

**HARRIS COUNTY DEPARTMENT OF EDUCATION
BUSINESS SERVICES**

Fraud Prevention Model and Awareness
List of Handouts

Checklist of Handouts Received:

- Tab 1. Introduction
- Tab 2. HCDE Internal Control Structure:
A Primer for Safeguarding Assets and Preventing Fraud
- Tab 3. Risk Assessment Checklist – Review of Key Risk Areas in HCDE
- Tab 4. Board Policy: CAA LOCAL - FISCAL MANAGEMENT GOALS AND OBJECTIVES
- Tab 5. Board Policy: CH LOCAL - PURCHASING AND ACQUISITION
- Tab 6. Board Policy: CH LEGAL - PURCHASING AND ACQUISITION
- Tab 7. Accounting Procedure: Contract Monitoring and Compliance Procedure
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- Tab 12. Flow Chart: Procedures for Initiating a Purchasing Commitment
- Tab 13. Quick Reference Guide to HCDE Purchasing Policies
- Tab 14. HCDE Signature Authority Forms – Finance – Required Annually
- Tab 15. HCDE Signature Authority Forms – Payroll – Required Annually
- Tab 16. Conflict of Interest Disclosure – Budget Managers – Required Annually

I certify that I have received a complete set of the handouts:

Budget Manager Signature & Date

Compliance Officer Signature & Date

**HARRIS COUNTY DEPARTMENT OF EDUCATION
BUSINESS SERVICES**

Fraud Prevention Model and Awareness Program
Introduction

Each year the Harris County Department of Education is audited by an independent audit firm. The firm looks at sample transactions from the fiscal year under audit, the internal controls in place, and the annual financial report. The transactions are sampled to ascertain whether accounting processes and procedures are being followed correctly and consistently. The internal controls are reviewed to determine if they adequately and effectively safeguard the assets (financial, physical and human assets) of the Department. The audit report is reviewed to ensure that it is free from material misstatements and that the financial results at fiscal yearend are fairly presented.

In reaction to accounting scandals at Enron, WorldCom, Tyco, etc., the American Institute of Certified Public Accountants' Auditing Standards Board issued Statement of Auditing Standard, No. 99 (SAS #99): CONSIDERATION OF FRAUD IN A FINANCIAL STATEMENT AUDIT in October 2002 and it became effective for audits of financial statements for periods beginning on or after December 15, 2002.

SAS #99 defines FRAUD as an intentional act that results in a material misstatement in financial statements. There are 2 types of FRAUD considered: misstatements arising from fraudulent financial reporting (e.g. falsification of accounting records) and misstatements arising from the misappropriation of assets (e.g. theft of assets or fraudulent expenditures).

SAS #99 requires the auditor to gather information necessary to identify risks of material misstatement due to FRAUD by the following:

- Making inquiries of management and others within HCDE
- Considering the results of analytical procedures performed in planning the audit
- Considering FRAUD risk factors
- Considering certain other information

The HCDE Fraud Prevention Model and Awareness Program supports SAS #99 by communicating to management and others an awareness and understanding of FRAUD, and educating management about FRAUD and the types of controls that will deter and detect FRAUD. The Business Office alone cannot prevent and/or detect all the types of FRAUD that may be perpetrated within the Department. It takes all HCDE employees being aware and being knowledge-able that FRAUD could occur to possibly prevent FRAUD from occurring or even detecting a FRAUD that has occurred. All personnel, especially management personnel, have the response-ability to (1) safeguard HCDE resources: financial, physical and human, and to (2) be aware of the risks of FRAUD. This Program is a great way to bring awareness to management personnel of their responsibilities in this area. This Program is also one of the ways the independent auditors have to evaluate HCDE internal controls.

[Reference: en.wikipedia.org/wiki/SAS_99]

Updated 2/12/2009. EN

	<p>HCDE Internal Control Structure: A Primer for Safeguarding Assets and Preventing Fraud</p>
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Purpose

All HCDE Divisions and Campuses are required to implement internal controls designed:

- (a) to maintain the integrity of financial and operational systems, and
- (b) to prevent fraudulent activities that may lead to inaccurate financial data or loss of assets.

Accountability

Each division director or campus administrator is assigned the authority to implement internal controls in their area of responsibility as well as adhering to internal controls established by Grant Program Directors and Executive Team Members in order to safeguard the Department’s assets.

Board Policy

The Board of Trustees has authorized the Superintendent and the Assistant Superintendent for Business Services as part of the Executive Management Team to implement an internal control structure over all assets of the Department.

The Business Office had developed a new accountability goal which is: “To implement and monitor appropriate accountability measures to protect the resources of the Department including, but not limited to, money, materials, supplies, and equipment.”

Source Policies

- CH Legal
- CH Local

What is an Internal Control? A definition.

An Internal Control is a procedure implemented to ascertain a financial asset or to prevent loss of asset.

Qualities of an internal control:

- Detection: To bring out problems
- Prevention: To avoid problems
- Assertion: To account for

What is Fraud? A definition.

Fraud, unlike an error, is intentional and usually involves deliberate concealment of the facts.

Elements of Fraud

1. Incentive
2. Opportunity
3. Rationalize
4. Potential

Risk Assessment

Part I Conduct a Risk Assessment of a division/campus to evaluate the internal controls in place. This process is conducted when a new department director or principal is to begin their first day at work or shortly thereafter. Once this Risk Assessment is conducted, the administrator can perform parts II and III. See Attachment A.

Conduct an overview of asset locations and determine areas that require secure financial assets.

Fiscal Resources:	Human Resources:
(1) Cash	(5) Employees
(2) Receivables	(6) Contracts
(3) Inventory	
(4) Fixed Assets	

Once these areas have been identified, determine the following:

Are there proper internal controls to prevent loss of assets?

Are these internal controls proper to prevent fraud?

Are there proper internal controls to prevent collusion?

Are there proper segregation of duties over financial assets?

Use the **Attachment A** template to document the review of internal controls.

Part II Conduct an annual review of internal controls.

This part includes the annual review of internal controls to make sure that internal controls are working as designed. Repeat Part I annually. See **Attachment A**.

Part III Document Internal Controls

Document the annual review and provide a certification to the Assistant Superintendent for Business Services and the independent auditors that Internal Controls are being implemented, reviewed, and inspected for efficiency. **Attachment A** must be signed by the (1) Department Director and/or the Principal and the (2) Compliance Officer or Assistant Superintendent for Business Services.

Responsibility of the Administrator in Charge

1. Receive annual training from Business Services on how to establish internal controls
2. Provide training to internal staff
3. Conduct Risk Assessment
4. Document Annual Review
5. Safeguard Department assets
6. Maintain and monitor internal controls

Responsibility of Business Services

1. Provide training to campuses and divisions on internal controls
2. Conduct Risk Assessments Department-wide
3. Document Annual Reviews

For questions regarding any of these procedures, contact Elaine Nichols at (713) 696-8250 or enichols@hcde-texas.org.

Received and Reviewed by: _____ Title: _____ Date: _____

HARRIS COUNTY DEPARTMENT OF EDUCATION
 Risk Assessment Checklist - Review of Key Risk Areas in HCDE

Review Conducted By: _____ Date: _____
 Campus or Division: _____ Business Office Personnel: _____

Provide an explanation for 'No' answers.

Cash

All Campuses
and
Divisions
Receiving Cash

Is the person receiving cash a different one from the one that is recording the cash?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Are there two signatures required on each check?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there a policy to handle the cash disbursements and receipts?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there a policy to prohibit cashing checks from the account or change ("PETTY CASH") fund?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there a policy to allow employees to report fraud?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Are the checks, cash, and deposits under lock and key?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Receivables

Divisions
and Campuses
Monitoring
Contracts
and
Receivables

Does the division/campus have a contract(s) that outline(s) the amount of receivable due to HCDE?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Does the division/campus have a person in charge of collecting that is different than the person recording the collections in the accounts?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there a signature requirement on all receivable deletions?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there a requirement for two signatures on levy write offs?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there a requirement for two signatures on refunds?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there a documentation requirement for appraisal district adjustments on tax receivables?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

HARRIS COUNTY DEPARTMENT OF EDUCATION
 Risk Assessment Checklist - Review of Key Risk Areas in HCDE

Review Conducted By: _____
 Campus or Division: _____

Date: _____
 Business Office Personnel: _____

Provide an explanation for 'No' answers.

Inventory

Facilities Warehouse

For Fixed Assets Inventory at Warehouse:

Is the person receiving inventory different from the person that delivers inventory?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there a signature required on inventory taken out of the warehouse?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there a policy to handle inventory disbursements and receipts?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there a policy to prohibit taking inventory out of the warehouse without proper authority?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there a policy to allow employees to report fraud?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is the warehouse safeguarded and locked at the end of each day?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there a monthly inventory requirement?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is the warehouse monitored by a security (camera) system?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is the department maintain a perpetual inventory and is it updated monthly?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Fixed Assets Inventory:

For Campuses / Divisions with Fixed Assets
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Is there a policy for establishing prices for sale?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there a requirement to request fixed assets to be sent to the warehouse?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there an evaluation process of inventory sent to the warehouse?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is there a policy to determine what will be placed for sale?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Yes No N/A

HARRIS COUNTY DEPARTMENT OF EDUCATION
 Risk Assessment Checklist - Review of Key Risk Areas in HCDE

Review Conducted By: _____ Date: _____
 Campus or Division: _____ Business Office Personnel: _____

Provide an explanation for 'No' answers.

Is there a requirement to charge for all requests?	Yes	No	N/A
Is there a work order system for fixed asset transfer requests?			

Facilities Requests (Maintenance and Warehousing)

Facilities
Division

Is there a policy prohibiting from using staff on areas not belonging to HCDE?	Yes	No	N/A

Human Assets

For all Campuses
and Divisions

Is there a requirement to account for all time worked by Campus or Division employees?	Yes	No	N/A
Is there a time clock or other means to account for time?			
Are employees required to request a supervisor signature when errors are made in the time clock?			
Is all overtime or comp time pre-approved?			
Is comp time used accounted for and reduced from comp time earned?			
Is there a requirement for division directors or campus administrators to sign on all requests for overtime, comp time, and regular time?			
Is there a background check on all employees?			
Is there a policy to report all payroll accurately for grants and regular budgets?			

Contracts

Yes No N/A

HARRIS COUNTY DEPARTMENT OF EDUCATION
 Risk Assessment Checklist - Review of Key Risk Areas in HCDE

Review Conducted By: _____ Date: _____
 Campus or Division: _____ Business Office Personnel: _____

For all
Divisions and
Campuses

Provide an explanation for 'No' answers.

Is there a contract monitor for all contracts? Name _____

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Yes No N/A

Is there a conflict of interest policy?

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Is there a requirement that all contracts need to be signed by the Superintendent or the Assistant Superintendent for Business Services?

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Yes No N/A

Is there a requirement that all contracts need to be issued via a purchase order?

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Is there a checklist on procedures to be conducted over grant requirements (see attached list for each grant)?
Note: Each division director must sign the checklist on grant requirements.

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Yes No N/A

Is there **an attestation form** for all grants and contracts?

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Yes No N/A

Are you aware of CH Legal and CH Local?

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FISCAL MANAGEMENT GOALS AND OBJECTIVES
FINANCIAL ETHICS

CAA
(LOCAL)

All Trustees, employees, vendors, contractors, consultants, volunteers, and any other parties who are involved in the Departments financial transactions shall act with integrity and diligence in duties involving the Departments fiscal resources.

Note: See the following policies and/or administrative regulations regarding conflicts of interest, ethics, and financial oversight:

- Code of ethics:
for Board members—BBA
for employees—DH
- Financial conflicts of interest:
for public officials—BBFA
for all employees—DBD
- Financial conflicts involving federal funds: CBB
- Systems for monitoring the Departments investment program:
CDA
- Budget planning and evaluation: CE
- Compliance with accounting regulations: CFC
- Activity fund management: CFD
- Criminal history record information for employees: DC
- Disciplinary action for fraud by employees: DCD, DCE, and DF series
- No retaliation: DG

FRAUD AND
FINANCIAL
IMPROPRIETY

The Department prohibits fraud and financial impropriety, as defined below, in the actions of its Trustees, employees, vendors, contractors, consultants, volunteers, and others seeking or maintaining a business relationship with the Department.

DEFINITION

Fraud and financial impropriety shall include but not be limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the Department.
2. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
3. Misappropriation of funds, securities, supplies, or other Department assets, including employee time.
4. Impropriety in the handling of money or reporting of Department financial transactions.

FISCAL MANAGEMENT GOALS AND OBJECTIVES
FINANCIAL ETHICS

CAA
(LOCAL)

5. Profiteering as a result of insider knowledge of Department information or activities.
6. Unauthorized disclosure of confidential or proprietary information to outside parties.
7. Unauthorized disclosure of investment activities engaged in or contemplated by the Department.
8. Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the Department, except as otherwise permitted by law or District policy. [See DBD]
9. Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment.
10. Failing to provide financial records required by state or local entities.
11. Failure to disclose conflicts of interest as required by law or Department policy.
12. Any other dishonest act regarding the finances of the Department.

FINANCIAL CONTROLS
AND OVERSIGHT

Each employee who supervises or prepares Department financial reports or transactions shall set an example of honest and ethical behavior and shall actively monitor his or her area of responsibility for fraud and financial impropriety.

FRAUD PREVENTION

The Superintendent or designee shall maintain a system of internal controls to deter and monitor for fraud or financial impropriety in the Department.

REPORTS

Any person who suspects fraud or financial impropriety in the Department shall report the suspicions immediately to any supervisor, the Superintendent or designee, the Board President, or local law enforcement. Reports of suspected fraud or financial impropriety shall be treated as confidential to the extent permitted by law. Limited disclosure may be necessary to complete a full investigation or to comply with law. All employees involved in an investigation shall be advised to keep information about the investigation confidential.

PROTECTION FROM
RETALIATION

Neither the Board nor any Department employee shall unlawfully retaliate against a person who in good faith reports perceived fraud or financial impropriety. [See DG]

FRAUD
INVESTIGATIONS

In coordination with legal counsel and other internal or external departments or agencies, as appropriate, the Superintendent, Board

FISCAL MANAGEMENT GOALS AND OBJECTIVES
FINANCIAL ETHICS

CAA
(LOCAL)

President, or a designee shall promptly investigate reports of potential fraud or financial impropriety.

RESPONSE

If an investigation substantiates a report of fraud or financial impropriety, the Superintendent or designee shall promptly inform the Board of the report, the investigation, and any responsive action taken or recommended by the administration.

If an employee other than the Superintendent is found to have committed fraud or financial impropriety, the Superintendent or designee shall take or recommend appropriate disciplinary action, which may include termination of employment. If a contractor or vendor is found to have committed fraud or financial impropriety, the Department shall take appropriate action, which may include cancellation, of the Department's relationship with the contractor or vendor.

When circumstances warrant, the Board, Superintendent, or designee may refer matters to appropriate law enforcement or regulatory authorities. In cases involving monetary loss to the Department, the Department shall seek to recover lost or misappropriated funds.

The final disposition of the matter and any decision to file a criminal complaint or to refer the matter to the appropriate law enforcement or regulatory agency for independent investigation shall be made in consultation with legal counsel.

ANALYSIS OF FRAUD

After any investigation substantiates a report of fraud or financial impropriety, the Superintendent or designee shall analyze conditions or factors that may have contributed to the fraudulent or improper activity. The Superintendent or designee shall ensure that appropriate administrative procedures are developed and implemented to prevent future misconduct. These measures shall be presented to the Board for review.

PURCHASING AND ACQUISITION

CH
(LOCAL)

PURCHASING AUTHORITY	The Board delegates to the Superintendent or the Superintendent's designee the authority to determine the method of purchasing, in accordance with CH(LEGAL), and to make budgeted purchases. However, any purchase that costs or aggregates to a cost of \$25,000 or more shall require Board approval before a transaction is culminated.
RESPONSIBILITY FOR DEBTS	The Board shall assume responsibility for debts incurred in the name of the Department so long as those debts are for purchases made in accordance with adopted Board policy and current administrative procedures regarding purchases and expenditures. The Board shall not be responsible for debts incurred by unauthorized persons or organizations not directly under Board control or who were acting outside their departmental authority. Full responsibility for payment of unauthorized purchases shall be assumed by persons making such purchases.
PURCHASE COMMITMENTS	Purchase commitments shall be made by the Superintendent or the Superintendent's designee on properly drawn and issued Departmental documents.
AUTHORIZATION PROCESS	An authorized employee in charge of a division, school or service area budget may initiate a requisition for items included in their approved budget in accordance with administrative policies and procedures.
COMMITMENT OF CURRENT REVENUE	<p>A contract for the acquisition, including lease or purchase, of real or personal property is a commitment of the Department's current revenue only, provided the contract contains any or all applicable of the following provisions:</p> <ul style="list-style-type: none">• The Board's continuing right to terminate the contract at the expiration of each budget period during the term of the contract;• Conditioned on a best efforts attempt by the Board to obtain and appropriate funds for payment of the contract.• When appropriate a municipal funding out clause.
PETTY CASH	Each Department facility may have a petty cash fund not to exceed \$400 per facility.
DONATIONS	See GE (Local) or BAA (Local).
PERSONAL PURCHASES	Department employees shall not be permitted to purchase supplies or equipment for personal use through Department Purchasing.

PURCHASING AND ACQUISITION

CH
(LOCAL)

COMPONENT,
SEPARATE OR
SEQUENTIAL
PURCHASES

An employee shall not intentionally or knowingly make or authorize component, separate or sequential, or component purchases to avoid the competitive solicitation process.

“Component purchases” means purchases of the component parts of an item that in normal purchasing practices would be made in one purchase.

“Separate purchases” means purchases, made separately, of items that in normal purchasing practices would be made in one purchase.

“Sequential purchases” means purchases over a period of items that in normal purchasing practices would be made in one purchase.

CONTRACTS FOR
GOODS AND
SERVICES

The Board shall cause policies and procedures to be developed for the administration of contracts entered into in the name of the Department for the delivery of goods and services. The Board is not responsible for contracts entered into by unauthorized persons or organizations not directly under Board control or contracts entered into without complying with or contrary to existing policy or law. Full responsibility for the delivery of good and services under unauthorized contracts shall be assumed by persons entering into such contracts.

COMMITMENTS FOR
THE DELIVERY OF
GOODS AND
SERVICES

Commitments for the delivery of goods and services shall be made by the Superintendent or Superintendent’s designee on properly drawn contracts.

AUTHORIZATION
PROCESS

Authorized employees in charge of a division, school or service area budget may initiate the commitment of goods and services included in their approved budget in accordance with administrative policies and procedures.

INTERLOCAL
CONTRACTS

All interlocal contracts shall require approval of the Board.

REVENUE
CONTRACTS

All revenue contracts for the delivery of goods and services that total \$50,000 or more shall require the approval of the Board. All revenue contracts for the delivery of goods and services that total less than \$50,000 shall require the approval of the Superintendent or Superintendent’s designee and be presented to the Board for information purposes.

EXPENDITURE
CONTRACTS

All expenditure contracts for the delivery of goods and services that total \$25,000 or more shall require the approval of the Board.

BOARD AUTHORITY	<p>A board may adopt rules and procedures for the acquisition of goods and services. <i>Education Code 44.031(d)</i></p>
DELEGATION OF AUTHORITY	<p>A board may delegate its authority regarding an action authorized or required to be taken by a district by Education Code Chapter 44, Subchapter B, to a designated person, representative, or committee.</p> <p>A board may not delegate the authority to act regarding an action authorized or required to be taken by the board by Education Code Chapter 44, Subchapter B.</p> <p><i>Education Code 44.0312</i></p>
INJUNCTION	<p>A court may enjoin performance of a contract made in violation of Education Code Chapter 44, Subchapter B. A county attorney, district attorney, criminal district attorney, citizen of the county in which a district is located, or any interested party may bring an action for an injunction. A party who prevails in an action brought under this subsection is entitled to reasonable attorney's fees as approved by the court. <i>Education Code 44.032(f)</i></p>
PURCHASES VALUED AT OR ABOVE \$25,000	<p>All district contracts, except contracts for the purchase of produce or vehicle fuel, valued at \$25,000 or more in the aggregate for each 12-month period, shall be made by the method that provides the best value for a district:</p> <ol style="list-style-type: none"> 1. Competitive bidding. 2. Competitive sealed proposals. 3. A request for proposals for services other than construction services. 4. An interlocal contract. 5. The reverse auction procedure as defined by Government Code 2155.062(d). 6. The formation of a political subdivision corporation under Local Government Code 304.001. <p><i>Education Code 44.031(a)</i></p> <hr/> <p>Note: Regarding construction of school facilities, see CV generally; CVA for competitive bidding; CVB for competitive sealed proposals; CVC for design/build contracts; CVD, CVE for contracts using a construction manager; and CVF for job order contracts for minor repairs/alterations.</p> <hr/>
FACTORS	<p>In awarding a contract, a district shall consider:</p>

1. Purchase price.
2. The reputation of the vendor and of the vendor's goods and services.
3. The quality of the vendor's goods or services.
4. The extent to which the goods or services meet the district's needs.
5. The vendor's past relationship with the district.
6. The impact on the ability of the district to comply with laws relating to historically underutilized businesses.
7. The total long-term cost to the district to acquire the goods or services.
8. Any other relevant factor specifically listed in the request for bids or proposals.

Education Code 44.031(b)

In awarding a contract by competitive sealed bid under Education Code 44.031(b), a district that has its central administrative office located in a municipality with a population of less than 250,000 may consider a bidder's principal place of business in the manner provided by Local Government Code 271.9051. This section does not apply to the purchase of telecommunications services or information services, as those terms are defined by 47 U.S.C. Section 153. *Education Code 44.031(b-1)*

The factors listed above are the only criteria that may be considered by a district in its decision to award a contract. A district may apply one, some, or all of the criteria, but it may not completely ignore them. *R.G.V. Vending v. Weslaco Indep. Sch. Dist.*, 995 S.W.2d 897 (Tex. App.—Corpus Christi 1999, no pet.).

CONTRACT WITH
PERSON INDEBTED
TO DISTRICT

A board may, by resolution, establish regulations permitting a school district to refuse to enter into a contract or other transaction with a person indebted to the school district. A district may refuse to award a contract to or enter into a transaction with an apparent low bidder or successful proposer that is indebted to the district.

The term "person" includes an individual, sole proprietorship, corporation, nonprofit corporation, partnership, joint venture, limited liability company, and any other entity that seeks to enter into a contract or other transaction with a district requiring board approval.

Education Code 44.044

NOTICE PUBLICATION	Notice of when and where bids or proposals or the responses to a request for qualifications will be received and opened shall be published in the county where a district's central administrative office is located, once a week for at least two weeks prior to the deadline for receiving bids, proposals, or responses to a request for qualifications. If there is no newspaper in that county, the advertising shall be published in a newspaper in the county nearest the county seat of the county in which a district's central administrative office is located. In a two-step procurement process, the time and place where the second-step bids, proposals, or responses will be received are not required to be published separately. <i>Education Code 44.031(g)</i>
PERSONAL PROPERTY PURCHASES VALUED \$10,000 TO \$25,000	When a district seeks to purchase personal property of a value of at least \$10,000 but less than \$25,000, in the aggregate, for a 12-month period, the district may either purchase those items in accordance with Education Code 44.031(a) and (b) described above or follow the vendor list procedures described below. <i>Education Code 44.033(a)</i>
NOTICE	For each 12-month period, a district shall publish a notice in two successive issues of any newspaper of general circulation in the county in which the school is located. If there is no newspaper in the county in which the school is located, the advertising shall be published in a newspaper in the county nearest the county seat of the county in which the school is located, specifying the categories of personal property to be purchased and soliciting the names, addresses, and telephone numbers of vendors that are interested in supplying any of the categories to a district. <i>Education Code 44.033(b)</i>
VENDOR LIST	For each category, a district shall create a vendor list consisting of each vendor that responds to the published notice and any additional vendors the district elects to include. Before a district makes a purchase from a category of personal property, it must obtain written or telephone price quotations from at least three vendors from the list for that category. If fewer than three vendors are on the list, a district shall contact each vendor. Whenever possible, telephone quotes should be confirmed in writing by mail or facsimile. The bidding records shall be retained with a district's competitive bid records and are subject to audit. Purchases shall be made from the lowest responsible bidder, except as provided by Education Code 44.033(f). <i>Education Code 44.033(b), (c)</i>
LOCATION OF BIDDER	In awarding a contract by competitive sealed bid under Education Code 44.031(b) and (c), a district that has its central administrative office located in a municipality with a population of less than 250,000 may consider a bidder's principal place of business in the

manner provided by Local Government Code 271.9051. This section does not apply to the purchase of telecommunications services or information services, as those terms are defined by 47 U.S.C. Section 153. *Education Code 44.033(f)*

PRODUCE OR FUEL
PURCHASES

When a district purchases produce or fuel valued at \$10,000 or more in the aggregate, for a 12-month period, the district must either purchase those items in accordance with Education Code 44.031(a) and (b) described above or follow the vendor list procedures described immediately above. *Education Code 44.033(a), (d)*

PROFESSIONAL
SERVICES

The purchasing requirements of Education Code 44.031 do not apply to a contract for professional services rendered, including the services of an architect, attorney, or fiscal agent.

A district may contract for professional services rendered by a financial consultant or a technology consultant in the manner provided by Government Code 2254.003, in lieu of the methods provided by Education Code 44.031.

Education Code 44.031(f)

Competitive bids shall not be solicited for professional services of any licensed or registered certified public accountant, architect, landscape architect, land surveyor, physician, optometrist, professional engineer, state-certified or state-licensed real estate appraiser, or registered nurse. Contracts for these professional services shall be made on the basis of demonstrated competence and qualifications to perform the services and for a fair and reasonable price. *Gov't Code 2254.002, 2254.003(a)*

An interlocal contract between a district and a purchasing cooperative may not be used to purchase engineering or architectural services. *Gov't Code 791.011(h)*

[See also CV]

EMERGENCY DAMAGE
OR DESTRUCTION

If school equipment, a school facility, or a part of a school facility or personal property is destroyed or severely damaged or, as a result of an unforeseen catastrophe or emergency, undergoes major operational or structural failure, and a board determines that the delay posed by the methods provided for in Education Code 44.031 would prevent or substantially impair the conduct of classes or other essential school activities, then contracts for the replacement or repair of the equipment, school facility, or the part of the school facility may be made by methods other than those required by Education Code 44.031. *Education Code 44.031(h)*

COMPUTERS

A district may acquire computers and computer-related equipment, including computer software, through the Department of Informa-

tion Resources (DIR) under contracts with the DIR in accordance with Government Code Chapter 2054 or 2157. *Education Code 44.031(i)*

AUTOMATED
INFORMATION
SYSTEM

A district may purchase an automated information system using the purchasing method described by Government Code 2157.068 for commodity items or a purchasing method designated by the comptroller to obtain the best value for the state, including a request for offers method. A district that purchases an item using a method listed above satisfies any state law requiring the district to seek competitive bids for the purchase of the item. *Gov't Code 2157.006*

AUTOMATED
EXTERNAL
DEFIBRILLATORS

A school that purchases or leases an automated external defibrillator, as defined by Health and Safety Code 779.001, shall ensure that the defibrillator meets standards established by the federal Food and Drug Administration. *Education Code 44.047*

SOLE SOURCE

Compliance with Education Code 44.031 is not required for purchases that are available from only one source, including:

1. An item for which competition is precluded because of a patent, copyright, secret process, or monopoly.
2. A film, manuscript, or book.
3. A utility service, including electricity, gas, or water.
4. A captive replacement part or component for equipment.

The sole source exception shall not apply to mainframe data processing equipment and peripheral attachments with a single-item purchase price in excess of \$15,000.

Education Code 44.031(j), (k)

IMPERMISSIBLE
PRACTICES

A trustee, employee, or agent shall not, with criminal negligence, make or authorize separate, sequential, or component purchases to avoid the purchasing requirements set out in Education Code 44.031. An officer or employee shall not knowingly violate Education Code 44.031 in any other manner.

“Component purchases” means purchases of the component parts of an item that in normal purchasing practices would be made in one purchase. “Separate purchases” means purchases, made separately, of items that in normal purchasing practices would be made in one purchase. “Sequential purchases” means purchases, over a period, of items that in normal purchasing practices would be made in one purchase.

Violation of this provision is a Class B misdemeanor and an offense involving moral turpitude, conviction of which shall result in removal from office or dismissal from employment. A trustee who is convicted of a violation of this provision is considered to have committed official misconduct and for four years after the date of final conviction, the removed person is ineligible to be appointed or elected to public office in Texas, is ineligible to be employed by or act as an agent for the state or a political subdivision, and is ineligible to receive any compensation through a contract with the state or a political subdivision. [See BBC]

Education Code 44.032

INSURANCE

A contract for the purchase of insurance is a contract for the purchase of personal property and shall be made in accordance with Education Code 44.031 or 44.033. *Education Code 44.031, 44.033; Atty. Gen. Op. DM-347 (1995)*

MULTIYEAR
CONTRACTS

A district may execute an insurance contract for a period longer than 12 months, if the contract contains either or both of the provisions described at COMMITMENT OF CURRENT REVENUE, below. If a district executes a multiyear insurance contract, it need not advertise for insurance vendors until the 12-month period during which the district will be executing a new insurance contract. *Atty. Gen. Op. DM-418 (1996)*

COMPETITIVE
BIDDING

If a district receives two or more bids from responsible bidders that are identical, in nature and amount, as the lowest and best bids, it shall select only one bidder from the identical bids.

If only one of the bidders submitting identical bids is a resident of a district, that bidder shall be selected. If two or more such bidders are residents of a district, one shall be selected by the casting of lots. In all other cases, one of the identical bids shall be selected by the casting of lots.

A board shall prescribe the manner of casting lots and shall be present when the lots are cast. All qualified bidders or their representatives may be present at the casting of lots.

Local Gov't Code 271.901

REVERSE AUCTION

A district that uses the reverse auction procedure must include in the procedure a notice provision and other provisions necessary to produce a method of purchasing that is advantageous to the district and fair to vendors. *Local Gov't Code 271.906(b)*

Reverse auction procedure means:

1. A real-time bidding process usually lasting less than one hour and taking place at a previously scheduled time and Internet location, in which multiple suppliers, anonymous to each other, submit bids to provide the designated goods or services; or
2. A bidding process usually lasting less than two weeks and taking place during a previously scheduled period and at a previously scheduled Internet location, in which multiple suppliers, anonymous to each other, submit bids to provide the designated goods or services.

Gov't Code 2155.062(d)

OUT-OF-STATE
BIDDERS

A board shall not award a contract for general construction, improvements, services, or public works projects or for purchase of supplies, materials, or equipment to a bidder whose principal place of business is not in this state, unless the nonresident underbids the lowest bid submitted by a responsible resident bidder by an amount that is not less than the amount by which a resident bidder would be required to underbid a nonresident bidder to obtain a comparable contract in the state in which the nonresident's principal place of business is located. *Gov't Code 2252.001, 2252.002*

This requirement shall not apply to a contract involving federal funds. A district shall rely on information published by the comptroller in evaluating the bids of a nonresident bidder. *Gov't Code 2252.003, 2252.004*

INTERLOCAL
AGREEMENTS

To increase efficiency and effectiveness, a district may contract or agree with other local governments and with state agencies, including the comptroller, to perform some of its purchasing functions. *Gov't Code 791.001, 791.011, 791.025*

An interlocal contract must be authorized by a board and the governing body of each contracting party; must state the purpose, terms, rights, and duties of the contracting parties; and must specify that each party paying for the performance of governmental functions or services shall make those payments from current revenues available to the paying party.

An interlocal contractual payment must be in an amount that fairly compensates the performing party for the services or functions performed under the contract. The contract may be renewed annually.

Gov't Code 791.011(d)–(f)

A district may agree with another local government, including a nonprofit corporation that is created and operated to provide one or more governmental functions and services, or with the state or a

state agency, including the comptroller, to purchase goods and services reasonably required for the installation, operation, or maintenance of the goods. Such an agreement may not, however, apply to services provided by firefighters, police officers, or emergency medical personnel.

A district that purchases goods and services by agreement with another local government or with the state or state agency satisfies the requirement to seek competitive bids for the purchase of goods and services.

Gov't Code 791.025(b), (c); Atty. Gen. Op. JC-37 (1999)

STATE PURCHASING
PROGRAM

Purchasing services performed for a district by the comptroller shall include:

1. The extension of state contract prices to a district when the comptroller considers it feasible.
2. Solicitation of bids on items desired by a district if the solicitation is considered feasible by the comptroller and is desired by the district.
3. Provision of information and technical assistance to a district about the purchasing program.

The comptroller may charge a district its actual costs in providing purchasing services.

Local Gov't Code 271.082

DISTRICT
REQUIREMENTS

A district may participate in the purchasing program, including participation in purchases that use the reverse auction procedure, by filing with the BPC a resolution adopted by the board requesting that the district be allowed to participate on a voluntary basis, to the extent the BPC deems feasible, and stating that the board shall:

1. Designate an official to act for the district in all matters relating to the program, including the purchase of items from the vendor under any contract.
2. Direct the decisions of its representative.
3. Be responsible for:
 - a. Submitting requisitions to the commission under contract(s) and for payment directly to the vendor; and
 - b. Electronically sending purchase orders directly to vendors, or complying with procedures governing a reverse auction purchase, and electronically sending the BPC reports on actual purchases.

4. Be responsible for the vendor's compliance with all conditions of delivery and quality of the purchased item.

A purchase made through participation in this program meets any state requirement to seek competitive bids for the purchase of the item.

ELECTRONIC
MARKETPLACE

If a district has the ability to electronically send purchase orders and information, it may participate in the Department of Information Resources' electronic procurement system, as described in Government Code Chapter 2177.

Local Gov't Code 271.083

MULTIPLE AWARD
CONTRACT
SCHEDULE

The BPC shall develop a schedule of multiple award contracts that have been previously awarded using a competitive process by the federal government or any other governmental entity in any state.

A district may purchase goods or services directly from a vendor under a contract listed on a schedule. An authorized purchase satisfies any requirement of state law relating to competitive bids or proposals and satisfies any applicable requirements of Government Code 2157.

The price listed for a good or service under a multiple award contract is a maximum price. A district may negotiate a lower price for goods or services under a contract listed on a schedule.

Gov't Code 2155, Subchapter I

COOPERATIVE
PURCHASING
PROGRAM

A district may participate in a cooperative purchasing program with another local government or a local cooperative organization. If a district does so, it may sign an agreement with another participating local government or a local cooperative stating that the district will:

1. Designate a person to act on behalf of the district in all matters relating to the program.
2. Make payments to another participating local government or local cooperative organization or directly under a contract, as provided in the agreement.
3. Be responsible for the vendor's compliance.

If a district participates in a cooperative purchasing program, it satisfies any law requiring it to seek competitive bids.

Local Gov't Code 271.102; Atty. Gen. Op. JC-37 (1999)

MANAGEMENT FEE
REPORT

A school district that enters into a purchasing contract valued at \$25,000 or more under Education Code 44.031(a)(5) (interlocal

contract), under Subchapter F, Chapter 271, Local Government Code (cooperative purchasing program), or under any other cooperative purchasing program authorized for school districts by law shall document any contract-related fee, including any management fee, and the purpose of each fee under the contract.

The amount, purpose, and disposition of any fee described above must be presented in a written report and submitted annually in an open meeting of the board. The written report must appear as an agenda item. The Commissioner of Education may audit the written report.

Education Code 44.0331

STATE COUNCIL ON
COMPETITIVE
GOVERNMENT

As approved by the State Council on Competitive Government, a district may voluntarily participate in a contract awarded by the council or a state agency under Government Code 2162. A district that purchases goods or services under this type of contract is considered to have satisfied any state law requiring competitive purchasing. *Gov't Code 2162.102(d)*

COMMITMENT OF
CURRENT REVENUE

A contract for the acquisition, including lease, of real or personal property is a commitment of a district's current revenue only, provided the contract contains either or both of the following provisions:

1. Retains to the board the continuing right to terminate the contract at the expiration of each budget period during the term of the contract.
2. Is conditioned on a best efforts attempt by the board to obtain and appropriate funds for payment of the contract.

Local Gov't Code 271.903

ENERGY OR WATER
CONSERVATION
MEASURES

A district may contract for energy or water conservation measures. Such a contract shall be let according to the procedures established for professional services by Government Code 2254.004.

A board shall establish a goal to reduce a district's annual electric consumption by five percent each year for six years, beginning September 1, 2007.

Education Code 44.901 [See policy CL for legal requirements pertaining to such contracts]

RECYCLED
PRODUCTS

A district shall give preference in purchasing to products made of recycled materials if the products meet applicable specifications as to quantity and quality. A district shall regularly review and revise its purchasing procedures and specifications for purchase of goods, supplies, equipment, and materials in order to:

1. Eliminate procedures and specifications that explicitly discriminate against products made of recycled materials.
2. Encourage the use of products made of recycled materials.
3. Ensure to the maximum extent economically feasible that the district purchase products that may be recycled when they have served their intended use.

A district may seek an exemption from compliance if it has a population of less than 5,000 within its geographic boundaries and demonstrates to the Water Commission that compliance would work a hardship on the district.

Health and Safety Code 361.426

AGRICULTURAL PRODUCTS

If the cost and quality are equal, a district shall give preference in purchasing to agricultural products, including textiles and other similar products, that are produced, processed, or grown in Texas. "Processed" means canning, freezing, drying, juicing, preserving, or any other act that changes the form of a good from its natural state to another form. If Texas agricultural products are not equal in cost and quality to other agricultural products, a district shall give preference in purchasing to agricultural products produced, processed, or grown in the United States, if the cost and quality of the U.S. and foreign products are equal.

A district may not adopt product purchasing specifications that unnecessarily exclude agricultural products produced, processed, or grown in Texas.

VEGETATION FOR LANDSCAPING

If cost is equal and the quality is not inferior, a district shall give preference to Texas vegetation when it purchases vegetation for landscaping purposes.

Education Code 44.042

BUS PURCHASE OR LEASE

Each contract proposed for the purchase or lease of one or more school buses, including a lease with an option to purchase, shall be submitted to competitive bidding when the contract is valued at \$20,000 or more. *Education Code 44.031(l)* [See CNB]

CRIMINAL HISTORY

Before entering into a contract with a district, a person or business must give notice to the district if the person or an owner or operator of the business has been convicted of a felony. A district may terminate a contract with a person or business if the district determines that the person or business failed to give such notice or misrepresented the conduct resulting in the conviction. A district must compensate the person for services performed before the contract terminated. *Education Code 44.034*

EMPLOYED
BEFORE JANUARY
1, 2008

An entity that contracts with a school district to provide services shall obtain from any law enforcement or criminal justice agency or a private entity that is a consumer reporting agency governed by the Fair Credit Reporting Act (15 U.S.C. Section 1681 et seq.), all criminal history record information that relates to an employee of the entity who is employed before January 1, 2008, and who is not subject to a national criminal history record information review under Education Code 22.0834(b) [see DBAA] if:

1. The employee has continuing duties related to the contracted services; and
2. The employee has direct contact with students.

The entity shall certify to the school district that it received all of the criminal history record information required above.

A school district may obtain from any law enforcement or criminal justice agency all criminal history record information that relates to a person described above.

Education Code 22.0834(g)-(i)

EMPLOYMENT
OFFERED ON OR
AFTER JANUARY 1,
2008

A person who, on or after January 1, 2008, is offered employment by an entity that contracts with a school district must submit to a national criminal history record information review if:

1. The employee or applicant has or will have continuing duties related to the contracted services; and
2. The employee or applicant has or will have direct contact with students.

The person must submit to the review before being employed or serving in a capacity described above.

An entity contracting with a school district shall obtain all criminal history record information that relates to a person described above through the criminal history clearinghouse as provided by Government Code 411.0845. The entity shall certify to the school district that the entity has received all criminal history record information relating to the person.

A school district may obtain the criminal history record information of a person to whom this section applies through the criminal history clearinghouse as provided by Government Code 411.0845.

Education Code 22.0834(a)-(e)

EMERGENCY

In the event of an emergency, a school district may allow a person to whom Education Code 22.0834(a) or (g) applies to enter school district property if the person is accompanied by a district em-

ployee. A school district may adopt rules regarding an emergency situation. *Education Code 22.0834(f)*

RIGHT TO WORK

While engaged in procuring goods and services or awarding a contract, a district:

1. May not consider whether a vendor is a member of or has another relationship with any organization; and
2. Shall ensure that its bid specifications and any subsequent contract or other agreement do not deny or diminish the right of a person to work because of the person's membership or other relationship status with respect to any organization.


Education Code 44.043

LOBBYING
RESTRICTION:
TOBACCO EDUCATION
GRANT FUNDS

A district may not spend grant funds it receives from the Permanent Fund for Tobacco Education and Enforcement to pay:

1. Lobbying expenses incurred by the district;
2. A person or entity that is required under Government Code Chapter 305 to register as a lobbyist with the Texas Ethics Commission.
3. Any partner, employee, employer, relative, contractor, consultant, or related entity of a person or entity of a registered lobbyist (as described in item 2);
4. A person or entity who has been hired to represent associations or other entities for the purpose of affecting the outcome of legislation, agency rules, ordinances, or other government policies.

Gov't Code 403.1067

	ACCOUNTING PROCEDURES HARRIS COUNTY DEPARTMENT OF EDUCATION	Reference: <i>CH Local</i> <i>CH Legal</i>
DATE DEVELOPED: 06-02-08		REVISED DATE: 02-12-09
SUBJECT: Contract Monitoring and Compliance Procedure		

Source of Policy

- CH Legal and CH Local Board Policies
- Chapter 44 of the Texas Education Code
- Financial Guidelines

Required Documents

- Copy of contract as approved by the Board or the Superintendent

Performed by Superintendent

1. Implement an organizational structure and assign functions to the Executive Team.
2. Assign and evaluate job descriptions to include contract management for their respective functions in each of the job descriptions of each member of Executive Team.
3. Assign the Assistant Superintendent for Business Services the development of a contract management system and internal controls in the Department and assign the authority to enforce the requirement of internal controls by program directors across the Department for contract management.

Performed by Administrator in Charge

1. Receive assignment of contract management via the job description and via his or her function in the Department within the organizational structure.
2. Implement an annual evaluation of the function, its related contract management responsibilities and internal controls with the organizational structure.
3. Implement a system of contract management system and internal controls for all program functions under the oversight of the administrator.

Received and Reviewed by _____ Title _____ Date _____



ACCOUNTING PROCEDURES

HARRIS COUNTY DEPARTMENT OF EDUCATION

Reference:

CH Local
CH Legal

DATE DEVELOPED: 06-02-08

REVISED DATE: 02-12-09

SUBJECT: **Contract Monitoring and Compliance Procedure**

4. Receive annual training on financial guidelines to include procurement policies and procedures by Purchasing Office and the Compliance Office.
5. Authorized personnel on contracts: Superintendent or Assistant Superintendent for Business Services ONLY.

For consultant contracts: function authority approval by

- ➔ Superintendent
- ➔ Assistant Superintendent for Business Services

6. Review the contract requirements.
7. Submit requests for purchases prior to commencing work or receiving goods. All purchases must be made via a duly authorized purchase order as per local policy.
8. Check the coding of expenditures to make sure that the FASRG is followed.
9. Follow this principle: No funds, no purchase order.
10. Implement procedures to make sure requirements are met.
11. Prepare an electronic requisition to encumber the contract and get purchase order from the Purchasing Department.
12. Prepare a Request for payments and reference the purchase order number under the contract at least 5 days before the payment is due.
13. Submit required documentation: (1) a request from the administrator certifying that HCDE receive value for services; (2) attach original or copy of invoices, (3) make sure funds are available in budget code; and (4) get proper approvals from supervisor(s). Note: original invoices must be sent to Accounts Payable by vendor.
14. Seek approvals as required (immediate supervisor and or Senior Level Management).

Received and Reviewed by _____ Title _____ Date _____



ACCOUNTING PROCEDURES

HARRIS COUNTY DEPARTMENT OF EDUCATION

Reference:

CH Local
CH Legal

DATE DEVELOPED: 06-02-08


REVISED DATE: 02-12-09

SUBJECT: **Contract Monitoring and Compliance Procedure**

15. Follow up with Accounts Payable to make sure that payment is made on time within the contract timelines.
16. Request inquiry access to Pentamation Finance Module from Technology Support Services.
17. Check the Pentamation system to check payments made to the prospective vendor and the status of encumbrances.
18. Follow up on timeline of contract renewal at least three months prior to expiration and meet with Procurement Staff to initiate the purchasing process and contract renewal process.
19. Utilize the Attestation Form for the purpose of certifying that all regulations and procedures have been followed before submitting a report to the agency, grant contract or application and-or requesting a signature from the Superintendent.
20. Adhere to the state guidelines for record retention for bank records.
21. Failure to adhere to established guidelines may lead to disciplinary action in accordance with HCDE Personnel Policies and Procedures.

For questions regarding any of these procedures, call the Business Office or Compliance Officer or send an email to enichols@hcde-texas.org.

Received and Reviewed by _____ Title _____ Date _____

	ACCOUNTING PROCEDURES HARRIS COUNTY DEPARTMENT OF EDUCATION	Reference: <i>CH Local</i> <i>CH Legal</i>
DATE DEVELOPED: 06-02-08		REVISED DATE: 02-12-09
SUBJECT: Grant Monitoring and Compliance Procedure		

Source of Policy

- CH Legal
- CH Local
- Texas Education Code
- Texas Education Agency – Financial Accountability System Resource Guide, Commissioner’s Rules
- Financial Guidelines

Required Documents

Copy of grant agreement as approved by the Board or the State agency, federal agency or non-profit group.

Performed by Administrator in Charge

1. Receive annual training on financial guidelines to include purchasing policies and procedures and grant guidelines by the Business Office and Compliance Office.
2. Review the grant requirements.
3. Implement procedures to make sure grant requirements are met.
4. Follow purchasing policies and procedures and contract monitoring procedures.
5. Coordinate efforts with other departments and campuses to achieve the grant mission and include activity in the Division Goals & Objectives.
6. Maintain a grant file with proper documentation as required by Circular A –133 for federal funds and the Financial Guidelines for state and local funds.
7. Prepare regulatory reports as required by the grant agreement, the grantor agency (i.e TEA), the Superintendent, and/or the public through open records requests.
8. Seek approvals as required-immediate supervisor and or Executive Team Management-for grant expenditures.

Received and Reviewed by: _____ Title: _____ Date: _____



ACCOUNTING PROCEDURES

HARRIS COUNTY DEPARTMENT OF EDUCATION

Reference:

CH Local
CH Legal

DATE DEVELOPED: 06-02-08


REVISED DATE: 02-12-09

SUBJECT: **Grant Monitoring and Compliance Procedure**

9. Follow up with Accounts Payable to make sure that payments are made on time and within the grant timelines.
10. Request inquiry access to Pentamation Finance Module from Technology Support Services.
11. Access the Pentamation System to check payments made to the prospective vendors and the status of encumbrances.
12. Follow up on timeline of grant renewal at least three months prior to expiration of grant and meet with Resource Development and Financial Management Staff to initiate the grant application and grant renewal process.
13. Utilize the **Attestation Form** for the purpose of certifying that all regulations and procedures have been followed before submitting a report to the agency, grant contract or application and-or requesting a signature from the Superintendent.
14. Adhere to the state guidelines for record retention for grant records.
15. Failure to adhere to established guidelines may lead to disciplinary action in accordance with HCDE Personnel Policies and Procedures.

For questions regarding this procedure, call the Business Office or send an email to enichols@hcde-texas.org.

Received and Reviewed by: _____ Title: _____ Date: _____

	ACCOUNTING PROCEDURES HARRIS COUNTY DEPARTMENT OF EDUCATION	Reference: <i>CH Local</i> <i>CH Legal</i>
DATE DEVELOPED: 06-02-08		REVISED DATE: 02-12-09
SUBJECT: Authorization for Electronic Purchasing Procedure		

Source Policies

- CH Legal
- CH Local
- Financial Guidelines


Electronic Requisitioning System

The Pentamation System is an electronic requisitioning system designed to automate the request for purchases. Levels of approval are required and act as internal controls over the purchasing requests.

Responsibilities of the Administrator in Charge

1. Receive annual training on purchasing policies and procedures by Purchasing Department and Compliance Office.
2. Provide training to internal staff as needed.
3. Accountability for purchases lies with the administrator in charge. Accountability cannot be assigned or delegated.
4. Approval for purchases can be delegated, but final responsibility still lies with the administrator in charge.
5. Any additional approval level must be communicated to the Technology Department for implementation.
6. The approval process for the following departments under this administrator can be seen on Attachment A.
7. Submit requests for purchases prior to commencing work or receiving goods. All purchases must be made via a duly authorized purchase order as per local policy.
8. Check the coding of expenditures to make sure that the Texas Education Agency's *Financial Accountability System Resource Guide* is followed.
9. Follow this principle: No funds, no purchase order.
10. Follow up with Purchasing Staff to check the status on purchases.

Received and Reviewed by: _____ Title: _____ Date: _____

	ACCOUNTING PROCEDURES HARRIS COUNTY DEPARTMENT OF EDUCATION	Reference: <i>CH Local</i> <i>CH Legal</i>
DATE DEVELOPED: 06-02-08		REVISED DATE: 02-12-09
SUBJECT: Authorization for Electronic Purchasing Procedure		

11. Follow up with Accounts Payable to make sure that payment is made on time and within contract timelines. Payments are made only on Wednesdays.
12. Check the Pentamation System for payments made to the prospective vendor and the status of encumbrances.
13. Every year, each director and administrator must identify the approval assignments for purchases and complete and submit as follows:

To be Sent to Business Office

At the beginning of the school year or when a new individual begins employment with the Department:

- ➔ The Signature Authority Form - Finance (Tab #14)
- ➔ The Signature Authority Form – Payroll (Tab #15)
- ➔ The Conflict of Interest Disclosure - Budget Managers form (Tab #16)

To be Sent to Technology Support Services


At the beginning of the fiscal year or when a new individual begins employment with the Department:

- ➔ The Authorization for Electronic Purchasing (*next page*)

14. Adhere to the state guidelines for record retention for procurement records
15. Failure to adhere to established guidelines may lead to disciplinary action in accordance with HCDE personnel Policies and Procedures.

For questions regarding this procedure, contact the Business Office or send an email to enichols@hcde-texas.org.

Received and Reviewed by: _____ Title: _____ Date: _____

	ACCOUNTING PROCEDURES HARRIS COUNTY DEPARTMENT OF EDUCATION	Reference: <i>CH Local</i> <i>CH Legal</i>
DATE DEVELOPED: 06-02-08		REVISED DATE: 02-12-09
SUBJECT: Authorization for Electronic Purchasing Procedure		

**Authorization for Electronic Purchasing Procedure
(Authorization by Administrator in Charge)**

Process A

Process B

Division:

1. Clerk-inputs Requisition
2. Budget Manager or Principal approves

Division:

1. Clerk-inputs Requisition
2. Budget Manager or Principal approval 1
3. Executive Team Member OR
Administrator in Charge approval 2

- - - -

- - - -

Outside Division:

3. Purchasing Clerk, Buyer, or Director
4. Director, Financial Services
5. Assistant Superintendent for
Business Services


Outside Division:

4. Depending on Amount of PO:
Purchasing Clerk, Buyer, or Director
5. Director, Financial Services
7. Assistant Superintendent for
Business Services

Identify the approval processes for:

Select Process	Division or Campus or Budget Manager	Signature of Administrator in Charge	Director's Signature

Received and Reviewed by: _____ Title: _____ Date: _____

	ACCOUNTING PROCEDURES HARRIS COUNTY DEPARTMENT OF EDUCATION	Reference: <i>CH (LOCAL)</i>
DATE DEVELOPED: 10/30/08		REVISED DATE: 10/30/08
SUBJECT: Use Purchase Orders for Processing Temporary Personnel Services		

Purpose

To provide guidelines for processing temporary personnel services requests on the TEMPORARY PERSONNEL REQUISITION FORM and payments. **The form is located on the P: drive in the Human Resources folder, in the 'Forms' folder.**

Procedure

The procedure for processing of temporary services will include the following steps:

Originating Division

The Division will:

- 1) Identify the need for temporary services.
- 2) Ascertain that funding for the services is available.
- 3) Complete the Temporary Services Requisition Form. This form should be signed by the division director or budget manager and include the funding code.
- 4) Send the completed Temporary Personnel Requisition Form to the Human Resources division for processing.


All invoices upon receipt will be sent to the originating division so that the budget manager can verify the billing and approve payment of the invoice. Original invoices with an approval signature should then be sent to Accounts Payable. Budget Managers should make sure that the Purchase Order number is on the invoice.

Human Resources

The Human Resources division will review the division's needs and approve the request. The Temporary Personnel Requisition Form will be numbered and completed. The Job Number of the contract will be included on the form. HR will contact the temporary service provider and receive an estimate and rate. These fees will be matched with the contract. Providers (vendors) will be asked to reference a PO # in each award by HR.

Purchasing

The Purchasing Clerk will receive the Temporary Personnel Requisition Form from Human Resources and forward to Buyer to create a requisition according to the form.

	ACCOUNTING PROCEDURES HARRIS COUNTY DEPARTMENT OF EDUCATION	Reference: <i>CH (LOCAL)</i>
DATE DEVELOPED: 10/30/08		REVISED DATE: 10/30/08
SUBJECT: Use Purchase Orders for Processing Temporary Personnel Services		

A copy of the Purchase Order will be sent to:

- ✓ Human Resources
- ✓ Originating Division
- ✓ Accounts Payable -- with the temporary personnel requisition form attached

Accounts Payable

All invoices must be sent to the Accounts Payable by the division using the temporary personnel services along with their written approval. Only original invoices will be accepted.

Temporary Service Provider (Vendor)

Invoices should indicate the Purchase Order number. Only original invoices will be accepted.

According to CH Local, all single item or cumulative expenditures amounting to \$25,000 are required to be pre-approved by the Board of Trustees prior to the culmination of the purchase. In order to meet this requirement, the Business Office will submit a payment history report for all vendors with cumulative payments of at least \$20,000 to the Board of Trustees each month.

Processing Deadlines and Check Distribution

Payment authorizations submitted on Tuesday before 12:00 Noon will be processed on the following Wednesday. Refer to the Business Services Calendar for check distribution dates.

Replacement Checks

If an employee or a temporary service provider (vendor or a contractor) does not receive payment within 7 business days after a regularly scheduled check distribution, Accounts Payable should be notified as soon as possible. A 'stop payment' will be processed at the depository bank and a replacement check will be issued. If a check has been cashed by someone other than the person entitled to payment, a bank affidavit must be completed before a replacement check can be issued.

Texas Sales Tax

Payment authorizations should not include sales taxes for payment or reimbursements to employees. The Department is exempt from Texas Sales Taxes. HCDE pays hotel occupancy taxes.

No:



Harris County Department of Education

TEMPORARY PERSONNEL REQUISITION FORM

Requisition

Division:	Date of Request:
Date Needed:	Length of Assignment:
To Whom Will They report To:	Work Hours:
Lunch Hour:	Person requesting Temp:

Skills Needed:

Description of Performance Responsibilities:

Budget Information

Budget Code	Account Code	Percentage

Justification for Request

Please provide justification for request:

Approval Signatures

Division Director:	Date:
Human Resources Director:	Date:

For Internal Use Only

Temp Agency:	Job No:	Date:
Recruiter Processing Request:	Quoted Rate:	Estimated Total:
Temp's Name:		

Distribution:
Human Resources
Purchasing
Requesting Division



ACCOUNTING PROCEDURES

HARRIS COUNTY DEPARTMENT OF EDUCATION

Reference:

DEE (LOCAL)

DATE DEVELOPED: 03/26/06

REVISED DATE: 06/18/08

SUBJECT: **In-County Mileage Reimbursements Procedure**

Purpose

To provide guidelines for incurring in-county mileage expense and for processing employee reimbursements for in-county mileage. An in-county mileage reimbursement is a request for reimbursement for travel related expenses incurred while conducting business relations for HCDE within the boundaries of Harris County, Texas.

Procedure

In-county mileage reimbursements are requested by the employee. Employees should complete an in-county travel reimbursement form and obtain the appropriate signatures. **The employee must turn in mileage no later than 60 days from travel for reimbursement. In-County Travel reimbursements later than 60 days may result in forfeited reimbursement.** Employees must submit proof of insurance with the first request for reimbursement of each fiscal year.

Allowable Expenses

- Parking Fees
- Toll Road Fees

Supporting Documentation

The following documents must accompany an in county mileage reimbursement form:


- Proof of Insurance
- **Original** toll receipts signed by requestor
- **Original** parking receipts signed by requestor

Form Completion and Distribution

The following information must be legibly printed or typed and appear on an in county mileage reimbursement form:

- Requestors information
- Budget information
- Destination to and from for each day
- Total miles
- Commute miles
- Net miles
- Other expenses
- Signatures & approvals

Received and Reviewed by: _____ Title: _____ Date: _____

	ACCOUNTING PROCEDURES HARRIS COUNTY DEPARTMENT OF EDUCATION	Reference: <i>DEE (LOCAL)</i>
DATE DEVELOPED: 03/26/06		REVISED DATE: 06/18/08
SUBJECT: In-County Mileage Reimbursements Procedure		

Automobile Insurance Coverage

Proof of insurance is required before an in county mileage reimbursement request is processed. It is the responsibility of the employee and the supervisor to ensure that the insurance is current. Employees must submit a copy of his or her insurance at the beginning of each fiscal year with the first in county mileage reimbursement request. Employee's names must appear on the document for proof of insurance.

Commute Miles

Commute mileage is the distance an employee drive between his or her residence and: (1) His or her regular place of work-sometimes referred to as 'home base';(2) The first assignment of the day (where an employee starts work at different locations on different days of the week); (3) Each assignment if an employee work a split shift or (4) The first assignment when an employee telecommutes and his or her residence is the worksite.

Commute miles must be deducted on day trips. This cost is a personal commuting expense and **will not** be reimbursed-regardless of how far an employee's home is from his or her regular work-site.

Furthermore, in the event an employee works during his or her commute, commute mileage remain non-reimbursable. For example: Engaging in a business phone call during your commute does not change the trip from personal commute to a business commute.


Teleworking Miles

An employee that has a teleworking agreement on file with the Human Resources division and is required to travel from their residence while teleworking to a meeting is allowed mileage reimbursement only after deducting the employee's normal commute miles. That is, when required to travel from the residence while teleworking, the normal commute miles (travel from home to the employee's assigned work site) are deducted from the total mileage for that day. For further information on teleworking and the teleworking agreement, please refer to the Teleworking Procedure located on the p:drive in the Human Resources procedure folder.

Processing Deadlines and Check Distribution

In-county mileage reimbursements submitted on Tuesday before 12:00 Noon will be processed on the following Wednesday. Refer to the Business Services Calendar for check distribution dates.

Received and Reviewed by: _____ Title: _____ Date: _____

	ACCOUNTING PROCEDURES HARRIS COUNTY DEPARTMENT OF EDUCATION	Reference: <i>DEE (LOCAL)</i>
DATE DEVELOPED: 03/26/06		REVISED DATE: 06/18/08
SUBJECT: In-County Mileage Reimbursements Procedure		

Travel Management System

The Travel Management System is an electronic method used for processing in-county mileage. Employees who utilize the electronic travel reimbursement form must follow the same guidelines for completing the in-county reimbursements manually or in paper form. Travel reimbursements processed through the Travel Management System are uploaded into the Accounts Payable system for processing. Employees must attach all necessary documentation for review before processing is complete. The due dates for in-county mileage reimbursements processed through the Travel Management System submitted on Tuesday before 12:00 noon will be processed on the following Wednesday.

Use of Department Vehicles

Several divisions have purchased vehicles (vans, trucks, automobiles) for HCDE business use. The administrator in charge will be responsible deciding for the appropriate usage of these vehicles: who should use a vehicle, and how and when it should be used. One of the guidelines for usage, of course, should be the cost of usage, and the most economical use should be selected, given other considerations.

Received and Reviewed by: _____ Title: _____ Date: _____

HCDE Procedures for Initiating a Purchase Commitment

For All Items that are on bid, proposal or quotation, except:

- For Consultants, use Consultant Form instead of Requisition
- Construction: These will be initiated by the Facilities Department
- Contracted Services will be reviewed by the Purchasing Division and Requesting Division.

FOLLOW THE PURCHASING PATH:

- (1) Send to Related Program Director (ie. CASE, Head Start, ECI, Therapy, etc.)
- (2) Send to Technology Department if it is hardware, wiring, or software related. Technology Support Services will review requests.
- (3) After the various reviews, a purchase order will be generated from a requisition issued by the Requesting Division.

Request from Division or Campus
Requires Coding and Funding

Send to Purchasing
Department
Bidding and Pricing

Send to Purchasing Department to verify pricing, vendor, and review of purchase:

- Purchasing Clerk approves under \$2,500
- Buyer approves from \$2,500 to \$25,000
- Board of Trustees approves over \$25,000

Send to Assistant Superintendent for approval

Send to Purchasing Clerk for Printing

Print
Purchase
Order



HCDE Quick Reference Guide to Purchasing Policies

Link: <http://www.hcde-texas.org/default.aspx?name=PurchCoopHome>

This guide is intended for anyone who approves purchase requests.

Purchasing Contracts:

Purchase Orders - Purchases over \$2,500
Payment Authorizations - Purchases less than or equal to \$2,500

Over \$25,000 - 1 of 9 Methods
\$2,500 to \$25K - 3 Written Quotes
Less than \$2,500 - 1 Quote

Penalties:

A trustee, employee, or agent of the Department who knowingly or, with criminal negligence, violates the purchasing laws is subject to criminal penalties.

9 Methods for Purchasing:

- 1 - Competitive Bidding
- 2 - Competitive Sealed Proposals
- 3 - Catalog Purchase
- 4 - Interlocal Contract
- 5 - Construction: Design Build Contract
- 6 - Contract to construct, rehab, alter, or repair facilities that involves using a Construction Manager
- 7 - Job Order Contract for minor construction, repair, rehab, or alteration of a facility
- 8 - Reverse Auction Procedure as defined by TLGC 2155.062d
- 9 - The formation of a Political Subdivision Corporation under LGC, Section 304.001

Receipt of Gifts:

- * Public officials may NOT receive anything of value over \$250.
- * Gifts may impair judgment to get the best value for the Department.

Bond requirements:

Amount:

Performance Bond	\$ 100,000
Payment Bond	\$ 25,000
Registered Engineer	\$ 20,000
Registered Architect	\$ 100,000 new
Registered Architect	\$ 50,000 alteration

Other Requirements:

- *** Prevailing wage requirements.
- *** Requirements in Standard Conditions for General Contractor and Sub-Contractors are part of a bid or proposal.

Sole Source, Types:

Patent, Copyright, Secret Process, Monopoly, Manuscript, Film, Book, Utility Service, Replacement Component, or Parts.
Sole Source determination will be made by the Purchasing Division ONLY upon review of the sole source letter.

Sole Source, Exceptions:

Exceptions to TEC 44.031 are professional services such as Architects, Attorneys or Fiscal Agents. Financial Consultants or Technology Consultants may be hired according to TGC 2254.026 and 2254.027

Competitive bids are NOT allowed for CPAs, Architects, Landscape Architect, Land Surveyor, Physician, State-certified or State-licensed Real Estate Appraiser, Optometrist, Professional Engineer, or Registered Nurse. These contracts shall be awarded on the basis of demonstrated competence and qualifications and for a fair and reasonable price.

Felony Conviction:

The Department must receive notice from a person or business if the person or an owner or operator of a business has been convicted of a felony. The Department may terminate the contract (1) due to the conviction, (2) if the person fails to provide notice, or (3) the person misrepresents the conduct resulting in the conviction.

Contracts:

Payments from 6200 codes require a contract unless the total is under \$1,500.

Contracts may ONLY be signed by the Superintendent or the Assistant Supt. For

All contracts must be processed through Purchasing Division.

Sample contracts are available in P: Drive \under Purchasing/ Contracts.

Factors to Consider when Awarding a Contract:

- Price
- Reputation (Vendor)
- Quality of Work
- Meets HCDE Needs
- Past Relationship
- HUB Compliance
- Long-term Costs
- Any Other Relevant Factor

Vendor Package:

- Includes: Vendor Information Form W-9 Form Conflict of Interest Form

Law:

Texas Education Code (TEC)
Chapter 44. Fiscal Management, .031 Purchasing Contracts

Texas Local Government Code (TLGC)
Section 304.001

Texas Government Code (TGC)
Section 2254.026 & .027
Section 2155.062d

HCDE Policies:

CAA Local
CH Legal and Local
DBD Local

Legal Notices:

Required for bids and proposals

Selection:

Will be made public AFTER award

Delivery Method Selection:

Construction Project delivery method must be determined prior to advertising

Emergencies, Defined:

Equipment, facility, part of school or personal property is destroyed or damaged due to unforeseen disaster or emergency or undergoes major operational or structural failure and the Board of Trustees determines that the delay posed by methods in TEC 44.031 will prevent/substantially impair the conduct of classes or other essential [school] activities. Then contracts for the replacement or repair of equipment or facility may be made by methods other than those required by TEC 44.031.

Insurance:

Workers Compensation insurance is REQUIRED for any work where services are performed at Department locations: offices, centers, etc.) An exception may be Sole Proprietors, Partners, and Corporate Officers who are self-insured.

Board Approvals:

- ** Purchasing Contracts above \$25,000.
- ** Construction contracts valued at or over \$25,000.
- ** Change Orders shall be approved **prior to** beginning the approved work.
- ** A monthly report is made of vendors paid in excess of \$25,000 Year-To-Date.

Related Party Transactions:

The Department may not sell to one of its employees. See DED Local

The Purchasing Division will determine Cooperative Participation: HCDE, TASB Buy Board, Houston Galveston Area Council, Region 1 ESC, TCPN (R4ESC).

Additional Information:

Contact the Business Office or the Purchasing Division.

via email:

jamezcus@hcde-texas.org
jcutting@hcde-texas.org
gquillard@hcde-texas.org

via phone:

(713) 686-1371

via FAX:

(713) 696-1371

The HCDE Website:

www.hcde-texas.org

Required Documents for Payment of a Purchase Order:

- 1) Requisition
- 2) Purchase Order
- 3) Receiving Report
- 4) Original Invoice

Retainage shall be retained at 5% and a checklist must be prepared before final payment.

Deliveries of Fixed Assets

MUST be made to the Warehouse or to the Technology Division for tagging and accountability.

Fraud:

Fraud must be reported to the Superintendent.

Examples of Fraud:

- Not receiving all items in an order; yet paying for all items.
- Not receiving value for services or goods.
- Paying to a fictitious vendor.

Fraud often requires collusion.

Refer to Fraud Policies and Procedures; CAA Local.

**HARRIS COUNTY DEPARTMENT OF EDUCATION
SIGNATURE AUTHORITY FORM
FY 2008-09**

Please complete the form by having authorized employees print and sign under the "Alternate Authorized Signatures" section. Each individual must also complete the Conflict of Interest Disclosure. This authorization allows assigned designees to sign payment authorizations, purchase orders, requests to attend, mileage reimbursements, travel reimbursements, procurement card and budget amendments. This form also must be signed by the division director/manager authorizing the other signees to sign. Please return to Belinda Lalor. If you have questions about the form, please call Belinda Lalor at (713) 696-0746.

Fund	_____	Budget Mgr Code	_____
Division	_____		
Division Manager	_____	Signature	_____
Contact Person	_____		

Alternate Authorized Signatures - All Financial Paperwork:

1. Name	_____	Signature	_____
Position	_____		
2. Name	_____	Signature	_____
Position	_____		
3. Name	_____	Signature	_____
Position	_____		
4. Name	_____	Signature	_____
Position	_____		

Other Authorized Signatures - Specific Items Only:

1. Other (Specify)	_____	Printed Name	_____
		Signature	_____
2. Other (Specify)	_____	Printed Name	_____
		Signature	_____
3. Other (Specify)	_____	Printed Name	_____
		Signature	_____

Business Office

Date Received: _____

**HARRIS COUNTY DEPARTMENT OF EDUCATION
PAYROLL
SIGNATURE AUTHORITY FORM
FY 2008-09**

Please complete this form by assigning an alternate authorized signature.
This authorization allows assigned alternate designee(s) to sign timesheets, absence reports,
and overtime/compensatory time approval forms in the absence of the Division Director. This form
also designates a (PCP) Payroll Contact Person for your division. This form must be signed
by the Division Director. Please return this form to the Payroll Office. For questions regarding
this form, please contact Kedra Johnson at ext. 8289 or Julie Carson at ext. 1747.

Fund _____		Budget Mgr Code _____
Division _____		
Division Manager _____	Signature _____	
Contact Person _____		

Alternate Authorized Signatures - Timesheets, Absence Reports and Overtime/Comp time approvals:

1. Name _____		Signature _____
Position _____		
2. Name _____		Signature _____
Position _____		
3. Name _____		Signature _____
Position _____		
4. Name _____		Signature _____
Position _____		

Payroll Contact Person:

1. Other (Specify) _____		Printed Name _____
		Signature _____

Payroll Office

Date Received: _____



HARRIS COUNTY DEPARTMENT OF EDUCATION

6300 IRVINGTON BLVD., HOUSTON, TEXAS 77022

Conflict of Interest Disclosure - Budget Managers

Note: A budget manager is an individual that is authorized to approve purchase requests of any kind (i.e. grants, bids, requisitions, purchase authorizations, student activity, etc.) and/or is involved in any way in the procurement of any goods and services; and is also involved in the approval of transfers or amendments (i.e. principals, directors, supervisors, etc.)

Failure to complete this form will prevent the employee from being authorized to approve any purchases within the HCDE.

1. Have you accepted a **Cash Gratuity** (during duty and non duty periods) of any amount while representing HCDE? Yes ___ No ___ If yes, please explain and disclose from whom _____

2. Have you accepted any **Non-Cash Gratuities** that have a retail value of more than \$25.00 from a vendor this year? Yes___ No___ If yes, please explain and disclose from whom _____

3. If you answered 'Yes' to question #1 OR question #2, did you report it to your supervisor within 72 hours? Yes___ No___ Not Applicable ___ If no, explain _____

4. Do you own a business or have an interest in a company that **does business with HCDE**?
Yes___ No___ If yes, disclose name of company and your interest in said company _____

5. Does **anyone in your family** (brother, sister, mother, father, daughter, son, grandparents, uncles, aunts, etc.) work for, or have an interest in, a vendor or company doing business with HCDE?
Yes___ No___ If yes, disclose name of company and their interest in the outside company _____

6. **I Certify that the information above is true and correct to the best of my knowledge:**

Employee's Signature

Date

FOR BUSINESS SUPPORT SERVICES USE ONLY

Reviewed by Compliance Officer:

Authorized to participate in the purchasing process
by Asst. Superintendent for Business Services:
