

MESA

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MEMORANDUM

Date: April 14, 2009

To: Principals, Directors & Secretaries

From: Bill Munch, Director of Purchasing

Re: Revised "After-the-Fact" Purchase Order Procedures

Background

In accordance with state laws, rules, regulations and Mesa Public School Governing Board policies, all purchases of materials, services and construction must have a purchase order (or in very rare cases a Notice to Proceed for construction) BEFORE the item is ordered or services have begun. Obtaining a purchase order/notice to proceed after the fact is strictly prohibited.

After-the-fact procurement occurs when Mesa Public Schools receives materials, services or construction prior to a purchase order being issued by the Purchasing Department. After-the-fact procurements violate the **Uniform System of Financial Records** (USFR), Articles 10 and 11 of the Arizona Administrative Code (School District Procurement Rules), and Mesa Public Schools' Governing Board Policy. The purchase order document gives the authority to District representatives to act as an agent on behalf of the District. Absent the purchase order document, the purchase is unauthorized, and the employee could be held personally responsible.

The penalties for After-the-fact procurements can be severe. The party or parties responsible for an After-the-fact procurement are subject to a criminal conviction and personal responsibility for payment of all costs associated with the purchase. The vendor in an After-the-fact procurement may receive delayed payment from Mesa Public Schools or may be required to obtain payment from the individual who actually ordered the materials or services. An After-the-fact procurement can also result in the loss of valuable funding for Mesa Public Schools. **The Department of Education can withhold budget funds for these types of violations.**

Responsibility

Principals and District Directors **must** ensure that the staff in their schools and departments are aware of and adhere to the purchasing procedures established by the District. Staff must be trained on these purchasing procedures, and leaders are encouraged to provide reminders throughout the year. A Purchasing Handbook has been published by the Purchasing Department, and it is available on the Purchasing intranet site at: <http://www2.mpsaz.org/purchasing/intra/>. In addition, Purchasing staff are always available to assist with training as needed. This training can include visits and presentations at your site if requested.

Established Procedures for After-the-Fact POs

IF GOODS OR SERVICES HAVE BEEN ORDERED OR RECEIVED PRIOR TO THE PURCHASE ORDER BEING ISSUED

1st OFFENSE (Offenses are cumulative and follow the employee from site to site, year to year)

School or District Department Administrator is notified by a letter from the Director of Purchasing (DOP). Buyer sends the letter, including a response form, and copies the appropriate Assistant Superintendent.

Administrator meets with staff member, documents in writing the option selected, and copies Director of Purchasing, Buyer and Area or Assistant Superintendent.

Options Available to the School/Department Administrator:

1. Return product to vendor if vendor is agreeable. Credit memo is sent to Accounts Payable or Student Funds.
2. Complete the response form, indicate funds to use for payment, and return form to Buyer. Buyer sends approved PO or LVPO to Accounts Payable or Student Funds to allow payment of the invoice. MPS makes payment to vendor.
3. Require staff member to pay for item. Cashier's check is required within three (3) working days. Check and approved PO or LVPO is sent to Accounts Payable or Student Funds. MPS makes payment to vendor, attaches copy of cashier's check to paperwork. NOTE: Product becomes the personal property of the individual.

2nd OFFENSE OR SUBSEQUENT OFFENSES

School or District Department Administrator is notified by a letter from the Director of Purchasing. Buyer sends the letter, including a response form, and copies the appropriate Area or Assistant Superintendent.

Administrator meets with staff member, documents in writing the option selected, and copies Director of Purchasing, Buyer and Area or Assistant Superintendent.

Options Available to the Administrator:

1. Return product to vendor if vendor is agreeable. Credit memo is sent to Accounts Payable or Student Funds.
2. Require staff member to pay for item. Cashier's check is required within three (3) working days. Check and approved PO or LVPO is sent to Accounts Payable or Student Funds. MPS makes payment to vendor, attaches copy of cashier's check to paperwork. NOTE: Product becomes the personal property of the individual.

On the second offense or subsequent offenses, only the Superintendent may determine that MPS will pay the invoice.

Written documentation must be submitted to the Internal Auditor, Director of Purchasing, and Chief Financial Officer. Buyer will send approved PO to Accounts Payable or Student Funds to allow payment of the invoice.

It is our belief that this defined procedure will increase the efficiency of our purchasing process and significantly reduce the number of violations districtwide. Further, this procedure will allow us to maintain compliance with Arizona School District laws, statutes, rules and policies. Thank you for your efforts and please contact the Purchasing Department if you have any questions.