

OFFICE MEMORANDUM

The School District of Osceola County
817 Bill Beck Blvd.
Kissimmee, Florida 34744-4492

BLAINE A. MUSE, SUPERINTENDENT

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| TO: Administrators and Bookkeepers | | DATE: 12-5-03 | MEMORANDUM NO. DF-04-11 |
| FROM: William C. Collins Director of Finance | | SUBJECT: Code of Ethics, Purchasing from Employees | |

This memo revises previous guidance on purchasing from employees and other related parties based on recent discussions with the Board’s attorney, Suzanne D’Agresta.

Section 112.313(3), F.S. restricts purchasing from related parties in two situations:

1. **Category P:** The vendor is a school board employee or a business in which any school board employee is a proprietor, partner, officer, director, or owner of a material interest (5% or more). Substitutes are employees.
2. **Category S:** The spouse or child of a school board employee making the decision to purchase is a proprietor, partner, officer, director, or owner of a material interest in the business (5% or more in combination with the employee, spouse and any children). A person making the decision to purchase is normally the individual who approves the requisition at the first level (i.e., principal or department head). However, this can be at a lower level if a teacher or other employee places an order which is then affirmed by the administrator, in which case the teacher would be the person making the decision to purchase. Individuals using purchasing cards are making the decision to purchase.

Statutory exceptions apply to both cases, including the following:

- A. The purchase is made subject to competitive bid.
- B. The amount purchased is does not exceed \$500 per calendar year.
- C. The vendor is a sole source.

Reimbursements to employees are not illegal, though these are discouraged in most situations except petty cash and travel.

Questions have been added to the vendor information form to obtain this information which will be stored in TERMS. Vendors in category P above (employees and businesses owned by employees) will be coded “P” for primary related party. Vendors in category S above (businesses owned by the spouse or child of an employee) will be designated “S” for secondary related party. The designation displays in the upper right on panel F804 in a field labeled “Rel.” P or S will also display on requisition approval panels F809 and F810.

Requisitions to vendors in category P: Must include a note must be included on the requisition indicating the statutory exception to the Code of Ethics under which the purchase is made or that the purchase is a reimbursement.

Purchases from vendors in category S: Approval at each level (Center, Project, Accounts Payable, Buyer, and Extra) carries the implied certification that the person approving is not the parent or spouse of any owner, partner, director, or officer of the vendor, and is not aware of any other district employee that made the decision to purchase who is so related to the vendor. If this is not the case, a note must be included on the requisition stating the statutory exception to the Code of Ethics under which the purchase is being made. Employees with approval authority who are related to a vendor and who have not made the decision to purchase should find someone else to approve the requisition to avoid any appearance of impropriety. Violation of the Code of Ethics by purchasing from a related party may be subject to disciplinary action, up to and including termination.

All employees making any decision to purchase should be notified by their supervisors of the prohibition against buying from businesses owned by themselves, their spouses or children

WCC:nd

cc: Blaine Muse
Richard Collins
BettyKay Renick
Cindy Stevens