

6320 - PURCHASING

Each year the State of Michigan informs the District of the legal amount for purchases which require a formal bidding process of a single item.

It is the policy of the Board that the Superintendent adhere to the following:

- A. Seek informal price quotations on purchases in excess of \$5,000.00.
- B. When the purchase of, and contract for, single items of supplies, materials, or equipment is less than the amount allowed by State statute, but exceeds \$10,000.00 the Superintendent shall whenever possible, require three (3) competitive price quotations.

Purchases in a single transaction that are in excess of the dollar amount permitted by State statute shall require competitive bids and, whenever possible, have at least three (3) such bids for substantiation of purchase and shall require approval of the Board prior to purchase.

Competitive bids are not required for items purchased through the cooperative bulk purchasing program operated by the Michigan Department of Management and Budget pursuant to M.C.L.A. 18.1263.

Bids shall be sealed and shall be opened by the Superintendent in the presence of at least one (1) witness. All orders or contracts should be awarded to the lowest responsible bidder, however, consideration can be given to:

- A. the quality of the item(s) to be supplied;
- B. its conformity with specifications;
- C. suitability to the requirements of the District;
- D. delivery terms;
- E. past performance of the vendor.

The Board reserves the right to reject any and all bids.

Contracts can be awarded by the Superintendent without Board approval for any single item or group of identical items costing less than \$10,000. All other contracts require Board approval prior to purchase.

The Superintendent is authorized to purchase all items within budget allocations.

The Superintendent is authorized to make emergency purchases, without prior approval, of those goods and/or services needed to keep the schools in operation. Such purchases shall be brought to the Board's attention at the next regular meeting.

In order to promote efficiency and economy in the operation of the District, the Board requires that the Business Manager periodically estimate requirements for standard items or classes of items and make quantity purchases on a bid basis to procure the lowest cost consistent with good quality.

Whenever storage facilities or other conditions make it impractical to receive total delivery at any one time, the total quantity to be shipped but with staggered delivery dates, shall be made a part of the bid specifications.

In the interests of the economy, fairness, and efficiency in its business dealings, the Board requires that:

- A. opportunity be provided to as many responsible suppliers as possible to do business with the School District;
- B. a prompt and courteous reception, insofar as conditions permit, be given to all who call on legitimate business matters;
- C. where the requisitioner has recommended a supplier, the Superintendent may make alternate suggestions to the requisitioner if, in his/her judgment, better service, delivery, economy, or utility can be achieved by changing the proposed order.

The Superintendent shall determine the amount of purchase and type of purchase which shall be allowed without a properly signed purchase order. Employees may be held personally responsible for anything purchased without a properly signed purchase order or authorization.

The Board may acquire equipment as defined in law by lease, by installment payments, by entering into lease-purchase agreements, or by lease with an option to purchase, provided the contract sets forth the terms of such a purchase.

M.C.L.A. 380.623a, 380.1267, 380.1274 et seq.

Revised 5/16/05

Revised 4/19/10

6320A - PURCHASING

- A. A purchase order will be prepared for all purchases of merchandise and services.
- B. The responsibility for preparing purchase orders lies with the Program Administrator.
- C. The purchase order should be completed as much as possible, including the date, quantity, stock number, description, unit price, and total price. The purchase order should be "totaled." The account number should always be included.
- D. After preparation, all purchase orders will be sent to the Department Director for initialing.
- E. Purchase orders will then be forwarded to the Business Office for review for proper account number and confirmation that purchase is within the budget.
- F. Purchase orders will be sent to the Superintendent for final approval.
- G. Approved purchase orders will be returned to the Business Office. The Business Office will retain the pink copy and return remaining pack to the Program Administrator for processing. White copy to vendor, yellow and blue copy to your file.
- H. When the invoice is received, the invoice should be reviewed, approved, paper clipped to the yellow copy, and sent to the Business Office for payment.
- I. If only a portion of the items on a purchase order are received, a copy of the purchase order should be made and this copy, along with the invoice, sent to the Business Office for payment. When back ordered items are received, at that time the yellow copy should be attached to the final invoice and forwarded to the Business Office. The purchase order is now closed.
- J. The Business Office does not want packing slips, order forms, requisitions, etc. until the invoice is received. At that time, attach all correspondence to invoice with yellow copy of purchase order and forward for payment.
- K. The "blue" copy is your file copy. It is suggested that you keep a log of all purchase orders written.

- L. If a purchase order is to be voided. send yellow copy to the Business Office with VOID written across front.
- M. If you are paying for subscriptions, membership fees, conference registrations or anything where shipment of merchandise is not expected and you want a check to be sent with the order form, a purchase order should still be completed. Write "prepay" on front of purchase order and initial. If prepay is not written on purchase order, it is assumed you wish to be billed.
- N. In unusual/emergency circumstances where merchandise or service is obtained without a written purchase order, a purchase order number is to be secured from the designated department secretary who will keep a log of numbers issued and receive from you a completed purchase order with "confirmed" written across the order so that a second order for the supply or material is not implemented. Verification of receipt and payment is the same as for any other purchase order.

NO CHECK WILL BE ISSUED UNTIL ABOVE PROCEDURES HAVE BEEN FOLLOWED.

6320C - FISCAL ADMINISTRATION AND PROCUREMENT OF FEDERAL GRANTS

The District will apply the following standards of fiscal administration, procurement, and conduct toward the operation of all grant programs funded by Federal agencies.

- A. Procurement will follow the guidelines established in the Code of Federal Regulations (20) Section 667.200(a)(4) and the Common Rule Subpart C .36(b)(3) which states, "No employee, officer or agent of the grantee or subgrantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when: (1) the employee, officer or agent, (2) any member of his/her immediate family, (3) his/her partner, or (4) an organization, which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award."
- B. Procurement will follow written standards of conduct pursuant to Office of Management and Budget (OMB) A-110.42 which states, "The recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his/her immediate family, his/her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements. However, recipients may set standards for situation in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient."
- C. Written selection procedures are required for procurement transactions as required by the Common Rule Subpart C. Procedures will ensure that all solicitations are incorporated into the written procurement policy.
- D. Written procurement procedures shall be established pursuant to OMB Circular A-110 Section .44. These procedures shall provide for, at a minimum, that the following (1), (2) and (3) apply:
 - 1. recipients avoid purchasing unnecessary items
 - 2. where appropriate, an analysis is made of lease and purchase alternatives to determine

- which would be the most economical and practical procurement for the Federal Government
3. solicitations for goods and services provide for all of the following:
 - a. a clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition
 - b. requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals
 - c. a description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards
 - d. the specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitation
 - e. the acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement
 - f. preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient
 - E. Grantees and subgrantees alone will be responsible, in accordance with good administrative practice and sound business judgement, for the settlement of all contractual and administrative issues arising out of procurements. These standards do not relieve the grantee or subgrantee of any contractual responsibilities under its contracts. Violations of law must be referred to the appropriate local, State, or Federal agency having jurisdiction.

Approved 10/23/09

6421 - PURCHASES BUDGETED

It is the policy of the Board of Education that when funds are available, all purchases contemplated within the current budget and not subject to bid be made in a manner that ensures maximum value for the District.

All purchases that are within (function) limits may be made upon authorization of the Superintendent.

Before the Superintendent places a purchase order, s/he shall check as to whether the proposed purchase is subject to bid, whether sufficient funds exist in the budget, and whether the material might be available elsewhere in the District. All purchase orders shall be numbered consecutively.

The Superintendent shall solicit quotations from independent sources for the supplies, equipment, or services desired in all cases except of emergency or when quotes cannot be obtained. Should quotes not be obtained, the Superintendent shall attach a statement explaining why this is so. All quotations received shall be attended to and retained with a copy of the resulting purchase order.

In the interests of economy, fairness, and efficiency in its business dealings, the Board requires that:

- A. where the requisitioner has recommended a supplier, the Superintendent may make alternate suggestions to the requisitioner if, in his/her judgment, better service, delivery, economy, or utility can be achieved by changing the proposed order;
- B. upon the placement of purchase order, the Superintendent shall commit the expenditure against a specific line item to guard against the creation of liabilities in excess of appropriations;

- C. no purchase of supplies shall be allowed without a properly signed purchase order or authorization by the District's Business Manager. Employees shall be held personally responsible for anything purchased that has not been properly authorized.

The Board may acquire office equipment as defined in law by lease, by installment payments, by entering into lease-purchase agreements, or by lease with an option to purchase, provided the contract setting forth the terms of such a purchase shall not extend for a period of more than five (5) years.

6422 - PURCHASES NOT BUDGETED

In order to maintain fiscal responsibility, the Board of Education hereby adopts additional fiscal controls to ensure that public monies are not disbursed in amounts in excess of the appropriations provided this District or for purposes for which the Board is not familiar.

To this end, the Board shall approve, prior to purchase, all non-budgeted expenditures within an account exceeding \$500 and all purchases which will exceed an account within a function by \$500 or 10%, whichever is greater, except in cases of emergency.

The Superintendent is authorized to make emergency purchases, without prior approval, of those goods and/or services needed to keep the District in operation.

Such purchases shall be brought to the Board's attention at the next regular meeting.

6423 - USE OF CREDIT/DEBIT CARDS

The Board of Education recognizes the convenience and efficiency afforded by the use of District credit and/or debit cards. Such cards, however, shall not be used in order to circumvent the general purchasing procedures established by State law and Board policy. As such, employees and agents are required to abide by the following guidelines when using a District credit/debit card.

- A. All credit/debit cards issued to and in the name of the Gratiot-Isabella Regional Education Service District shall be held and supervised by the Business Office.
- B. Board member(s) and administrative staff may use credit/debit cards only in connection with Board-approved or school-related activities and in accordance with established, pre-approved single purchase limits, monthly spending limits, funds availability, and the appropriation of a particular building or department budget, grant provision, or student activity purpose clause.
- C. Subject to the discretion of the Board and the approval of the Business Manager, credit/debit cards may be used for eligible goods and services including:
 - 1. transportation reservations and expenses;
 - 2. conference registrations;
 - 3. hotel reservation guarantees and expenses;
 - 4. reasonable meal expenses (both in-town and out-of-town), including a maximum gratuity of fifteen percent (15%), but excluding alcoholic beverages, since the purchase of such beverages clearly fails to serve a valid and proper public purpose;
 - 5. purchases from vendors who do not accept purchase orders or vouchers, with prior approval from the Business Manager;
 - 6. safety and security reasons in connection with a student field trip, competition, and/or other activity or event, if monies are budgeted and deposited with the Business Office in advance;

7. tuition and tuition related expenses incurred as a result of participating in qualified Work Investment Act program(s);
 8. other purchases approved by the Business Manager on a case-by-case basis.
- D. Credit/Debit cards shall not be used for personal purchases or expenditures not allowed under this guideline. In particular, credit/debit cards shall not be used for expenses that are not incurred in connection with Board-approved or school-related activities, are not for the benefit of the District, and do not serve a valid and proper public purpose. Use of credit/debit cards in an unauthorized or illegal manner may result in revocation of credit/debit card privileges, disciplinary action and/or, where appropriate, may require the user to pay any and all inappropriate charges, including finance charges and interest assessed in connection with the purchase.
- E. Employees or agents requiring the use of District credit/debit cards shall request (in writing) such cards from the Business Manager or designee.
- F. Each request for use of a District credit/debit card shall contain the following:
1. date needed
 2. date to be returned
 3. purpose
 4. authorization
- G. The District is a nonprofit political subdivision of the State of Michigan. Tax exemption forms shall be utilized and are available at the Business Office.
- H. When using a District credit/debit card, employees or agents shall:
1. Inform merchant that the purchase is for "official School District business" and is not subject to State or local sales tax. However, if the merchant fails to waive the tax, the employee shall pay it. For large purchases where the merchant refuses to waive the tax, the employee shall present a tax exemption form.
 2. Maintain credit/debit cards in a secure fashion and prevent unauthorized charges to the account.
 3. Maintain sufficient documentation of all purchases, including, but not limited to, charge receipts, original cash register slip or other detailed receipt, and invoices.
 4. Provide documentation of all purchases to the Business Department in a timely manner to ensure prompt payment.
 5. Immediately notify his/her immediate supervisor and the Business Department if the card is lost or stolen.
 6. Refrain from allowing anyone else to use the credit/debit card or account number.
 7. Refrain from splitting the costs of an invoice or purchase in order to circumvent the credit/debit card process and established, pre-approved single purchase limits, monthly spending limits, and/or funds availability.
 8. When using the card for over-the-counter purchases:
 - a. Identify the purchase needed and determine funds availability.
 - b. Determine if the purchase amount is within his/her pre-approved single purchase limit. If yes, proceed to the next step. If no, check with his/her supervisor for details on how to proceed.
 - c. Provide the merchant with the District card and inform the merchant that the purchase is for "official School District business" and is not, subject to State or local sales tax. If the merchant refuses to waive the sales tax, the employee shall pay it.

- d. Retain receipts, including cash register receipt and credit/debit card charge slip.
 - e. Give receipt and supporting documentation to the Business Department.
- I. When using a District card for telephone orders:
- 1. Identify the purchase needed and determine funds availability.
 - 2. Determine if the purchase amount is within his/her pre-approved single purchase limit. If yes, proceed to the next step. If no, check with his/her supervisor for details on how to proceed.
 - 3. Contact the merchant and place the order.
- Provide the merchant with the District card and inform the merchant that the purchase is for "official School District business" and is not subject to State or local sales tax. If the merchant refuses to waive the sales tax, the employee shall pay it.
- 4. Provide merchant with all pertinent information, including the name of the Cardholder, shipping address, etc.
 - 5. Upon arrival of merchandise, inspect and verify order accuracy, quality, and price and retain shipping documents and receipts received with the merchandise.
 - 6. Give all related documents to the Business Department, but retain copies of invoices and receipts for two (2) years.
- J. When using a District card for Internet orders:
- 1. Identify the purchase needed and determine funds availability.
 - 2. Determine if the purchase amount is within his/her pre-approved single purchase limit. If yes, proceed to the next step. If no, check with his/her supervisor for details on how to proceed.
 - 3. Locate the merchant's website and place the order.
 - 4. In purchasing goods and/or services, enter card number and expiration date only if the site indicates it is using secure software for collection of data. Indicate that the purchase is tax exempt if the website does not automatically recognize that the purchase is tax exempt.
 - 5. Provide all pertinent information to supplier, including the name of the Cardholder, shipping address, etc. Note: employee shall print out the electronic confirmation and include it with the transaction documentation, particularly when downloading a product from the internet.
 - 6. Upon arrival of merchandise, employee(s) shall inspect and verify order accuracy, quality, and price and retain shipping documentation received with merchandise.
 - 7. Give all related documents to the Business Department, but retain copies of the order and confirmation for two (2) years.
- K. After use, District credit/debit cards are to be returned to the Business Department along with appropriate receipt copies of all charges within five (5) business days upon completion of any approved use.
- 1. Employees, when possible, shall include an original cash register slip or other detailed receipt (i.e., a receipt from a restaurant itemizing all purchases made), in addition to the receipt copy of all charges. In addition, employees shall include, shipping documents and receipts received with the merchandise.
 - 2. Employees shall specify on the back of the receipt the following information:
 - a. a brief description of the school-related purpose of the purchase
 - b. the names and affiliation of each attendee if a purchase is made on behalf of a group of individuals

- c. verification that family members or other individuals having no school-related purpose for their attendance paid their own expenses
- L. Failure to return District credit/debit cards and/or receipts within the above-referenced time period may result in the suspension of credit/debit card privileges and/or charges being deemed unrelated or unsubstantiated.
 - 1. Employees shall be responsible for any and all unrelated or unsubstantiated purchases and shall be required to make full reimbursement to the District within thirty (30) business days.
 - 2. If an employee(s) reimburses the District for an unsupported purchase, it shall be documented in the monthly credit/debit card reconciliation.
- M. The Business Department will keep a record/activity log of all credit/debit card uses and review and approve all purchases to verify that the expenses are incurred in connection with Board-approved or school-related activities, are for the benefit of the District, and serve a valid and proper public purpose prior to disbursing public funds for payment of such expenses.
 - 1. Any and all reviews and approvals must be evidenced by the Business Manager's initials and/or signature.
 - 2. In addition to evidencing review and approval of the purchase, the Business Department should immediately send all questionable items to the employee purchasing the item for explanation. These explanations shall be approved by the employee's immediate supervisor and the Business Manager prior to the payment of such expenses. If an employee reimburses the District for a questionable purchase, it shall be documented in the monthly credit/debit card reconciliation.
 - 3. Upon review and approval, all appropriate documentation shall be forwarded to the Business Department.
- N. Upon receipt of the appropriate documentation, credit/debit card expenditures will be paid through the Business Office.
- O. The Business Department will monitor the credit/debit card account(s) and reconcile all credit/debit card accounts on a monthly basis.
- P. If the employee is terminated or resigns, then s/he must return the credit/debit card and remain responsible for any inappropriate use.

Revised 9/8/08