

SUGGESTED PRACTICES AND PROCEDURES
FOR SCHOOL PURCHASING

by 500

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INTRODUCTION

The effectiveness of any public organization in a democratic society is dependent upon the degree to which it maintains public confidence and support. This is especially true of the public schools, because the schools are intimately associated with the homes in the community in the development of children and the schools receive much of the local tax revenue and are dependent upon public interest for a large share of their financial support.¹

Therefore, the programs and effectiveness of the public schools are of greater interest and concern to the whole community than for any other public service. Generally more public funds are expended for school services than other community service; therefore, the procedures that school districts use in purchasing has a direct relationship with the amount of money they spend and the public it represents. This relationship has been somewhat discouraging lately, because of the constant rise in school prices and the changing purchasing practices of school districts. It has come to the attention of many individuals that the techniques of school purchasing could be improved. Moreover, it has been suggested that through operational philosophies, written policies, purchasing agent, purchase plans, cooperative purchasing, time of purchasing, item selection, bid procedure, contract award, selection of vendor, records, payment procedure, automation, and improved buying that school purchasing can contribute to lower school budget costs for the schools and the community taxpayer.²

¹Charles Peccolo, "Purchasing Practices," (Iowa City: Prepared for the Iowa Center for Research in School Administration, Department of Education, State University of Iowa, December 15, 1961), p. 1

²Richard F. Tonigan, "Ten Principles for Good Purchasing," American School and University, XXXVII (March, 1965), p. 60.

The Problem

It was the purpose of this study to collect current suggested practices and procedures in school purchasing. It was intended primarily for those school districts and school officials who want to improve their school purchasing techniques by considering operational philosophies, written policies, the purchasing agent, item selection, purchasing plans, cooperative purchasing, time of purchasing, bid procedure, automation, and improved buying.

Definition of Terms Used

School Purchasing. This is the integrated procedure of selecting, ordering, and acquiring the supplies and equipment necessary for support of the school program.

Procurement. This includes the total process of buying such as: checking requisitions, scheduling purchases and deliveries, interviewing salesmen, negotiating contracts, checking legal conditions and contracts, verifying invoices, etc.

Vendor. The supplier of goods to be purchased.

Itemized Budgeting. Listing the supplies to be used in the educational program is itemized budgeting.

School Purchasing Agent. The school purchasing agent is the individual who acts or represents a principal in a transaction with a third party.

Standardization. Standardization is to secure the maximum amount of similarity among items being purchased.

Purchase Order. This is the written instrument that expresses the purchasers want to the vendor.

Bid. A formal or informal offer by a vendor or contractor to finish goods or services is a bid.³

PROCEDURE

After deciding on a general topic for research, the writer proposed to do a review of literature of the suggested practices and procedures for school purchasing.

To prepare this master's report, the writer used the available sources from the Kansas State University Farrell Library. The writer also used the services of the Interlibrary Loan Facilities that were available.

The writer studied the suggested purchasing practices of various authors. A majority of this master's report pertained to the practices and procedures that have been adopted by authors in the past eight years by schools in the United States.

Limitations

The investigation revealed numerable suggested practices and procedures in school purchasing.

The paper was limited to a review of the literature pertaining to the period of 1960 to 1968. The suggested principles and practices were from a theoretical point of view as contrasted with a pragmatic view of human and social dimensions.

³Leo M. Casey, School Business Administration, (New York: The Center for Applied Research in Education, Inc., 1964), pp. 53-66.

REVIEW OF THE LITERATURE

Operational Philosophy

As much as thirty percent of a school budget is allocated to the purchasing of materials and services for school districts. For the school year of 1968-69, the nation's public elementary and secondary schools have spent an estimated \$9.6 billion dollars for materials and services, excluding loan funds for new buildings. This means that it is vital for educational management to employ sound purchasing practices in order to get the most for every dollar being spent. But before wise purchasing practices can be maintained, an operational philosophy needs to be adopted.⁴

The school purchasing function is basically a skill and not a science. Purchasing is the integrated procedure of selecting, ordering, and acquiring the supplies and equipment necessary for the support of the school program. To indicate that it includes considerably more than buying, the total process is frequently called procurement.⁵

It is true that school district purchasing does not involve as great a percentage of total expenditures as this function would in other enterprises. For example, a manufacturing firm might find that fifty to seventy-five percent of its total expenses were for purchases. Schools are basically service institutions; thus, the major portion of costs is for salaries. This is not to indicate that school purchasing is not a large-scale effort. It is

⁴"How Much Costs Are Rising and Why," School Management XIII (January, 1969), p. 61.

⁵Henry H. Linn, School Business Administration (New York: The Ronald Press Company, 1956), p. 250.

a proven fact that our nations schools expend several billions of dollars annually and purchase a large volume of widely diversified products. The purchasing responsibility was concisely defined by Stuart F. Heinritz, as buying materials of the right quality, in the right quantity, at the right time, at the right price, from the right source.⁶

Basically, the purchasing procedures for school districts are somewhat universal. The patterns of the different school districts differ only in their application to the nature of the organization, institution, system, or industry for which they are designed.

Large school systems are different from small systems only in the degree of items and size of staffs. The multiplicity of items in large systems will offer more diversified programs. The objectives, according to Linn, are the same. "Procedures in small school systems are simply modifications of those of the larger systems."⁷

Administrators must have capable purchasing personnel if they are to have a successful purchasing program. But this alone will not guarantee success. Top management must remain in control of the entire purchasing program to make certain that the overall performance is acceptable, that service is ever improving, and that the institution's money and stores are being properly safeguarded. The quality of job performance in any school purchasing program reflects directly upon the purchasing agents, his

⁶Casey, op. cit., p. 53.

⁷Linn, loc. cit.

relationship to the quality of professional assistance given to them by their superiors.⁸

The continuous need for records concerning purchase orders, resources, needs, schedules, costs, calls for the development and maintenance of a planned records program. Responsibility for the receipt and checking of invoices and materials also requires establishing and exercising controls.

Communication probably consumes more time in the total purchasing function than any other single group of actions. Therefore, it is very important that serious thought must be exerted to make communications both more effective and less time consuming.

The purchasing office management program should include statements of ethics and of operating policy. One of the simplest operating policies that offers opportunity for savings and convenience is contacting the vendor early, because ordering early can be a money saving device. Late orders and deliveries create costly problems in the total process of any school program.

Wise and economical central purchasing calls for infrequent deliveries to one or a few local storage facilities. A plan for maintaining minimal stocks will reduce inconvenience, space consumption, shelf damage, handling costs, and other related problems in purchasing. A balance must be achieved between the cost of large, infrequent purchases and the cost of small shipments, frequent deliveries, numerous bid sessions, and failure to meet the supply needs of the educational program. The availability of stock rooms or stock trucks affects the size of stock levels to be maintained in any school purchasing system.

⁸Tonigan, loc. cit.

To take care of high stock inventories by both the manufacturer and the consumer results in extra costs for storage, insurance, damage, multiple moving operations, inventory record keeping, and loan interest charges. As a result of this, all of the above costs must be paid for by the consumer.⁹

In a soundly managed school purchasing program centralization is desirable. Savings in labor and money should result and services should improve. Routinely used products and services can generally be more economically purchased in large sized lots. "Spot" purchasing generally means that a large number of employees waste time trying to evaluate educational purchases of a repetitive nature.

However, a competent purchasing agent should know that emergency and atypical items must often be purchased on a non-centralized basis, because timing a purchase may be more important than increasing the size of the lot. Off-peak buying can save money in the purchase of many products.

The money saved by smart purchasing can amount to one or two percent of the total annual cost of operating any school. The one or two percent savings on a ten million dollar annual operating budget will net \$100,000 to \$200,000 every year. The possibility of this type of savings suggests that management might be smart to plan on a long range basis.¹⁰

In most fields there are a number of responsible and respected manufacturers who normally set the standards for school purchasing. Usually these firms have been in business for decades, have more than local coverage, and have built up a line of high quality dealers with experienced personnel. To suggest doing business with these companies does not, of course, preclude

⁹Ibid., p. 62.

¹⁰Ibid., p. 60.

the use of small or new businesses. It does suggest, however, careful evaluation of the quality and scope of products, training materials, services, competitiveness, and basic know-how possessed by these newer and generally smaller firms.

Purchasing agents should make it their business to become familiar with all manufacturers who are attempting to sell schools a quality product. Product exhibits such as those presented at the annual meeting of the American Association of School Administrators and the Association of School Business Officials should be visited because they provide an excellent opportunity to compare products and companies.

It is also important to the phase of school purchasing that steps must be planned to assure that purchased materials and services will be paid for, that goods will be safely stored, that the money invested in inventory will be reasonable, that distribution will meet demands, and that unacceptable materials will be returned to the supplier for proper settlement.

Public and private institutions alike should enforce competitive bidding because it offers the best long range opportunity to secure the best price and to avoid collusion. Caution must be used with competitive bidding because competitive bidding can involve a lot of wasted time.

The analysis of educational program needs, staff experiences with previously purchased products, and the performance of such products are essential factors in determining characteristics to be sought in all products which are purchased. Quality of unknown and untried products and services can be partially ascertained by discussions with other users, suppliers, and manufacturing representatives. Including performance requirements in bid and purchase order specifications will also help the purchasing agent.

The alert school purchasing agent will be aware to changes made in products for the sake of promotion or for higher consumption rates, but which contain increased labor requirements.

A ten percent reduction in the cost of supplies may account for an annual saving of many thousands of dollars, but a ten percent saving on labor costs will save eight to ten times as much money.¹¹

Purchasing is not an end in itself. Materials and supplies are bought because they are needed to be used. Since the activities of purchasing have the primary purpose of implementing the work and success of the total school program, it is, therefore, important that all school systems have an operational philosophy for school purchasing. The dollar amounts involved in school purchasing are substantial. They demand prudent, skillful administration. Efficiency in purchasing affords opportunities for making important savings and avoiding serious waste and loss.

Purchasing for the school systems of the United States is a big business operation; therefore, the operational philosophy of educational management in school purchasing is vital to the taxpayer. A philosophy of purchasing must be integrated with the procedure of selecting, ordering, and acquiring the supplies and equipment necessary, the total process is called procurement. The philosophy of school purchasing established by large and small schools is as follows: (1) buying materials of the right quality, (2) in the right quantity, (3) at the right time, (4) at the right price, (5) from the right source. A philosophy of purchasing should include the ethics of purchasing. The ultimate goal of any purchasing philosophy established by

¹¹Ibid., p. 62.

a board of education is to keep in mind, when purchasing, the over-all success of the total school program.

Written Policies

School purchasing, like most other activities of school districts, is governed by state law and local policy. Boards of education are creatures of the state and have only such powers as are explicitly granted by statute or as may be reasonably implied from it. Therefore, these laws and policies are considerably more specific and more restrictive than the rules that govern purchasing by private organizations.¹²

The school district usually has complete freedom to make purchase commitments (within the confines of statute and the limits of budgetary appropriations). In some cities, however, purchasing of goods and services for schools is a municipal function. Even so, the school district has considerable responsibility in the procurement of materials, such as identifying the kinds and quantities of supplies and equipment required and storing and distributing these materials after delivery.

Generally, state laws will include the purchasing of essential goods among the specific responsibilities of local boards of education. Usually, the state law will not define purchasing as an administrative function. This means that in many cases the administrative staff member who is designated to make purchases performs this role solely on the basis of local board delegation.¹³

¹²Casey, op. cit., p. 5.

¹³Ibid., p. 54.

The school purchasing policy should be developed by the board of education under concern for controlling over-all expenditure while educational needs are being met to the best advantage. Most boards of education of small systems lack a policy in this important administrative function and as a consequence difficulty may arise as the professional administrator attempts to administer the service of supplies. In the interest of good administration, policy should declare who shall purchase, what kind of supplies and equipment may be purchased by the purchasing agent without authorization other than that provided by the budget, what amount of money may be spent in a given transaction by the purchasing agent, what provisions are approved for the securing of discounts, what kind of reports are to be filed and at what times, what provisions are made for the review and appraisal of purchasing procedure, what controls are established for the cash disbursements by the purchasing agent, and what purchases are to be made by competitive bidding. Board policy should remove board members and board committees from actual purchasing actions through procedures whereby the board as a whole or an authorized investigating committee of the board may direct the superintendent of schools to purchase particular items in the name of the board of education.¹⁴

It is accepted as a matter of law that boards of education can delegate only those functions which they are authorized by statute to delegate. The efficient board of education will designate a purchasing agent, but confine his actions to those that may be discharged by an employee. Depending on the statute, this may mean that the board either ratifies individual

¹⁴Harlan L. Hagman, The Administration of American Public Schools (New York: McGraw-Hill Book Company, Inc., 1951), p. 276.

actions of the purchasing agent or reserves to itself the privilege of awarding the larger purchase contracts. This does not diminish the responsibility of the purchasing agent to exercise sound judgement in selecting materials, obtaining prices or bids, and preparing recommendations.¹⁵

One area of weakness in a school system operation is the lack of clearly written board policies in the matter of purchasing. In 1963 the New York State Joint Legislative Committee on School Financing reported "that in no school district sampled by the Committee had purchasing procedures been reduced to writing.

Since a board of education is legally responsible for policy decisions, it is naturally incumbent upon that body to devise policies for the school system, especially in the sensitive area of purchasing. A board that does not provide written policies for the purchasing, receiving, storing, and distributing of necessary supplies, equipment, and services for the educational program may be subject to criticism by the taxpayers. Such responsibility cannot be passed on to the administrative staff. The board of education, of course, should know how the school's money is being spent and they, therefore, should provide the guidelines necessary for an efficient and economical business operation. Even though the annual budget, when approved by the board of education of taxpayers, gives the school officials blanket authorization for purchasing supplies and equipment for the school system, this general authorization needs to be supplemented by purchasing policies which prescribe specific guidelines for district buying.

The Continuing Purchasing Committee appointed by Dr. James E. Allen, Jr., New York State Commissioner of education, studied this problem during the 1964-65 school year. They decided that there was a real need for a model purchasing policy so that boards of education could have a better understanding of the purchasing policies which a school district should adhere to if it wants a businesslike operation.

¹⁵Casey, loc. cit.

The committee, composed of educators, realized that because each school system is unique, it has different problems. The prepared model policy, therefore, was expected to be modified by each school system to meet its local needs. The model was primarily prepared as a statement of policy on which a school system could base its purchasing practices.¹⁶

The following is the model purchasing policy prepared by the Continuing Purchasing Committee of the New York State Education Department.

1. The business administrator (or other designated person) is appointed by the board of education to serve as purchasing agent. He shall be responsible for developing and administering the purchasing program of the school district.
2. Competitive bids or quotations shall be solicited in connection with all purchasing whenever possible. Contracts shall be awarded to the lowest responsible bidder complying with specifications and with other stipulated bidding conditions.
3. The purchasing agent is authorized to issue purchase orders without prior approval of the board of education where formal bidding procedures are not required by law, and when budget appropriations are adequate to cover such obligations.
4. All purchase contracts for materials, equipment, or supplies involving an annual expenditure of over \$1,000 and all public work contracts involving over \$2,500 shall be awarded on the basis of public advertising and competitive bidding. The business administrator (or other designated person) is authorized to open bids and record the same pursuant to law.
5. All contracts which require public advertising and competitive bidding shall be awarded by resolution of the board. Recommendations for the award of all such contracts shall be submitted to the board by the chief school officer.
6. Residence or place of business of local bidders may be a consideration only in cases where identical bids have been submitted.
7. Purchases shall be made through available state contracts of the State Division of Standards and Purchase, whenever such purchases are in the best interest of the school district.
8. Items commonly used in the various schools or units thereof shall be standardized whenever consistent with educational goals and in the interest of efficiency or economy.

¹⁶Stanley L. Raub, "Board Members Are Responsible for Purchasing Policy and Procedures," The American School Board Journal, MLII (March, 1966), p. 13.

9. Petty cash funds shall be established annually in the amount of \$_____ for each school building and for the central administrative office. Such funds shall be used for the payment of properly itemized bills of nominal amounts and under conditions calling for immediate payment. Allowances, responsibility, security, and accounting of petty cash funds shall be in accordance with the regulations of the board and the state commissioner of education.

10. The purchasing procedures employed shall comply with all applicable laws and regulations of the state and commissioner of education.

11. A statement of "General Conditions," as approved by the board of education, shall be included with all specifications submitted to suppliers for their bids. These general conditions shall be incorporated in all contracts awarded for the purchase of materials, equipment, and supplies.

12. Opportunity shall be provided to all responsible suppliers to do business with the district. To this end the purchasing agent shall develop and maintain lists of potential bidders for the various types of materials, equipment and supplies. Such bidders' list shall be used in the development of a mailing list for distribution of specifications and invitations to bid. Any supplier may be included in the list upon request.

13. No board member, officer, or employee of the local school district or their families shall be interested financially in any contract entered into by the school board. This shall preclude acceptance of any gratuities, financial or otherwise, by the above persons, from any supplier of materials or services to the district.¹⁷

Purchasing for the school systems of the United States is a big business operation; therefore, it is important that school districts have written policies or practices of purchasing. More than 800 companies manufacture one or more products used in the schools, and these companies have thousands of distributors throughout the nation. California alone spent more than \$150 million for school supplies during the 1963-64 school year. The magnitude of this amount of expenditures of public funds makes imperative the employment of sound purchasing policies, practices and procedures.¹⁸

¹⁷Ibid., p. 14.

¹⁸Archie L. McPherran, "School Purchasing Procedures," California Education, I (May, 1964), p. 23.

Purchasing is one of the most common of school business activities. It means the acquisition of some kind of property and the giving of an accepted price or consideration in return.

Every transaction between the buyer and a seller involving the transfer of property is a contract. Some contracts are of the simplest form, while others are made the subject of lengthy written agreements defining in technical terms the nature of the material, method of payment, and other contractual conditions; therefore, purchasing policies must be considered as a dominant factor in purchasing.

Listed below are the written purchasing policies that are suggested by Aljian to be followed when purchasing.

1. The authority and responsibility of purchasing rests with the purchasing department.
2. Dependable records of sources of supply are necessary to successful purchasing.
3. Records of purchasing must be kept up to date and be instantly available.
4. Purchasing personnel must systematically select useful information from the mass of material received each day.
5. They should constantly look for new manufacturers, new lines and grades of material, and better prices.
6. The purchasing personnel purchase in accordance with market conditions, placing orders for future delivery when advisable.
7. Compiled and easily available records of purchases must be maintained extending over a period of years.
8. Only the purchasing department is to conduct and conclude the negotiations affecting purchases, such as prices, terms, and deliveries.
9. The purchasing department is to establish and administer purchasing policies, institute reports necessary to permit analysis of purchasing performance, negotiate, and approve term contracts, consolidate purchases

of like or common items, analyze prices paid for materials and equipment, and generally define how to obtain savings and to coordinate purchasing procedures.

10. All requests for prices or for repair service and all purchases must be made by the purchasing department. In some instances, authority to request prices may be delegated to others.

11. Salesmen may be received in other departments only at the request or permission of the purchasing department.

12. If necessary to interview salesmen regarding details of their products, other departments should request such visits through the purchasing department.

13. In interviews with salesmen, no one who is not a member of the purchasing department may commit himself on preference for any product, on the company's source of supply for any product, or give any information regarding performance or price which might in any way embarrass the purchasing department or school.

14. All correspondence with supplies is to be through the purchasing department, except in special cases where the technical details involved make it advisable to delegate authority to others. In such cases, the purchasing department must receive copies of all correspondence.

15. With the exception of freight adjustments which are handled by the traffic department, the purchasing department will conduct adjustment negotiations.

16. The purchasing department has full authority to question the quality, quantity, and kind of material asked for, in order that the best interests of the company may be served.

17. In cases of extreme emergency, and only in such cases, an exception to the above rule may be made with the understanding that the head of the department placing the emergency order personally assumes the responsibility of immediately following up the verbal order, given by himself or his representative, with the proper requisition.¹⁹

The prepared purchasing policies by Aljian should be modified by each school system to meet its local needs. Since most school systems do not have written purchasing policies, the model policies suggested could provide school boards and administrators with an idea for establishing a purchasing program.

¹⁹George W. Aljian, Purchasing Handbook, (New York: McGraw-Hill Book Company, Inc., 1958), Sec. 3-p. 10.

The California Association of Public School Business Officials, through its purchasing committee, has done considerable work in formulating sound purchasing policies. The association has proceeded in the past on the assumption that despite differences in the size of school districts and regardless of the character of materials procured or the sources from which they are obtained, there are some commonly recognized principles and policies for sound purchasing procedures. These commonly recognized principles are: (1) accomplish a definite objective in the shortest, easiest manner consistent with accuracy and efficiency; (2) provide simplicity to speed up operation and reduce the possibilities of error; (3) to establish procedures that are definite and understandable to obviate friction, duplication, and confusion; (4) fix responsibility for each step of performance; (5) establish procedures that are sufficiently elastic to allow for expansion as the district grows; (6) provide a system of procurement that is as inexpensive as is consistent with the job to be done, and (7) insure that the system is adequate to perform with satisfaction the task for which it was created.

The California Education Code requires that school purchasing policies and procedures be within the scope of federal and state laws, be in accordance with the rules and regulations of governing boards, and as approved by legal counsel. The state laws specify what purchases shall be produced and manufactured in the United States and, in addition, which shall be given preference if grown, manufactured, or produced in the state of California.

The following are required laws approved by the state of California for purchasing procedures. These requirements are followed by all school districts in California when purchasing.

1. Government Code Section 4334 provides that public offices and bodies charged may let contracts and purchase supplies from persons manufacturing in the state if: (a) the prices quoted do not exceed by more than 5 percent the lowest price quoted by those manufacturing outside the state; (b) the major portion of the work of manufacturing the supplies is not done outside the state; or (c) in the opinion of the public officers or bodies, the public good will be served thereby.
2. Education Code Section 16501 requires all elementary school districts having 2,500 or fewer pupils in average daily attendance to purchase school supplies and equipment through the county superintendent of schools. Education Code Section 16504 allows districts having more than 2,500 pupils in average daily attendance to purchase through the county superintendents.
3. Education Code Section 15951 requires that the governing board of a school district shall let contracts involving an expenditure of more than \$2,500 for work, materials, or supplies to the lowest responsible bidder, or reject all bids.
4. Education Code Section 15953 permits school districts having 1,000 or more pupils in average daily attendance to secure estimates from three or more responsible bidders, and if the lowest bid is less than \$4,000 to award a contract without publishing a notice calling for bids.
5. Government Code Section 4333 provides that in advertising for supplies, no bid shall be asked for any article of a specific brand or mark, nor any patent apparatus of appliances, when such requirement would prevent proper competition on the part of dealers in other articles of equal value, utility, or merit.
6. Government Code Section 54202 requires every local agency to adopt policies and procedures, including bid regulations, governing purchases of supplies, and equipment by the local agency. It requires the purchase of supplies and equipment by the local agency to be in accordance with these policies and procedures and all provision of the law.²⁰

The California Education Code for purchasing seems to uphold the needed policies and procedures that are necessary for purchasing in the schools of California, although the "preference statement" about materials in California could be questionable in considering purchasing prices.

Written policies and procedures in purchasing can mean the difference between a successful purchasing program and an unsuccessful purchasing

²⁰McPherran, op. cit., p. 24.

program. The policies that are designed for purchasing procedures can benefit school districts financially.

The following is a code of purchasing standards advocated by the California Association of Public School Business Officials.

1. To regard Public Service as a sacred trust, giving primary consideration to the interests of the school district by which we are employed.
2. To purchase without prejudice, seeking to obtain the maximum benefit for each tax dollar expended.
3. To avoid unfair practices, giving all qualified vendors equal opportunity.
4. To respect our obligation and to require that obligations to us and our school district be respected.
5. To accord vendor representatives the same courteous treatment we would like to receive.
6. To strive constantly for improvement of purchasing methods and of the materials we buy.
7. To counsel and assist fellow purchasing agents in the performance of their duties, whenever occasion permits.
8. To conduct ourselves with fairness and dignity and to demand honesty and truth in buying and selling.
9. To cooperate with all organizations and individuals engaged in enhancing the development and standing of the purchasing profession.
10. To remember that everything we do reflects on the school district, and to govern our every action accordingly.²¹

School purchasing, like most other activities of school districts, is governed by state law and local policy. Therefore, the school purchasing policies should be developed under the local board of education with local and state laws in mind. The New York State Joint Legislative Committee on

²¹Spilman Burns, (ed.), "Purchasing and Supply Management Manual for School Business Officials," Association of School Business Officials of the United States and Canada, XXII (1962), p. 135.

School Financing has reduced school purchasing policies to writing. The Continuing Purchasing Committee of the New York State Education Department has also reduced policies in writing. George W. Aljian has suggested seventeen policies for purchasing. The policies adopted by Aljian should be modified by each school system to meet its local needs. This same policy should be done with the first two plans mentioned. The California Association of Public School Business Officials has proceeded in the past on the assumption that despite differences in the size of school districts, and regardless of the character of materials procured or the sources from which they are obtained, there are some commonly recognized policies for sound purchasing procedures.

Purchasing Agent

"The key to efficient and effective industrial marketing is not the supplier but the buyer." This statement by Peter F. Drucker, one of America's foremost management spokesmen, highlights a growing awareness of the role of purchasing activities in school purchasing.²²

The use of the word agent in the title of the school purchasing official is significant, for an agent is one who acts for or represents a school official in a transaction with a third party. This title identifies the relationship and authority of the administrator appointed by the board of education to oversee purchasing.

In a smaller school district, the superintendent of schools would be the purchasing agent. Districts of medium size usually include this

²²Victor H. Pooler, Jr., The Purchasing Man and His Job, (New York: American Management Association, 1964), p. 15.

assignment among the responsibilities of the assistant superintendent for business or the business manager. Large school districts with a purchasing department frequently employ a full-time purchasing agent.²³

Good purchasing agents are those who welcome all salesmen, and are pleasant and fair to all salesmen who call upon them. You never know unless you see him whether or not he has a product or service that might solve one of those important problems that have been bothering you. He has a wealth of knowledge and know-how and you're in a good position to gain from his experience with other Boards of Education where a problem has been previously solved.

Buying and selling is a people-to-people business. The buyer who makes the salesman feel welcome is usually the one he goes to first with new ideas, special merchandise and special services.

We feel it is important that the school purchasing agent have a good background in business and education. He should have a background in economics with some training in merchandising and engineering. He should have had business experience in industry. His background as an educator is important to give him knowledge of the function and end use of the item under consideration and where it fits into the educational program.²⁴

As to the qualities of a good purchasing agent: (1) He appreciates the help and service of a good salesman. This will help him to do a better job and to get a better job done. (2) He can recognize the differences in construction materials for maximum utility and effective use of the item in question. (3) He can evaluate the difference in the function in values and appreciate that often the ultimate long range satisfaction received can be more important than the initial investment. In other words, the low price is not always everything.

A good school purchasing agent should act in the best interest of the school district at all times. He should keep uppermost in his mind that it is the education and well being of the school child that is important.²⁵

One of the first requirements of a purchasing agent in school purchasing is to obtain a thorough knowledge and understanding of legislation, ordinances, rulings, etc., affecting the status, authority, and responsibilities of his office. State laws, city charters and ordinances, legislative

²³Casey, loc. cit.

²⁴David McCurrach, "Importance of Purchasing," Association of School Business Officials of the United States and Canada Proceedings, I (October 17-22, 1964), p. 102.

²⁵Ibid., p. 103.

acts, municipal department rulings, school board rules, etc., authorize and provide for basic purchasing procedures. Such statutes or rulings are usually concerned with organization and channeling, and frequently limit the purchasing powers of the school system. They often require considerable interpretation and adaptation. The successful purchasing agent must coordinate his responsibilities with existing legislation and controls, and develop procedures in compliance with them that will obtain the maximum benefit to the program with minimum handicaps, losses, or embarrassments. Considerable judgement must be exercised in passing on borderline procurement cases which may require opinion from higher legal or executive authority.

Whatever authority may be derived from these considerations must be carefully exercised so as to maintain good public relations both within and outside the department or system. For example, the purchasing agent may have the authority to decide on the quality of crayons that may be purchased for classroom use, but his failure to consider the opinion of the instructional staff may result in ill will, lack of confidence in the purchasing department, and possibly waste of material.

There should evolve, however, a clearly defined pattern that fixes the purchasing agent's responsibility and outlines the extent to which²⁶ he may make decisions and commitments and delegate authority, his powers of enforcement, approvals required, and his status as a representative of the educational system. These should be clearly recognized and understood by members of the purchasing staff and also academic and other nonacademic members of the staff.

²⁶Linn, op. cit., p. 251.

There should be created a business-like atmosphere of confidence, good will, cooperation, and democratic relationships in all spheres of activities and contacts: educational, business, and public relations. Professional attitudes should be developed to a high degree within the organization; and suppliers, impressed with the philosophy that they, too, have a part in the program, should accept their responsibility by contributing their knowledge and support in the interest of achieving the objectives of education.²⁷

Making sure that the purchasing agent is kept aware of the basic objectives of the school system will lead to better servicing. Keeping alert to all possible savings will make economy more possible. The elimination of numerous middlemen may frequently lower purchasing costs. Periodic surveys of work performed and of additional services needed will assist the competent purchasing agent to make long range plans.

The degree of effectiveness displayed by purchasing agents greatly affects the quality of performance of all school employees. As economical use of labor is frequently impossible with inferior materials, the purchasing agent is charged with the responsibility to buy up-to-date, quality supplies and equipment. The confidence of both school personnel and public can be better secured when there is continuous evidence of a careful selection of school materials.

It is the purchasing agents advantage to learn all he can about good purchasing practices and good business ethics. Attendance at professional meetings, special courses and exhibits, familiarity with standards and codes of the industries, an awareness of materials and services available,

²⁷Ibid., p. 252.

and a sound knowledge of education philosophy and practices are responsibilities of the school purchasing agent, whether he be business manager, purchasing agent, principal, teacher, custodian, or other employee.²⁸

In discussing purchasing personnel, the Handbook of Descriptions of Specialized Fields in Management and Administration states: "Professional skill in purchasing is acquired by academic training and practical experience, and is applicable and interchangeable in any field to the solution and administration of management problems."²⁹

The existing programs of study available at most collegiate schools of business provide the college student with the basic tools needed for a career in purchasing, according to the Project Development Committee on Purchasing As a Career of the National Association of Purchasing Agents. The Committee suggests that fifty percent of the student's work be in liberal arts and the remainder in economics and business. Courses recommended for inclusion in a program of purchasing would be: General Economics, Accounting Principles, Business Communications, Commercial Law, Statistics, Business Organization and Management, Marketing Principles, Corporation Finance, Industrial Purchasing, Sales Forecasting, Price Policies, Traffic Management, Production Planning and Control and Cost Accounting.

The selection of a purchasing agent doesn't stop with college training. The selection starts with the character and capacity of the individual. For the routine clerical operations in the purchasing office, the basic qualifications would also include intelligence, ability to learn, accuracy, speed,

²⁸Tonigan, loc. cit.

²⁹Paul V. Farrell and Stuart F. Heinritz, Purchasing Principles and Applications, (Englewood Cliffs: Prentice-Hall, Inc., 1965), p. 53.

and the ability to get along with fellow workers. For a position in the line of buying, leading eventually to top responsibility for purchasing management, the requirements are of a high order. They include integrity, analytical skill and objectivity, resourcefulness, initiative, practical imagination, and the ability to meet and deal with people.³⁰ The personal qualifications also include a good educational background. In lieu of formal academic training, however, the man seeking a career in purchasing should have the ambition and perseverance to acquire the equivalent educational qualifications through evening and extension courses. In either case, he should not consider the completion of any formal course as the end of learning, but should be alert to the opportunities for further study in pertinent fields and conscientious in keeping up to date on continuing developments in purchasing and in industry.³¹

The effectiveness of the purchasing agent cannot be over-stressed, because the purchasing agent's personality, education, and judgement can mean the difference in dollars, quantity, and quality when it comes to purchasing school supplies and services.

Regardless of his title, a school district's purchasing agent seeks to standardize materials as far as is practical, maintains a list of sources for materials, prepares and maintains specifications, issues purchase orders, secures quotations or bids for large purchases, awards or recommends award of purchase contracts, tests products for compliance with requirements, expedites the delivery of purchases, seeks new products that will perform more advantageously, participates in the approval of vendors' claims,

³⁰Ibid., p. 55.

³¹Ibid., p. 56.

supervises handling, storing, and issuing of materials, and supervises clerical staff involved in purchasing.³²

In the large school districts, where specialization is necessary in order to accomplish the various functions, the school purchasing agents sometime find a close kinship with municipal, state and federal purchasing agents, particularly in terms of similar procedures and problems if not in similarity of items bought. The school purchasing agents in large school districts have found it valuable to associate with industrial purchasing agents and to join local associations affiliated with the National Association of Purchasing Agents. The latter has a specialized group within its organization which has the title of governmental, educational and institutional buyers group.³³

The use of the word agent in the title of the school purchasing official is significant, for an agent is one who acts for or represents a school official in a transaction with a third party. The good purchasing agent is one who welcomes all salesmen. The agent should have a wealth of knowledge and know-how. The purchasing agent should have a background in business and education. The agent should also have a background in economics with some training in merchandising. The agent should understand legislation, ordinances, rulings, etc., affecting the status, authority, and responsibility of his office. The effectiveness of the purchasing agent cannot be overstressed, because the purchasing agent's personality, education, and judgment can mean the difference in dollars, quantity, and quality when it comes to purchasing school supplies and services.

³²Casey, loc. cit.

³³Dean A. Shinneman, "Building, Buying, Buses Keep School Officials Busy," The Nation's Schools, LXXIII (March, 1963), p. 79.

Purchase Plan

There are nine essential steps in school purchasing procedures:

(1) ascertaining the needs; (2) determining the character and amount of materials desired; (3) transmitting the purchase requisition; (4) negotiating for sources of supply; (5) analyzing the proposal and selecting the vendor; (6) governing board ratifying or approving; (7) preparing and issuing purchase order; (8) receiving, inspecting, and distributing materials, and (9) securing billing from vendor and checking of the invoices.

When ascertaining the needs of purchasing, the requirements for materials should originate in classrooms, offices, and operation and in the maintenance departments of the school districts. These needs should be anticipated insofar as possible and requirements should be standardized. Standard lists of requirements allows a central stock to be established for a quick supply source and the resultant savings from volume purchasing.

Determining the character and amount of materials desired for a school district is very important to all school personnel. No purchasing office can be expected to buy materials for a classroom, office, or department unless it is known exactly what the user wants. The requisition should clearly describe the item desired, the quantity desired, the date needed, and the intended use. An inadequate, or inaccurate, description on a poorly prepared requisition results in a loss of time, as well as the possibility of receiving incorrect material with the resulting loss in utility.

The third phase of planning a purchase is transmitting the entire purchase requisition. Purchase requisitions should be directed to the administrator charged with the fiscal control of that segment of the budget affected by the expenditure involved and who indicates approval by manual

signature. Requisitions should then be directed to the district accounting division for fiscal review and clearance. Here proper account classification can best be assigned. Fully approved requisitions then move to the purchasing office for the appropriate actions of procurement.

The fourth phase of planning a purchase is negotiating for the sources of supply. The various Educational Code requirements serve to determine channels of negotiations for large, dollar volume purchases. Sound purchasing practice may dictate using the bidding process or the securing of written quotations of prices in certain instances, even though not actually required by law. Usually, however, the requirements of the bidding negotiations for small dollar volume purchases are expensive, cumbersome, and serve no reasonable purpose. For small dollar volume purchases, purchasing policy should allow for phone and direct, in-person contact with vendor representatives to secure quotations, discounts, delivery schedules, and payment terms.

Analyzing the purchasing proposal and selecting the vendor is the fifth phase of the purchasing plan. It is the responsibility of the purchasing agent to determine the purchase source. This determination must be based upon a thorough analysis of the bid and quotation proposals submitted. Such an analysis always involves consideration of price; but price is also tied into consideration of quality in relation to specifications of the bid proposals, payment terms, and promptness in delivery. As the purchasing officer determines the purchase source, he needs to keep in mind the following words of John Ruskin:

It's unwise to pay too much, but it is worse to pay too little. When you pay too much, you lose a little money, that is all. When you pay too little you sometimes lose everything, because the thing you bought was incapable of doing the thing it was bought to do.

All purchases of a school district must be approved by the governing board; this is the sixth procedure in purchasing to consider. Prior board approval of the intent to purchase may have been established by the adoption of definite budget items, but the Education Code requires specific approval of the step of procurement of the items. Bid reports submitted to the board should recapitulate prices quoted by all bidders, compare quality, and include a definite recommendation as to vendor source. Approval by the governing board authorizes the purchasing agent to consummate contracts (purchase orders) with successful bidders. Subsequently, after materials have been received from the successful bidders, the purchasing agent should submit a report, showing the dollar amounts due, for board approval. This report should include the dollar amounts due on purchases negotiated by the purchasing officer and not requiring the bidding process.

Preparing and issuing purchase orders is the seventh phase of purchasing. The purchase order is essentially a legal document. A purchase order is issued after a bid award has been approved by the governing board or a purchase has been negotiated by the purchasing agent. School districts will differ in the number of copies of a purchase order issued and the distribution of the copies. The purchase order is sent to the vendors, sometimes accompanied by a duplicate copy to be signed and returned by the vendor as acceptance. The purchasing agent should retain two copies of the order, one to be filed alphabetically for ready reference and auditing. The requisitioning school or department should be furnished with a copy to serve notice that the order has been placed and to give an opportunity to check it against the requisition. The receiving warehouse should have a copy to be filed alphabetically until the materials are received. The generally accepted essential requirements for a satisfactory purchase order form are: (1) the

serial number, (2) the date of issue, (3) the name and address³⁴ of the firm receiving the order, (4) the quantity and description of the items ordered, (5) the date of delivery required, (6) the shipping directions, (7) the prices, (8) the terms of payment, and (9) the conditions governing the order.

The eighth phase of the purchasing procedure pertains to receiving, inspecting, and distributing materials. The receipt, inspection, and distribution of purchased materials are important steps to procurement.

To centralize the responsibility for receiving and to increase efficiency in material handling, all receiving, except when impracticable, should be at one central point. The following standard practices are recommended for school districts large enough to have a central warehouse: (1) each school is placed on a budget basis for supplies, (2) requisition forms are printed, prenumbered, and supplied in quaduplicate, (3) separate requisition forms are provided for standard warehouse items, (4) the name of the principal responsible for requisitions issued for needs of each school is indicated, (5) requisitioner will provide helpful descriptive data but does not contact vendors, (6) requisitioner is informed as to disposition of each requisition, (7) warehouse will contain materials to fill district requirements on not more than a semester's basis, (8) regularly scheduled deliveries are made to schools, (9) one person is responsible for warehouse receipts and deliveries, and (10) proper budget and inventory control will be exercised by the business office.³⁵

³⁴McPherran, op. cit., p. 24.

³⁵Ibid., p. 25.

Between 1960 and 1966, the enrollment in the Washington Local Schools jumped from 7,000 students to more than 11,000. During those six years, the West Toledo, Ohio, district constructed two new elementary schools and a new high school, and converted the former high school to a junior high school.

Rapid expansion of the school district had brought about an urgent need to revise both the purchasing operations and the facilities for storing supplies and equipment for its 16 schools and the administration building. A study conducted by the administrative assistant for business indicated that the district should hire a purchasing agent and set up central warehousing facilities.

The new purchasing agent was authorized to develop and administer a new purchase program for the school district, establish and maintain an inventory control system, and obtain the highest quality materials and merchandise at the lowest prices available. In addition, he was responsible for consultation on budget matters pertaining to the purchase of commodities. The position also required cooperation with department heads and administrative personnel in obtaining needed information on items to be purchased.

As plans were made for establishing a central warehouse, the business assistant and the purchasing agent considered these factors: frequency of delivery to the schools and departments, types of commodities and equipment which would be stored, amount and frequency of purchases, space needed to house the districts maintenance operations, and future growth of the school system.³⁶

³⁶Martin G. Brumbaugh and Robert L. Langthorne, "A Growing School System Converts to Centralized Purchasing," American School and University, XLI (May, 1969), p. 67.

After establishing the entire program of purchasing, the largest operational problem to the school system has been to educate the school personnel to order supplies in advance, since individual buildings do not retain the surplus of items they once enjoyed.³⁷

In the Washington Local Schools of West Toledo, Ohio, funds were not available for the construction of a new warehouse for purchased supplies. The location chosen was a garage for school buses, which offered 7,210 square feet of floor space and which was situated in a complex formed by the high school and the two junior high schools.

The warehouse personnel included a storekeeper and a secretary. The storekeeper is responsible for receiving, storing and distributing warehouse commodities. The secretary processes warehouse requisitions, keeps a running inventory of the warehouse stock, maintains an efficient filing system of stock, receives all materials delivered to the warehouse, and completes requisitions for replenishing stock as it is needed. Many of the requisitions are for items which are purchased only once each year in large quantities.

Access to the storage area is limited to qualified personnel only, which, combined with the inventory control systems, prevents the theft of material from the warehouse.

Central bus housing facilities were moved to the administration building and the garage was outfitted to serve as a warehouse. The location provides the space necessary for the storage of merchandise. It is

³⁷Ibid., p. 69.

away from the main traffic routes and accommodates delivery trucks.³⁸

The area also facilitates the establishment of a regularly scheduled supply delivery to all schools in the district. Receiving areas provide for the easy unloading of equipment and supplies.

Inventory control is maintained through the use of budgets for the warehouse and the individual schools. The warehouse budget for stock items is taken from the district's general fund and is determined by past expenses. School budgets are calculated on the basis of building enrollments. The cost of each warehouse item distributed to a school is charged against that school's account.

All supplies and equipment purchased for the schools are delivered to the warehouse, which employs control records governing supplies for the schools. The warehouse provides storage space for supplies not immediately distributed to the individual schools and for usable supplies returned from individual schools.

The commodities stored in the warehouse include all types of materials which are used in the school system, such as office, art and custodial supplies, textbooks, workbooks, and all other types of educational materials. The layout of the warehouse provides for a physical separation and classification of stock by commodity groups and specific location.

In the maintenance section, storage facilities were provided for lumber, hardware, tools, pipe, repair parts, and other items necessary for plant maintenance.

³⁸Brumbaugh and Langthorne, loc. cit.

Shelving units were installed in the warehouse for storing loose issue items and stock issued in small lots or units less than a full carton. A relatively large open space at the delivery entrance is used for receiving and distributing. In the distribution area, space for each school is provided for assembling supplies awaiting delivery.

The receiving area allows space for all incoming deliveries. As deliveries are received, they are visually checked for damages, and commodities are counted and checked against the freight bill. Claims are filed by the secretary for missing or damaged material.

When full cartons of merchandise are received at the warehouse, they are checked against purchase orders without opening the cartons. When several different items are received in the same carton, the carton is opened and each item is checked with a copy of the purchase order.

After each order is completed and all items are checked in, the material is added to inventory control files and the copy of the order is dated and signed by the person who checked in the material. A copy of the order is sent to the purchasing office for approval of payment of the invoice. Approved orders are then sent to the bookkeeping office for payment.³⁹

The preceding explanation of the West Toledo, Ohio, district introduces phase nine of the purchasing plan. All vendor invoices for materials or services which have been contracted for by purchase order should be received by the purchasing office. As invoices are received, they should be checked against the purchase order as issued for accuracy and evidence

³⁹Ibid., p. 68.

of delivery in the amounts specified. The copy of the purchase order coupled with the vendor's invoice, and with affixed affirmation of delivery, provided a documented basis for payment.⁴⁰

In the West Toledo, Ohio, school district, any items which are back ordered or damaged are noted on the warehouse copy of the purchase order. The order is held in warehouse files until the shipment is completed before it is sent to the purchasing office.⁴¹ If the order is not completed within 30 days, it is canceled or follow-up order is completed and payment is made for the items already received.⁴²

Provided the foregoing steps of purchasing procedure have been followed, the procurement cycle can be relatively successful.

The nine steps in the purchasing procedure are essential to expedite acquisition of supplies and promote economy in the purchasing procedure. They also insure the necessary checks through documentation of each step in the procedure. They insure that the initial request of need is recorded. They insure that the purchase negotiations have been in accordance with state legal requirements. They document approval or ratification of the purchase by the governing board. They expedite the receipt and inter-district distribution of materials. They serve as a check that materials or services have been ordered, received, checked, and cleared for payment. Perhaps most important, the utilization of these improved procedures puts school purchasing on a business-like basis.⁴³ This is a must, because the

⁴⁰McPherran, loc. cit.

⁴¹Brumbaugh and Langthorne, loc. cit.

⁴²Ibid.

⁴³McPherran, loc. cit.

nation's public elementary and secondary schools estimated that more than \$32.1 billion would be spent during 1968-69.⁴⁴

There are nine essential steps in school purchasing procedures:

(1) ascertaining the needs; (2) determining the character and the amount of materials desired; (3) transmitting the purchase requisition; (4) negotiating for sources of supply; (5) analyzing the proposal and selecting the vendor; (6) governing board ratifying or approving; (7) preparing and issuing purchase order; (8) receiving, inspecting, and distributing materials; and (9) securing billing from vendor and checking invoices. When ascertaining the needs of purchasing, the requirement for materials should originate in the classroom. The West Toledo, Ohio schools developed a purchase plan similar to the nine steps suggested. The nine steps suggested are used, with some modifications, by all school systems.

Cooperative Purchasing

One topic that has received considerable discussion among school districts is cooperative purchasing. This method of buying is still relatively new, and the discussions usually have been descriptions of how the joint projects have been accomplished in various sections of the country. These descriptions have been valuable in helping to get cooperative purchasing groups organized, particularly in relation to the kinds of commodities best suited to this type of purchasing.⁴⁵

Neighboring school districts may legally cooperate in the purchasing of supplies. It is especially practicable for small school districts which

⁴⁴"How Much Costs Are Rising, and Why," loc. cit.

⁴⁵Shinneman, loc. cit.

have no occasion to order for themselves great amounts of supplies at any one time to join together in such purchasing in order to take advantage of the large savings to be effected by volume purchasing. Some states actually compel the rural schools of a county to purchase their supplies cooperatively through the office of a county superintendent of schools, or through a county purchasing agent. It has been found in California, for example, that cooperative purchasing can save on the average of 50 percent.⁴⁶

Savings from 5 to 40 percent have accrued to Colorado school districts that have joined in the cooperative purchase of paper, lamps, steel filing cabinets, and pianos. This is one of the evaluations reported by Carl E. Zeiger, business manager, Aurora (Colorado) public schools.

Zeiger explained the operations of the Rocky Mountain Study Council, sponsored by the University of Denver and housed at the Bureau of Educational Research. It serves over 160,000 school children attending schools in 14 member districts and has operated since 1948.

Objections made in certain quarters to cooperative purchasing were discounted by Zeiger. He said that the purchasing plan need not be cluttered with red tape, and could be accomplished with five or six meetings a year under the direction of professional research personnel. Suitable quality at the lowest possible price, he indicated, was the objective of school purchasing agents. They will soon learn from teachers and other users to identify unsuitable materials and to eliminate these from future bids. All products should be sampled before purchase. Of major importance are the preparation of specifications on a cooperative basis and the formulation of standards at the school level, Zeiger explained.⁴⁷

More than \$70,000 was saved during 1964-1965 by the joint buying program of seventeen school districts in Lane County, Oregon.

⁴⁶M. L. Rafferty, Jr., and Emery Stoops, Practices and Trends in School Administration, (Boston: Ginn and Company, 1961), p. 173.

⁴⁷"View: Cooperative Buying Can Net Major Savings," The Nation's Schools LXXI (February, 1963), p. 92.

The key to the cooperative program was a catalog prepared annually by a county-wide superintendent's committee. It listed a wide range of school supplies, athletic equipment, paper goods, light bulbs, petroleum products, and school buses.

Each principal of the 127 schools in the seventeen districts made out a catalog order and sent it to his district. Then each district office combined the individual order into a single order and forwarded it to the joint purchasing headquarters.

Bids were called for in the spring. After bids were opened, the superintendents' committee inspected all samples, testing some extensively, and awarded contracts.

On delivery to the central warehouse during the summer, orders were broken down and deliveries made to individual schools.

Billing to the individual schools was done monthly. Included in the bill was a share of the warehousing and transportation costs.⁴⁸

Savings from 17 to 43.5 percent have been reported by schools buying cooperatively with other schools, city, and county governments, reported Robert Smiley, assistant superintendent, East Detroit (Michigan) public schools (1963). Some of the reasons for the economies, he said, are:

A smaller number of bids in volume can be attended to more efficiently in many instances by supplies. Service and delivery schedules can be projected by factories. Cooperative purchasing can be a partial answer to the problem of administrative understaffing, particularly in suburban school systems. It enables several small and medium size schools to realize the purchasing power of the nation's major cities. More time and resource of talent can be extended in gaining an understanding of materials available as well as a more favorable process for testing and evaluating products.

⁴⁸"127 Schools Lump Purchase Orders in County-Wide Program," The Nation's Schools LXXVI (December, 1965), p. 44.

Disadvantages of cooperative purchasing Smiley indicated, clude these:

There is a possible danger that the red tape involved might become too cumbersome, limiting flexibility and local adaptations. When there is no central warehousing, home front distribution may be more costly than direct deliveries by jobbers. Schools do not have the benefits of having salesmen call on them regularly, lose the benefits of demonstrations and services they can render, collectively may not have the same degree of adjustment satisfaction as the individual school. Purchasing of low bid items may be the rule rather than the exception, sacrificing quality for price. Local autonomy may be jeopardized.⁴⁹

The advantages of cooperative purchasing of items is well illustrated by the experience of the Cincinnati Public Schools in effecting economies in the purchase of coal. Approximately six trains of sixty cars each would be needed to haul the coal supply for the Cincinnati Public Schools for one year. The joint purchasing of coal by the city, county, and school district, in the first year it was put into effect, saved the taxpayers over \$100,000 in the price of coal bought. When the savings to the school board of their share of the \$100,000 was added to the savings effected in the purchasing of the 48,000 pounds of soap cleaner, the 640 brooms and floor brushes, the 2,300 light bulbs, the nearly 11,000,000 paper towels, and the 2,100 gallons of liquid soap, the mimeograph, the ditto, stationery and other paper supplies, and the countless other materials used in a single year, it can be seen how the entire cost of skilled cooperative purchasing can save the taxpayer money.⁵⁰

Faced with the need to provide greater economy of operations and savings while at the same time meeting the needs of an ever growing

⁴⁹"Purchasing Pools Offer Economies, Disadvantages," The Nation's Schools, LXXI (February, 1963), p. 92.

⁵⁰Raymond F. McCoy, American School Administration, (New York: McGraw-Hill Book Company, Inc., 1961), p. 340.

enrollment, the ten independent school systems of Wayne County, Ohio, led by the largest school district, the city of Wooster, banded together in a cooperative purchasing program.⁵¹

The cooperative bidding and buying venture of the school districts of Wayne County, Ohio, began in 1962 and continues. A complete study of the total savings in the entire county is not available, but the Wooster city school system has made substantial savings. The following is a study of certain items and the savings made between 1962 and 1964.

The Wooster city schools' biggest consumption of paper for instance was in mimeograph and duplicating paper. In 1962 the Wooster schools paid 87 cents per ream for 8½ by 11 in., 16-lb. white duplication paper. In 1964 the district paid 60 cents per ream. Based on their consumption at that time, this resulted in a savings of \$860 on this one item alone.

Another big savings was on mimeograph paper. In 1962 the district paid \$1.05 per ream and in 1964, through cooperative buying, the price had dropped to 78 cents per ream, or a savings of \$229.50 based on the need at that time.

One of the items that provided the most savings was typewriters. Previous to the cooperative buying program, Wayne County Schools were buying standard typewriters at a minimum of \$180 per machine. In the first year, under the county-wide cooperative buying program, the minimum dropped to \$109 without trade-ins and \$94 with trade-ins. In 1964, although the base price had gone up to \$115, they were trading newer

⁵¹Leroy R. Watt and David B. Workman, "Boards, Systems Can Save Money If They Want To," The American School Board Journal, CLII (April, 1966), p. 10.

typewriters and their cost averaged \$23.75 per machine. Electric typewriters based on \$180 were costing them \$37.50 each. Again, the trade-ins were newer machines.

The total savings to the Wooster city schools over a two-year period in typewriter purchases amounted to \$3,596.

In the second year of the program, they extended their group-buying items to custodial products and supplies. In this highly variable product area they did not ask for competitive bids because of the differences in quality and the high cost of checking on the specifications. However, everything else purchased was placed on the bid procedure. Specifications were sent to all known suppliers and special emphasis was made to be sure that local suppliers and dealers were asked to bid.

The coal used by the Wooster public school was placed on competitive bidding terms. Based on an estimate of 800 tons, they saved \$160 in 1963.

The gasoline used to operate their buses was placed on bid and in the first two years they had a savings of over \$500.

The cafeteria department did not sit idly by and watch the cooperative-buying procedure. In 1963 they asked for milk on a cooperative-bidding basis. A local dealer was the lowest bidder in 1963 and 1964. Based on a rebate of $2\frac{1}{2}$ percent of the dollar, volume savings on milk over a two-year period came to nearly \$1,800.

Bid buying of paper products for cafeteria use resulted in a savings of \$254 in 1963 over 1962 and \$293 in 1964 over 1963, for a total savings of \$547 in a two-year period.

Of the problems that such a cooperative-buying procedure caused in the Wooster Schools, timidity was the first and foremost, for the

boards of education had not cooperated previously in this kind of venture. Pressure from local dealers was the greatest obstacle to overcome, but they reminded school board members that they were not in business for the local supplier who may charge a higher price because the schools are public institutions, as was the experience in Wayne County.

In the first year of their cooperative venture, the local dealers did not receive some contracts; however, the second year it was a different story when the merchants realized that the board of education meant business. They studied the problem, were low bidders, and received the business, and in this manner not only recaptured the business they had had previously.

From their experience in Wayne County and Wooster, boards of education recognized that it is a duty and obligation to run a school system with no less efficiency and no less savings than local industries attempt to do.

It was their experience that their school district gained confidence and support by showing the community that schools are big business and should be operated as such.⁵²

There are some pros and cons to cooperative purchasing and they should be considered when giving thought to setting up a program in cooperative purchasing in a school district, county, or state.

O'Hearn and Smiley list the advantages and disadvantages of cooperative purchasing as follows:

Advantages

1. There is evidence that cooperative purchasing is of considerable value. In cooperative purchasing agreements, several school

⁵²Ibid., p. 11.

districts together submit a simple large purchase requirement rather than several small individual purchases of the same items.

2. Cooperative buying with discretion selection can be easily achieved through the intermediate administration unit which is rapidly becoming a service unit to local school districts.
3. Cooperative purchasing agreements clearly indicate their usefulness. Savings can result through buying in carload lots and case lots rather than small units.
4. Where cooperative buying has taken place, it has proved to be practical and economical. Savings from cooperative programs were reported⁵³ to be from 17 to 43.5 percent. Many schools have discovered the advantages of cooperative buying with city or county governments.
5. An orderly calendar of purchasing requirements during slack manufacturer season can be determined to provide an additional cost reduction and contribute to production volume during these periods.
6. More often than not, the same supplier offers services to the same locality rather than quote to representative bids with a diversity of crash deadlines. A smaller number of bids in volume can be attended to more efficiently in cost analysis utilizing car load lost in many instances from their respective factory suppliers. Service and delivery schedules can be formatted and projected.
7. Schools generally tend to be understaffed administratively. This is especially true of suburban school systems which have grown so fast during recent years. Cooperative purchasing, then, can serve as a partial answer to the problems created by this phenomenon.
8. Cooperative purchasing does enable several small and medium sized schools to realize the purchasing power of the nation's major cities. Utilizing the additional time that is saved, the respective talents of each school business administrator can be directed to other important facets of his performance assignment. In addition to this, it provides a natural liaison for business managers to become better acquainted with their neighboring associates and the showing of other pertinent ideas contributory to the effectiveness of their responsibility role.
9. In the last analysis, more time and resource of talent can be extended in gaining an understanding of materials available as well as a more favorable process for the testing and evaluation of products.

⁵³ Aldan F. O'Hearn and Robert K. Smiley, "Cooperative Purchasing Pros and Cons," Association of School Business Officials of the United States and Canada Proceedings, XLVIII (October 15-19, 1962), p. 207.

10. Stereotyped standardized specification lists do not have to be evolved, but rather those general supplies of standard use can be considered and revised, still leaving a major degree of autonomy to the participating districts to bid individually their custom curriculum and operational requirement needs.

Disadvantages

1. One possible danger of cooperative buying is that the bureaucracy and red tape involved might become too cumbersome as to limit flexibility and local adaptations. However, in an attempt to overcome this danger, many vendors offer such arrangements as joint and open-end contracts, dispersed deliveries and special packaging.
2. If a school district does not have central warehousing for one trip deliveries, the home front distribution may be more costly than direct deliveries to several locations by the jobber.
3. The adage, 'You never get something for nothing' is often stated. 'Where there is a difference in price there must also be a difference in quality, utility and/or service. In a cooperative purchasing situation, the individual school⁵⁴ district gives up many things, and the person or district heading up the cooperative assumes certain burdens and responsibilities.'
4. Schools do not have the same opportunity of having many regular salesmen call on them with the ensuing service they can render.
5. Schools are prone not to have as many new materials brought before them for demonstration.
6. Schools may not have the same degree of adjustment satisfaction.
7. If leadership changes are not strong in the cooperative purchasing venture, the effectiveness of the program may be affected.
8. Large one-a-year purchases curtail the opportunity for custom attention to curriculum supply requirements.
9. Purchasing of low bid items may be the rule rather than the exception, sacrificing quality for price.
10. Local autonomy is jeopardized.

It is significant for public school administrators to acknowledge that cooperative purchasing does exist and its trend is gaining impetus.

⁵⁴Ibid., p. 208.

Volume buying is no longer a cost cutting technique to be used only by the giants of business, industry or large institutions. The concern for fair profit or even for survival has caused all types of institutions, from hospitals to schools to motor hotels to abrogate their mores of the past and pool their purchasing potential in an effort to acquire not only better prices on items, but better quality.

One continually hears the phrase, "You never get something for nothing." This in strict context is true. However, as it relates to cooperative purchasing, if one extends effort in the planning of technique, of selection of items and volume purchasing for price and service, then he does accrue in the last analysis, more. On the other hand, he has not, as some folks would say, received something for nothing, but something in return for the district's professional effort to stretch dollars. Difference in price does not mean difference in quality. Often the same brand item is purchased for a different price because of volume and prompt payment discount.

Public schools across America have the responsibility of educating boys and girls. To do this, they must use public funds. Since budget expenditures are generally diversified in their adequacy to do the job, school administrators are constantly endeavoring to effectively use funds and stretch dollars. Cooperative purchasing may have some merit and use in this direction. It now becomes the professional responsibility of school administrators to determine and appraise if or to what extent cooperative purchasing might serve their school needs. To provoke thought, to place in motion and to evaluate is the seed of progress.⁵⁵

⁵⁵Ibid., p. 209.

Education is a cooperative effort and is best accomplished when all are aware of the needs of the others. This means that those engaged in purchasing will find out from the users, the teachers, the materials that will best suit their needs. Suppliers of inferior merchandise are soon known and eliminated. This is not too much of a problem if specifications are carefully written and if samples of the product quoted are inspected in advance of the purchase. Substitutions, if allowed, would have to undergo the same routine of inspection and approval.

Cooperative purchasing can be much more than the routine of considering items to be bought, sending out bid sheets, analyzing results and writing purchase orders. Some of the greatest values derived from a plan of this type involve the spirit of cooperative fellowship and mutual benefit.⁵⁶

Cooperative purchasing is not the answer to all the problems of purchasing, and it has many pitfalls. On the other hand where used wisely and without haste, it can gain many benefits for the participating districts. And it does on the whole result in lower prices. "I would recommend giving it a try, but one should be aware that there are some thorns along the path."⁵⁷

School districts may legally cooperate in the purchasing of school supplies. Cooperative purchasing is relatively new. Savings from five to forty percent have accrued to Colorado school districts. Cooperative purchasing is especially practical for small school districts. A considerable

⁵⁶Carl E. Zeiger, "Cooperative Purchasing-How Successful Can It Be?" Association of School Business Officials of the United States and Canada Proceedings, XLVIII (October 15-19, 1962), p. 213.

⁵⁷Robert R. Hurley, "Cooperative Purchasing-Pros and Cons," Association of School Business Officials of the United States and Canada Proceedings, XLVIII (October 15-19, 1962), p. 215.

amount of cooperative purchasing has been done in California, Colorado, Oregon, Michigan, and Ohio. There are some pros and cons to cooperative purchasing and they should be considered when giving thought to setting up a program in cooperative purchasing. O'Hearn and Smiley list ten advantages and ten disadvantages in cooperative purchasing. Cooperative purchasing does exist and its trend is gaining impetus.

Time of Purchase

Off-peak buying can save money in the purchasing of many school products. Almost twenty-one percent of the annual school business is done in the month of August. Nearly fifty percent of the annual school business is done in the ninety days following August 1, and two-thirds of it is done in one twenty-day period of July, August, September, and October.⁵⁸

The typical purchasing strategy of most school districts is to order for August delivery, but place the order so that the bill will be due after the first of July. This purchasing pattern is so common that three-fourths of all school purchases are made during June, July, and August. This procedure is not suggested as being satisfactory. The best purchase practice suggested is one that spreads school purchasing throughout the year. The idea is to order materials so they arrive at the time of their intended use.⁵⁹

When ordering school supplies, one should place their orders early and allow some latitude on delivery time. Since the school distributor

⁵⁸ "Best Times for Buying," The Nation's Schools, LXXIV (November, 1964), p. 36.

⁵⁹ James B. Boyd, "Here Are Best Times for Buying," The Nation's Schools, LXXIV (September, 1964), p. 51.

carries thousands of different items in stock, which are obtained from several hundred sources, he simply cannot maintain a complete stock of all items at all times.

A distributor must anticipate a lead time of two to three months on some of the items he purchases and this lead time may increase as the opening of educational facilities approaches.⁶⁰

It is probably unwise to purchase for more than a year ahead of current need, and uneconomical to purchase for less than that time. Should purchasing involve overly long time-spans, deterioration of stored supplies may occur, along with inability to take advantage of innovations and improvements in a supply category. On the other hand, larger orders secure cheaper prices. A prudent solution to this problem would seem to be the ordering of all standard supplies one year in advance of current needs. Especially is this advisable when, in addition to the price savings made possible by mass ordering, receiving, and checking is taken into consideration. Such annual ordering is particularly valuable for the smaller school districts, whereas the very large districts can often order semiannually and still effect considerable savings owing to the mass nature of such orders.⁶¹

School systems are well advised to follow the example of certain industrial concerns in studying the supply market and placing school orders during months when prices in certain areas are lowest. It is well known, for example, that such staple school items as pencils, paper, and ink are most expensive during the summer and fall, and cost less during the spring. This is in accordance with the economic axiom that the demand for

⁶⁰"Purchasing Tips for the Business Manager," American School and University, XL (May, 1968), p. 79.

⁶¹Rafferty and Stoops, op. cit., p. 172.

a given article at a given time determines the price to be asked for the article.⁶²

The following time schedule for the purchasing of school supplies is suggested by Rafferty and Stoops.

- January 2. Start preparation of annual requisition for supplies.
- January 3. Submit annual-requisition estimate to principals for correction or approval.
- February 5. Annual requisition to be returned to the assistant superintendent in charge of business affairs, or to the business manager.
- February 5-March 15. Preparation of bid forms.
- March 15. Bid forms mailed to bidders.
- April 15. Bids must be submitted by this date.
- April 15-May 15. Tabulation of bids and examination of samples.⁶³
- May 15. Recommendation to purchase submitted to the board of education.
- June 1. All purchase orders to be mailed before this date.⁶⁴

Certainly many school supplies should be ordered for delivery just before school opens in September. There are, however, valid reasons for making exceptions to a summer purchasing pattern.

First, the curriculum is changing rapidly in many fields both at the elementary and secondary levels. Books, supplies and materials that were satisfactory at time of budget preparation may be second best several months later. In some areas of instruction a last-minute check on new developments should be conducted just before ordering to be sure that the items being purchased represent the most up-to-date thinking of the instructional staff.

Secondly, supplies ordered during the spring and summer reflect the curriculum plans of last year's staff. This year's staff may do things

⁶²Ibid., p. 173.

⁶³Ibid., p. 174.

⁶⁴Ibid., p. 175.

differently. It is not⁶⁵ uncommon for one-sixth of the staff to be new to the district in the fall. As these new people begin teaching in September, the curriculum commences to change. What happens when supplies and materials don't fit the needs of the new staff members? This problem can be reduced by ordering a portion of the instructional supplies and equipment after the new people have had an opportunity to make their wishes known.

Thirdly, it is often difficult to purchase supplies and equipment at the best price when a district squeezes most of its purchasing into a few months of the year. School districts that space their purchases as evenly as they can throughout the year are in a better position to shop for advantageous prices from suppliers.

Bids have a way of coming in lower during off-peak sales periods. For example, most job printers go through a slack summer season. Bids for summer work on stationery and printed forms for fall delivery are likely to cost a district less than equivalent work produced at other times of the year. It's a good idea to check with suppliers and local businessmen in your area. The supplier should be able to help the purchasing school order to gain maximum advantage from seasonal price fluctuations.

Performance specifications and quality in purchasing is the fourth area of consideration for making exceptions to a summer purchasing program. Spreading purchases throughout the year gives school business officials a better chance to prepare performance specifications carefully. Supplies and equipment are bought because of anticipated usefulness. If the product

⁶⁵Boyd, loc. cit.

does not fill the need, then it was a poor purchase-regardless of what price the district pays.

Obviously, purchasing should be done in terms of the performance specifications of the items requested. Looking for the best price for an article is not the same as looking for the best price for an article that will function as desired.

Seasonal use and installation is the fifth consideration given to exceptions in summer purchasing. Sometimes the item ordered permits a best time of delivery. While some athletic equipment and outdoor maintenance and custodial equipment may not have to be delivered until midyear, special prices and adequate storage or delivery arrangements may make it worthwhile to order much earlier.

At the same time, some equipment must be ordered to arrive at the beginning of summer vacation. Items that require time to install are among them. So is equipment whose installation is noisy or messy. Summer is the logical time to install lockers, chalkboards, stage curtains, auditorium seating, science laboratory equipment, air conditioning, and unit ventilators.

To take advantage of year-round purchasing, one needs to do some special budget planning. It may not always be legally or financially possible to spend funds out of this year's budget for commitments against next year's. There are ways a district can get around this.

One of the most important is the fact that many large school suppliers are willing to act as bankers for school districts--they will delay billing until new budget year begins. This kind of purchasing arrangement has the effect of a short-term, interest-free loan to the school system, equal to the value of the delivered goods.

What the school district purchases in the summer, often arrives either at a time when most of the school staff is on vacation or when the pupils and teachers are about to begin a new year. A year's worth of books, supplies, and equipment takes up a lot of space. It ought to be the supplier's space. It can, if a school district stops specifying August delivery out of habit.

A school district's orders should be delivered at a time when they are prepared to receive them. It is best to have some delivered in the fall and some in the spring. This should be done to utilize the available space that school districts, generally, don't have.⁶⁶

Spreading school purchases throughout the year can mean more efficient use of the business and financial office staff. In late spring regular staff members can be freed for other business; there won't be as much need for temporary help to handle peak work loads.

The following is suggested by James Boyd as the best times for purchasing school products, ordering products, and delivering products.

<u>When you want these products</u>	<u>Order them in:</u>	<u>For delivery in.</u>
-art supplies, fine and manual...	February/October..	August/January
-athletic supplies and equip.....	April/November....	August/February
-basal textbooks.....	February.....	July
-capital outlay items that require installation-storage units, chalkboards, built-in equipment for science, and fine and manual arts.....	February/March....	June/August
-capital outlay items for in- struction that require no in- stallation-easels, book trucks, folding chairs, projectors, record players, and the like.....	July/August.....	August

⁶⁶Ibid., p. 52.

-classroom furniture.....	April.....	August
-paper, envelopes, pencils, general office supplies, and so forth.....	October.....	April
-indoor maintenance and cus- todial equipment.....	September.....	January
-maintenance and custodial supplies.....	November.....	March
-library books.....	February.....	June
	(supplement as needed)	(and as needed)
-musical instruments.....	February.....	August
-office equipment, desk, files, typewriters, duplicators, and so forth.....	January.....	July
-outdoor grounds equipment- lawn mowers and etc.....	July/August.....	February
-outdoor supplies.....	November.....	April
-school buses.....	April.....	August
-other vehicles.....	August/September..	September/October ⁶⁷

The reduction of material costs requires careful and continuous study of markets and meticulously maintained records to guide the purchasing agent in his study of seasonal, cyclical, and long term trends in price fluctuations. A basic measure of school purchasing efficiency is the timing of purchases and the prices paid for goods compared with subsequent levels of prices which could have been obtained. Time can be money when it comes to purchasing supplies for a school district in need of goods.⁶⁸

The typical purchasing strategy of most school districts is to order for August delivery, but place the order so that the bill will be due after the first of July. This procedure is not suggested as being satisfactory for school purchasing. The best purchase practice suggested is one that spreads school purchasing throughout the year. The idea is to order materials so they arrive at the time of their intended use. Authorities state

⁶⁷Ibid., p. 53.

⁶⁸Raymond R. Colton, Industrial Purchasing Principles and Practices, (Columbus: Charles E. Merrill Books, Inc., 1962), p. 3.

that it is unwise to purchase a year ahead of current need. School systems are well advised to follow the example of certain industrial concerns in studying the supply market and placing school orders during months when prices in certain areas are lowest. The basic measure of school purchasing efficiency is the timing of purchases and the prices paid for goods compared with subsequent levels of prices which could have been obtained.

Item Selection

In all school purchasing, one of the first requirements is to determine the kind or type, quality, and quantity of the items to be purchased. This is a cooperative responsibility.⁶⁹

Many school systems today are utilizing teacher committees to study needs and to make specific recommendations for the purchase of school items. Often such committees are set up originally to study needs and to make specific recommendations for the purchase of school items. Often such committees are set up originally to study curriculum problems, and find that their supply needs evolve naturally out of such study.⁷⁰

This again is a cooperative responsibility of all staff members. No using department can function effectively that does not rely upon the purchasing department for much of the information concerning items and material needed for their school program. Also, the buyer cannot perform to the best interest of the using department unless he has an intimate knowledge of the purpose the item is to serve, by whom it is to be used, how it is to be used, what it is expected to do, and the results to be

⁶⁹Linn, op. cit., p. 252.

⁷⁰Rafferty and Stoops, op. cit., p. 168.

obtained. Therefore, effective liaison should be established between the instructional staff and purchasing department. In many systems this is accomplished by continuing committees of teachers, principals, and supervisors, representing the various levels and departments, who meet with the procurement officers and pool their interests, information, and experience in selecting the items.⁷¹

The budget is a controlling element in the selective processing of items for a school district. In the case of large units of equipment, most districts require that the requested item be included in the budget. For smaller pieces of equipment and for supply items, the usual practice is to budget a lump sum allowance and to have staff members identify specific needs at a subsequent time. Regardless of the details of budget development, the significant aspect in the dollars allocation, for the amount appropriated in the budget determines both the quantity and the kind of purchases that will be made during the fiscal period.⁷²

The procurement department is expected to be keenly alert to the improvement in materials, development of new products, performance evaluation, and market and price trends. Their services, opinions, and reactions should be helpful to the using agencies.

The selection process of items is a continuing one. Existing supply lists should be examined regularly for revision and improvement, obsolete items deleted, and improved and new items added.⁷³

⁷¹Linn, loc. cit.

⁷²Casey, op. cit., p. 56.

⁷³Linn, loc. cit.

The first step in selecting the items is to determine the purpose to be served and the type of item required. Usually, there is no particular mystery in regard to the general classification of the items that are needed. It is recognized, for example, that writing paper is necessary for classroom work throughout the various educational levels. What kind shall we buy, therefore? Shall we select a separate paper for each type of classroom situation that is exactly fitted to the needs of the given instructional project? If so, will this result in selecting a number of different special writing papers to satisfy the numerous instructional needs? Just what are these differences? Do they involve differences in qualities, sizes, finishes, how it is to be used, and what is expected of it? In the interest of efficiency, such questions must be resolved.

A general survey of curricular needs reveals that writing paper is used for many purposes, such as penmanship practice and exercises and reports, typewriter practice, and similar general writing situations. Some uses require ruled paper. In many cases unruled paper is necessary. Much of the writing is done with pen and ink. The paper must be satisfactory for use in the typewriter. Such miscellaneous purposes focus the need on definite types of writing paper and thereby establish the nature of the items to be selected within the writing paper classification. The next step, then, is to determine the characteristics of the type that will satisfy each of the uses. Some characteristics may be common to all, or all may have sufficient characteristics in common to justify the selection of a single type only. (The same pattern of item selecting can be applied to any classification of items.)⁷⁴

⁷⁴Ibid., p. 253.

In any school system there is always the problem of multiplicity or overlapping of items of a similar type and the demand for new items similar to those already in use by other departments. This can lead to a very complicated and cumbersome situation in which a variety of very similar items may be purchased, resulting in waste of time, money, and effort. Requests for new items should be coordinated with existing lists. Items serving the same purpose in different departments preferably should be standardized so that one type may suffice for all. Such simplification may result in considerable saving in bulk buying, and also save time and effort in paper work and inspections.⁷⁵

The goal of standardization is to secure the maximum amount of similarity among items being purchased. Its primary aim is to increase the efficiency of ordering, delivering, storing, and utilizing supplies and equipment. A second aim is to reduce⁷⁶ the actual cost that the school district incurs for the materials it purchases.

Standardization does not imply a lowering of quality or a reduction of quantity. It does require analysis of both quality and quantity of an item and could mean alteration in both. A possible result might be the elimination of several different items of the same category in favor of a single unit of high quality. Standardization concerns itself with such elements as weight, size, finish, composition, grade, and packaging.

There is always a potential hazard that the process of standardization will exceed the bounds of good sense. Overstandardization could stifle the staff effort it seeks to improve. Any program of standardizing

⁷⁵Ibid., p. 255.

⁷⁶Casey, loc. cit.

should include three traits: (1) Provisions for adding or altering standards as needs and products change. (2) Provisions to make exceptions where the program warrants more than one kind of an item. (3) An acknowledged point of diminishing returns.⁷⁷

Through the cooperative action of individuals and groups in the school organization, standard supply lists may be prepared. These are lists, with specifications, of items commonly ordered for the schools. The lists provide an easy check against duplication in kinds of items procured, repetition of orders for items found previously to be unsuitable or otherwise unsatisfactory, and overlooking needed items when the annual supply orders are being prepared. The preparation of standard lists necessitates appraisal of items and needs for them before orders are placed, thus ensuring careful thought about the purchase before the school system has committed its funds.⁷⁸

In some cases the materials on the supply lists are furnished from a central inventory. More often the lists are used in the development of total district purchase requirements. Total requirements are developed at least annually, although some districts develop their requirements once each quarter or semester.

A supply list can be effective only to the degree that its preparation has been preceded by a standardization of materials. Otherwise, the list runs the risk of containing either too many items or too many omissions. A well developed supply list reduces the effort required of the teacher or other staff members in identifying and satisfying supply needs.⁷⁹

⁷⁷Ibid., p. 57.

⁷⁸Hagman, op. cit., p. 274.

⁷⁹Casey, loc. cit.

Mimeographed lists of standard supply items become requisitions when checked by principals, teachers, custodians, engineers, and others and returned to the purchasing agent. Lists may be combined by schools through the work of building principals or consolidated in the central office under heads such as elementary schools, secondary schools, and building and grounds. To the extent that the requests are approved, the marked standard supply lists become the basis for the orders for supplies.

Requisition forms, either printed or mimeographed, are desirable for the filing of requests for individual items of supplies and equipment. The form should be simple but with adequate provision for the filling in of information needed. Spaces are required for dates of the request and approval or disapproval, name of person making the request and the school, department, or room in which item is to be used, the name and description of the item, the designation of a source of supply, the unit price, and the name of the person approving or disapproving the request. A procedure for the prompt return of the requisition to the originator following approval or disapproval is desirable, and for this purpose the form may be filled out in duplicate with one copy being retained by the central office as a check against the ordering, receiving, and placement of the item requested.⁸⁰

The importance of item selection cannot be overemphasized. Such supplies and equipment are employed for the most part directly by the teacher, and then proper procurement and utilization are essential to the school's primary function. Constant attention and study are needed to get supply items delivered on schedule, and to determine what types and brands of supplies and equipment are most effective and economical.

⁸⁰Hagman, op. cit., p. 275.

In all school purchasing, one of the first requirements is to determine the kind or type, quality, and quantity of the items to be purchased. This is a cooperative responsibility of all staff members in the school system. Many school systems utilize teacher committees for selecting items to be purchased. The budget is a controlling element in the selective processing of items for a school district. The selection process should be a continuing one. Supply lists should be examined often for revision and improvement, obsolete items deleted, and improved items added. The problem of multiplicity or overlapping of items of a similar type is constantly present in school purchasing. Therefore, the goal of standardization in purchasing is a good idea by schools. Overstandardization can stifle a staff's effort it seeks to improve. Requisition forms are desirable for the filing of requests for individual items of supplies and equipment. The form should be simple. The prompt return of the requisition to the originator following approval or disapproval is desirable.

Bid Procedure

Many transactions in school buying are completed on the basis of catalog specifications and unit or quantity pricing by the commercial school-supply houses. Other transactions involving large amounts of one kind of item are ordinarily arranged on the basis of bids received by the school system. Steps in the calling for and receiving of bids include drawing exact specifications as to quality and description of the items or item desired and setting terms for delivery of the item or items, publication of notice that sealed bids will be received, publication of time and place at which bids will be opened, examination of the bids, awarding

of the purchase contract to the bidder deemed by the school board to be most likely to meet the specifications at the lowest price. While the lowest bid will ordinarily be accepted, consideration should be given to the differences in the meeting of desired specifications and the probable ability of the bidder to fulfill the terms of the contract if awarded it.⁸¹

A bid is a formal or informal offer by a vendor or contractor to furnish goods or services. Formal bids are sealed, generally requested in compliance with state law, and usually for large purchases. Informal bids are normally requested on smaller purchase transactions and involve oral or written quotations.⁸²

Most states require that school districts secure bids on purchases beyond a certain dollar amount. The purpose of such legislation is generally twofold: (1) To insure that purchasing is conducted on an objective and competitive basis; and (2) to guarantee the purchase of material at the lowest possible price.

A survey published by the Association of School Business Officials of the United States and Canada indicated that thirty-three states have laws requiring the bidding of supply purchases. The total amount of the purchases determines whether or not a school district is required to take bids on the transaction. Some states vary the requirement for different school districts, permitting larger districts to expend higher amounts without bidding. The amount of supply purchases exempt from the bid law requirement varied from \$100 in Tennessee to \$6,000 in Ohio city school districts.

⁸¹Ibid., p. 277.

⁸²Casey, op. cit., p. 60.

Most school officials agree that bidding generally results in a dollar savings for the school district. The additional effort required to develop formal bids is usually offset by the lower offers received. This is true in the aggregate, despite cases where items cost more under bid procedures than by open-market purchase. Existing bid laws can be improved by remedying three weaknesses:

1. Frequently the legal maximum which may be expended without bids is unrealistically low. This means a school district is constantly asking for bids on all sorts of materials. The cost of preparing specifications, advertising, and distributing them, and opening and analyzing bids for small purchases exceeds the dollar savings in price. Furthermore, the delay can inhibit the program

2. Bidding puts a premium on price at the sacrifice of quality. Bid laws emphasize lowest price, and may encourage a vendor to offer goods of marginal quality. If the product is later found wanting, the district has difficulty in rejecting delivery. More important, the program is impeded because material of proper quality is not available.

3. The focus in lowest bid price has forced some vendors to reduce their staffs in order to remain competitive. The amount of service and⁸³ attention a school district can expect is thus greatly reduced. In some cases this extra care and concern are worth more to the school's operation than the several dollars saved in bidding.

In some cases the legal requirement is satisfied by informal bidding. In others, specifications must be prepared and advertised, sealed bids must be opened, and an award must be made by the board of education. State laws specify that the award of the bid shall be made to the lowest responsible bidder who meets the specifications and the terms of the bid opening. Rejection of bidders as not responsible has probably caused more legal actions than any other element in vendor-school district relations. Unless there exists evidence of arbitrary or capricious judgement, the courts have almost universally sustained the determinations of vendor responsibility made by boards of education.

⁸³Ibid., p. 61.

Determining responsibility or lack of it is a difficult task. The vendor would not be in business unless he had been able to sell to some buyers. But the school administration and the boards of education have an obligation to accept only that low bidder who can perform satisfactorily. The best evidence is a vendor's past record with the school district.⁸⁴

A bidding document should be short enough to be interesting, but long enough to cover the facts. This document should enumerate the particulars in order to inform all parties exactly what the school officials wish to purchase and all conditions pertinent to the purchase. It should be written clearly enough to eliminate any misunderstanding between the owner and vendor. Furthermore, it should be written so that it is fair and equitable to all parties concerned.⁸⁵

These bidding specifications could be used in any state by school business administrators and, therefore, are outlined below:

Bids

1. The date and time of bid opening will be given in the Notice to Bidders.
2. All bids must be submitted on and in accordance with forms provided by the board.
3. All bids received after the time stated in the Notice to Bidders may not be considered and will be returned to the bidder. The bidder assumes the risk of any delay in the mail or in the handling of the mail by employees of the school district. Whether sent by mail or by means of personal delivery, the bidder assumes responsibility for having his bid deposited on time at the place specified.
4. All information required by Notice to Bidders, Specifications, and Bid Offer, in connection with each item against which a bid is submitted, must be given to constitute a regular bid.
5. The submission of a bid will be construed to mean that the bidder is fully informed as to the extent and character of the supplies, materials, or equipment required and a representation that the bidder

⁸⁴Ibid., p. 62.

⁸⁵John D. Porter, "Preparation of Bidding Documents and Awarding of Contracts," Association of School Business Officials of the United States and Canada Proceedings, LI (October 9-14, 1965), p. 246.

can furnish the supplies, materials, or equipment satisfactorily in complete compliance with the specifications.

6. No alteration, erasure, or addition is to be made in the typewritten or printed matter. Deviations from the specifications must be set forth in space provided in bid for this purpose.

7. Prices and information required, except signature of bidder should be typewritten for legibility. Illegible or vague bids may be rejected. All signatures must be written. Facsimile, printed, or typewritten signatures are not acceptable.

8. Sales to school districts are not affected by any fair trade agreements.

9. No charge will be allowed for federal, state, or municipal sales and excise taxes since the school district is exempt from such taxes. The price bid shall be net and shall not include the amount of any such tax. Exemption certificates, if required, will be furnished on forms provided by the bidder.

10. In all specifications, the words "or equal" are understood after each article giving manufacturer's name or catalog reference, or on any patented article. The decision of the school district as to whether an alternate or substitution is in fact "equal" shall be final. If bidding on items other than those specified, bidder must in every instance give the trade designation of the article, manufacturer's name, and detailed specification of item he proposes to furnish. Otherwise, bid will be construed as submitted on the identical item as specified.

11. Bids on equipment must be on standard new equipment, of latest model, and in current production, unless otherwise specified.

12. All regularly manufactured stock electrical items must bear the label of the Underwriters' Laboratories, Inc.

13. When bids are requested on a lump sum basis, bidder must bid on each item in the lump sum group. A bidder desiring to bid "no charge" on an item in a group must so indicate; otherwise bid for the group may be rejected.

14. All prices quoted must be "per unit" as specified; e.g., do not quote "per case" when "per dozen" is requested; otherwise, bid may be rejected.

15. Bidder must insert the price per unit and the extensions against each item in his bid. In the event of a discrepancy between the unit price and the extension, the unit price will govern.

16. Prices shall be net, including transportation and delivery charges fully prepaid by the successful bidder to destination indicated in the proposal. If award is made on any other basis, transportation charges must be prepaid by the successful bidder and added to the invoice as a separate item. In any case, title shall not pass until items have been delivered and accepted.

17. Under penalty of perjury the bidder certifies that: (a) The Bid has been arrived at by the bidder independently and has been submitted without collusion with any other vendor of materials, supplies, or equipment of the type described in the invitation for bids, and (b) The contents of the bid have not been communicated by the bidder, nor, to its best knowledge and belief, by any of its employees or agents,

to any person not an employee or agent of the bidder or its surety on any bond furnished herewith prior to the official opening of the bid.

18. All bids must be sealed. They may be submitted either in plain, opaque, envelopes, or in those furnished by the school district. All bids must be addressed to _____. Bid envelopes must clearly be marked "Bid." Also the date and time of the bid opening as indicated on the Notice to Bidders must appear on the envelope. Bids must not be attached to or enclosed in packages containing bid samples. Telephoned bids may be considered at the discretion of the school district. Telephoned quotations or amendments will not be accepted at any time.

19. No interpretation of the meaning of the specifications or other contract document will be made to any bidder orally. Every request for such interpretation should be in writing, addressed to the school district, not later than five (5) days prior to the dated fixed for the opening of bids. Notice of any and all such interpretations and any supplemental instructions will be sent to all bidders of record by the school district in the form of addenda to the specifications. All addenda so issued shall become a part of the contract documents.

20. If the supplies, materials, or equipment are to be delivered over an extended period of time, or if the specifications so state, then the successful bidder may be required to execute an agreement in relation to the performance of his contract, such agreement to be executed by the bidder within 15 days after notification to execute such contract. If the specifications so state, the successful bidder also may be required to furnish a performance bond equal to the full amount of the contract to guarantee the faithful performance of such contract. Such performance bond shall be maintained in full force and effect until the contract shall have been fully performed. The surety company furnishing such performance bond shall be authorized to do business in the State of New York and must be satisfactory to the attorney for the school district. The performance bond shall be executed by the successful bidder at the time of the execution of the contract by the successful bidder and the board.

Samples

21. All specifications are minimum standards; and accepted bid samples do not supersede specification for quality unless bid sample is superior, in which case deliveries must be the same identity and quality as accepted bid sample.

22. The school district reserves the right to request a representative sample of the item quoted upon either prior to the award or before shipments are made. If the sample is not in accordance with the requirements of the specification, the school district may reject the bid; or, if award has been made, cancel the contract at the expense of the successful bidder.

23. Samples, when required, must be submitted strictly in accordance with instructions; otherwise, bids may not be considered. If samples are requested subsequent to bid opening, they shall be delivered within ten (10) days of the request, or as directed, for bid to have consideration. Samples must be furnished free of charge and must be accompanied by descriptive memorandum invoices indicating

if the bidder desires their return and specifying the address to which they are to be returned provided they have not been used or made useless by tests. Award samples may be held for comparison with deliveries. The school district will not be responsible for any samples destroyed or mutilated by examination or testing. Samples shall be removed by the bidder at his expense. Samples not removed within fifteen (15) days after written notice to the bidder will be regarded as abandoned and the school district shall have the right to dispose of them as its own property.

24. When a specification indicates that an item to be purchased is to be equal to a sample, such sample will be on display at a designated location in the school district. Failure on the part of the bidder to examine sample shall not entitle him to any relief from the conditions imposed in the proposal, specifications, etc.

Award

25. Awards will be made to the lowest responsible bidder, as will best promote the public interest, taking into consideration the reliability of the bidder, the quality of the materials, equipment or supplies to be furnished, their conformity with the specifications, the purposes for which required, and the terms of delivery.

26. The school district reserves the right to reject all bids. Also reserved is the right to reject, for cause, any bid in whole or in part; to waive technical defects; qualifications; irregularities; and omissions if in its judgment the best interests of the district will be served. Also reserved is the right to reject bids and to purchase items on State contract if such items can be obtained on the same terms, conditions, specifications, and at a lower price.

27. The school district reserves the right to make awards within sixty (60) days after the date of the bid opening during which period bids may not be withdrawn unless the bidder distinctly states in his bid that acceptance thereof must be made within a shorter specified time.

28. Where a bidder is requested to submit a bid on individual items and also on a total sum or sums, the right is reserved to award bids on individual items or on total sums.

Contract

29. Each will be received with the understanding that the acceptance thereof in writing by the school district, approved by the board of education, to furnish any or all of the items described therein shall constitute a contract between the successful bidder and the school district. Contract shall bind the successful bidder on his part to furnish and deliver at the prices and in accordance with the conditions of his bid. Contract shall bind the school district on its part to order from such successful bidder (except in the case of emergency) and to pay for at the contract prices, all items ordered and delivered, within ten (10) percent over or under the award quantity, unless otherwise specified.

30. The placing in the mail of a notice of award or purchase order to a successful bidder, to the address given in his bid, will be considered sufficient notice of acceptance of contract.

31. If the successful bidder fails to deliver within the time specified, or within reasonable time as interpreted by the school district, or fails to make replacement of rejected articles, when so requested, immediately or as directed by the school district, the school district may purchase from other sources to take the place of the item rejected or not delivered. The school district reserves the right to authorize immediate purchase from other against rejections on any contract when necessary. On all such purchases the successful bidder agrees to reimburse the school district promptly for excess costs occasioned by such purchases. Should the cost be less, the successful bidder shall have no claim to the difference. Such purchases will be deducted from contract quantity.

32. A contract may be canceled at the successful bidder's expense upon non-performance of contract.

33. If the successful bidder fails to deliver as ordered, the school district reserves the right to the contract and purchase the balance from other sources at the successful bidder's expense.

34. Cancellation of contract for any reason may result in removal of the successful bidder's name from mailing list for future proposals for an indeterminate period.

35. When materials, equipment, or supplies are rejected, they must be removed by the successful bidder from the premises of the school district within five (5) days of notification. Rejected items left longer than five (5) days will be regarded as abandoned, and the school district shall have the right to dispose of them as its own property.

36. No items are to be shipped or delivered until receipt of an official order from the school district.

37. It is mutually understood and agreed that the successful bidder shall not assign, transfer, convey, sublet, or otherwise dispose of the contract or his right, title, or interest therein, or his power to execute such contract, to any other person, company, or corporation, without the previous written consent of the school district.

Installation of Equipment

38. The successful bidder shall clean up and remove all debris and rubbish resulting from his work from time to time as required or directed. Upon completion of the work the premises shall be left in a neat, unobstructed condition, and the buildings broom cleaned, and everything in perfect repair and order. Old materials are the property of the successful bidder unless otherwise specified.

39. Equipment, supplies, and materials shall be stored at the site only on the approval of the school district and at the successful bidder's risk. In general, such on-site storage should be avoided to prevent possible damage or loss of the material.

40. Work shall be progressed so as to cause the least inconvenience to the school district and with proper consideration for the rights of other successful bidders or workmen. The successful bidder

shall keep in touch with the entire operation and install his work promptly.

41. Bidders shall acquaint themselves with conditions to be found at the site and shall assume all responsibility for placing and installing the equipment in the locations required.

42. Equipment for trade-in shall be dismantled by the successful bidder and removed at his expense. The condition of the trade-in equipment at the time it is turned over to the successful bidder shall be the same as covered in the specifications, except as affected by normal wear and tear from use up to the time of trade-in. All equipment is represented simply "as is." Equipment is available for inspection only at the delivery point listed for new equipment, unless otherwise specified.

Guarantees by the Successful Bidder

43. The successful bidder guarantees:

- (a) His products against defective material or workmanship and to repair or replace any damages or marring occasioned in transit.
- (b) To furnish adequate protection from damage for all work and to repair damages of any kind for which he or his workmen are responsible, to the building or equipment, to his own work, or to the work of other successful bidders.
- (c) To carry adequate insurance to protect the school district from loss in case of accident, fire, theft, etc.
- (d) That all deliveries will be equal to the accepted bid sample.
- (e) That the equipment or furniture offered is standard, new, latest model of regular stock product or as required by the specifications, with parts regularly used for the type of equipment or furniture offered; also that not attachment or part has been substituted or applied contrary to manufacturer's recommendations and standard practice. Every unit delivered must be guaranteed against faulty material and workmanship for a period of at least one year from date of delivery. If during this period such faults develop, the successful bidder agrees to replace the unit or the part affected without cost to the school district.

Any merchandise provided under the contract which is or becomes defective during the guarantee period shall be replaced by the successful bidder free of charge with the specific understanding that all replacements shall carry the guarantee as the original equipment (one year from the date of acceptance of the replacement). The successful bidder shall make any such replacement immediately upon receiving notice from the school district.

Delivery

44. Delivery must be made as ordered and in accordance with the proposal and specification. If delivery instructions do not appear on order, it will be interpreted to mean prompt delivery (not to exceed 30 days). The decision of the school district as to reasonable compliance with delivery terms shall be final. Burden of proof of delay

in receipt of order shall rest with the successful bidder. Failure to deliver because of delayed payments or for any other reason except that described in Paragraph 52 will be cause for open market purchase at the expense of the successful bidder.

45. The school district will not schedule any deliveries for Saturdays, Sundays, or legal holidays, except commodities required for daily consumption or where the delivery is an emergency, a replacement, or is overdue, in which event the convenience of the school district shall govern.

46. Items shall be securely and properly packed for shipment, storage, and stocking in new shipping containers and according to accepted commercial practice, without extra charge for packing cases, baling, or sacks.

47. The successful bidder shall be responsible for delivery of items in good condition at point of destination. He shall file with the carrier all claims for breakage, imperfections, and other losses, which will be deducted from invoices. The receiving school district will note for the benefit of successful bidder when packages are not received in good condition.

48. Unless otherwise stated in the specifications, all items must be delivered into and placed at a point within the building as directed by the shipping instructions or the agent for the school district. The successful bidder will be required to furnish proof of delivery in every instance.

49. Unloading and placing of the equipment and furniture is the responsibility of the successful bidder, and the school district accepts no responsibility for unloading and placing of equipment. Any costs incurred due to the failure of the successful bidder to comply with this requirement will be charged to him. No help for unloading will be provided by the school district, and suppliers should notify their truckers accordingly.

50. All deliveries shall be accompanied by delivery tickets or packing slips. Ticket shall contain the following information for each item delivered:

Contract Number and/or Purchase Order Number
Name of Article
Item Number
Quantity
Name of the successful bidder

Carton shall be labeled with purchase order or contract number, successful bidder's name and general statement of contents. Failure to comply with this condition shall be considered sufficient reason for refusal to accept the goods.

Payments

51. Payment for the used portion of an inferior delivery will be made by the school district on an adjusted price basis.

52. Payment will be made only after correct presentation claim forms obtained from the ordering school district.

53. Payments of any claim shall not preclude the school district from making claim for adjustment on any item found not to have been in accordance with general conditions and specifications.

Saving Clause

54. The successful bidder shall not be held responsible for any losses resulting if the fulfillment of the terms of the contract shall be delayed or prevented by wars, acts of public enemies, strikes, fires, floods, acts of God, or for any other acts not within the control of the successful bidder and which by the exercise of reasonable diligence he is unable to prevent.⁸⁶

With the increase in enrollment in schools throughout the country, the load carried by each school administrator has become increasingly greater. Those persons who are charged with the responsibility of purchasing, whether he be classified as a transportation director, business manager, assistant superintendent, or whatever, has been hired for his knowledge. He should be prepared to answer questions that may be asked by members of his board. He should have the knowledge of the equipment that is to be purchased, and after careful tabulation of the preparation of the bids, he should be prepared to make recommendations to his board and be able to defend these recommendations. After the recommendation has been accepted by the board, and the bid has been awarded, it is highly recommended that a letter be sent to all bidders stating to whom the bid has been awarded and thanking them for submitting their bid, with a statement to the extent that a complete tabulation is on file for inspection in the administrative office.⁸⁷

A bid is a formal or informal offer by a vendor or contractor to furnish goods or services. Most states require that school districts secure

⁸⁷Porter, op. cit., p. 248.

bids on purchases beyond a dollar amount. The amount of bid law requirement varies from \$100 in Tennessee to \$6,000 in Ohio. Most school officials agree that bidding generally results in a dollar savings for the school district. A bidding document should be short enough to be interesting, but long enough to cover all the facts. The document should enumerate the particulars in order to inform all parties exactly what the school officials wish to purchase and all conditions pertinent to the purchase. The American School Board Journal published fifty-four steps in describing the total bid procedure, with some modifications, all school systems could use the procedures suggested.

Contract Award

When awarding contracts, bidders are entitled to be present at the opening of bids, especially if they involve a substantial figure; and it is difficult to conceive any situation in which this privilege should be denied them. Prices may or may not be announced, depending on whether a series of item bids is involved, which might consume considerable time. Duplicate copies of the bids should be made available to bidders promptly after the opening.

If bids are received from a large number of suppliers, and include a great many items, machine tabulating methods will prove to be time-saving and expedient in the compilation process. Bidders can be coded by number, and a key typed for reference purposes. In analyzing the bids, the codes are memorized quickly, but it may be just as well if the supplier is not identified until analyses of bids have been completed, at which time bidder's responsibility and past performance may be checked for whatever action is advisable.

It is the usual procedure to begin with the low bidder on the first item, and, if it complies with the specifications, pass on to the next item. If not, proceed to the next low bidder on the same item and determine if he has quoted on a product that is in accordance with the specifications.⁸⁸ This procedure is continued until a selection is made that meets all requirements. A detailed statement of the reasons for the rejection of each item not accepted should be recorded for reference purposes in announcing awards.

If good public relations with suppliers are to be retained, absolute consistency must be exercised in policies and procedures regarding acceptance and rejection of each bid. Even though an item quoted at a higher price may have greater relative value than the low bid meeting the specifications, it would be unfair to accept it over the rejection of the low bid. The better plan would be to reject all bids on the item, rewrite the specifications around the higher priced item, and take new bids. The economic factors in this decision must be justified, otherwise the low bid meeting specifications should be accepted. If on the other hand an item fails to meet specifications, but is considered satisfactory for the intended purpose and is judged to be economical, all bids on the item should be rejected and new bids taken as suggested above. Failure to recognize the expediency of this procedure may jeopardize bidder's relationships very quickly. Awards should not be made to suppliers who fail to submit with their bids, on or before the opening date, samples, catalog cuts, or other data that may be called for in the general stipulation. Such bids should be uncompromisingly refused.

⁸⁸Linn, op. cit., p. 271.

It may seem needless to assert that all samples and catalog cuts submitted should be examined and analyzed. The manner in which the specification has been developed designates the testing procedure. The testing of all samples and detailed examination of all catalog cuts submitted on an item are important factors in the purchasing process.

Each detail of specifications based on performance tests requires critical examination to be properly evaluated in relationship to its original purpose. This phase of the program affords an excellent opportunity to check the data upon which the item was selected, and reconsider the choice, if advisable. Specifications may often be revised at this point, and oversight or additional data picked up.

It is necessary to have bidders submit samples in sufficient quantities to enable thorough testing. Parts of samples may be destroyed or consumed in the process of testing, but it is essential that a portion be retained for further comparison with deliveries, if questions are raised later. It is advisable to ask for samples of fluids in containers suitable for preserving the unused portion in its original state for a reasonable period.

Samples of items on which bidders have been unsuccessful may be released promptly after awards. Those on which bidders have received awards should be retained until deliveries have been checked and accepted.⁸⁹ When bids are on materials in different colors, a sample of each color is required.

Bidders are entitled also to know to whom the final awards are made, at what prices, on what quality of products, and in what respect theirs

⁸⁹Ibid., p. 272.

failed to meet the specifications, if rejected. This builds confidence and good will.

If disputes arise, objections and challenges by unsuccessful bidders may have to be referred to higher authority for decisions; but where honest and impartial efforts are made to determine the lowest responsible bidder meeting the specification requirements, such occasions are relatively rare. It should be noted that the lowest bidder is not always the lowest responsible bidder.⁹⁰

When awarding contracts, bidders are entitled to be present. It is a common procedure to begin with the low bidder on the item or items being bid upon. Awards should not be made to suppliers who fail to submit with their bids, on or before the opening date, samples, catalog cuts, or other data that may be called for in the general stipulation. The availability and reliability of a vendor is very important in awarding contracts. If a bidder does fail to fulfill his obligation, then his contract should be broken. It should be noted that the lowest bidder is not always the lowest responsible bidder.

Payment Procedure And Receiving Goods

Upon receipt of the supplies and equipment ordered, steps need to be taken to ensure that the items received are those which were ordered and in the correct amount. This can be done by checking against the school system's copy of the purchase order and against the requisitions from which the order grew. The requisition file reveals for whom or for what purpose the supplies and equipment were ordered. Delivery of items to classrooms, offices, laboratories, and storerooms follows.

⁹⁰Ibid., p. 273.

When the school district is billed for the amount of the order, the expenditure chargeable to each account in the distribution ledger is recorded. In each affected budgetary account, the exact expenditure is entered next to the amount of the encumbrance, which had been figured when the order was placed, and a new balance is struck for that account. If the expenditure, under board policy, is not subject to further review by the board, a check may be drawn and payment made. If practice or policy so dictates, the superintendent of schools or the business manager may present the bill along with other bills for approval by the board at its next session.⁹¹ In either case, the procedure should be such as to guard against double payment of a bill, payment for items not received or received in bad order, and loss of discounts due to slowness in remitting. The practice of having two signatures on all school checks and the board's care to review monthly all expenditures made from school funds provide safeguard against most wrongful disbursement of whatever kind of school fiscal officers. Frequent audits of both formal and informal kinds are desirable. Occasional review of board policies governing purchasing and more or less constant study of supply and equipment purchasing by school personnel may serve to improve procurement procedure to the advantage of the whole effort of the school system.⁹²

The point of delivery and hours when the warehouse or schools normally are open to receive deliveries should be noted. All packaging and labeling

⁹¹Hagman, op. cit., p. 277.

⁹²Ibid., p. 278.

requirements should be observed. All deliveries are checked for quantity, condition, and compliance with specifications. Whenever it is determined that certain delivered items are unsatisfactory, the vendor will be notified and will be expected to pick up such items in accordance with the contract.

The district is required by law to honor only claim forms prescribed by the board of education. Copies of the prescribed claim form customarily are supplied to vendors with the purchase order. Each claim or supporting invoice should be exact in its description of items and prices and should always include the following: purchase order number, item numbers, description of item, quantity, unit price, extensions, and total less applicable discounts. Payment normally is made to vendors within a month of receipt of the properly completed claim.⁹³

The board of education should pay all accounts promptly when due and take advantage of all possible discounts. This cannot always be done if every bill, no matter how small, must be approved by the board before payment. Attention has already been called to the fact that when the board has approved a budget, it has approved the expenditures provided for in the budget. If the employees of the board do not follow the law or policies of the board in making purchases, they are subject to audit, and the board can recover any funds that are stolen or misappropriated. The board should approve only the important purchases prior to payment. A recent survey of a school system revealed that at one monthly meeting of the board, hours were spent going over and approving for payment a list of bills ranging from thirteen cents to \$1,754. It took seven single-spaced pages of legal

⁹³James Williams, "How To Do Business with a District," The American School Board Journal, MLII (June, 1966), p. 18.

size paper to list these bills. Yet this same board did not require any budget controls on the submission of monthly financial reports by the superintendent. Records of the board showed that it closed some fiscal years with unanticipated surpluses and other years with unanticipated deficits.⁹⁴

Many companies that sell school supplies will often offer special cut-rates to purchasers who pay their bills within a certain number of days. The payment procedure of school supplies can save many dollars for school districts; if they will consider the time element when paying.⁹⁵

The board of education should pay all accounts promptly when due and take advantage of all possible discounts. This cannot always be done if every bill must be approved by the board of education before payment. Upon receipt of the supplies and equipment ordered, steps need to be taken to ensure that the items received are those which were ordered and in the correct amount and condition. The point of delivery and hours when the deliveries are to be made should be noted to the vendor. All deliveries should be checked for quantity, condition, and compliance with specifications. Payment is normally made to vendors within a month of receipt of the properly completed claim.

Records

The continuous need for records and forms concerning purchase orders, resources, needs, schedules, storage, distribution, costs, inventory, and etc., calls for development and maintenance of a planned records program

⁹⁴Edgar Morphet and et. al., Educational Administration, (Englewood Cliffs: Prentice-Hall, Inc., 1959), p. 454.

⁹⁵"Shopping with Schenectady for \$1.5 Million Worth of Supplies," American School and University, XXXVIII (August, 1966), p. 36.

in school purchasing. Responsibility for the receipt and checking of invoices and materials by the purchasing department helps to reduce school costs.

Control starts with the purchase. Up to this point, all business functions have been planning and procedure, and nothing has existed to control. From the time the purchase agreement is consummated, systematic control records must be kept.⁹⁶

To perform the school purchasing function satisfactorily and efficiently, certain basic forms and records should be employed as working tools for the purchasing agent, regardless of the size of his department or the monetary value of his annual purchases.

It should be recognized that there is no such thing as a standard form which will apply to all purchasing in school districts, regardless of school size. The following items suggested in this paper are basic, the printed matter may vary according to the size of school involved, school policy, or laws in certain states. The forms suggested are flexible to the extent that additions or deletions may be made, if necessary, to meet the school's requirements.

It is recognized that additional forms are used today by many school districts. These additional forms may be added when operations make them essential as timesavers beyond the scope of basic forms and records. These should be installed after it has been determined that detail in the purchasing department will be simplified, give a better effect to the records, and result in clerical timesaving.

⁹⁶James W. Colney and Frederick Hill, School Business Administration in the Smaller Community, (Minneapolis: T. S. Denison and Company, 1964), p. 140.

Care should be exercised in the selection of additional forms to be used in any school district. Probably forms could be designed to cover almost each step involved in a purchasing procedure. However, only forms that can be justified by saving of time or expense and can be used expeditiously and effectively should be added. Before adding a form, the constructive purchasing agent first asks himself, "Might there be a better way to attain desired results?"

The purchase requisition is the form requesting the purchasing department to purchase materials, parts, supplies, equipment, or services as described thereon.

Certain essential information is required when a standard requisition is received by the purchasing agent. The requisition should contain: (1) requisition number, (2) quantity of material required, (3) a complete description of the material, services with specification number, blueprint reference, or catalog number as may be applicable so that there will be no misunderstanding of the requirement, (4) the date on which the material is required by the using department or school staff member, (5) delivery information to show which department or individual is to receive the supplies, (6) the account number and the authorization number to be charged, when required by school procedure, (7) special packaging or other data if there are any deviations from normal or standard procedures.

As an additional guide to the school purchasing department, some schools require that additional information be furnished on purchase requisitions such as quantity on hand, quantity on order, and estimated usage for a given period.

In order for the purchase requisition to be completed for issuance of the purchase order, these forms provide for the buyer to add: vendor's name and address, purchase order number, shipping point, f. o. b. point, terms of payment, routing instructions, whether taxable or tax exempt, date delivery is required, complete price information, and any special terms or conditions.

Standard purchase requisitions are of various sizes and shapes and the specifications are designed to fit the needs of individual schools. The minimum number of copies provides for the originator to retain one copy and send the original to the purchasing department.

Purchase requisitions should be provided with space at the bottom for signature at the originating office, along with the approvals necessary in keeping with the policies of the school.

The form, invitation to bid, or request for quotation, is the means of conveying to various vendors equipment specifications, a list of materials and/or supplies that the purchaser intends to order, and invites bid or bids, from vendors.

It originates in the purchasing department, under the supervision or direction of the individual who has been designated to make such purchases.

In general usage, there are three forms of invitation to bid: verbal, letter, and bid forms. Verbal invitations are used by many organizations where minor purchases are being made. Usually the bid is obtained in an interview, or over the telephone, and pertinent information is inserted on the purchase requisition by the responsible buyer. More important purchase requirements should be handled by written invitation in letter form, or on a specially designed bid form.

The specially designed bid form is usually sent out in duplicate, with one copy to be returned to the buyer as the bid. The form should contain: bid number, date of bid request, date by which proposal is to be submitted, name of buyer or purchasing agent, quantity and description of material, and any other special information that may affect vendor's quotation, such as requirement for preparing transportation, required delivery date, etc. Space should also be provided for the vendor to fill in the information pertaining to: unit price, total price, shipping point, f. o. b., time required before shipment can be made, and payment terms and cash discount terms.

Care should be taken to see that the form is complete in its coverage of desired information, as to quantity and description, so that when properly completed by the vendor all information necessary will be immediately available for making the purchase order. The form should show clearly that it is a request for bid, and not a purchase order.

It is desirable that an acknowledgment be made of all quotations, where bidder did not receive order. This can be a simple postal card form, and will show bidder what disposition was made of material on which bid was requested.

The purchase order is a written commitment to the vendor requesting shipment of various items of material, supplies, equipment, and/or services.

At least three types of purchase order forms may be used by a school: regular purchase order, local supply order, and cash purchase order. The latter two types of orders are intended for small or emergency purchases when it is not convenient to use the regular purchase order.

The purchase order is the most important purchasing form, which explains why so many illustrations of its form are found throughout the purchasing field. The purchasing order should cover definitely and precisely the essential elements of the purchase in a manner which will make future misunderstandings impossible and minimize the necessity of additional correspondence.

The purchase order must suitably represent the school by attractive printing of school name and address. The purchase orders should include provisions for: vendor's name and address, date of order, purchase order number, requisition number, where to ship, f. o. b. point, terms of payment, when cash discount period begins, routing instructions, whether taxable or tax exempt, date of delivery to be made, quantity and unit, description of material ordered, unit price and discount, invoicing instructions, any general or special terms or conditions, and signature.⁹⁷

Purchase order terms and conditions vary from one school to another due to the various important clauses that the purchaser wishes to emphasize as being a part of each purchase order.

In some schools such terms are brief enough to be printed on the face of the purchase orders. These conditions may include: acceptance, inspection, packing requirements, billing, marking, routing, release authorizations, suspension of work and shipment, changes, termination at option of buyer, excusable delays, patents, liability, remedies, modifications of order, and warranties. It is important to note that only the terms and conditions appearing on the purchase order are a part of the contract.

⁹⁷Aljian, op. cit., Sec. 24, pp. 1-10.

In addition to the original purchase order sent to vendor, copies are necessary for purchasing, receiving, and accounting. Purchasing must have a record of every purchase order. The receiving department is furnished a copy of the purchase order to be used when material is received. The accounting department may also be furnished a copy when that department is responsible for checking the invoice to see that it is in accordance with the purchase order.

The local supply order is an order form used by authorized persons to cover emergency purchases, and small purchases, restricted in value as determined by the school on recommendations made by the purchasing department. The orders are issued only to cover materials, supplies, and services which are readily available and on which delivery is taken at the time order is issued. It is imperative that the individual issuing the order fill in all spaces on the form.

Local supply order forms should provide space for the following to be filled out by originator: vendor's name and address, order number and date, where to ship or deliver, quantity and unit, description of material ordered, unit price and discount, invoicing instructions, any special conditions or comments, and signature of the originator. Usually a minimum of three copies of the local supply order are required: to vendor, to purchasing department and originator's copy.

The copy sent to the purchasing department may also be used as the receiving copy, in which event space should also be provided for acknowledgment of receipt by the receiving department which is done prior to sending to purchasing.

It is the policy in many schools to supply their departments with a petty cash fund, with which to pay authorized local bills as well as invoices for authorized small-value purchases of materials and supplies. This is particularly popular with small vendors, who do not make regular volume sales to the purchasing school. It gives them payment at the time sales are made, and they do not have a waiting period for their money, as is the case if the sale had been made on a charge basis.

One copy of the order serves as a notice of receipt and accompanies the invoice in the petty cash voucher. Another copy is mailed to the purchasing department for checking of prices, and for seeing that the operating departments are not exceeding their authority on such purchases. The cash purchase order may be further justified in the savings effected over handling on requisition, involving approval, details of buying, and securing receiving information. Cash purchase orders should be used only to purchase materials, etc., readily available at the point where order is issued.

The material receipt form when completed, is evidence that material has been received. It originates with the receiving location, and if the material received checks with that ordered and invoiced, the original is attached to invoice and passed for payment. The size of this form may conform to the purchase order form, but should fit in the voucher when folded. The material receipt form should include provisions for: date, order number, vendor's name and address, origin point of shipment, how received, weight of shipment, condition of shipment, transportation charges, prepaid or collect, waybill reference, complete listing of material received, where to be used, space for special notation as to receipt in full or part or of any discrepancy existing between material ordered and received, and signature of receiving agent.

The returned materials form is used to cover material that is being returned. It may be defective material, damaged material returned for repairs, overshipment on order, or for other reasons. It should contain the vendor's name and address, purchaser's order number reference, complete listing and description of material, authority for returning, reference to shipping document attached, and amount of credit due for material returned.⁹⁸

Records are valuable to a purchasing department only if they serve a particular purpose and can be made readily available for future use. Before adopting the use of a particular record, careful consideration should be given to whether the effort involved in maintaining it will be less than would be necessary without the record. If effort is saved or an essential purpose is served, a record can be very useful.

There is advantage in having a record on purchase orders issued: the numerical listing or the vendor index. If purchasing copies of orders are filed by vendors, the numerical listing provides the cross index to vendor's name; if filed by number, the vendor index provides the number of the orders placed with a particular vendor.

The numerical listing can be on either a loose-leaf form or preferably in a book. The pages should have columns to provide for order number and vendor's name. If desired, provision can be made for supplemental information such as material ordered and shipping destination. All entries in these columns are made with pen or pencil at the time order number is assigned.

⁹⁸Ibid., Sec. 24, pp. 11-20.

The index by vendors can be on either a card or a loose-leaf form with one card or leaf assigned for each vendor, and filed in order by vendor name.

A complete vendor record is not only convenient but also saves much time in securing information that would otherwise have to be developed on each occasion where information will be needed. This is a valuable record for buyers. It should include each vendor, its mailing address and telephone number, from which a school makes purchases. It should show name of representative calling, important personnel of the vendor, and products handled. It can also provide space to list orders placed, date promised, and date shipped as an instant record of vendor's dependability in performance on his promises. Card forms or loose-leaf forms are usually used, filed in order by vendor name.

The price record form is a form for tabulating purchases of a particular item or material. It is useful to the buyer in marking the purchase requisition for preparation of the purchase order. It is also useful for checking on future bids on like materials, and will furnish information for developing trend in prices.

Price record forms are usually filed by item or commodity in visible record filing equipment, of the cabinet type, or loose-leaf binders. The commodity or item designation is listed at the top or bottom of the form, or both, so that it may be readily visible when the usual lapping method of filing is used.

A varying number of periodic contracts with vendors are in force at all times. These contracts may cover equipment, material, supplies,

and services, and a permanent record should be made of each contract when it becomes effective.

The index of contracts is suitable for card form application, and the form should have space for contractor's name and address, material or service contracted for, effective dates of contract, price information, and delivery points covered. The index may be filed by contractor's name or by material or service contracted for.

With many new materials coming on the market, along with older materials with which the purchasing company has no experience record, it is often necessary that these materials be put through a test period to determine their adaptability to the school's use.

The filing system employed in the school's purchasing department will be of maximum value only if it provides ready access to information needed, is not too complicated, and is inclusive of the many phases of the department's activities. These phases cover such subjects as correspondence, publications of suppliers, such as catalogs and pamphlets, along with correspondence with suppliers from whom catalogs or pamphlets are not obtainable, purchase requisitions, bids, purchase orders, contracts, commodity specifications and correspondence, records and etc.⁹⁹

The maintenance of adequate records of supplies and equipment available for issue in the central warehouse is a prime requisite of good school business management. The purchasing official is specifically charged with the duty of seeing that public funds, converted to material things, are not subject to loss or administrative mismanagement.

An important first decision to be made in organizing the inventory system involves the selection of the type of control records to be

⁹⁹Ibid., Sec. 24, pp. 21-30.

maintained. The two types of systems in operation are (1) perpetual inventory and (2) periodic inventory.

The perpetual inventory system records an up-to-date, continuous tabulation of materials on hand and reflect the current status of receipts and stock issues on coded inventory control cards. The periodic inventory reflects an accurate tabulation of stock only after an actual physical count and is used primarily in connection with annual requisitioning and once-a-year large volume orders.

The perpetual inventory system provides a more complete stock management device and is particularly well suited to the control required in the operation of an active, central storage warehouse. Several factors generally influence the final choice of system, such as: (1) organization of the business office and adequacy of staff, (2) volume of stock and frequency of issue, (3) size of the central storage facilities, and (4) effectiveness of inter-office channels of communication.¹⁰⁰

The procurement program follows the budget planning and adoption. It must be closely associated with the accounting system and supply original documents and various record controls. The purchasing function requires a high code of ethics keeping constantly in mind that it is public and not personal money being spent. It is for this particular reason that records of what has been purchased must be kept in a business like program.¹⁰¹

The continuous need for records and forms concerning purchase orders, resources, needs, schedules, storage, distribution, etc., calls for the

¹⁰⁰Burns, op. cit., p. 108.

¹⁰¹Colney and Hill, op. cit., p. 147.

development and maintenance of a planned records program in school purchasing. It should be recognized that there is no such thing as a standard form which will apply to all purchasing in school districts, regardless of size. Records are valuable to a purchasing department only if they serve a particular purpose and can be made readily available for future use. The length of a record can involve time and money it is for this reason that records be short in length.

Selection of Vendor

The selection of sources of supply will, in most cases, be determined by school board policies and by laws and regulations of the state and of the locality. A responsibility of the purchasing department is to protect the system to the greatest extent possible from failure of vendors to deliver on schedule.¹⁰²

Most buyers want and need a supply source that delivers promptly and makes adjustments or replacements with a minimum of fuss. Most buyers want and need a supply source with well qualified, experienced field representatives who can call regularly to keep the buyer up-to-date on materials and market conditions. And most buyers want and need a supplier with a complete line of supplies and equipment on hand for emergency and speciality orders.¹⁰³

The purchasing division should aid the school board in formulating the policies whereby the eligibility of vendors to submit quotations is

¹⁰²Burns, op. cit., p. 39.

¹⁰³A. R. Kastman, "Economies of Purchasing," American School and University, XXXVII (May, 1965), p. 110.

determined. Restrictions or qualifications will naturally vary considerably from one school system to another but certain criteria may be used as a guide in such determination.¹⁰⁴

Purchasing is only one of many activities for the typical school business official and is only one of many divisions in the business operations of a large school system where functions are split up. Yet it is in this area of purchasing supplies, equipment, and services that the school business officials have a greater personal contact with a great number of individuals than in any other areas of his responsibility. In our capitalistic society there are innumerable businesses existing for profit, and many of these businesses have items or services which are used by school systems. Each one of these businesses wants to sell to the school system, with the implicit conviction that this transaction would profit both the firm and the school system. Inevitably there are as many disappointed sellers, all of them taxpayers. Inevitably there are many sellers who have a higher opinion of the acceptability and the quality of the item they are selling than does the school business official. Frequently this opinion of the firm selling the item or service is not genuine and is based on fraud and deception. The seller's purpose in this case is to make a quick profit without any regard to the serviceability of the item which they are selling or the quality of the service they are offering. In such situations, whether the situation is based on the disappointment of an ethical seller, or based on the discernment of

¹⁰⁴Burns, loc., cit.

the buyer, there is an inherent opportunity for friction between the buyer and seller.¹⁰⁵

Local merchants and contractors often hold that they should be given preference in the letting of school contracts because they are local taxpayers. This opinion is not based on sound reasoning. Other persons who have nothing to sell the schools are also taxpayers. The board of education has no ethical right to use the money collected from all taxpayers to pay higher prices to local vendor than would be required by a vendor from elsewhere and thus waste the funds to which all have contributed in taxes. If one taxpayer is entitled to a subsidy then all are, and a part of the tax money collected was not needed and should be left in the taxpayer's pockets. Fairness requires that the best possible use be made of the money collected from all taxpayers. The board's obligation is to all taxpayers for the most economical expenditure possible of their money, not to one or a few local taxpayers at the expense of the others. A local vendor has no ethical claim beyond equal treatment with all other vendors.¹⁰⁶

The purchasing department should select vendors or sources of supply in the best interests of the school it represents. The purchasing department maintains good vendor relations by assuring vendors that the source of supply has not been predetermined when bids are requested.

Although new sources must be sought and added as conditions warrant, a school endeavors to build and maintain strong and enduring relations with vendors. Frankness, fair dealing, maintenance of quality, good delivery,

¹⁰⁵"Policies and Procedures-Supplier Relationships," Association of School Business Officials of the United States and Canada Proceedings, XLVII (October 7-12, 1961), p. 148.

¹⁰⁶"Vendor Rating-A Basis for Eliminating Unsatisfactory Suppliers," Association of School Business Officials of the United States and Canada Proceedings, XLVII (October 7-12, 1961), p. 154.

and fair prices are elements which have great weight in the selection of any vendor.¹⁰⁷

Means that can be used to determine the selection of vendors involve (1) the past record of the vendor, (2) a contract or performance bond, (3) inspection of vendor's plant, and references from clients of the vendor.

Records should be carefully maintained regarding any failure of a vendor to deliver in accordance with specifications and stipulations. Such a record should be complete relative to the purchase order number, the item and quantity involved, date of scheduled delivery, and copies of correspondence dealing with the transaction. It is essential that all factors be considered and all relative facts be recorded in writing.

Whatever critical materials are involved or the quantity of materials and the amount of money are relatively large, it is strongly recommended that a contract or performance bond be executed before an award is made to a vendor. If follow-up methods used by the purchasing department regarding failure to deliver on schedule fail to obtain results from the vendor, the matter should be referred to the bonding company. Such referrals to bonding companies will usually result in prompt delivery of materials.¹⁰⁸

It is suggested that periodic visits to manufacturing plants, distributors, and other sources of supply be made by purchasing personnel to observe the physical facilities available. This practice is particularly important with new vendors. Such an inspection may reveal that the vendor cannot fulfill the contract obligations under existing conditions. It may

¹⁰⁷Colton, op. cit., p. 125.

¹⁰⁸Burns, loc. cit.

also alert the purchasing department to those vendors who may require close progress inspections. It may also indicate that the facilities and personnel are completely adequate to meet all obligations.

Obtaining references from school systems relative to the amount and type of work done for them by a vendor over a number of years may be helpful in establishing the eligibility of the vendor. However, unless the person submitting the reference is qualified and the information desired is very clearly indicated, such references may not be fully reliable.

If a vendor fails to deliver in accordance with specifications and stipulations and all follow-up efforts to obtain delivery are to no avail, the vendor should, after proper notification, be removed from the list of eligible vendors and should not receive additional requests for quotations. Whenever such a step is taken, all pertinent information justifying the action should be documented in writing and it should be determined that the action is in accordance with state and local laws and regulations and school board policies.

Appropriate lists of eligible vendors, both local and out-of-town, should be maintained by the purchasing department. Such lists should be coded to identify the various vendors relative to the type or class of materials for which they may wish to submit quotations. Whenever proposals are released, these lists should be referred to in order to insure the inclusion of all eligible vendors on the mailing list.¹⁰⁹

The reliability of a vendor can be a time and money saving experience. It is an intangible value that must be taken into consideration by the

¹⁰⁹Ibid., p. 40.

buyer when company prices are quoted. Education is big business. Schools want and need a supply source that delivers promptly and makes adjustments or replacements with a minimum of fuss. Schools want and need a supply source with well qualified, experienced field representatives who can call regularly to keep the purchasing agent up-to-date on materials and market conditions.

In most fields there are a number of responsible and respected manufacturers who normally set the standards. Usually the firms have been in business for decades, have more local coverage, and have built up a line of high quality dealers with experienced personnel. To suggest doing business with these companies does not, of course, preclude the use of small or new vendors. It does suggest, however, careful evaluation of the quality and scope of products, materials, services, competitiveness, and basic know-how possessed by the newer and generally smaller firms.

Purchasing agents should make it their business to become familiar with all vendors who are attempting to sell schools a quality product. Product exhibits such as those presented at the annual meetings of the American Association of School Administrators and the Association of School Business Officials should be visited because they provide an excellent opportunity to compare products and vendors.¹¹⁰

"Vendor relations are of greatest importance to purchasing, where at times 'who you know' is as important as 'what you know.' A group of eager, progressive, imaginative vendors are as valuable to the buyer as are the clients to a successful salesman."¹¹¹

¹¹⁰Tonigan, loc. cit.

¹¹¹Harold A. Berry, "Ethics-The Twilight Zone of Business," Association of School Business Officials of the United States and Canada Proceedings, LII (October 8-13, 1966), p. 339.

The selection of sources of supply will, in most cases, be determined by school board policies. Several schools want and need a vendor that delivers promptly and makes adjustments or replacements with a minimum of fuss. Schools want and need a supply source with well experienced field representatives who can call regularly. The eligibility and reliability of the vendor is very important to the purchaser. Local vendors have no ethical claim beyond equal treatment with all other vendors. Schools should select vendors or sources of supply in the best interests of the school it represents. Frankness, fair dealing, maintenance of quality, good delivery, and fair prices are elements which have great weight in the selection of any vendor.

Automation

"Management by exception" is possible if school officials automate purchasing procedures. This phrase merely means that with automation to help eliminate tedious and costly paper work, the purchaser has time to handle the unusual situation, the emergency, the discrepancy or error and those situations which plague already overburdened officials in many large school districts. (The method of automating purchases is not suggested for small schools, unless it is on a cooperative venture with other small schools.)¹¹²

The West Hartford Public School System in Connecticut, with a pupil enrollment of approximately 13,000 students, processes over 9,000 purchase orders in a single year. A careful control over its entire purchasing

¹¹²Dewey H. Stollar, "Automating Your Purchasing Procedure," The American School Board Journal, CL (March, 1965), p. 19.

operation, therefore from the original requisition by a school to the final payment to a vendor, is of paramount importance.

To improve the efficiency of encumbering and processing purchase orders, provide maximum coding detail of expenditures, promote greater accuracy, and reduce the time required to produce the many inevitable required reports, the administrators turned to data processing for the answer.¹¹³

Large school systems have found data processing a real boon in inventory control. But the use of data processing by purchasing has not received the widespread attention it has from accounting and payroll. A. F. O'Hearn, director of purchases, Chicago public schools (1963), said.

Perhaps the most obvious explanations, according to O'Hearn, are that purchasing procedures do not lend themselves as well to this operation as to other procedures, and that the rewards resulting from automated purchasing are not as great. There is an infinite variety of factors in the purchasing process, and finding and adapting the routine procedures that lend themselves to automation are a large part of the task.¹¹⁴

With automated purchasing procedures, routine transactions proceed according to schedule. The purchaser's time, ability, and judgement may be concentrated upon research, negotiations with vendors, policy matters, and special problems of educational supply procurement.

It is not difficult to automate purchasing procedures. They are generally the same as those used in manual purchasing. But the special advantages of the automated program--speed, elimination of costly paper

¹¹³Gordon W. Sousa, "Data Processing Solved This District's Purchasing Operation," American School and University, XLI (November, 1968), p. 33.

¹¹⁴"Automated Purchasing Has Many Possibilities," The Nation's Schools, LXXI (February, 1963), p. 92.

work, and instantaneous availability of information, are a boon to the school administrator.

In the automatic inventory control operation, educational supply receipts and issues for each stock item may be key-punched daily and fed to data-processing equipment. The tabulating machine or computer can perform all additions and subtractions to show current inventory status of each stock item at all times. The machine can compare this figure automatically with a previously established recorder point for each item, and signal the operator when this occurs so that purchasing procedures may be initiated.

With the proper information in preparing purchase orders, such as vendor's name and address, complete ordering specifications, order quantity and possible lead time for delivery stored in the computer's memory, purchase orders can be printed automatically if the machine operator furnishes the current date. Vendor's name and address may be eliminated on items which require solicitation of bids.

When working with follow-up of open orders, a sequence of follow-up intervals may be set up in the memory of the computer. When an order is placed, the machine will wait for an acknowledgment and shipping data from the vendor. If no promise is received within a specified time, the machine is capable of producing a letter, type in duplicate, requesting delivery date. If no answer is received after a designated time interval, the machine is capable of printing a notice to the purchasing department to this effect. On long lead time items involving three months or more, the computer may be programed to follow up by form letter, 30 to 60 days ahead of the due date, for reaffirmation of the promise. Obviously this procedure would save considerable clerical time.

Certain basic information may already be stored in the computer's memory if this machine has been used for inventory control and order writing. When an invoice is received, order number, item number, unit price, quantity billed, terms of shipment, and terms of payment may be key punched from the invoice to the machine. The machine checks the invoice carefully. If an invoice is rejected at any stage of the checking operation, the machine will produce a print-out identifying the source of error.¹¹⁵

"One of the greatest advantages offered by an automated accounting system is the speed of printing required reports and statements from information previously accumulated and stored in the computer's memory."¹¹⁶

The final phase of the procurement cycle may involve the use of data processing equipment to prepare stock ledger records. All items may be charged to the inventory account at actual cost. A computer may calculate net unit cost by adding transportation charges plus other procurement costs to the invoice, minus cash discounts earned. Current book value may be retained on a tape as part of the record for the item. On demand, the computer will print out a complete ledger listing of all items or of selected items and classifications. Withdrawn materials may be charged to "function" and "object" by the computer at current book value.

This feature of automating inventory records makes possible coordination of these records with the purposes of accounting and cost accounting. It is possible for the data stored in the machine's memory to comprise one single, central, comprehensive file from which information may be drawn

¹¹⁵Stollar, loc. cit.

¹¹⁶Sousa, op. cit., p. 34.

quickly and accurately for many educational administrative purposes.

As most school business managers know, computers are expensive but careful planning can make this cost very reasonable. Computers come in all sizes and models. It is possible for one machine to serve all schools in a city, county, or geographic region. Machines may be purchased or leased. For smaller school systems, computer time may be purchased on an hourly basis from nearby computer centers where data furnished by the school system is processed at a reasonable rate.¹¹⁷

Automated purchasing can speed up the printing of required reports and statements from information previously accumulated and stored in the computer's memory. Time is the biggest advantage in computer purchasing. Computers are not suggested for small schools, unless it is in a cooperative effort. The biggest disadvantage to the use of the computer is its expense of operation.

Improved Buying

Improved purchasing practices are most often the result of continuous review of past and present practices, the trial of new techniques and supplies, and frequent restudy of purchasing responsibilities. Concerted effort is needed to institute the best known purchasing practices. The determination of purchasing agents to upgrade the quality of their service offers one of the best solutions to the problem of improving school purchasing practices.

Making sure that the purchasing staff is kept aware of the basic objectives of the school system will lead to better servicing. Keeping

¹¹⁷Stollar, loc. cit.

alert to all possible savings will make the school administration happy, and also the taxpayer. The elimination of numerous middlemen may frequently lower purchasing costs. Local buying may also lower frequent costs. Periodic surveys of work performed and of additional services needed will assist the competent purchasing agent to make long range plans.¹¹⁸

The confidence of both school personnel and public can be better secured when there is continuous evidence of a careful selection of school materials. When seeking a particular item to purchase, purchasing agents should ask for different companies to demonstrate their item.

It is the obligation of the school purchaser to learn all he can about good purchasing practices and good business ethics. Attendance at professional meetings, special courses and exhibits, familiarity with standards and codes of the industries, an awareness of materials and services available, and a sound knowledge of educational philosophy and practices are responsibilities of the school purchaser.

Purchasing is considered to be a service function. How well the needs of faculty and other staff are fulfilled by the purchasing agent and office is the prime determinant of how valuable each purchasing office is to the school and community it serves.¹¹⁹

School purchasing can be improved to the greatest degree by reviewing past and present procedures. The idea of automation has also improved the time element in purchasing techniques. The purchasing agent has been a big

¹¹⁸Kastman, op. cit., p. 110.

¹¹⁹Tonigan, loc. cit.

factor in the contribution of excellent purchasing procedures. Buying school supplies at the local level has also been suggested as a means of improving school purchasing.

SUMMARY

It was found by the writer that with the increase in school enrollment throughout the country, the knowledge pertaining to the procurement of supplies and services for school purchasing needs to be increased. The load carried by school administrators has become increasingly greater.

A philosophy of purchasing that is integrated with the procedure of selecting, ordering, and acquiring the supplies and equipment necessary can help to develop a program of procurement. A philosophy of purchasing should include the following: (1) buying materials of the right quality, (2) the right quantity, (3) at the right time, (4) at the right price, (5) from the right source. A purchasing philosophy should be made in consideration of the over-all success of the total school program.

Written policies in school purchasing should be established by all school districts. These policies should be developed by the local board of education with local, state, and federal laws being considered. Many states have adopted purchasing policies established. New York and California can be considered leaders in the area of school purchasing policies.

The purchasing agent is one who acts for or represents a school official in a transaction with a third party. The effectiveness of the purchasing agent cannot be overstressed, because the purchasing agent's personality, education, and judgment can mean dollars saved to a school district.

There are nine essential steps in school purchasing: (1) ascertaining the needs; (2) determining the character and the amount of materials desired; (3) transmitting the purchase requisition; (4) negotiating for sources of supply; (5) analyzing the proposal and selecting the vendor; (6) governing board ratifying or approving; (7) preparing and issuing purchase order; (8) receiving, inspecting, and distributing materials, and (9) securing billing from vendor and checking invoices. The nine suggested steps in school purchasing are used with some modification by all school systems.

Cooperative purchasing is relatively new in education. It is especially practicable in small school districts. Many schools in California, Colorado, Oregon, Michigan, and Ohio have participated in cooperative purchasing. Savings from five to forty percent have been accrued. There are pros and cons to the cooperative purchasing program. Cooperative purchasing is growing in many states.

The best practice for school purchasing is one that is spread throughout the year. The typical purchasing strategy by most school districts is to order for August delivery, but place the order so that the bill will be due after the first of July. This is not the best practice. Curriculum changes, prices, performance specifications and quality, seasonal use or installation, financial flexibility, storage and processing, and use of the business staff have to be considered in determining the best time to buy school supplies.

One of the first requirements in purchasing is to determine the kind of type, quality, and quantity of items to be purchased. Teacher

committees should help in the selection of items. The selection process should be a continuing one, with some standardization.

A bid is a formal or informal offer by a vendor or contractor to furnish goods or services. Thirty-three states have laws on securing school bids. The amount varies from \$100 in Tennessee to \$6,000 in Ohio. Bidding for contracts can be a money saving procedure.

When awarding contracts, it is a common procedure to award the low bidder with the contract. The award should not be made to vendors that cannot submit samples or other data that may be called for in determining a bid. The reliability of a vendor is very important in awarding contracts.

The payment procedure and receiving of goods should be taken care of as soon as possible by the board of education. Sometimes, if accounts are paid early, discounts from companies are available. It is very important that point of delivery and date be stated to the vendor for the delivery of goods and billing. All deliveries should be checked for quantity, condition, and compliance with specifications. Payment is normally made to vendors within a month of receipt of goods or services.

Records and forms concerning purchase orders, resources, needs, schedules, costs, storage, distribution, etc., calls for the development and maintenance of a planned records program in school purchasing. It should be noted that there is no such thing as a standard form which will apply to all phases of purchasing. Records and forms, if short in length, can save time and money.

The selection of the vendor, in most cases, is determined by the board of education. School districts request vendors that are reliable and eligible. Local vendors should not have any special privileges when

bidding locally. Frankness, fair dealing, maintenance of quality, good delivery, and fair prices are the elements which have great weight in selecting the vendor.

Automated purchasing is relatively new in the field of school purchasing. It is not suggested for use in small school systems, because of the expense. It can be done in small school systems on a cooperative effort with other schools. The computer's use in school purchasing has proven to be a time saving device for schools, especially in large school systems.

Improved purchasing by school districts can be done by reviewing the past and present procedures of purchasing that are now being practiced. The best contribution to the improvement of school purchasing has been the purchasing agent. The computer is also contributing to the efforts of improved purchasing practices. It has also been suggested that purchasing supplies and services at the local level can improve savings in our schools. This has been somewhat questionable by some authorities in school purchasing.

School purchasing is considered to be a service function. The programs and effectiveness of the public schools is determined by effective purchasing. Therefore, the procedures that school districts use in purchasing has a direct relationship with the public taxpayer it represents.

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SUGGESTED PRACTICES AND PROCEDURES
FOR SCHOOL PURCHASING

by

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AN ABSTRACT OF A REPORT

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The purpose of this report was to gather into one source, a basic reference work in the area of school purchasing. The report was designed to serve as a guide for school business officials, and others, doing school purchasing today and in the future. The library report was prepared through the use of the materials in the Kansas State University Farrell Library.

It was found that school purchasing procedures are universal in their application. The patterns of school purchasing differ only in their application to the nature of the size of the school system, type of community, scope of curriculum, and local and state laws.

Purchasing was found to be the integrated procedure of selecting, ordering, and acquiring the supplies and equipment necessary for support of the school program. If it includes more than buying, the total process is frequently called procurement.

As a result of the review of literature it has been suggested, by the author, that through operational philosophies, written policies, purchasing agent, purchase plans, cooperative purchasing, time of purchasing, item selection, bid procedure, contract award, selection of vendor, records, payment procedure, automation, and improved purchasing procedures that school purchasing can save the taxpayer money.

The importance of school purchasing cannot be overemphasized. Such supplies and equipment are employed for the most part directly by the teacher, and their proper procurement and utilization are essential to the school's primary function. Constant attention and consideration are needed to get supply items delivered on schedule and to determine what supplies and equipment are most effective and economical.

The purchasing function must have as its primary objective the making available of quality merchandise of the type needed by the user

at the time that he needs it. If this objective is not accomplished, various economies and technical efficiencies become worthless to the purchasing program.