

DISCUSSION OF ACCOUNTS PAYABLE PROTOCOLS

January 14, 2019

BP 3300 – EXPENDITURES AND PURCHASES

“Expending Authority

- The Superintendent or designee may purchase supplies, materials, apparatus, equipment, and services up to the amounts specified in Public Contract Code [20111](#), beyond which a competitive bidding process is required. The Board shall not recognize obligations incurred contrary to Board policy and administrative regulations.
- **The Board shall review all transactions entered into by the Superintendent or designee on behalf of the Board every 60 days.** (Education Code [17605](#))
- The Superintendent or designee may authorize an expenditure which exceeds the budget classification allowance against which the expenditure is the proper charge only if an amount sufficient to cover the purchase is available in the budget for transfer by the Board.
- District funds shall not be expended for the purchase of alcoholic beverages. (Education Code [32435](#))...”

Current Bid Threshold is \$90,200 for 2018. Due to increase in the next 30 days.

BP 3311 – BIDS

- The Governing Board is committed to promoting public accountability and ensuring prudent use of public funds. When leasing, purchasing, or contracting for equipment, materials, supplies, or services for the district, including when contracting for public projects involving district facilities, the Board shall explore lawful opportunities to obtain the greatest possible value for its expenditure of public funds. When required by law, or if the Board determines that it is in the best interest of the district, such contracts shall be made using competitive bidding.
- No work, project, service, or purchase shall be split or separated into smaller work orders or projects for the purpose of evading legal requirements for competitive bidding. ([Public Contract Code 20116](#))
- The Superintendent or designee shall establish comprehensive bidding procedures for the district in accordance with law. The procedures shall include a process for advertising bids, instructions and timelines for submitting and opening bids, and other relevant requirements.
- For award of contracts which, by law or Board policy, require prequalification, the procedures shall identify a uniform system for rating bidders on the basis of a completed questionnaire and financial statements.
- (cf. [9270](#) - Conflict of Interest)
- When calling for bids, the Superintendent or designee shall ensure that the bid specifications clearly describes in appropriate detail the quality, delivery, and service required and include all information which the district knows, or has in its possession, that is relevant to the work to be performed or that may impact the cost of performing the work.
- Except as authorized by law, contracts shall be let to the lowest responsible bidder who shall give such security as the Board requires, or else all bids shall be rejected. ([Public Contract Code 20111](#))
- When the Board has determined that it is in the best interest of the district, the district may piggyback onto the contract of another public agency or corporation to lease or purchase any personal property to the extent authorized by law. ([Public Contract Code 20118](#))

AR 3311.1 UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

“Procedures for awarding contracts for public works projects shall be determined on the basis of the amount of the project, as follows:

- 1. Public projects of \$45,000 or less may be performed by district employees by force account, negotiated contract, or purchase order. ([Public Contract Code 22032](#))
- 2. Contracts for public projects of \$175,000 or less may be awarded through the following informal procedures: ([Public Contract Code 22032](#), [22034](#), [22038](#))...”

BP 3312 CONTRACTS

- Whenever state law invests the Governing Board with the power to enter into contracts on behalf of the district, the Board may, by a majority vote, delegate this power to the Superintendent or designee. **To be valid or to constitute an enforceable obligation against the district, all contracts must be approved and/or ratified by the Board.** (Education Code [17604](#)) **The Superintendent is authorized by the Board to sign contracts which obligate the district to less than \$5,000.00 and the Chief Business Official is authorized to sign contracts which obligate the district to less than \$1,000.00**

Consider increasing these limits to allow the administration the ability to acquire goods and/or services in an efficient and timely manner

BP 3314 PAYMENT FOR GOODS AND SERVICES

- The Governing Board recognizes the importance of developing a system of internal control procedures in order to help fulfill its obligation to monitor and safeguard district resources. To facilitate warrant processing, the Superintendent or designee shall ensure that purchasing, receiving, and payment functions are kept separate. He/she shall also ensure that invoices are paid expeditiously so that the district may, to the extent possible, take advantage of available discounts and avoid finance charges
- The Superintendent or designee shall sign all warrants and shall ensure that warrants have appropriate documentary support verifying that all goods and services to be paid for have been delivered or rendered in accordance with the purchase agreement
- **The Board shall approve all warrants at a regularly scheduled Board meeting**
- The district shall not be responsible for unauthorized purchases

PROCESS FLOW FOR EXPENDITURES

Budget
Adoption

- Creates spending authority limits for payroll, benefits, supplies, services, etc. (BP 3100)

Expenditures
Made

- Employee contracts (payroll), single purchase agreements, “under-threshold” contract purchases, bid contract purchases (BP 3300-3312)

BOE
Reporting

- Approval of warrants at a regularly scheduled meeting (BP3314)
- Review of transactions entered into by the Superintendent or designee every 60 days (BP 3300)

BOE REPORTING: WHAT ARE WE CURRENTLY DOING?

- Per BOE meeting:
 - Payroll agenda item that notes the dollar value of the prior months payroll(s)
 - Warrant by agenda item that identifies vendors to be issued a warrant using an accounts payable prelist

Neither of the two (2) recurring agenda items are aligned with board policy

- *Question: As the current practice is not aligned with board policy, what is the benefit or outcome the board is hoping to obtain via these two (2) recurring agenda items?*

RECOMMENDED ADJUSTMENTS

- Approve warrant register(s) at a regularly scheduled meeting (BP3314). To be completed every 60 days
- Review transactions entered into by the Superintendent or designee every 60 days (BP 3300)
- Approve all contracts at a regularly scheduled meeting (BP3312)
- Increase the Superintendent's authority to sign contracts which obligate the district from less than \$5,000.00 to less than \$50,000.00 and the Chief Business Official authorization to sign contracts which obligate the district from less than \$1,000.00 to less than \$25,000.00 (BP3312)

THANK YOU FOR YOUR TIME