

November 14, 2019

TO: Vendors of the Fort Bend Independent School District

RE: Proper Sequence of Actions for Release of Purchase Orders

The Board of Trustees of the Fort Bend Independent School District policy regarding procurement of goods and services provides that the District assume responsibility for debts “so long as those debts are for purchases made in accordance with adopted Board policy and current administrative procedures.” Further, “...purchase commitments shall be made by the Superintendent or designee on a properly draw and issued purchase order, in accordance with administrative procedures.”

There is an unauthorized practice often referred to as a “confirming purchase order”, which occurs when a vendor ships goods or provides services in advance of receiving a purchase order. **The District strictly prohibits this practice, which occurs when a requisitioner and a vendor make a “deal” and the vendor ships goods or performs services prematurely.** This practice violates the separation of duties in place for the District, because the requisitioner is improperly assuming the authority of the purchaser. **Please be aware that if you, as a vendor, provide goods or services without a properly issued purchase order, you are running the risk of not being paid.** There is a legal concept of “apparent authority” that vendors will often know about, however, public officials and entities, including school districts, are exempt from this authority. Requisitions do not have purchasing authority and cannot legally bind the District to payment.

There are two separate steps in the development of a purchase order, performed by different departments and different personnel with differing responsibilities and authorizations. In public procurement, the separation of these duties is essential for compliance with federal, state and local laws, as well as District Policy.

The two steps are as follows:

- **Production of a requisition.**
 - The requisition is an internal District document that communicates a need to the Purchasing Department.
 - The requisition is under the authority of a department head or a school administrator, who verifies the need for the item and that there is sufficient budget to cover the anticipated purchase.

- **Production of a purchase order.**
 - The purchase order communicates the need to the selected vendor and represents a financial commitment on the part of the District to pay for goods in accordance with the terms of the purchase order.
 - The purchase order is under the authority of the Director of Purchasing, whose signature appears on the document.

The District is taking significant steps to appropriately train requisitioners and prevent the practice of confirming purchase orders. However, much of the responsibility lies with the vendors who also engage in this practice. **We would greatly appreciate your cooperation with helping to eliminate confirming purchase orders, and ask that you assist us with our efforts by not shipping goods or providing services prior to receiving a purchase order.** Please remember, if you provide goods or services without a properly issued purchase order, you are running the risk of not being paid.

If you have any questions, please contact Brenda Essenburg, Director of Materials Management at 281-634-1071 or at brenda.essenburg@fortbendisd.com.

Sincerely,



Bryan Guinn
Interim Chief Financial Officer