

Fact or Opinion— Ethics in Purchasing

What steps does your district take to ensure the purchasing process is ethical?

By Kimberly Bauer

The *American Heritage Dictionary* defines “ethics” as “the rules or standards governing the conduct of a person or the members of a profession.” However, the dictionary definition of ethics isn’t as important as how we use ethics to guide our daily behavior.

The question of whether ethics are a matter of fact or opinion is highly debated. Consider the following. If right and wrong are a matter of opinion, and you believe taking a pen from the office isn’t wrong, would someone have the right to reprimand you for taking the pen? How you spend your tax-dollar-paid time is also an ethical question. You may call in sick because you don’t feel like going to work. You reason that you have sick leave—it’s your time, and you have the right to take it. Are you wrong? Is it ethical to go to work but spend your time shopping on the Internet?

Is there a difference between legal and ethical behavior? If you are driving in the middle of nowhere and no one is around, do you come to a complete stop at a stop sign, or do you just slow down a bit?

That simple question leads to a self-examination of whether your ethics are grounded in the desire to behave ethically or in the likelihood of your getting caught. For example, it is against the law to run a stop sign regardless of whether someone sees you, but it is not against the law to tell a lie unless you are under oath. Both, I’m sure you agree, are unethical, but where do *you* draw the line? If there were no laws, regulations, or policies, what would dictate *your* ethics?

Education Is Key

I believe most procurement issues are less about poor ethics and more about poor information, practices, and procedures. For example, a superintendent recently lost his

job after a state audit revealed problems in the district’s accounts. There was no evidence of fraud; however, there was strong evidence of employees’ lack of knowledge and failure to follow board policies. The school escaped fines, but the publicity caused a loss of the public’s trust. As a result, the district was unable to pass the next bond issue, and the superintendent lost his job.

Most of us receive instruction on how to carry out day-to-day tasks; however, we are not always given the reasons why they are done that way. When the rules, regulations, and laws behind a procedure are not explained and understood, the fallout can be more than financial.



We should all be accountable for our own education and for the education of those we supervise. Here are some points to get you started:

- **Know board policy.** Your board of education adopts policies that are unique to your district. It is important for all employees to read and understand those policies regardless of job title.
- **Know state laws.** Most states publish the statutes online on the state's procurement website.
- **Know federal law.** Laws concerning federal money are strictly defined. Make sure you and your teams are familiar with them.
- **Keep up with changes.** Laws change constantly. Stay informed!
- **Follow the law.** Just knowing the law is not enough.
- **Network! Get to know others in your profession.** ASBO International has a great network of professionals who come from every position in the international school business community. If you need help, ask for it; they are eager to help. Visit ASBO's website at asbointl.org. An email discussion forum is available for posting questions. Oklahoma ASBO teams with a state university to provide education. Check your ASBO affiliate for similar classes.

Ethics of Procurement

Here's list of dos and don'ts related to purchasing in your district:

- **Concentrate on what you can control.** Consistently run a clean, honest procurement process. When asked for your professional opinion, give it. If the process is not operated ethically, if accurate records are not kept, and if the rules are not followed, the entire process is jeopardized. If the final decision does not follow district policy, the law, or good ethical behavior, speak up. The decision may not always be yours, but making sure that all of the facts are given accurately is your ethical responsibility.
- **Be consistent.** Once precedence has been set, follow it.
- **Do not become tempted to take shortcuts.** Don't try to find a way around the process. It is much easier to do something the correct way the first time.
- **Be mindful of the importance of perception.** Going out to lunch or dinner with a vendor is not against the law (up to a point). Even if you pay for your own meal, a board member or reporter who sees you may assume the worst. If you recommend that vendor, no amount of explaining will erase the perception surrounding your having lunch together.
- **Don't let your friendly relationship with a vendor cross the line.** You may run into vendors outside the office at school functions, at church, or at the store. Agree not to discuss work outside the business office setting. Ethical vendors will understand and appreciate your integrity.

- **Never make verbal or written promises to a vendor** until your board has acted. If you inform vendors that they have been selected, they may buy items in anticipation of the award. But if the board does not follow your recommendation, your district may be monetarily liable for the items purchased.
- **Never discuss a quote or unsealed bid** that has been received until all bids are in and the tabulation is released.
- **Never manipulate quotes.** Never purposefully seek out quotes that are higher or lower in order to use or not use a particular vendor.
- **Give all vendors equal access.** A mandatory prebid meeting is the best way to ensure that everyone has the same information at the same time. Invite key district personnel so vendors can ask questions.
- **Do not allow contact between vendors and school personnel during a bidding process.** Encourage your sites to inform you immediately if a vendor contacts them during a bidding process.
- **Communicate everything in writing via email or fax.** Never have verbal communication with a vendor during a bid phase.
- **Avoid using specific brand names or models in your specifications.** If you receive specifications from another department, make sure you know their source.
- **Be fully transparent about your sources.** Try to avoid using a single vendor to help you build specifications for a bid. If it's unpreventable, add a disclaimer to your bid stating, "One or more vendors who may respond to the bid request assisted in the building of these specifications." You should also explain to the vendor or vendors who help build specifications that their work will be shared with others when the bid is released.
- **Don't assume that others have the same ethics.** Report anything that is questionable.
- **Take responsibility for your actions.** No one is perfect. We all make mistakes. You have been placed in a position of trust, so make every effort to be worthy of that trust.
- **Don't allow your emotions and personal feelings to affect your decisions.** They have no place in the procurement process. Regardless of whether a vendor has hospital bills or you play golf or attend church with a particular vendor, do not allow such situations to influence your decisions.
- **Remember, if you have to question whether an action or a statement is unethical, it probably is.**

Life is full of compromise, but you should never compromise your ethics. Don't forget, we are here for the children.

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