

2016-2017

## Report to Board of Trustees and Administration

Audit Plan Code: 16-12  
/17-09

# PROCUREMENT PROCESS AUDIT

We did not identify systematic issues within the procurement process, but rather isolated instances of non-compliance.



EL PASO  
INDEPENDENT  
SCHOOL DISTRICT  
*Internal Audit Department*



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## ABBREVIATIONS LIST

AS400	The District's computerized accounting system for campus funds
CAP	Corrective Action Plan
Co-Op	Inter-local Purchasing Cooperative
EPISD	El Paso Independent School District
FC	Facilities and Construction
FY	Fiscal Year
IA	Internal Audit
TASB	Texas Association of School Boards
TASBO	Texas Association of School Business Officials
TEA	Texas Education Agency
TEAMS	Total Education Administrative Management Solution

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## Executive Summary

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We have completed the Procurement Process Audit for the period of July 1, 2015 to March 31, 2016. The Executive Summary provides, on a summarized basis, the findings discussed throughout the body of the Internal Audit Report that follows. The Internal Audit Report includes background information and detailed findings, recommendations, observations, and exhibits.

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### Summary of Findings

1. One (1) bid, that did not receive the highest overall average ranking by bid panel members, was recommended to the Board for award. This vendor (primary vendor) was awarded \$575,000 (or 85%) of the total award. The other 19 vendors (secondary vendors) were awarded a combined amount of \$100,000 (or 15%) of the total award. Evidence of documentation or a justification/explanation was not provided as to why the vendor that did not have the highest overall ranking was recommended as the primary vendor.
2. One (1) of the bids awarded was missing individual bid panel member evaluation score sheets for all three bid panel members. Thus, we could not validate the accuracy of the summarized evaluation scoring sheet used to determine the vendor with the highest average score.
3. Fifteen (15) of the bids awarded had at least one conflict of interest form missing or the form was inconsistently filled out among awarded vendors.
4. One (1) vendor's bid response packet, which was submitted by the bid deadline, was not evaluated by bid panel members from the District's Facilities and Construction (FC) Department. Based on the handwritten proposal tabulation form filled out at bid opening, the proposed price submitted by the vendor would have made it the eighth lowest bidder of 16 bidders.
5. The spreadsheet used by Procurement, to manually keep track of purchase orders (expenses) for awarded bids, is not complete and accurate. It is important to note the current manual tracking process was implemented by Procurement as an alternative due to a TEAMS system limitation.
6. One (1) sole source purchase, recommended by Administration and approved by the Board on 6/23/15, appears to meet the sole source criteria from Texas Education Code (TEC) Subchapter B., Sec. 44.031, but not the more restrictive sole source criteria from Board Policy CH (Local).
7. Twelve (12) purchases were supported by a quote, but did not include at least one of the five quote requirements covered in the District's General Procurement Guidelines (i.e. freight costs, timeline for delivery, how long pricing will be in effect, full description of items, and all applicable costs including discount pricing).
8. Purchases of software solutions (over \$5,000) are not consistently supported by a contract/agreement. For example, the purchase of sports editing software was supported by a contract/agreement, but the purchase of campus improvement plan and PEIMS data analyzing software applications were not.
9. Purchases made using campus activity funds are not being monitored for compliance with procurement federal/state laws and regulations, Board policies, and the department manual/guidelines. As of the date of our audit procedures, there



are limitations in place within the AS400 system restricting Procurement's oversight over campus activity purchases.

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### **Management's Corrective Action Plan**

A Corrective Action Plan (CAP) was provided outlining the activities to be implemented. The CAP appears to be sufficient to address the reportable conditions outlined in this report. Internal Audit will monitor the implementation of the CAP and schedule follow-up review(s) of evidence to ensure CAP activities have occurred.

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### **Conclusion**

Procurement generally complied with procurement federal/state laws and regulations, Board policies, and the department manual/guidelines.

We did not identify systemic issues within the procurement process. Rather, we found isolated instances of non-compliance driven by (i) Procurement's transitioning and maturing control environment, (ii) system limitations, (iii) deficiencies in review controls, and (iv) state and local guidance that were open to interpretation.



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# Internal Audit Report

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## Background

The Procurement Audit was approved by the Board of Trustees as part of the 2015-2016 and 2016-2017 Internal Audit Plans. Procurement was identified as an area of interest by Administration and Board of Trustees.

As stated in the Texas Education Agency's (TEA) Financial Accountability System Resource Guide (FASRG), "A major management process supporting financial accountability in Texas public schools is the purchasing function...School districts are complex organizations with diverse functions. Although instruction is the heart of the organization, numerous other services -- ranging from custodial services to food service to tax collection -- support the overall educational mission. These distinct organizational units need a procurement process that is responsive to their needs."

As mandated by state law, all District contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate for each 12-month period, are made by the method that provides the best value for the District. Departments work with Procurement Services' staff on establishing the bid requirements and specifications. Once these are established, the request for bids/ proposals is advertised to obtain solicitation responses from vendors. The responses are formally reviewed and evaluated by bid panel members made up of District staff involved/affected by the commodity going through the bid process. The highest ranking vendor(s) is/are recommended for award and subsequently go through the approval process. Aside from purchases of services, a formal contract may not be in place for all awarded vendors as the District discloses it may or may not end up purchasing items from awarded vendor.

For purchases less than \$50,000, the District requires either one or three quotes, depending on amount, be submitted along with the purchase requisition.

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## Objective and Scope

The objective was to assess the design and operating effectiveness of the procurement process and related internal controls to provide reasonable assurance that procurement federal/state laws and regulations, Board policies, and the department manual /guidelines are followed by the District when purchasing goods and services.

The scope included reviewing policies and procedures in place and evaluating controls around the bid and quote processes for the July 1, 2015 to March 31, 2016 period.

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## Acknowledgement

We would like to acknowledge and thank Ron Gatlin, Executive Director, Procurement Services and his staff for their cooperation and assistance during the audit.

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## Methodology

To achieve our audit objectives, we:

- Researched relevant procurement federal/state laws and regulations, Board policies, and the department manual/guidelines.
- Used pre-audit self-assessment and internal control questionnaires, and performed walkthroughs to obtain an understanding of the Procurement Department's administrative functions, operations, processes, and controls in place.





- Performed a risk assessment based on our updated understanding of the procurement process and controls in place.
- Obtained and analyzed a listing of approved purchase orders for the scope period, and selected a representative sample based on our controls sampling procedures for each of the tests performed.
- Reviewed and determined whether samples selected for testing purposes were in accordance with procurement federal/state laws and regulations, Board policies, and the department manual/guidelines based on supporting documentation provided by Procurement and Facilities and Construction (FC).
- Did not perform internal controls testwork on purchases made from campus activity funds, because we confirmed with the Executive Director of Procurement Services monitoring controls had not been put in place (i.e. design of controls) for this area. Rather, we summarized the purchasing activity from the top ten vendors.

## Inherent Limitations

Because of the inherent limitations in a system of internal controls, there is a risk that errors or irregularities occurred and were not detected. Thus, an auditor is able to obtain reasonable, but not absolute, assurance that procedures and internal controls are followed and adhered to in accordance with the federal, state, local policies, and guidelines.

Also, projections of any evaluation of the effectiveness of the internal control to future periods are subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Findings (01 to 09)

Results of our testwork for the 20 purchases over \$50,000 and for the 40 purchases under \$50,000 (20 between \$100 and \$9,999 and 20 between \$10,000 and \$49,999) are cited in Findings 01 through 05 and 06 through 08, respectively. Finding 09 is specific to purchases made from campus activity funds.

### Finding (#01)

Condition	<p>One (1) bid, that did not receive the highest overall average ranking by bid panel members, was recommended to the Board for award. This vendor (primary vendor) was awarded \$575,000 (or 85%) of the total award. The other 19 vendors (secondary vendors) were awarded a combined amount of \$100,000 (or 15%) of the total award. Evidence of documentation or a justification/explanation was not provided as to why the vendor that did not have the highest overall ranking was recommended as the primary vendor.</p> <p>We also noted the following when reviewing the evaluation scoring sheets for this bid:</p> <p>A. The summarized evaluation scoring sheet was not calculated accurately. It appears the summarized scores were averaged inconsistently for each criteria.</p> <p>B. One (1) bid panel member's official evaluation scoring sheets appeared to be incomplete as it did not grant points (<i>i.e. left blank</i>) to all vendors on certain required evaluation criteria. Per discussion with <i>this</i> bid panel member, he/she</p>
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	<p>did not remember why points were not granted to vendors. Depending on the interpretation of the missing points, the awarded vendor might have dropped from the second highest to a lower rank when recalculating the average scores.</p>
Effect and Risks	<p>There is an opportunity individuals can circumvent the procurement process (i.e. via biases, predetermined selections, etc...) if related controls are not operating effectively and oversight is limited. This increases the risk vendors could be awarded in an unfair or biased manner.</p>
Cause	<p>Procurement review controls did not detect the mathematical errors and incomplete evaluation scoring sheets. In addition, the recommendation for award to the Board without documented rationale for the vendor without the highest ranking, did not trigger any questions.</p> <p>It is important to mention during this period, Procurement Services was going through a transition in leadership; the former Director of Procurement Services was the facilitator for the bid evaluation, but the current Executive Director of Procurement Services formally recommended the vendor to the Board for award based on the completed evaluation scoring sheets.</p>
Criteria	<p>Exhibit A – Criteria Number 1 – 5</p>
Recommendations	<ol style="list-style-type: none"> <li>1. It is recommended Procurement staff perform and document a final review of the evaluation scoring sheets in order to check for possible mathematical or formula errors and ensure ranking is proper.</li> <li>2. A formal memo should be used to document the rationale for those instances where a vendor, who does not have the highest ranking, is recommended for award to the Board. This memo should be signed by the bid panel and Procurement staff and should be included in the bid packet provided to the Board for approval.</li> </ol>
Management's Corrective Action Plan	<p><u>Activity 02:</u> "Procedures will be developed that requires procurement staff to perform a final review of evaluation scoring sheets in order to check for possible mathematical or formula errors and ensure ranking is proper."</p> <p><u>Person Responsible:</u> Ron Gatlin, Executive Director, Procurement Services</p> <p><u>Projected Completion Date:</u> January 31, 2017</p> <p><u>Activity 03:</u> "Procedures will be developed that will require a formal memo be used to document the rationale for those instances where a vendor, who does not have the highest ranking, is recommended for award to the Board. The memo shall be signed by the bid panel and Procurement staff and shall be included in the bid packet provided to the Board for approval."</p> <p><u>Person Responsible:</u> Ron Gatlin, Executive Director, Procurement Services</p> <p><u>Activity Due Date:</u> February 28, 2017</p>

## Finding (#02)

Condition	<p>One (1) of the bids awarded was missing individual bid panel member evaluation score sheets for all three bid panel members. Thus, we could not validate the accuracy of the summarized evaluation scoring sheet used to determine the vendor with the highest average score.</p>
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Effect and Risks	Missing individual evaluation scoring sheets increase the risk the District may not be able to validate the committee's vendor recommendation to the Board obtained the highest ranking and thus provided the best value.
Cause	According to the Executive Director of Procurement Services, the bid packet with the missing bid evaluation scoring sheets was initially maintained by a former Procurement staff member who was not fully experienced with the procurement process documentation. This Procurement staff member was with the department for approximately four months.
Criteria	Exhibit A – Criteria Number 1 – 6
Recommendation	It is recommended for Procurement staff to implement a process (e.g. checklist) to ensure all pertinent documentation is maintained in each bid folder.
Management's Corrective Action Plan	<p><u>Activity 04</u>: "The Procurement Services Department will implement a checklist process to ensure all pertinent documentation is maintained in each bid folder."</p> <p><u>Person Responsible</u>: Ron Gatlin, Executive Director, Procurement Services</p> <p><u>Activity Due Date</u>: December 16, 2016</p>

### Finding (#03)

Condition	Fifteen (15) of the bids awarded had at least one conflict of interest form missing or the form was inconsistently filled out among awarded vendors.
Effect and Risks	Missing and/or inconsistent vendor conflict of interest forms increase the risk a potential conflict of interest between vendor and officers in the District is not disclosed. This may limit the District's ability to meet its "obligation to eliminate or restrict all transactions that would indicate an apparent conflict of interest...." as required in Board Policy DBD (Local).
Cause	Procurement staff was under the understanding a conflict of interest form was not required to be filled out if the vendor had no conflict of interest.
Criteria	Exhibit A – Criteria Number 1 – 5, 7 – 10
Recommendations	<ol style="list-style-type: none"> <li>1. It is recommended for Procurement to provide instructions to vendors on how to complete conflict of interest forms so that forms will be filled out completely and appropriately and in a consistent manner.</li> <li>2. Procurement should follow-up with vendors who submit conflict of interest forms that are not filled out completely and/or appropriately before recommending vendors for award.</li> </ol>
Management's Corrective Action Plan	<p><u>Activity 05</u>: "The Procurement Services Department will develop and provide instructions to vendors on exactly how to complete conflict of interest forms so that forms will be filled out completely and appropriately and in a consistent manner."</p> <p><u>Person Responsible</u>: Ron Gatlin, Executive Director, Procurement Services</p> <p><u>Activity Due Date</u>: February 28, 2017</p> <p><u>Activity 06</u>: "The Procurement Services Department will develop procedures to ensure that vendors submit conflict of interest forms that are filled out completely and/or appropriately before recommending vendors for award."</p>





	<p><u>Person Responsible:</u> Ron Gatlin, Executive Director, Procurement Services</p> <p><u>Activity Due Date:</u> February 28, 2017</p>
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#### Finding (#04)

Condition	<p>One (1) vendor's bid response packet, which was submitted by the bid deadline, was not evaluated by bid panel members from the District's Facilities and Construction (FC) Department. Based on the handwritten proposal tabulation form filled out at bid opening, the proposed price submitted by the vendor would have made it the eighth lowest bidder of 16 bidders.</p> <p>As of the date of our audit procedures, FC has a unique role in the procurement process. When FC requires a vendor proposal, they create their own bid. When bids are advertised, vendors are instructed to submit their proposals to the Procurement Department. A staff member from FC is present at the time of the bid opening to annotate the price per bid response proposal. Bid responses are taken to FC and are evaluated by FC staff. The Executive Director of Procurement Services or another Procurement staff member is usually present or participates via teleconference during the evaluation meeting. The FC bid panel is in charge of evaluating the bid proposals, summarizing individual bid evaluation sheets, and making a recommendation to the Board.</p>
Effect and Risks	The District runs the risk of missing out on a best value offer when not all vendors who submitted a bid packet by the bid deadline are included in the evaluation process.
Cause	Per follow-up with FC during the post bid analysis, the FC staff in charge of transcribing the vendors from the manually written proposal evaluation scoring sheet (working copy) to the typed sheet, failed to include one of the vendors. The staff in charge of verifying the information was transcribed accurately did not notice a vendor was missing from the typed sheet.
Criteria	Exhibit A – Criteria Number 1 – 5
Recommendation	1. It is recommended a Procurement staff member perform a final review to verify all bid response information is transcribed accurately before the bid panel begins their evaluation.
Management's Corrective Action Plan	<p><u>Activity 07:</u> "Procurement Services Department staff members will work alongside the Facilities and Construction Department to perform a final review to verify all bid response information is transcribed accurately before the bid panel begins their evaluation."</p> <p><u>Person Responsible:</u> Ron Gatlin, Executive Director, Procurement Services</p> <p><u>Resource:</u> Carlos Gallinar, Executive Director, Planning &amp; Innovative Schools</p> <p><u>Activity Due Date:</u> March 17, 2017</p>

#### Finding (#05)

Condition	The spreadsheet used by Procurement to manually keep track of purchase orders (expenses) for awarded bids is not complete and accurate. It is important to note that the current manual tracking process was implemented by Procurement as an alternative due to a TEAMS system limitation.
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	Based on limited testwork performed, we found examples where the manual tracking file for a specific awarded bid was missing purchase orders that should have been included, incorrectly included a purchase order that belonged to a different awarded bid, and an incorrect amount was entered for a purchase order. For example, a purchase order was recorded as \$11,388.50 in TEAMS, but was incorrectly recorded in the spreadsheet as \$1,138.50.
Effect and Risks	A manual tracking process increases the inherent risk of expenditures exceeding the approved/awarded threshold due to input error and/or data omission.
Cause	As of the date of our audit procedures, TEAMS has a system limitation that does not allow tracking of purchase orders by bid or Inter-local Purchasing Cooperative (Co-Op).  In addition, not all purchase orders reference a bid or a Co-Op at the time of requisition creation.
Criteria	Exhibit A – Criteria Number 1 – 5
Recommendation	It is recommended for Procurement to work with Technology Services and Prologic to determine if the TEAMS procurement module can be updated to allow for automated tracking of purchase orders under a bid or a Co-Op.
Management's Corrective Action Plan	<u>Activity 08</u> : "The Procurement Services department will collaborate with Technology Services and Prologic to determine if the TEAMS procurement module can be updated to allow for automated tracking of purchase orders under a bid or a Co-Op."  <u>Person Responsible</u> : Ron Gatlin, Executive Director, Procurement Services  <u>Resource</u> : Don Berry, TIS Analyst  <u>Activity Due Date</u> : February 28, 2017

#### Finding (#06)

Condition	<p>One (1) sole source purchase, recommended by Administration and approved by the Board on 6/23/15, appears to meet the sole source criteria from Texas Education Code (TEC) Subchapter B., Sec. 44.031, but not the more restrictive sole source criteria from Board Policy CH (Local).</p> <p>Aside from the sole source affidavit provided by the vendor attesting to compliance with TEC 44.031 (which covers "an item for which competition is precluded because of the existence of a patent, copyright, secret process, or monopoly"), we were provided an email exchange between Procurement staff and the budget authority (typically, a department head). The email stated "(Texas Association of School Boards (TASB) Consultant) and I (Procurement staff) have done our research and feel the service you are requesting is sole source", as evidence of due diligence performed to qualify the purchase to be made on a sole source basis. Research involved reaching out to other Texas school districts to determine if the vendor was qualified as "sole source" by them; evidence of this occurring was not found.</p> <p>We were not provided any other documentation "that clearly delineates the reasons that qualify the purchase to be made on a sole-source."</p>
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Effect and Risks	There is a risk the District's local competitive bid/quote process may be circumvented by purchases qualified as "sole source" that meet the criteria established by TEC 44.031, but not Board Policy CH (Local).
Cause	<p>Purchase requirements from Board Policy CH (Local) were not followed when qualifying a purchase as sole source.</p> <p>It appears the main criteria used for qualifying the related purchase as sole source was TEC 44.031, which is not as restrictive as Board Policy CH (Local). Over the years, Board Policy CH (Local) has been updated, making the sole source section of the policy more restrictive than TEC 44.031.</p>
Criteria	Exhibit A – Criteria Number 11, 12
Recommendations	It is recommended a standard process be documented and implemented in the District's General Procurement Guidelines for sole source purchases consistent with the requirements in Board Policy CH (Local). Documentation should clearly delineate the reasons that qualify the purchase to be made on a sole source basis and be archived.
Management's Corrective Action Plan	<p><u>Activity 09:</u> "The Procurement Services Department will collaborate with the District's Legal Department, to develop a standard process for documenting sole source purchases. EDGAR requirements will be reviewed to determine if sole-source purchase will be allowed. The process will be updated to clearly delineate the reasons that qualify the purchase to be made on a sole source basis or to align closer with CH (LEGAL). The revised process will then be added to the District's General Procurement Guidelines and or Purchasing Manual."</p> <p><u>Person Responsible:</u> Ron Gatlin, Executive Director, Procurement Services</p> <p><u>Resource:</u> Cezy Collins, General Counsel</p> <p><u>Activity Due Date:</u> June 30, 2017</p>

#### Finding (#07)

Condition	Twelve (12) purchases were supported by a quote, but did not include at least one of the five quote requirements covered in the District's General Procurement Guidelines (i.e. freight costs, timeline for delivery, how long pricing will be in effect, full description of items, and all applicable costs including discount pricing).
Effect and Risks	When comparing the three quotes required for purchases between \$10,000 and \$49,999, the lowest price quote might not include all applicable costs, such as freight costs, how long pricing will be in effect, and any discounts offered. Thus, the quote selected might not be the lowest price.
Cause	With the vast number of requisitions processed by Procurement on a daily basis, review of quotes for requirements is not fully enforced.
Criteria	Exhibit A – Criteria Number 4, 13 – 14
Recommendations	<ol style="list-style-type: none"> <li>1. It is recommended a determination be made by Procurement as to where the quote requirements control should reside (i.e. at Procurement - compensating control vs. budget authority - primary control).</li> <li>2. Procurement should determine if all quote requirements are still valid and necessary.</li> </ol>



Management's Corrective Action Plan	<p><u>Activity 10:</u> "The Procurement Services Department will determine as to where the quote requirements control should reside (i.e. at Procurement - compensating control vs. budget authority - primary control)."</p> <p><u>Person Responsible:</u> Ron Gatlin, Executive Director, Procurement Services</p> <p><u>Activity Due Date:</u> March 17, 2017</p> <p><u>Activity 11:</u> "The Procurement Services Department will review current quote requirements to determine if they are still valid. All quote requirements will be updated in the General Procurement Guidelines and or Purchasing Manual."</p> <p><u>Person Responsible:</u> Ron Gatlin, Executive Director, Procurement Services</p> <p><u>Activity Due Date:</u> March 17, 2017</p>
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#### Finding (#08)

Condition	Purchases of software solutions (over \$5,000) are not consistently supported by a contract/agreement. For example, the purchase of sports editing software was supported by a contract/agreement, but the purchase of campus improvement plan and PEIMS data analyzing software applications were not.
Effect and Risks	Purchases of software solutions without an agreement/contract may expose the District to the risk of confidential/proprietary information being misused by the software vendor without the protections of a legal binding agreement/contract.
Cause	Board Policy CH (Local) is not clear as to what type of purchases require an agreement/contract.
Criteria	Exhibit A – Criteria Number 15
Recommendation	It is recommended Procurement consult with the District's General Counsel and make a determination as to what type of purchases should be supported by a contract/agreement and related authorizations. Board Policy CH (Local) should be updated to include this information.
Management's Corrective Action Plan	<p><u>Activity 12:</u> "Procurement Services will consult with the District's General Counsel to make a determination as to what type of purchases should be supported by a contract/agreement and related authorizations. Any changes shall be updated under Board Policy CH(LOCAL) as necessary and will be updated in the General Procurement Guidelines and or Purchasing Manual."</p> <p><u>Person Responsible:</u> Ron Gatlin, Executive Director, Procurement Services</p> <p><u>Resource:</u> Cezy Collins, General Counsel</p> <p><u>Activity Due Date:</u> June 30, 2017</p>

#### Finding (#09)

Condition	Purchases made using campus activity funds are not being monitored for compliance with procurement federal/state laws and regulations, Board policies, and the department manual/guidelines. As of the date of our audit procedures, there are limitations in place within the AS400 system restricting Procurement's oversight over campus activity purchases.
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To get a high level overview of campus activity purchases, we extracted data from the AS400 system and summarized gross purchase activity from the top 10 vendors (see Table 1). According to the District's Campus Accounting Manual, "The "Petty Cash" vendor (#16458) should be used for refunds to parents or for vendors who are used very rarely (but never for services).

**Table 1: Campus Activity Purchases from Top 10 Vendors for Scope Period**

	Vendor Name	Vendor Number	Total
1	PETTY CASH	16458	168,201
2	SAM'S CLUB DIRECT	9704	77,466
		3477	11,789
		2703	364
3	COLLEGE BOARD/AP	6203	45,132
4	WRIGHT FUNDRAISING INC	14965	29,373
5	CHERRYDALE FARMS	26363	20,170
6	FUND RAISING SOLUTIONS OF EL PASO	14999	18,930
7	BURMAX COMPANY INC	10951	15,566
8	THE FUND RAISER GUY	25653	14,134
9	LA ESTRELLA	26292	14,025
10	LEO'S MEXICAN RESTAURANT	22795	10,842

**Effect and Risks**

1. For the scope period from July 1, 2015 to March 31, 2016, there have been over \$918,000\* in total expenditures from the campus activity funds that should have been subject to compliance with procurement federal/state laws and regulations, Board policies, and the department manual/guidelines. *\*This amount represents gross expenses from campus activity accounts. Amount comes from a data extract direct from the AS400 system generated by Internal Audit using ACL (data analytics software). Net amounts of accounts used in our analysis were agreed to an AS400 report used by Campus Accounting to record March 2016 campus activity journal entry.*
2. There is an increased risk of campuses circumventing the procurement process without proper oversight controls in place to monitor compliance.

**Cause**

Purchases made using campus activity funds are posted to the AS400 system separate from TEAMS to which Procurement staff do not have access. Additionally, these systems do not interface with each other.

Even with an interface between systems and Procurement's access to the AS400, there are additional limitations to monitoring of campus activity purchases for compliance with procurement federal/state laws and regulations, Board policies, and the department manual/guidelines due to the following:

1. The vendor lists in TEAMS and the AS400 system are not the same (i.e. they are not being maintained simultaneously); while there are some vendors that exist in both lists and some only exist in one. Additionally, there are purchases made to various vendors in the AS400 system coded to a generic vendor (i.e. "Petty Cash"). In the current environment, it would be difficult to get a true picture of the Districtwide purchases for compliance with procurement





	<p>federal/state laws and regulations, Board policies, and the department manual/guidelines.</p> <p>2. Campus activity purchases are made through checks which do not require Procurement's involvement in the process. Policy CH (Local) requires all purchase orders to be authorized prior to actual purchase. Hence, Procurement is involved in the procurement process for all purchases which require a purchase order.</p>
Criteria	Exhibit A – Criteria Number 1 – 5, 14,16 – 19
Recommendations	<p>It is recommended:</p> <ol style="list-style-type: none"> <li>1. Procurement staff obtain the necessary access to the system used for campus activity account funds in order to monitor purchases for compliance with procurement federal/state laws and regulations, Board policies, and the department manual/guidelines. Limitations currently in place should be considered if the AS400 system is replaced.</li> <li>2. Procurement should work alongside Campus Accounting to develop a process that provides reasonable assurance purchases made using campus activity funds are included when determining purchasing compliance thresholds.</li> </ol>
Management's Corrective Action Plan	<p><u>Activity 13:</u> “The Procurement Services Department will obtain the necessary access to the system used for campus activity account funds in order to monitor purchases for compliance with procurement federal/state laws and regulations, Board policies, and the department manual/guidelines. Limitations currently in place will be considered if the AS400 system is replaced. Procurement Services will also review and work alongside the Finance Department to verify that the newly acquired campus accounting software will allow for monitoring of purchasing compliance.”</p> <p><u>Person Responsible:</u> Ron Gatlin, Executive Director, Procurement Services</p> <p><u>Resource:</u> Maria Pineda, Executive Director, Financial Services</p> <p><u>Activity Due Date:</u> May 31, 2017</p> <p><u>Activity 14:</u> “The Procurement Services Department will collaborate with the Campus Accounting department, to develop a process that provides reasonable assurance purchases made using campus activity funds are included when determining purchasing compliance thresholds, to include revisions to the campus accounting manual.”</p> <p><u>Person Responsible:</u> Ron Gatlin, Executive Director, Procurement Services</p> <p><u>Resource:</u> Maria Pineda, Executive Director, Financial Services</p> <p><u>Activity Due Date:</u> May 31, 2017</p>



## Observations (01 to 05)

While conducting this audit, some observations do not necessarily violate local, state, or federal guidelines, and as such, were not included as findings in the Procurement Process Audit Report. However, we felt the items noted or observed were worthy of informing you as the data owner/expert, in order for you to make the determination as to whether they should be addressed.

### Observation (#01)

Observation	<p>Procurement currently tracks purchases of goods and services by vendor as opposed to categories/commodities for compliance with TEC Section 44.031. However, tracking of purchases of goods and services by categories/commodities appears to be the accepted practice, based on our research of TEC, TEA's FASRG, and inquiries through a TASBO forum, and with two sources with a background in school district procurement. During our research, one of the sources even took it a step further and noted purchases of goods and services should be tracked by both categories/commodities AND vendors. As of the end of the scope period, it appears the reason for not tracking by categories/commodities is due to a TEAMS limitation preventing Procurement from utilizing a defined listing of procurement categories/commodities.</p> <p>The TEC 44.031 <i>Purchasing Contracts</i> (a) states "all school district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, <b>valued at \$50,000 or more in the aggregate for each 12-month period</b> shall be made by the method, of the following methods, that provides the best value for the district...[sic]."</p> <p>The TEC 44.033 (b), which was repealed on June 19, 2009, made references to "categories" and was used to complement "aggregate" in TEC 44.031 (a). With TEC 44.033 (b) repealed, there is now less guidance from local and state statutes as to how to track purchases of goods and services valued at \$50,000 or more in the aggregate for each 12-month period.</p>
Recommendation	<p>We recommend Procurement consider seeking an opinion from the District's General Counsel as to how to interpret the tracking of "purchases of goods and services...valued at \$50,000 or more in the aggregate for each 12-month period". There is a risk the current process (e.g. tracking solely by vendor) could prevent the District from obtaining the best value when purchasing good and services.</p>
Management's Response	<p>Procurement Services will work with the District's General Counsel to seek an opinion on an interpretation of tracking "purchases of goods and services... valued at \$50,000 or more in the aggregate for each 12-month period". The finalized recommendation will then be added to our purchasing procedures and the procurement manual.</p>

### Observation (#02)

Observation	<p>Per review of contract/agreement templates available in the myEPISD's Procurement website, we noted they do not include a "right-to-audit" clause. Such a clause allows the buyer, in this case EPISD, to examine the records of the vendor to validate due care, compliance with terms of contract, policies and procedures, and/or proper oversight measures.</p>
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Recommendation	We recommend Procurement work with the District's General Counsel on drafting and adding a "right-to-audit" clause on contract/agreement templates to be used for future purchases of goods and/or services. Also, as organizations are moving towards mainly retaining electronic records/data, it is important to disclose the "right-to-audit" includes access to electronic records/data.
Management's Response	Procurement Services will work with the District's General Counsel on drafting and adding a "right-to-audit" clause on contract/agreement templates to be used for future purchases of goods and/or services to include access to electronic records/data.

### Observation (#03)

Observation	<p>It appears Board approval requirements for purchases of goods and services are inconsistent dependent on whether the purchase went through EPISD's or another entity's procurement process. A higher threshold is used for purchases that went through another entity's procurement process.</p> <p>According to Board policy CH (Local),</p> <ul style="list-style-type: none"> <li>• Board approval is required for the purchase of goods and services that cost \$100,000 or more <u>(these would have gone through EPISD's procurement process)</u>.</li> <li>• Board approval is required for the purchase of goods and services made in accordance with a Co-Op contract over \$250,000 <b>per vendor</b> <u>(these would have gone through another entity's procurement process)</u>.</li> </ul> <p>Also, as the threshold for purchase of goods and services made using a Co-Op contract is at the vendor level, and some Co-Ops have more than one vendor, the amount of purchases using one Co-Op could surpass \$250,000 without the Board's approval.</p>
Recommendation	We recommend District leadership consider updating Board Policy CH (Local) to make the threshold for Board approval the same for the purchase of goods and services, regardless of whether purchases went through EPISD or another entity's procurement process.
Management's Response	The Procurement Services Department will work with District leadership to consider updating Board Policy CH (Local) to make the threshold for Board approval the same for the purchase of goods and services, regardless of whether purchases went through EPISD or another entity's procurement process.

### Observation (#04)

Observation	<p>According to Procurement, there are certain types of purchases exempt from the procurement process, including registration fees for conferences, and membership dues to professional organizations, etc. as the objectives/purposes of the services offered by these conferences/organizations are unique. Examples of these type of expenses are: registration fees for "National Title 1 Conference" and "National Center for Youth Issues", and TASBO and TASB membership dues.</p> <p>We reviewed Board policy CH (Local) and EPISD's General Procurement Guidelines (updated January 15, 2016) and did not find language/wording related to purchases exempt from the procurement process.</p>
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Recommendation	Procurement should publish a listing of purchases exempt from the procurement process based on advice from the District's General Counsel. Such a listing should be added to Board Policy CH (Local) and/or EPISD's General Procurement Guidelines.
Management's Response	The Procurement Services Department will work with the District's General Counsel to publish a listing of purchases exempt from the procurement process. The approved listing will then be added to Board Policy CH (Local), purchasing procedures, and the procurement manual.

#### Observation (#05)

Observation	<p>Per review of a summarized member's evaluation scoring sheets from the vendor evaluation process and discussions with Procurement, we noted the process used to award points for the price criteria is not consistent.</p> <p>It was mentioned by Procurement points allocated to price are calculated by Procurement staff when it is an easy calculation. For example, one vendor offers a product for \$20 and another vendor offers a product for \$25; then the vendor with the lowest price is allocated the highest points possible. The other vendor is then allocated points based on their price compared to the lowest price.</p> <p>Points allocated to price criteria are calculated by bid panel members for complex calculations. For example, one of the vendors offers a service for \$20 an hour and another vendor offers a service ranging from \$20-\$60 an hour based on number of years of experience, while another vendor offers a service for \$20 an hour plus mileage cost. Additionally, the weight allocated to the price criteria varies among bids. For example, for one bid the price weight can be 60% and for another it can be 55%.</p> <p>We reviewed Board policy CH (Local) and EPISD's General Procurement Guidelines, The State of Texas Procurement Manual, and related opinions by the Texas Attorney General and did not find language/wording related to the weight that should be given or how to calculate points for the price criteria.</p>
Recommendations	<ol style="list-style-type: none"> <li>1. Procurement should establish a standard process for the calculation of points for the price criteria; they should either calculate points, or let bid panel members calculate points for all bids.</li> <li>2. Procurement should identify and document the measures taken to allocate the weight on the price criteria in the EPISD's General Procurement Guidelines.</li> </ol>
Management's Response	<ol style="list-style-type: none"> <li>1. The Procurement Services Department will establish the standard process that will require the Procurement Services Department to calculate points for all bids.</li> <li>2. The Procurement Services Department will document the process in purchasing processes and the procurement manual.</li> </ol>



<b>Exhibit A: Criteria .....</b>			
Criteria No.	Criteria Source	Criteria Details	Finding
1	<b>Board Policy CH (Local), Purchasing and Acquisition - Purchasing Authority Section:</b>	<p>"Purchases valued at \$50,000 or more in the aggregate of a 12- month period shall be preceded by a formal procurement process to the full extent required by law.</p> <p>-The Board delegates to the Superintendent the authority to make budgeted purchases of goods and services that cost up to \$100,000 and other purchases of goods and services in accordance with other provisions in this policy.</p> <p>-The Superintendent shall also be authorized to approve budgeted purchases of goods and services made in accordance with an interlocal cooperative contract up to \$250,000 per vendor in the aggregate of a 12-month period."</p>	<b>01, 02, 03, 04, 05, 09</b>
2	<b>Texas Education Code Section 44.031 Purchasing Contracts:</b>	<p>"(a) Except as provided by this subchapter, all school district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate for each 12 month period shall be made by the method, of the following methods, that provides the best value for the district:</p> <p>(1) competitive bidding for services other than construction services;</p> <p>(2) competitive sealed proposals for services other than construction services;</p> <p>(3) a request for proposals, for services other than construction services;</p> <p>(4) an interlocal contract;</p> <p>(5) a method provided by Chapter 2269, Government Code, for construction services;</p> <p>(6) the reverse auction procedure as defined by Section 2155.062(d), Government Code; or</p> <p>(7) the formation of a political subdivision corporation under Section 304.001, Local Government Code.</p> <p>(b) Except as provided by this subchapter, in determining to whom to award a contract, the district shall consider:</p> <p>(1) the purchase price;</p> <p>(2) the reputation of the vendor and of the vendor's goods or services;</p> <p>(3) the quality of the vendor's goods or services;</p> <p>(4) the extent to which the goods or services meet the district's needs;</p> <p>(5) the vendor's past relationship with the district;</p> <p>(6) the impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses;</p> <p>(7) the total longterm cost to the district to acquire the vendor's goods or services;</p> <p>(8) for a contract for goods and services, other than goods and services related to telecommunications and information services, building construction and maintenance, or instructional materials, whether the vendor or the vendor's ultimate parent company or majority owner:</p> <p>(A) has its principal place of business in this state; or</p> <p>(B) employs at least 500 persons in this state; and</p> <p>(9) any other relevant factor specifically listed in the request for bids or proposals.</p> <p>(g) Notice of the time by when and place where the bids or proposals, or the responses to a request for qualifications, will be received and opened shall be published in the county in which the district's central administrative office is located, once a week for at least two weeks before the deadline for receiving bids, proposals, or responses to a request for qualifications."</p>	<b>01, 02, 03, 04, 05, 09</b>
3	<b>Texas Education Code Section 44.0352 - Competitive Sealed Proposals:</b>	<p>"(a) In selecting a vendor through competitive sealed proposals as authorized by Section 44.031(a)(2), a school district shall follow the procedures prescribed by this section.</p> <p>(d) The district shall select the offeror that offers the best value for the district based on the published selection criteria and on its ranking evaluation."</p>	<b>01, 02, 03, 04, 05, 09</b>
4	<b>EPISD's General Procurement Guidelines - Dollar Thresholds Guidelines Section:</b>	<p>"Purchase amount \$100 to \$9,999 - One quote should be obtained, preferably from an approved EPISD vendor. Purchasing verifies information on the requisition and issues a purchase order if such requisitions meet the District's procurement guidelines.</p> <p>Purchase amount is \$10,000 to \$49,999 (CH local requires 3 quotes) - Three quotes from vendors who can fill the order and a justification for acceptance of the quote selected if it is other than the lowest. The Procurement Services Department can obtain quotes for you. Please provide the names and telephone numbers of specific vendors from whom you would like to receive a quote.</p> <p>Purchase amount is \$50,000 or more (CH local &amp; TEC 44.031) - Purchases valued at \$50,000 or more in the aggregate of a 12-month period shall be preceded by a formal procurement process to the full extent required by law" Procurement Services must complete the competitive solicitation process or utilize one of the methods listed under the Competitive Solicitations (Bids) section. As stated, CH (Local) requires a formal solicitation process be performed."</p>	<b>01, 02, 03, 04, 05, 07, 09</b>



<b>Exhibit A: Criteria .....</b>			
Criteria No.	Criteria Source	Criteria Details	Finding
5	<b>EPISD's General Procurement Guidelines - Competitive Solicitations Section:</b>	<p>"El Paso Independent School District is a political subdivision of the state of Texas, as such, all procurement is done in compliance with the provisions of District Policy and the Texas Education Code section 44.031; state law mandate applies to purchases of "like items" or commodities; some examples of like items include: LCD projectors, software, laptops, classroom furniture, lamination supplies, catering services. State law applies to purchases of commodities that exceed \$50,000 in the aggregate of a 12 month period shall be made using one of the methods described below:</p> <ol style="list-style-type: none"> <li>1. Competitive Bidding for services other than construction services</li> <li>2. Competitive Sealed Proposals (CSP) for services other than construction services</li> <li>3. Request For Proposal (RFP), for services other than construction services</li> <li>4. Inter-Local Contract (Purchasing Cooperative or other government entity)</li> <li>5. A method provided by Chapter 2267, Government Code, for construction services</li> <li>6. Reverse auction procedure as defined by Section 2155.062(d), Government Code</li> <li>7. The formation of a political subdivision corporation under Section 304.001, Local Government Code</li> </ol> <p>Award of the solicitations listed must be made to the vendor providing best value, in compliance with evaluation criteria set by the Texas Education Code. The normal length of time for a competitive solicitation process is eight weeks, from the time the specifications are issued to vendors. In order to plan and develop the specifications, please allow additional time."</p>	01, 02, 03, 04, 05, 09
6	<b>Texas Education Agency Financial Accountability System Resource Guide - Section 3. Purchasing - Update 14:</b>	<p>"Accurate record-keeping and documentation should be a fundamental element of the procurement process."</p> <p>"Full documentation of all competitive procurements with comprehensive competitive procurement files containing specifications, competitive procurement advertisement, pre-competitive procurement conference minutes (as appropriate), competitive procurements submitted, competitive procurement tabulation, board minutes indicating competitive procurement awards (or a similar award notice) and related records."</p> <p>"31. Who can be authorized to open competitive procurement offers? The board of trustees may authorize employees or representatives of the district to open competitive procurement offers, evaluate competitive procurement offers and make recommendations to the board regarding award of contracts. In order to lessen the possibility of an irregularity involving favoritism toward a particular vendor, a district may want to have two employees from separate departments involved in evaluating competitive procurement offers. (Attorney General Opinion DM-14 (1991); §11.151(b), Texas Education Code)"</p>	02
7	<b>Board Policy DBD (Local), Employment Requirements and Restrictions Conflict of Interest - Conflict of Interest Section:</b>	<p>"DBD (Local), Employment Requirements and Restrictions Conflict of Interest - Conflict of Interest Section"</p> <p>"The District has an obligation to eliminate or restrict all transactions that would indicate an apparent conflict of interest involving the District and any employee. Therefore, the District shall not enter into any business transactions or negotiations for services or for the purchase of any product with any of its employees, whether the employee is acting as an agent for any vendor or for his or her own interest in any separate business, except as expressly permitted by this policy.</p> <p>A conflict of interest is a situation in which the personal interests of a contractor or District employee are, or appear to be, at odds with the best interests of the District. A conflict of interest arises when a District employee holds an interest in, is an employee of, and/or consultant with, another business if that business is a supplier of products or professional service to the District, employees, or students. Under certain circumstances, however, such conflict may be waived after full disclosure, as discussed further below."</p>	03

Exhibit A: Criteria .....

Criteria No.	Criteria Source	Criteria Details	Finding
8	Local Government Code § 176.006(a) and (a-1):	"(a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and: (1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A); (2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or (3) has a family relationship with a local government officer of that local governmental entity. (a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of: (1) the date that the vendor: (A) begins discussions or negotiations to enter into a contract with the local governmental entity; or (B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or (2) the date the vendor becomes aware: (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a); (B) that the vendor has given one or more gifts described by Subsection (a); or (C) of a family relationship with a local government officer."	03
9	Texas Attorney General Opinion No. GA-0446 (2006) Re: Conflict of interest disclosure requirements for local government officers and persons who contract with local governmental entities:	"8. Application of chapter 176 in absence of relationship ...Representatives Woolley and Smithee inquire whether chapter 176 "requires a person who contracts or seeks to contract with a local governmental entity to file a disclosure questionnaire if the person has no business or financial relationships or affiliations to disclose."...The statute does not establish some trigger for the filing of a questionnaire as it does for the statement required of an officer. Compare id. § 176.003(a) ("A local government officer shall file a conflicts disclosure statement . . . if: . . ."), with id. § 176.006(a) ("A person described by Section 176.002(a) shall file . . ."). The word "shall" usually connotes a mandatory duty. See Tex. Gov't Code Ann. § 311.016(2) (Vernon 2005). <b>Thus we believe a vendor must file a conflict of interest questionnaire even if the vendor has no business relationships or affiliations to disclose.</b> "	03
10	Board Policy DBD (Local), Employment Requirements and Restrictions Conflict of Interest - Affidavit / Disclosure of Ownership or Employment Section:	"Purchasing transactions shall be reviewed periodically (at least annually) under the direction of the Superintendent to ensure that conflicts of interest do not exist."	03
11	Texas Education Code (TEC) Section 44.031 Purchasing Contracts:	"(j) Without complying with Subsection (a), a school district may purchase an item that is available from only one source, including: (1) an item for which competition is precluded because of the existence of a patent, copyright, secret process, or monopoly; (2) a film, manuscript, or book; (3) a utility service, including electricity, gas, or water; and (4) a captive replacement part or component for equipment."	06

<b>Exhibit A: Criteria .....</b>			
Criteria No.	Criteria Source	Criteria Details	Finding
12	<b>Board Policy CH (Local), Purchasing and Acquisition - Sole Source Section:</b>	<p>"Personal and professional services should ordinarily not be recommended to the Board for purchase on a "sole-source" basis but rather should be preceded by some type of competitive procurement, such as a request for proposals or a request for qualifications pursuant to the professional services procurement act. Regarding purchases of personal property, the fact that a particular item is covered by a patent or copyright should be but one factor in determining if the purchase falls under the sole-source exemption to procurement requirements. The administration should recommend the purchase of such items on a sole-source basis only if there is no other like items available for purchase that would serve the same purpose or function and only if one price for the item is available because of exclusive distribution or marketing rights. The District administration shall obtain and retain documentation that clearly delineates the reasons that qualify the purchase to be made on a sole-source basis from the vendor and/or from other reliable sources. When considering whether a certain provider is the "sole source" of a particular good or service, the administration shall determine whether:</p> <ol style="list-style-type: none"> <li>1. The vendor is the sole person or entity in the world legally entitled to provide the particular good or service to the District; and</li> <li>2. The particular good or service has functional equivalents that can be obtained from other sources and provide supporting information and/or documentation for such determinations.</li> </ol> <p>For example:  Example A: If Vendor A is the local supplier for Product X, but there are other distributors for Product X not prohibited by the manufacturer or by law from selling Product X to the District, then a purchase of Product X from Vendor A shall not be made on a "sole-source" basis.  Example B: If Vendor B is the only authorized dealer of Product Y in the state of Texas but Product Z is the functional equivalent of Product Y and is available from Vendor C, then a purchase of Product X from the vendor shall not be made on a "sole-source" basis."</p>	06
13	<b>EPISD's General Procurement Guidelines - Dollar Thresholds Guidelines Section:</b>	<p>"All quotes regardless of amount must include:</p> <ol style="list-style-type: none"> <li>a) full description of items, include part numbers, description, color, model, etc.;</li> <li>b) freight costs and any special shipping requirements;</li> <li>c) all applicable costs, ask the vendor if the District receives a discount and ask them to include the discounted pricing as part of the quote;</li> <li>d) timeline for delivery (after receipt of PO);</li> <li>e) vendor must also state how long pricing will be in effect."</li> </ol>	07
14	<b>Board Policy CH (Local), Purchasing and Acquisition - Quotes on Permissive Bids:</b>	<p>"Unless waived in writing by the Superintendent, even if not required by law [see CH(LEGAL)], for all purchases valued at more than \$10,000 and less than \$50,000 in the aggregate for each 12-month period:</p> <ol style="list-style-type: none"> <li>1. Written or telephone quotes shall be obtained from three vendors and tabulated by the Superintendent or a designee from the purchasing department; and</li> <li>2. The Superintendent or designee from the purchasing department shall approve: <ol style="list-style-type: none"> <li>a. The selection of the vendor; and</li> <li>b. The related purchase order for which quotes have been obtained if the expenditure is expected to exceed \$10,000."</li> </ol> </li> </ol>	07, 09
15	<b>Board Policy CH (Local) Purchasing and Acquisition - Educational Professional Services:</b>	<p>"An administrator may enter into, and determine the appropriate fees per vendor for, agreements with education professional service providers if the total fee is less than \$5,000. Fees per vendor in excess of \$5,000 must be approved by the Superintendent or the chief financial officer, and by the Board, as required in this policy, prior to finalizing the contract. Fees shall be established at the time of finalizing the contract."</p>	08
16	<b>Board Policy CH (Local) Purchasing and Acquisition - Responsibility for Debts:</b>	<p>"The purchasing department shall maintain a master vendor list of each vendor, by product category, who has requested to be considered by the District as a potential vendor. Upon the issuance of a quote, a request for proposal, or a competitive bid, the purchasing department shall obtain the names of prospective vendors by category from the master vendor list for distribution. The purchasing department master vendor list shall supersede any department or campus vendor list. All departments and/or campuses must provide the purchasing department with a list of all vendors to be considered by the District as potential vendors."</p>	09
17	<b>EPISD Campus Accounting Manual - Section 1 General Information 1.4 Agency/Activity Funds:</b>	<p>"Section 1: General Information 1.4 Agency/Activity Funds  2 - Activity funds are defined as funds consisting of monies received and held by the school, as trustee, to be expended and invested in accordance with conditions of the trust. Specifically, they are funds accumulated from the collection of student fees, various school approved fund raising activities, vending activities and donations.  7 - Historically, the District has left the utilization of the funds in the General Fund Series of Accounts at the principal's discretion. However, campus administration should realize that these funds are theoretically considered district miscellaneous revenue and expenditures. These funds could be removed from campus control and accounted for in the district's general ledger/chart of accounts."</p>	09

<b>Exhibit A: Criteria .....</b>			
<b>Criteria No.</b>	<b>Criteria Source</b>	<b>Criteria Details</b>	<b>Finding</b>
18	EPISD Campus Accounting Manual - Section 3 AS400 Accounting 3.7 Vendor Lookup Records:	"2. The "Petty Cash" vendor (#16458) should be used for refunds to parents or for vendors who are used very rarely (but never for services)."	09
19	EPISD Campus Accounting Manual - Section 9 Cash Disbursement 9.2 Competitive Bidding Requirements:	"1. Purchases - Payment includes General Fund Monies a. Disbursements from the campus general fund are subject to ... BID/RFP requirements."	09