

Separation of Duties for Purchasing

Effective internal controls for purchasing ensure that all expenditures are authorized, properly documented, and align with the school district's budget and policies. A clear separation of duties minimizes the risk of unauthorized purchases, fraud, or errors.

Roles and Responsibilities

Requesting Purchases

- **Role:** Department Heads, Teachers, or Staff
- **Responsibilities:**
 - Identify the need for goods or services and prepare a purchase requisition.
 - Provide justification and supporting documentation for the requested purchase.
 - Submit the requisition to the designated approver.

Approving Purchases

- **Role:** Superintendent, Principal, or Fiscal Officer
- **Responsibilities:**
 - Review purchase requisitions for compliance with budgets, policies, and procurement guidelines.
 - Verify that the purchase is necessary and that funds are available.
 - Approve or deny the requisition and forward approved requests to the purchasing officer.

Processing Purchase Orders (POs)

- **Role:** Purchasing Officer or Administrative Assistant
- **Responsibilities:**
 - Convert approved purchase requisitions into formal purchase orders.
 - Ensure purchase orders include detailed information, such as vendor name, item descriptions, quantities, and prices.
 - Send the purchase order to the vendor and retain a copy for district records.

Receiving Goods and Services

- **Role:** Designated Receiving Staff or Custodian
- **Responsibilities:**
 - Receive and inspect delivered goods or services.
 - Match received items to the purchase order and packing slip.
 - Document any discrepancies or damages and notify the purchasing officer.

Verifying and Approving Invoices

- **Role:** Accounts Payable Clerk or Bookkeeper
- **Responsibilities:**
 - Match vendor invoices with the purchase order and receiving documents.
 - Verify that the invoiced amount aligns with approved purchase orders.
 - Forward invoices to the fiscal officer for payment approval.

Approving Payment

- **Role:** Fiscal Officer or Superintendent
- **Responsibilities:**
 - Review invoices, purchase orders, and receiving reports for consistency.
 - Approve payments for goods or services received.

Recording Transactions

- **Role:** Bookkeeper or Accountant
- **Responsibilities:**
 - Record purchases in the accounts payable and general ledger systems.
 - Allocate expenses to the appropriate budget accounts.

Monitoring and Oversight

- **Role:** School Board or External Auditor
- **Responsibilities:**
 - Review procurement reports to ensure compliance with policies and budgets.
 - Periodically audit purchasing processes and documentation.

Illustrative Example of Segregation of Duties

Scenario: Purchasing Textbooks for a Classroom

1. **Requesting Purchases:**
 - A teacher submits a purchase requisition for textbooks to the department head.
 - The requisition includes item descriptions, quantities, and an estimated cost.
2. **Approving Purchases:**
 - The principal reviews the requisition and ensures the purchase aligns with the curriculum budget.
 - The principal approves the requisition and forwards it to the purchasing officer.
3. **Processing Purchase Orders:**
 - The purchasing officer generates a purchase order and sends it to the approved vendor.
4. **Receiving Goods:**
 - The custodian receives the shipment of textbooks, verifies the quantity against the packing slip, and inspects for damage.
 - The custodian signs off on the packing slip and submits it to the accounts payable clerk.

5. **Verifying and Approving Invoices:**

- The accounts payable clerk matches the vendor invoice with the purchase order and signed packing slip.
- The fiscal officer reviews the matched documents and approves payment.

6. **Recording Transactions:**

- The bookkeeper records the payment in the accounting system and allocates the expense to the instructional materials budget.

7. **Monitoring and Oversight:**

- The school board reviews a monthly report of procurement activities to ensure adherence to policies.

Additional Safeguards for Purchasing

1. **Vendor Management:**

- Maintain a list of approved vendors.
- Require competitive quotes or bids for purchases exceeding a certain threshold (e.g., \$10,000).

2. **Purchase Limits:**

- Set purchase approval thresholds requiring higher-level authorization for larger expenditures.

3. **Pre-Numbered Purchase Orders:**

- Use pre-numbered purchase orders to prevent unauthorized or duplicate orders.

4. **Independent Reconciliation:**

- Assign an independent employee to periodically reconcile purchase orders, invoices, and payments.

5. **Audit Trail:**

- Retain all procurement documentation, including requisitions, purchase orders, invoices, and receiving reports, for future audits.

Addressing Limited Staff Scenarios

In small school districts with limited staff:

- Rotate roles periodically to maintain segregation of duties.
- Engage school board members to review and approve high-value purchases.
- Use external auditors to periodically review procurement processes and compliance.

Example of Adjusted Roles for Limited Staff:

- The superintendent reviews and approves purchase requisitions.
- The administrative assistant processes purchase orders and records transactions.
- The school board periodically reviews procurement reports for compliance.