferences

## Subsistence—Lodging, Meals and Incidentals

- One Day Trips—no meals
- Meals, If approved for events in state and out of state shall follow Federal GSA Meal Rates
- Overnight Travel in New Jersey—prohibited  
Exception—Commissioner Waiver
- 50 mile commute—no lodging or meals

## Lodging—In State/Out of State

- Hotel is Convention Site—pay convention rates
- Hotel is not Convention Site—Federal GSA Rates Apply

Use NJSBA Fall Conference and NJASBO Spring Conference as examples.

## **Purchase Order Requirements** for Reimbursement

Prior to signing and processing a purchase order for the reimbursement, the following documents shall be attached to the PO

- Approval Board Resolution
- Approval Written Superintendent Approval
- Approval Executive County Superintendent (if applicable)
- Insurance Card (if applicable)
- Travel Commute Sheet (if applicable)
- Travel Report—required by law!
- Vehicle Registration (if applicable)

- Envelopes with Receipts
  - Tolls—EZ Pass Ok
  - Parking
  - Meals
  - Hotel Bill Marked Paid
  - Airline Tickets with Credit Card Statement
  - Other required receipts when applicable



# Conferences

## Reimbursement Deadlines for Conference Travel

### June 30<sup>th</sup>—Submission of Vouchers

Vouchers for reimbursement should be submitted as soon as possible

### July 30<sup>th</sup>—Submission of Vouchers

Vouchers for travel not submitted by July 30<sup>th</sup> or by the closing of the books shall not be paid.

## Miscellaneous Provisions

- Travel Advance Monies Prohibited
- Travel Paid by Employee  
Superintendent and board approval is still required
- Report Required  
In accordance with N.J.S.A. 18A:11-12(d) every employee and board member is required to submit a brief report prior to receiving reimbursement.

Board members are to provide the report at the Board meeting that follows the travel. Employees are to file the report with their immediate supervisor. A copy of the travel report is to be submitted to the Business Office as an attachment to any purchase order for travel reimbursement.

## Board Member Travel

- Approval of Majority of the Full Membership of the Board
- Board member cannot vote in his/her travel
- Superintendent approval not required.

# **SCHOOL DISTRICT TRAVEL**

## **Useful Forms**

## GSA Meals and Incidental Expense (M&IE) Breakdown Overnight Travel -- Worksheet

Name of Employee \_\_\_\_\_

Destination: \_\_\_\_\_

Date(s) of Event: \_\_\_\_\_

A. Date: _____	<u>Meal/Expense</u>	<u>Allowance</u>	<u>Expenditure</u>	<u>Reimbursement</u>
	Breakfast:	_____	_____	_____
	Lunch:	_____	_____	_____
	Dinner:	_____	_____	_____
	Incidental:	_____	_____	_____
	(A) *Total:	_____		Total \$ _____
<hr/>				
B. Date: _____	<u>Meal/Expense</u>	<u>Allowance</u>	<u>Expenditure</u>	<u>Reimbursement</u>
	Breakfast:	_____	_____	_____
	Lunch:	_____	_____	_____
	Dinner:	_____	_____	_____
	Incidental:	_____	_____	_____
	(B) *Total:	_____		Total \$ _____
<hr/>				
C. Date: _____	<u>Meal/Expense</u>	<u>Allowance</u>	<u>Expenditure</u>	<u>Reimbursement</u>
	Breakfast:	_____	_____	_____
	Lunch:	_____	_____	_____
	Dinner:	_____	_____	_____
	Incidental:	_____	_____	_____
	(C) *Total:	_____		Total \$ _____

### 75% Rate

*Please Note:* The GSA Meals and Incidental Expense Rates are for actual days spent at the travel event. On days traveling to the event (first day) and traveling from the event (last day), employees are to use a 75% rate of the M & IE Rates.

### Certification

I understand that pursuant to N.J.S.A. 18A:11-12(I-o), meal expenses under the Federal per diem allowance rules do not require the ANYTOWN Public School District

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Example: Total M & IE Per diem Rate \$64.00\*(A)

Date: May, 20XX

<u>Meal/Expense</u>	<u>Allowance</u>	<u>Expenditure</u>	<u>Reimbursement</u>
Breakfast:	\$15.00	\$12.00	\$12.00
Lunch:	\$16.00	\$0.00	\$0.00
Dinner:	\$28.00	\$38.00	\$28.00
Incidental:	\$5.00	\$3.00	\$3.00
(A) Total:	\$64.00		Total \$43.00

## Travel Reimbursement Checklist

**School Official** \_\_\_\_\_ **Travel Date(s)** \_\_\_\_\_

The following items must be attached to all purchase orders for travel reimbursement. The School Business Administrator shall not approve or issue payment until all required documentation and information has been submitted and verified.

- \_\_\_\_\_ A. **Purchase Order**  
The purchase order for reimbursement shall be duly signed by the appropriate administrator and the Superintendent of Schools.
  
- \_\_\_\_\_ B. **Travel Request Form – Copy**  
The Travel Request Form shall be completed and signed noting prior approval dates. Attached must be a copy of the itinerary and/or agenda of the travel event.
  
- \_\_\_\_\_ C. **Board of Education Resolution – Copy**
  
- \_\_\_\_\_ D. **Executive County Superintendent Approval document (if applicable)**
  
- \_\_\_\_\_ E. **Travel Voucher Form – Original**  
The Travel Voucher Form submitted shall document all expenses and be signed with original signatures of the employee and Superintendent. The School Business Administrator shall sign the document upon review of all expenditures.
  
- \_\_\_\_\_ F. **GSA Meals/Incidental Worksheet – Certified**
  
- \_\_\_\_\_ G. **Envelope -- Receipts**  
All original receipts with date and time of expense incurred shall be placed in an envelope and attached to the Travel Voucher.
  
- \_\_\_\_\_ H. **Copy of Travel Report**  
All persons authorized to travel shall prepare and submit a brief report explaining the travel event. A copy of the travel report shall be submitted with the purchase order for reimbursement.
  
- \_\_\_\_\_ I. **Personal Vehicle Documentation (If applicable)**  
Copy of the Vehicle Registration  
Copy of the Insurance Identification Card
  
- \_\_\_\_\_ J. **Travel Mileage Commute Worksheet with documentation**

MapQuest/Google Maps/Yahoo Maps

## Travel

### Mileage Commute Deduction Worksheet

All school districts must adhere to state law, state code and NJ Department of Treasury Circulars as it pertains to travel. The NJ Department of Treasury issued on March 1, 2016, NJ Circular 16-11 OMB – Travel Regulations. Of particular attention is Section VIII, H-4 Travel by Personal Vehicle (Mileage Basis)

#### Deduct Home to Work Commute Mileage

The State of NJ has mandated through NJ Circular 16-11 OMB Section VIII, H-4 that all commutation expense must be deducted when calculating mileage allowance.

This worksheet is provided to school employees who plan to travel.

#### Worksheet

Home Address to Travel Destination Address \_\_\_\_\_miles  
Home Address to ANYTOWN BOE XXXXX, NJ Deduct \_\_\_\_\_miles  
One Way Mileage Total \_\_\_\_\_miles

You would then double the mileage traveled for round trips and enter that mileage on all forms for approval and reimbursement.

#### For Example:

123 Hamburg Turnpike, Wayne, NJ to \_\_\_\_\_ 75 miles  
329 State Street, Trenton, NJ

123 Hamburg Turnpike, Wayne, NJ to Deduct 10 miles  
101 Passaic Avenue, Passaic, NJ  
One Way Mileage Total 65 miles

Please maintain this worksheet on file with your travel folder and make available for any auditor review.

#### Documentation, Supporting

All employees are to submit with this form a copy of the actual route traveled, via a copy from one of the following websites:

#### Map Quest; Google Maps; Yahoo Maps

\_\_\_\_\_  
Name of Employee/Board Member

\_\_\_\_\_  
Travel Dates

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

# ANYTOWN BOARD OF EDUCATION

## Travel Report Requirement

### Statutory Requirement—Travel Report

In accordance with N.J.S.A. 18A:11-12(d), every employee is required to submit a brief report within ten (10) days or prior to receiving reimbursement:

- Primary purpose for the travel;
- Key issues addressed at the event; and the
- Relevance to improving instruction and/or the operation of the school district.

Employees are to file the report with their immediate supervisor.

A copy of the travel report is to be submitted to the Business Office as an attachment to any purchase order for travel reimbursement.

### Travel Report

Name of Employee \_\_\_\_\_

Employee School or Office \_\_\_\_\_

Employee Position \_\_\_\_\_

Name of Conference/Meeting \_\_\_\_\_

Location of Conference; City State \_\_\_\_\_

Conference/Meeting Date(s) \_\_\_\_\_

### Primary Purpose of Travel—Brief Description

### Key Issues Addressed at the Travel Event

### Relevance to Instruction or Operation of the School District

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

# Student Activity Funds

# **Student Activity Funds**

The administration of student activity funds for a school district is highly regulated and the district will have to be in compliance with:

## **Student Activity Account Laws**

N.J.S.A. 18A:19-14; 18A:23-2; 18A:19-4; and 18A:17-34

## **Student Activity Funds Code**

N.J.A.C. 6A:23A-16.12

## **Student Activity Fund Board Policy**

#5830 and #6660

## **Recommendation #1 Prepare Manual**

It is recommended the school district prepare a Student Activity Accounts Manual.

## **Recommendation #2 Provide Training**

It is further recommended that all principals and student activity advisors receive annual training on proper student activity account procedures.



## Select Findings on Student Activity Accounts

Student Activity Accounts are subject to auditor review. Here are auditor findings pertaining to Student Activity Accounts:

- Cash receipts and disbursements were not reconciled in the accounting ledgers;
- **Pre-numbered receipts** were not utilized;
- No receipt logs were produced;
- **Documentation was not always provided to support disbursements.**
- Vouchers were not signed for receipt of goods;
- Failure to produce account books;
- **Disbursements not student related;**
- Checks were pre-signed by the principal;
- Checks were signed with a rubber stamp;
- Checks were made out to cash;
- **Failure to have two signatures on checks; missing**
- Principal used account to loan money to teachers;
- Principal used account to pay for holiday teacher party;
- Principal paid staff members for after school event;
- Failure to perform monthly reconciliation of accounts.
- Co-mingling Funds with teacher Sunshine Fund;
- Monies were not deposited within a timely manner;  
(The most common audit finding for school districts)

# The Purchasing Manual

# The Purchasing Manual

The purpose of a Purchasing Manual is to assist all Board of Education employees in the proper purchasing practices to be in full compliance with:

- New Jersey Public School Contract Laws N.J.S.A. 18A:18A-1, et seq.;
- New Jersey Administrative Code N.J.A.C. 5:34-1 et seq.;
- Board of Education Policy;
- Other federal, state law and code; especially 2 CFR 200.318 et seq.
- NJ QSAC Fiscal Management DPR #15
- Local Finance Notices – NJ Division of Local Government Services

The Purchasing Manual is designed to achieve three (3) goals:

1. Comply with the law, code and Board policy on purchasing;
2. Promote efficiency in the purchasing practices; and
3. Achieve savings of money through proper purchasing practices.

The Purchasing Manual is a user friendly guide to public school purchasing. It should be distributed to all administrators and supervisors in the school district and annual training should be provided on the contents of the manual.

## **Standard Operating Procedures Manual (SOP)—NJQSAC Fiscal Management DPR #2**

The Purchasing Manual should not be confused with the Standard Operating Procedures Manual. The SOP is designed for Business Office procedures and practices and is used by the Purchasing Agent and his or her staff. There should be two (2) distinct purchasing documents:

Purchasing Manual—User document for all board employees  
SOP Manual—User document for the Business Office

**The most hated memo in Passaic!**

BOARD OF EDUCATION  
BUSINESS OFFICE  
M E M O R A N D U M

To: \_\_\_\_\_

From: School Business Administrator

**Re: Return of Purchase Order(s)**

I am returning the attached requisition/purchase order(s) for the reason(s) checked below:

- Account Number Incorrect; Missing--Please use Account Code # \_\_\_\_\_
- Bid Number, Quotation Number--Not Included
- Board Resolution Needed--Attach to Requisition/Purchase Order
- Conference Request Form--Not Attached; Not Approved
- Description of Item(s), Service Needed
- Funds; Federal/State – Title of Grant Program – Type on Purchase Order/Requisition
- Minimum Order \$50.00    Minimum State Contract Order \$100.00
- Proposal/Contract Missing -- Attach to Purchase Order
- Quotation Needed--Please contact me to discuss process
- Rationale Form Missing; Unsigned
- Shipping Charges Not Added
- Shipping Charges Not Needed. Type on P.O. "Shipping and Handling Included"
- Signature Missing--Administrator, Supervisor, Principal
- State Contract Number Incorrect, Missing--State Contract Documentation Missing
- Textbook Documentation Missing
- \_\_\_\_\_ Website Documentation / Board Resolution
- Unauthorized Order--Please contact me to discuss procedures
- Vendor Address Incomplete--Post Office Box Number Only
- Vendor Check Needed?
- As Per Attached Memo
- Other \_\_\_\_\_

# Budget Accounts

## GAAP

Generally Accepted Accounting Principles

Generally Accepted Business Practices

# Budget Accounts

All public school districts, pursuant to N.J.A.C. 6A:23A-16.1 shall maintain a uniform system of financial bookkeeping and reporting consistent with generally accepted accounting principles (GAAP). School districts are to use the

## Uniform Minimum Chart of Accounts 2018-2019 Edition

(170 pages)

### State Commissioner's Compliance Audit—N.J.A.C. 6A:23A-4.1

The Commissioner may authorize a **compliance audit** of a school district's general fund looking for

- Noncompliance with GAAP; and/or
- Generally accepted business practices.

### Budget Account Codes—Problematic Areas

#### Book Purchases

Textbooks	11-190-100-640
Workbooks	11-190-100-610
Library Books	11-000-222-600
Books for Classroom	11-190-100-610

#### Professional Development Services

PD provided in district	11-000-223-320
Attendance at PD Event (Travel)	11-000-223-580

#### General Supplies

Instructional Supplies	11-190-100-610
Non-instructional (Office of Principal)	11-000-240-600

#### Miscellaneous/Other Objects

Dues; Professional/Educational	11-000-240-800 or 11-190-100-800
Admission Fees; Student Field Trips	11-190-100-800
Conference Registration Teachers (Travel)	11-000-223-580

# **Accounts Payable**

## **Paying the Bills**

## A Word from Our Friends in the Accounts Payable Department!

### Paying the Bills of the Board of Education

The Accounts Payable Department is a very important part of the Business Office. Employees of the Accounts Payable Department, ensure that vendor bills are paid accurately and in a timely fashion. (30-60 days) Vendors will not do business with school districts who do not pay their bills on time.

#### Timely Fashion—within 30-60 days

**State Law—within 90 days—N.J.S.A. 18A:18A-10.1  
Vendor now can charge interest for late payments**

### Receiving Goods and Services

The originator of the purchase order should follow the following process when receiving materials, goods, and services.

### Receipt of Items Ordered—Immediately Checked for Accuracy

It is important that all items received be immediately checked for accuracy. The school or office shall do the following:

- Obtain receiving copy of purchase order and packing slip of items ordered.
- Open boxes and check off items received on the receiving copy and the packing slip.
- **Sign** and attach the packing slip to the receiving copy of the purchase order.
- **Sign** the Receiving Copy of the purchase order;
- **Sign** any invoices that may have been submitted with the order

### The Seven (7) Day Rule

The school principal/office supervisor should sign the receiving copy of the purchase order and send all items within **seven (7) days** of the receipt of goods to the

### Accounts Payable Manager, c/o Business Office

The Board of Education has an excellent reputation for paying its bills in a timely fashion. We ask that all employees assist in maintaining this fine reputation.



# **You are Being Watched!**

# You are Being Watched!

Purchasing involves financial transactions and if there is one truism in the Business Office this is it:

***“All financial transactions are subject to auditor review!”***

## Audits You May Meet in the Purchasing Process

**A. Affirmative Action—NJ Department of the Treasury—EEO/AA**

Public Agency Guidelines—January 2016

**B. Annual Audit Program--NJDOE**

Section I, Chapter 5 Bids & Contracting/Purchasing

**C. Federal Fiscal Monitoring—USDE and NJDOE**

Consolidated Monitoring Reports

**D. Independent Audit Accountability Regulations—N.J.A.C. 6A:23A-5.5**

**E. Local Agency Procurement Review—USDA & NJ Division Food and Nutrition**

This is a new one which started in 2017. Are you prepared for this?

**F. NJDOE Select Abbott Audits**

KPMG/WISS Audits

## **G. Office of Fiscal Accountability and Compliance (OFAC)--NJDOE**

Public School Contracts Law Compliance Review—Investigation Unit

## **H. Office of the State Auditor-- New Jersey State Legislature**

## **I. Office of the State Comptroller (OSC)—New Jersey**

## **J. State Commission of Investigation (SCI)—New Jersey**

## **K. State Commissioner's Compliance Audit—N.J.A.C. 6A:23A-4.1**

The Commissioner may authorize a **compliance audit** of a school district's general fund looking for:

- **Spending** that was not in compliance with Federal and State law and regulations;
- **Procedural noncompliance** with Federal and State law and regulations;
- **Noncompliance with GAAP** and/or generally accepted business practices;
- **Internal controls** weaknesses, and
- **Questionable or inefficient spending practices;**

### **IRS Audits**

- Form 1099—Sports Officials
- Employee vs. Contracted Service
- Retirement Plans—403 (b) and 457
- Student Activity Accounts—Boston Schools 2018--\$32K Fine

### **E-rate Audit**

- Improper Procurement Procedures
- Purchasing Ineligible Products/Services

# Newspaper Articles

# Newspaper Articles



# **Violations**

## **Purchasing Procedures**

### **New Jersey Public Schools**

## PURCHASING PROCEDURES VIOLATIONS

### BIDDING

<u>Date</u>	<u>Headline</u>	<u>County/ Location</u>
February 20, 2011	<p><u><i>Failure to Solicit Bids</i></u></p> <p>A school district was charged for failing to solicit for bids for a job performed by the superintendent's wife (publishing school newsletters and bulletins). The district was ordered to refund \$22,600 (42%) of the \$53,495 she had been paid since 2004.</p>	Burlington

### CHANGE ORDERS

December 13, 2003	<p><u><i>Improper Change Orders</i></u></p> <p>A school district in 2003, made change orders that circumvented the bidding statutes and regulations. State recently forgave \$500,000.00 penalty. District had money left over from a stadium project. Decided to use funds to build a field house through a change order instead of advertising for bids.</p>	Atlantic
February 12, 2009	<p><u><i>School District Violated Change Orders</i></u></p> <p>A school district, through an investigation of the Office of Fiscal Accountability and Compliance Investigation, violated the change order process. The district awarded change orders in the amount of 46% over the contract amount. The limit for change orders is 20% of the award of contract.</p>	Passaic

### IMPROPER AWARD OF CONTRACT; BIDDING VIOLATIONS

November 26, 2003	<p><u><i>Improper Award of Contract</i></u></p> <p>School district charged by the State of New Jersey of improperly purchasing \$760,000 worth of classroom trailers. The district had to pay a \$125,000.00 fine. State aid withheld.</p>	Warren
January 3, 2005	<p><u><i>Improper Award of Contract</i></u></p> <p>A school district was fined \$73,000.00 by the State Department of Education for improperly awarding a contract for a security system.</p> <p>State Law 18A:18A-5(c) says on a second bid if the price is too high, the district has to negotiate with all bidders to obtain a contract. The district chose one bidder and did not involve the other one.</p>	Burlington

**IMPROPER AWARD OF CONTRACT; BIDDING VIOLATIONS – (Continued)**

<b><u>Date</u></b>	<b><u>Headline</u></b>	<b><u>County/ Location</u></b>
October 3, 2002	<p><u><i>Improper Award of Contract</i></u>                      A school district in 2002, wrongly rejected the lowest responsible bidder because the low bidder failed to submit a pre-qualification certificate with the bid package. Courts blasted the school district for its “abuse of discretion,” as the public did not receive the most economical results.</p>	Atlantic
February 8, 2007	<p><u><i>School District Broke Bidding Laws</i></u>                      State DOE determined that a school district circumvented the bidding laws by making computer purchases under the bid threshold from several companies that turned out to be one vendor. Over \$283,000 of improper purchases were made. District lost \$283,000.00 in state aid.</p>	Monmouth
July 8, 2007	<p><u><i>School District Breaks Bidding Laws</i></u>                      State DOE determined that a school district violated bid thresholds when it purchased, in 2005, a Voice over Internet System. State fined the district \$14,000.00. District purchased system assuming it was a New Jersey State Contract vendor.</p>	Mercer
June 8, 2006	<p><u><i>School District Breaks Bidding Laws</i></u>                      State DOE determined that a school district violated New Jersey Public School Bidding Laws:</p> <p style="padding-left: 40px;">Emergency Purchases                      Awarded contract to vendor – Improper Classification                      Ignored low bidder – gave contract to another company                      Assigned purchase orders after work was completed</p> <p>State withheld \$750,000.00 State Aid.</p>	Essex
July 1, 2007	<p><u><i>District Fined \$72,000 – Uses Taxi Cabs for Busing</i></u>                      A school district fined \$72,000 for not bidding for transportation and improper use of taxis to transport special education students.</p>	Mercer
July, 2009	<p><u><i>School District Fined \$18,000 – Failure to Bid</i></u>                      A school district was fined \$18,000 for making expenditures in the aggregate exceeding the bid threshold but failing to advertise for bid</p>	Passaic



**NO-BID CONTRACTS**

<u>Date</u>	<u>Headline</u>	<u>County/ Location</u>
August, 2012	<u>School District Fine – \$40,000 – Failure to Bid</u> A school district purchased equipment (\$72,000.00) by using competitive quotations when the district should have advertised for bids. District lost \$40,000 in state aid.	Mercer
September 26, 2003	<u>Awarding No-Bid Contracts</u> A school district initially in 2002, was asked to refund \$1.8 million because of awarding no-bid contracts for computer equipment, lockers, janitorial supplies, etc. In March 2004, State waived the “fine” of \$1,000,000.00.	Middlesex
April 8, 2005	<u>No Contracts on File</u> A school district in 2000, issued over \$600,000.00 in contracts to vendors for consulting services and has no written contracts on file and contracts were not advertised to bid.	Passaic

**MISCELLANEOUS**

February 12, 2009	<u>Competitive Contracting</u> School district fined \$4,500 for purchasing a student software system without using the competitive contracting procurement process.	Morris
October, 2008 March, 2012 December, 2012	<u>Addendum Law – 7 Days</u> School districts failed to comply with the seven (7) day law as it pertained to the issuance of addendum to bids.	Passaic Camden Essex

**PROFESSIONAL SERVICES – IMPROPER CLASSIFICATION**

August 10, 2009	<u>Improper Award of Contract for Professional Services</u> Charter school found to improperly award contract for professional services to a building company. Charter school claimed that the contract was for professional architect and design services. Resolution failed to mention it was for professional services. Vendor not licensed to do architectural services in New Jersey. Charter school was fined \$354,000.00	Atlantic
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**PROFESSIONAL SERVICES – IMPROPER CLASSIFICATION (continued)**

February 8, 2011	<u>Improper Classification – Professional Services</u> School district found to violate bidding laws by improperly classifying a contract for Security Services as a professional services contract. OFAC says contract should have been advertised for bid. District fined <b>\$101,000.00</b> . Loss of state aid.	Warren
August, 1999	<u>Improper Classification</u> School district fined <b>\$146,000</b> for improper classification of EUS – Transportation Study Professional Services Contract – Auctioneer	Ocean
December, 2012	<u>Improper Award of Contract – Professional Service</u> School district fined <b>\$40,000</b> for awarding a professional service contract to a construction management company. State determined that company was not a registered architect or licensed engineering firm.	Union
September 3, 2014	<u>NJ DOE Fines School District Over Insurance Contract</u> School district was fined over \$31,000 by the NJ DOE for improperly classifying a Broker of Record Insurance Contract as “professional services.” In the six (6) page report the OFAC recommended using the Competitive Contract procurement method for Broker of Record Services. November 2014—OFAC reverses decision—agrees with EUS procurement method for insurance.	Camden

**RENEWAL OF SERVICES**

<u>Date</u>	<u>Headline</u>	<u>County/ Location</u>
December 22, 2004	<u>Renewal Without Written Contract</u> A school district in 2004, violated two state laws by improperly renewing a contract with an alarm system company and then having no written contract with the company.  This issue surfaced when a candidate for office found out that the owner of the company went on golf trips with two board members and the School Business Administrator. No penalty assessed.	Morris
February 27, 2012	<u>School Board fined \$326,000</u> Contract given without bidding. Contract awarded in 2001 to a construction management firm. After two (2) years the board kept using the company for over six (6) years without bidding. District fined <b>\$326,000</b> .	Essex

# Fraud

## FRAUD IN SCHOOL DISTRICTS

<u>Date</u>	<u>Headline</u>	<u>County</u>
December 30, 1999	<i>School Director Faces Tenure Charges Over Nepotism</i> A school administrator has tenure charges brought against her for hiring her husband's company to do work for the district and also hiring her son's company to do other work. No work was done. In 2000 she was dismissed from her tenure position.	Passaic
September 11, 2001	<i>Ex-School Official Gets Forty-Six (46) Months</i> The ex-school business administrator was sentenced to forty-six (46) months in prison for embezzling \$1.7 million in district funds. He set up phony companies and prepared phony invoices. He also issued the checks himself.	Bergen
September 20, 2002	<i>Former School Chief Admits Kickbacks</i> A school district Superintendent of Schools admitted to soliciting \$3,000 in kickbacks from the district's insurance broker. He received five (5) years probation and a \$10,500 fine.	Middlesex
May 20, 2003	<i>Ex-School Official Gets Probation on Thievery</i> School Business Administrator stole \$41,000 in computer equipment. Police had to rent a truck to take away the equipment they found in his home.	Union
June 17, 2003	<i>Ex-School Official Admits Illegally Steering Job Bids</i> School Treasurer admitted rigging a bid so that a relative would win the contract. Total amount of the Bid \$11,500.	Burlington
August 27, 2003	<i>Payroll Clerk Arrested</i> A payroll clerk for a regional high school was arrested for stealing over \$600,000 from the district since 1984.	Sussex
December 18, 2003	<b><i>Business Administrator Indicted</i></b> Business Administrator used district's debit card to purchase personal items.	Camden
March 27, 2004	<i>Ex-School Accountant Sentenced to eleven (11) years</i> A school district bookkeeper was sentenced to eleven (11) years in prison for stealing \$146,541 from the district.	Morris
February 18, 2005	<i>Ex-School Supervisor Guilty in Bribe Case</i> The school district's maintenance supervisor pleaded guilty to receiving gifts and cruises from a window company in return for not inspecting their work and signing off on bills knowing they were not accurate (\$2.5 million).	Passaic

<u>Date</u>	<u>Headline</u>	<u>County</u>
May 7, 2005	<i>Technology Director Given Four (4) Years</i> A school district technology director received four (4) years in prison for taking 100 school computers and selling them to teachers and other employees, pocketing the money.	Mercer
February 2, 2006	<i>School's Yearbook Advisor Indicted</i> Teacher took \$12,300 in yearbook Student Activity funds for personal use.	Morris
February 6, 2006	<i>Ex-Director of Facilities Pleads Guilty</i> The school district's facility director pleaded guilty to receiving \$47,000 in cash from two contractors doing business in the district. The contractors were paid by the district at the director's insistence for work not done or not inspected.	Passaic
October 7, 2006	<i>Ex-Comptroller Gets Five Years</i> The school district comptroller used forged checks to steal \$91,000 from the cafeteria account.	Essex
March 16, 2007	<i>Superintendent Pleads Guilty; Resigns</i> The district superintendent pleaded guilty of spending \$26,000 on business lunches and dinners and submitting \$11,000 in illegal payments to two town officials.	Bergen
March 20, 2007	<b><i>Ex-Principal and Aide Accused of Cash Scam</i></b> A school principal and staff member were charged and found guilty with stealing money from a student activity account.	Camden
October 30, 2007	<i>Ex-Official Faces Fraud Charge</i> The district's director of school facilities was charged with fraud by overpaying a contractor, then having the contractor do work on his property.	Bergen
September 7, 2008	<b><i>School Board Members Charged with Taking Bribes</i></b> Four board members of the school district were charged with taking bribes from a phony insurance company to have the company sell insurance to the district. The probe also involved state officials and other local North Jersey elected officials.	Atlantic
January 24, 2008	<i>Ex-facilities Supervisor Indicted</i> A school district facilities supervisor was charged with remodeling his kitchen and buying water heaters using taxpayers' money.	Somerset

<u>Date</u>	<u>Headline</u>	<u>County</u>
January 9, 2009	<i>Superintendent Admits to Theft</i> A former Superintendent of Schools in Hunterdon County admitted embezzling \$90,000 worth of public funds. He was sentenced to 12 months in prison.	Hunterdon
February 20, 2009	<i>School Official Pleads Guilty</i> A former Somerset facilities director pleaded guilty to using district funds to refurbish his kitchen and buying water heaters for his plumbing business. He was sentenced to eight years in jail. (7/24/2009)	Somerset
September 30, 2009	<i>School Administrator Pleads Guilty</i> A former School Business Administrator pled guilty to accepting \$120,000 in kickbacks on bid contracts. He received a sentence of seven years in jail.	Essex
November 22, 2010	<i>Former Athletic Director Admits Fraud</i> Former Athletic Director in Monmouth County school district admitted in court of taking over \$3,000 in personal goods for providing fake quotations to benefit Circle System Group.	Monmouth
January 5, 2011	<i>Former Athletic Trainer Admits Fraud</i> A former athletic trainer in a Union County school district admitted taking over \$7,000 of personal goods for inflating invoices received from Circle System Group.	Union
October 24, 2011	<i>Business Administrator Pleads Guilty to Contractor Scheme</i> A school business administrator pleaded guilty to accepting \$13,000 in windows and doors from a contractor that he recommended to be hired by the "contractor of record" for the school district. He received one year probation. (1/27/12)	Union
October 12, 2012	<i>Ex-Transportation Head – Stealing from Districts by Authorizing Payments to Fictitious Bus Companies</i> A transportation official and her mother were arrested and charged with \$565,772 from districts by authorizing payments to fictitious bus companies for services never provided.	Middlesex
September 14, 2012	<b><i>Superintendent of Schools Sentenced to 11 Years in Jail</i></b> The once powerful superintendent of schools in and Ocean County School district was sentenced to 11 years in jail for extorting up to \$2 million in kickbacks from brokers doing insurance business with the district.	Ocean

<b>Date</b>	<b>Headline</b>	<b>County</b>
September 12, 2014	<p><b>Former Business Administrator Pleads Guilty to Embezzlement</b></p> <p>The former school business administrator for a Warren County School District pleaded guilty to embezzling over \$70,000 from the school district by fraudulently writing checks to himself and a person he owed money. December 2014—Official sentenced to three (3) years in prison.</p>	Warren
January 16, 2016	<p><b>School Business Administrator Arrested</b></p> <p>A School Business Administrator was arrested for embezzlement of \$19,000. The SBA took an opt out health benefits payment while still receiving health benefits from the school district. Pre-Trial; Licensed Revoked</p>	Bergen
October 2, 2017	<p><b>Charter School SBA Sentenced for Theft</b></p> <p>A charter school SBA was arrested for stealing over \$75,000 from the school district Payroll account. The SBA was sentenced to Drug Court; licensed revoked</p>	Passaic
June 4, 2017	<p><b>Teacher/Football Coach Jailed Stealing Student Funds</b></p> <p>A former teacher and football coach was sentenced to 90 days in jail for stealing over \$14,000 from the high school student activity fund.</p>	Burlington
June 14, 2017	<p><b>Former SBA Pleads Guilty to Official Misconduct</b></p> <p>A former SBA pleaded guilty to official misconduct for hiring without Board approval, a paid intern. His SBA license was later revoked</p>	Monmouth
July 16, 2018	<p><b>Bookkeeper Pleads Guilty to Theft</b></p> <p>A former bookkeeper pleaded guilty to stealing over \$190,000 from the School district.</p>	Hudson
July 13, 2018	<p><b>Athletic Director Indicted for Theft</b></p> <p>A school athletic director was indicted on charges for stealing over \$10,000 From the district's Athletic Fund</p>	Somerset
August 23, 2018	<p><b>School Business Administrator Charged</b></p> <p>A School Business Administrator was charged for stealing over \$14,900 from District accounts.</p>	Morris
September 25, 2018	<p><b>Band Director Pleads Guilty Stealing Band Funds</b></p> <p>A high school band director pled guilty in stealing over \$2300.00 from the high school band account. Sentencing will be in December.</p>	Ocean

# Ethics in Purchasing



***“You must lead by example!”***

## **Ethics in Purchasing**

### **Financial Interest in any Contract; Direct or Indirect**

No employee or board member may have a **direct interest** in any contract or agreement for the sale of goods and services to the Board of Education, nor receive any benefit, compensation or reward from any contract for the sale of goods and services to the Board of Education. *Reference—N.J.S.A. 18A:6-8.*

### **Solicitation/Receipt of Gifts from Vendors -- Prohibited**

School board members, school officials and employees, or members of their immediate family are prohibited from soliciting, receiving or agreeing to receive any compensation, reward, employment, gift, meal, honorarium, travel, reimbursement, favor, loan, service, or **other thing of value** from any person, firm, corporation, partnership, or business that is a recipient of a purchase order from the district, or a potential bidder, or an applicant for any contract with the district, based upon an understanding that what is solicited or offered was for the purpose of influencing the board member or school employee in the discharge of their official duties. This policy shall be consistent with the School Ethics Act—N.J.S.A. 18A:12-21 et seq.

### **School District Responsibility – Recommendation of Purchases**

School officials and employees who recommend purchases shall not extend any favoritism to any vendor. Each recommended purchase should be based upon quality of the items, service, price, delivery, and other applicable factors in full compliance with N.J.S.A. 18A:18A-1 et seq.

School officials and employees are to avoid recommending purchases from members of **their families**, businesses that employ members of their families and from businesses in which the official, employee or members of their immediate family have a direct financial interest.

School officials and employees who are authorized to sign off on purchase orders and/or to recommend purchases or business transactions by virtue of their signature on the purchase order certify that their actions are consistent with this policy and all applicable statutes.

#### Vendor Responsibility – Doing Business with the Board of Education

Any vendor doing business or proposing to do business with the Board of Education, shall neither pay, offer to pay, either directly or indirectly, any fee, commission, or compensation, **nor offer any gift, gratuity, or other thing of value** of any kind to any official or employee of the Board of Education or to any member of the official's or employee's immediate family.

No vendor shall cause to influence or attempt to cause to influence, any official or employee of the Board of Education, in any manner which might tend to impair the objectivity or independence of judgment of said official or employee.

#### Vendor Certification

Vendors will be asked to certify that no official or employee of the Board of Education or immediate family members are directly or indirectly interested in this request or have any interest in any portions of profits thereof. The vendor participating in this request must be an independent vendor and not an official or employee of the Board of Education.

#### Violations of the Policy

In accordance with N.J.S.A. 18A:6-8, any school district employee who violates the terms of this policy may be subject to withholding of annual increments, suspension, demotion, school ethics complaint, termination and/or revocation of license to teach or to administer.

# CRIMINAL CODE CITATIONS

## Title 2C -- Criminal Code

### 2C:27-9 Unlawful Official Business Transaction

“A public servant commits a crime of the fourth degree if, while performing his official functions on behalf of the government entity, the public servant knowingly transacts any business with himself, a member of his immediate family, or a business organization in which the public servant or an immediate family member has an interest. (N.J.S.A. 2C:27-9)

### 2C:27-10 -- Acceptance or Receipt of Unlawful Benefit by Public Servant for Official Behavior

“A public servant commits a crime in the fourth degree...if the public servant directly or indirectly, knowingly solicits, accepts or agrees to accept any benefit, whether the benefit inures to the public servant on another person, to influence the performance of an official duty or to commit a violation of an official duty.

## **Newspaper Articles**

- A. Fraud in New Jersey Public Schools
- B. Purchasing Practices Gone Bad in New Jersey Public Schools