

## **Procurement Policy**

### **Current Procurement Policy**

#### PURCHASING

Each year the State of Michigan informs the School 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 \$1,000.00.
- 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 \$1,000.00 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 Business Office 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 school;
- D. delivery terms;
- E. past performance of vendor.

In addition to the factors above, the Board may consider and provide a preference to bidders which use a Michigan-based business as the primary contractor and/or which use one (1) or more Michigan-based business as subcontractors.

For purposes of this preference a Michigan-based business means a business that would qualify for a Michigan preference for procurement contracts under M.C.L.A. 18.1268,

which requires that the businesses certify that since inception or during the last twelve (12) months it has done one of the following:

A. have filed a Michigan business tax return showing an allocation of income tax base to Michigan

B. have filed a Michigan income tax return showing income generated in or attributed to Michigan

C. withheld Michigan income tax from compensation paid to the bidder's owners and remitted the tax to the Michigan Department of Treasury

This preference shall not apply to any procurement or project using Federal funds, nor shall it be used if it would violate any Federal law or requirements.

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

Contracts may be awarded by the Superintendent without Board approval for any single item or group of identical items costing less than the statutory limit. All other contracts require Board approval prior to purchase.

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

The Board should be advised, for prior approval, of all purchases of equipment, materials, and services when the purchase was not contemplated during the budgeting process and/or exceeds the function.

The Superintendent is authorized to make emergency purchases, without prior approval, of those goods and/or services needed to keep the school 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 school, the Board requires that the Superintendent 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.

Before placing a purchase order, the Superintendent 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 school. All purchase orders shall be numbered consecutively.

In the interests of 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;

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;

D. upon the placement of a purchase order, the Superintendent shall commit the expenditure against a specific line item to guard against the creation of liabilities in excess of appropriations.

F. any request or change in vendor must be verified by the business office. This verification will be independent from the requestor.

The Superintendent shall determine the amount 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 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 sets forth the terms of such a purchase.

#### Procurement – Federal Grants

The Superintendent shall maintain a procurement and contract administration system in accordance with the USDOE requirements (34 CFR 80.36) for the administration and management of Federal grants and federally-funded programs. The District shall maintain a compliance system that requires contractors to perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. Except as otherwise noted, procurement transactions shall conform to the provisions of this policy and administrative guidelines (AG 6320).

#### Purchasing - General Provisions

A. All purchases shall be by purchase order processed through the Business Office.

B. The Director of Business and Finance shall be the contracting agent for all financial obligations.

C. The Director of Business and Finance shall be responsible for encumbering the funds as soon as the purchase order has been issued.

D. A verbal financial commitment may be made only for emergencies or when it is impossible or impractical to precede the purchase with a purchase order. Before such a commitment is made, the Director of Business and Finance shall be contacted for prior approval and for a purchase order number. In all such cases, a purchase order shall be issued as soon as possible after the commitment is made.

E. Employees are forbidden to use the name of the District, any discounts provided the District, or any other means for associating a personal purchase with the District. They are to make clear to any District supplier from whom they are purchasing an item that it is a personal purchase by the employee and is not associated with the District. Failure to abide by this provision could lead to disciplinary action.

F. Confirming purchase orders will be honored only in cases cited in the above paragraph.

G. Ongoing commitments such as service contracts and leases should be renewed, in writing, at the renewal date.

H. Blanket purchase orders for goods or services are valid only for the time period and amount indicated on the purchase order. Extension of the commitment beyond that time and/or amount shall be confirmed by a new purchase order. Blanket purchase orders must be approved by the Director of Business and Finance before they are issued.

I. Purchases of contracted services shall be negotiated either verbally, by a Request for Proposal, or through the bid process, as determined by the Superintendent. Such services that cost more than the State determined limit require the approval of the Board.

J. The Director of Business and Finance will determine the most appropriate method of obtaining prices for items or groups of items which are not subject to formal bidding procedures.

K. Quotes will be requested for any item or group of items in a single transaction costing between \$1,000 and State determined bid limit.

L. Purchases of supplies, materials, and equipment items costing more than the amount stipulated in Board policy must be obtained through competitive, sealed bids and be approved by the Board.

M. Annual purchase order cut-off dates shall be as follows:

1. Purchase orders must be received in the Business Office on or before May 15th prior to the close of the fiscal or project year, unless the services or supplies are essential to continue the daily operation of the department or building for the remainder of the current year, or unless an emergency exists.

2. Requests for purchases of equipment, materials, improvements, or remodeling that will be subject to a bidding procedure must be sent to the Business Office on or before the sixty (60) days prior to the end of the fiscal or project year.

N. Any request or change in vendor must be verified by the business office. This verification will be independent from the requestor. Verification will use a known legitimate contact or the company's legitimate phone number to verify request.

#### Purchase Order Procedure

A. The requestor completes the requisition-purchase order and submits it to the principal/supervisor for review and approval.

B. If approved, the principal/supervisor retains a copy and sends the original to the Business Office for verification and dating.

C. The requisition-purchase order is entered into the computer for verification, and if verified, the Business Office affixes a date and assigns a number.

D. The original copy of the requisition-purchase order is sent to the vendor unless there are specific instructions to the contrary.

E. The copy is filed by the Accounts Payable Clerk and copies are sent to the principal/supervisor.

F. Vendor will be verified by business office as to its legitimacy.

#### Payment of Claims Procedure

A. When delivery is made, the principal/supervisor checks the copy of the requisition-purchase order to ensure the order has been received correctly and in proper condition.

B. If so, the packing or delivery slip is initialed, attached to the copy of the requisition-purchase order, and are sent, within five (5) working days, to the Accounts Payable Clerk for payment.

C. The Accounts Payable Clerk checks the copy against the invoice, and if everything is in order, a warrant is drawn.

D. If the Accounts Payable Clerk finds discrepancies or has questions, s/he shall contact the principal/supervisor.

E. The vendor's invoice is filed with the copy of the requisition-purchase order and a copy of the warrant.