

Ross-Hill Academy

of Math, Science and Technology
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Ross-Hill Academy POLICIES AND PROCEDURES MANUAL

INTRODUCTION

Policies Statement

The Ross-Hill Academy Board of Education supports sustaining and promoting an effective educational institution with the belief and understanding that the school Superintendent, supported by professional educational administrators and staff, is in the best position to determine what is needed to most effectively run the educational programs, they are the educational experts. Policies, procedures, and processes are meant to reflect an environment that puts them in the best possible position to operate in an efficient, timely and cost effective manner, while also making sure appropriate business processes are followed.

Reason for Policies/Purpose

Considerable authority has been delegated to the Superintendent. This requires that all staff members involved in the various processes take full responsibility for understanding the District's policies and procedures. Good business decisions are essential to the District and therefore should be made with the utmost consideration for what is in the best interest of the school District. Operations need to flow in the most efficient and cost effective manner. Following policy and procedure ensures that appropriate business processes and practices occur. All school District staff members and contractors participating in the various processes are expected to act with utmost integrity and in compliance with the District policy.

Policy Approval

Policies and Procedures in this manual have been approved by:

The Board of Directors

The School District Educational Service Provider (ESP)

The School District Superintendent

Who Needs to Know these Policies

All staff members and school District contractors involved in implementation, recommendations or decisions on policies within this manual on behalf of the school District.

Website address for this Policies And Procedures Manual

www.rosshillacademy.org

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FUND BALANCE POLICY in Accordance with GASB Statement No. 54

Purpose

The following policy has been adopted by the Board of Education in order to address the implications of Governmental Accounting Standards Board (“GASB”) Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions. The policy is created in consideration of unanticipated events that could adversely affect the financial condition of the District and jeopardize the continuation of necessary public services. This policy will ensure that the District maintains adequate fund balances and reserves in order to:

- a. Provide sufficient cash flow for daily financial needs,
- b. Offset significant economic downturns or revenue shortfalls, and
- c. Provide funds for unforeseen expenditures related to emergencies.

The Board of Education recognizes that good fiscal management comprises the foundational support of the entire school system. To make that support as effective as possible, the Board intends to maintain a fund balance of fifteen percent (15%) of the district’s general fund annual operating expenditures.

This policy and the procedures promulgated under it supersede all previous regulations regarding the District’s fund balance and reserve policies.

Fund Type definitions

The following definitions will be used in reporting activity in governmental funds across the District. The District may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

The **general fund** is used to account for all financial resources not accounted for and reported in another fund.

Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Debt service funds are used to account for all financial resources restricted, committed or assigned to expenditure for principal and interest.

Capital projects funds are used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.

Permanent funds are used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support the District’s purposes.

Fund Balance Reporting in governmental funds

Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB Statement No. 54:

Non-spendable fund balance

Definition – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained in-tact.

Classification – Non-spendable amounts will be determined before all other classifications and consist of the following items (as applicable in any given fiscal year):

- The District will maintain a fund balance equal to the balance of any long term outstanding balances due from others (including other funds of the District)
- The District will maintain a fund balance equal to the value of inventory balances and prepaid items (to the extent that such balances are not offset with liabilities and actually result in fund balance)
- The District will maintain a fund balance equal to the corpus (principal) of any permanent funds that are legally or contractually required to be maintained in-tact
- The District will maintain a fund balance equal to the balance of any land or other nonfinancial assets held for sale

Restricted fund balance

Definition – includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Un-restricted fund balance

Committed fund balance

Definition – includes amounts that can be used only for the specific purposes determined by a formal action of the school District's highest level of decision-making authority (i.e., the Board of Education).

Authority to Commit – Commitments will only be used for specific purposes pursuant to a formal action of the Board. A majority vote is required to approve a commitment and a two-thirds majority vote is required to remove a commitment.

Assigned fund balance

Definition – includes amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Authority to Assign – The Board delegates to the Superintendent or his/her designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Unassigned fund balance

Definition – includes the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Operational/Budget Procedure

The goals of the budget procedure is threefold: (1) to better enable long-term planning, (2) to assist with effective development of annual budgets, and (3) to promote clear communications with the general public, staff, and administration. The elements of the policy are created by the District for its own purposes and may, therefore, be revised by the District as needed.

Consistent with the Fund Balance Policy, the District will strive to maintain total General Fund discretionary reserves at 15% of the previous school year's annual General Fund operating expenditures. The budget policy on the level of unrestricted fund balance in the general fund shall serve as a guideline and shall provide both a temporal framework and specific plans for increasing or decreasing the level of unrestricted fund balance, if it is inconsistent with that policy.

The following guidelines address the classification and use of fund balance in governmental funds:

Classifying fund balance amounts – Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include non-spendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

Encumbrance reporting – Encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned, will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB Statement No. 54.

Prioritization of fund balance use – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Minimum unassigned fund balance – The District will maintain a minimum unassigned fund balance in its General Fund ranging from [15] percent to [20] percent of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

Replenishing deficiencies – when fund balance falls below the minimum [15] percent range, the District will replenish shortages/deficiencies using the budget strategies and timeframes described below.

The following budgetary strategies shall be utilized by the District to replenish funding deficiencies:

- The District will reduce recurring expenditures to eliminate any structural deficit; or
- The District will increase revenues or pursue other funding sources; or
- Some combination of the two options above.

Minimum fund balance deficiencies shall be replenished within the following time periods:

- Deficiency resulting in a minimum fund balance between [12.5] percent and [15] percent shall be replenished over a period not to exceed one year
- Deficiency resulting in a minimum fund balance between [10] percent and [12.5] percent shall be replenished over a period not to exceed three years
- Deficiency resulting in a minimum fund balance of less than [10] percent shall be replenished over a period not to exceed five years

Surplus fund balance – Should unassigned fund balance of the General Fund ever exceed a maximum range determined by the Board, Superintendent, and/or other legal entity, the District will consider such fund balance surpluses for one-time expenditures that are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing or other recurring expenditures.

Implementation and Review

Upon adoption of this policy the Board authorizes the Superintendent to establish any standards and procedures which may be necessary for its implementation. The Superintendent shall review this policy at least annually and make any recommendations for changes to the Board.

CASH MANAGEMENT POLICY

Bank Accounts

The District shall utilize the bank and signers authorized by the Board at the Annual Meeting. Two checking accounts exist for the school District. The primary checking account used for the District's regular transactions; and a secondary "Special Projects" checking account utilized for special or students' activities. Both accounts are held with the authorized bank and included in the District's financial system. The Board authorizes the Superintendent to oversee, maintain and implement normal operating transactions of the District.

Check books are stored securely. Three business staff members, including the Superintendent, have access to check books. Of the three business staff members, only the Superintendent is a signer. Checks require two signers, designated by the Board. No signing machines, stamped or electronic signatures are used or authorized for use.

Electronic transactions are generally used for review of current account balance(s), status of transactions - processed or in process, emergency, and possible identification of abnormal transactions. Log on id's and password are kept by a maximum of two (2) business office staff members, designated by the Superintendent. All electronic transactions require the normal check request process and approval by the Superintendent.

Should **overdrafts or suspicious activities** occur against the District's checking accounts, the Superintendent is contacted by the bank or the business staff member identifying the matter. The Board authorizes the Superintendent to move on all emergency matters needed for the safety and well being of the District's funds and accounts. The Superintendent shall notify the Board of all matters in which the District has or may incur substantial loss and/or security. Should the Superintendent be unavailable for attention to any immediate matters, the Board secretary and/or Board member(s) designated as signers shall be contacted immediately by one of the business office staff members.

Holds and voids must be authorized by the Superintendent. Checks not cleared in (90) days shall be brought to the attention of the Superintendent and voided. In cases of a vendor or supplier requiring payment, a replacement check shall be issued.

Transfers are made via check. This allows for ease of accounting entries and audit trails. The Superintendent must approve transfers. Each transaction is recorded in the financial system with the purpose and/or description.

Procedures

To most effectively handle transactions Segregation of Duties shall be practiced, to the extent possible. The Board recognizes that with most small businesses, multiple duties must be shared among a minimal number of staff. The business office staff of Ross-Hill Academy shall work cooperatively in segregation of duties coupled with checks/proofing to maintain integrity, acceptable accounting procedures and dependable and secure cash and financial management for the school District.

Revenues are received from state, intermediate district and local sources in the form of direct deposit or check. All direct deposit transactions are sent to the District's primary checking account. Checks are received through U.S. Postal Service and deposited into the District's primary checking account:

- Superintendent – receives checks; keeps copy of checks on file
- Business staff member (a) – deposits checks; maintains record of all deposits
- Business staff member (b) – verifies deposits via monthly bank statements

Cash received from student activities, lunch, fund raisers, etc. are handled as follows:

- School principal or designee – turns in cash to business staff member

- Business staff member (a) – verifies amount received and deposits cash into the school District’s secondary checking account. As designated or approved by the Superintendent, a minimal portion of this cash may be maintained as “petty cash” on hand.
- Business staff member (b) – verifies deposits via monthly bank statements

In cases of discrepancies, staff members work cooperatively to identify and resolve errors.

All transactions are recorded in the financial system by the business office finance staff member utilizing approved MDE revenue codes, proofed with monthly bank reconciliations and utilized for all official financial reporting of the District.

Expenditures are authorized and initiated upon receipt of invoice, bill or due date per contract. Generally, invoices and bills are received through U.S. Postal Service. Vendors with ongoing operational contact with the school may elect to email or hand-deliver invoices. All payments are approved by the Superintendent, based on goods/services provided and contract stipulations.

The Accounts Payable process is developed to allow for sound business practices in accurate and timely processing, as well as the exercise of checks/proofing of transactions and safe handling of District funds.

- Superintendent – receives invoices/bills/contract due dates; approves payment; writes checks (may occasionally designate a business staff member to write checks on invoices/bills she/he has approved for payment); forwards questionable bills/invoices for investigation to a business staff member
- Office manager – forwards invoices, time sheets, etc. of independent contractors to Superintendent for payment processing
- Business staff member (a) – processes and files supporting documentation of all checks written;
- Business staff member (b) – records, in ledger format, all checks written
- Business office finance staff member – inputs all transactions in the financial system utilizing approved MDE account codes for classification of expenses

Expenditures are paid from the District’s primary checking account.

The District has not acquired any credit cards. For special occurrences where credit cards are normally used (e.g.: fees for conferences, hotels, etc.), the business office is usually able to make arrangements with the provider for payment by check.

Accounts Payables are normally processed upon receipt of invoice/billing. The occurrence of unpaid payables shall be reflected in the financial system. All expense transactions are recorded in the financial system based on approved MDE account codes, proofed with monthly bank reconciliations and utilized for all official financial reporting of the District.

Monitoring of financial transactions is a regular and ongoing process. The various duties of the business office staff are assigned by the Superintendent to aid in the identification of errors and discrepancies. Some of the checks and balances function as follows:

- Business staff member (a) – maintains a monthly ledger of all checks written
- Business staff member (b) – processes and files supporting documentation of all checks written, comparing the ledger with supporting documentation
- Business office finance staff member – enters all transactions in the financial system; performs monthly bank statement reconciliations; validates financial entries with bank statements, monthly ledger and deposit slips; investigates or initiates joint investigation of any discrepancies.

- District auditor – verification of the District's bank account balances are authorized by the Superintendent to be sent directly to the auditor from the bank each school year.

The required annual school District audit is performed each year by the Board designated auditor. Upon completion of the annual audit, the District's financial data is submitted to the state, as mandated by MDE.

Grants/Special Programs

The District shall adhere to requirements of all federal and state funds approved for special and/or specific use.

School Revenue Funds

The District shall maintain required student and business data for regular submission to the designated department(s) of the School Lunch Program. The District's student data system is utilized to store and maintain records required by MDE. The District's Food Program Coordinator maintains and submits all required reporting, updates, vendor processing, etc.

School Lunch Funds are requested based on MDE guidelines, received by check and deposited in the District's primary checking account. (Refer to Cash Procedures-Revenues)

Vendors must meet guidelines determined by the Program. The District complies with program guidelines in contracting with food vendors. Vendors not in compliance with Program guidelines shall not be considered for contract with the District.

Only expenses incurred for implementation of the program shall be applied against the Special Revenue Funds. All transactions are recorded in the financial system based on approved MDE revenue and expense account codes.

Grant Funds

The District shall maintain required, separate student and business data for each restricted grant. These funds require unique handling and processing. The District shall refer to each grant for mandates.

Grants requiring yearly renewal are applied for based on the analysis and recommendations of educational/instructional needs and the District's financial needs. The school principal and District grant coordinator work together to apply for grant needs focusing on students' educational/instructional needs as priority. Upon approval by the grantee, instructional (operational) guidelines shall be managed by the school principal; accounting guidelines are managed by the finance staff member. The finance manager shall also acquire from the District office files supporting personnel data required by grant(s) to be placed within the specific grant files (e.g., copies of teacher certification, criminal background checks, etc.) The grant coordinator remains active throughout the year for segregation of duties, reporting, and advisement of various grant matters.

Vendors contracted for a grant program must meet all guidelines specified by the grant. The District complies with program guidelines in contracting with vendors. Vendors not in compliance with a specific grant's guidelines shall not be considered for contract for that particular grant.

Grant revenues may be received via direct deposit or check. Revenues shall be recorded separately, by its specific MDE grant revenue code. Grant revenues received by check normally require a request process. The finance staff member shall maintain record of approved grant expenditures to calculate and request reimbursements. Requests for reimbursement shall be accompanied by supporting documents, reflecting the appropriate function code(s).

Grant Procedures (Consolidated Application)

The following procedures shall be followed for the Consolidated Application (ConApp) program and transactions and shall also serve as a guide for other grant programs. (The preceding general grant policies apply.) These procedures shall not be assumed as appropriate for all grants. Each specific grant shall be researched to determine specific requirements.

- School principal – personnel expenditures are incurred based on the approved ConApp Budget and program(s) guidelines from MDE.
- Superintendent – approved goods/services are purchased based on the ConApp budget and guidelines.
- Business office finance staff member - expenditures are designated to the approved expense code(s) and recorded in the District's financial system; expenditures of greater than 10% may NOT be applied to any approved function code; allowable expenditures shall be verified against the approved ConApp budget - only expenditures specifically approved in the budget may be applied to the grant(s) for reimbursement; written request for reimbursement is submitted to the grant coordinator, with supporting documents
- Grant Coordinator - an official request for reimbursement is submitted to MDE; if needed, clarification may be requested prior to submitting the official request
- Superintendent - checks are received via U.S. postal service; deposits are made and recorded. (Refer to Cash Procedures-Revenues)
- Business office finance staff member - revenues are designated to the appropriate grant revenue code(s) and recorded in the District's financial system; Superintendent shall be notified as maximum approved expenditures are being approached
- Grant Coordinator – reporting is submitted in accordance with MDE requirements
- The Grant Coordinator and Business office finance staff member shall work closely together throughout the grant period to proof, amend and/or confirm any budget, finance, or reporting requirements, as needed.
 - All requests for reimbursement, accompanied by supporting documents, shall be proofed by both parties to verify dollar amounts and finance codes.
 - For year-end reporting, both the grant coordinator and business office finance staff member shall review all totals, per finance code, prior to submission of the year-end expenditure report.

All revenue and expenditure transactions shall be clearly reflected in the financial system. For each grant, personnel expenditures shall be recorded separately from general and other grant expenditures. Supporting documents shall be kept on file.

Required supporting personnel documents shall be maintained and on file, such as (but not necessarily limited to):

- Time and Effort Reports, Semi-annual certifications
- Teacher certifications
- Professional licenses
- Criminal background checks
- Date of hiring and degree (i.e., BA, MA) for each staff member
- Employee contract
- Payroll summaries

Personnel warrants issued shall be assigned the appropriate MDE accounting codes, identifiable within the District financial system, and forwarded to the appropriate grant file as supporting documentation.

All staff members having access to supporting documents required by the ConApp or needed to implement operational or financial guidelines of the ConApp shall work cooperatively to assure compliance in behalf of the school District. Other requirements may include, but may not be limited to, supporting documents for:

- Professional Development/Conferences (agendas, sign-in sheets, etc.)
- Inventory (lists, as well as proper tagging of inventory purchased with grant funds)
- Vendor verification (All prospective vendors will be required to meet and comply with the governing agency; refer to Purchasing Policy/Authority and Responsibility)

PAYROLL POLICY

The District contracts with the ESP for payroll staff. In general, the following policies and procedures apply to the ESP employees. Individual employee contracts must be referred to for specific payroll processing details.

Payroll Periods and Paydays

Each biweekly payroll period begins at 12:01 a.m. on a Sunday and ends on a Saturday at 12:00 Midnight two weeks later. All staff members are paid biweekly on every other Tuesday. If there is a holiday on that Tuesday or any other day from the end of payroll period to payday, payday may fall on a Monday or Wednesday. Payroll warrants will not be released in advance of paydays.

Responsibilities and Controls

Office Manager - Maintains time records and prepares payroll timesheets and employment related forms; forwards payroll timesheets to ESP; distributes payroll warrants to staff.

Educational Service Provider (Management Company) - Checks employment and payroll forms and transactions for processing and conformance to policies; checks the arithmetic correctness of payroll and voluntary deductions; submits payroll data and legal judgments of management company employees to the payroll company. The payroll company implements current laws and changes in federal, state and local laws and judgments, and submits federal and state forms and reports as required.

Attendance Reporting

The attendance reporting process determines the issuance of a payroll warrant to staff. The total time reported is the time a staff member is entitled to be paid.

- a. The office manager shall record time from employee time cards. Time/days off shall be noted and described in the comments section.
- b. For reported time-off or leaves (sick, personal, bereavement, etc.) the dates are noted in the comments section. For family sick/bereavement leave, the relationship of the family member shall be noted.
- c. If a management company employee did not work on a scheduled workday and he/she is not to be paid, an entry shall be noted in the comments section.
- d. Paid Holidays are processed according to employee contracts. If an employee did not work their full scheduled workday immediately preceding and/or immediately following a paid holiday, holiday pay will not be issued to the employee. If a holiday falls on an employee's pre-approved, scheduled personal day off, the employee may request an alternate day off. An employee who is off work without pay on a regularly scheduled workday immediately preceding, or following, a holiday is not entitled to receive pay for that holiday.
- e. Overtime applies to hourly staff and must be pre-approved by the Superintendent. Paid overtime hours shall be calculated and forwarded to the payroll company to be paid in accordance with current law.
- f. Staff members are not entitled to receive pay for tardiness or early departures that were not pre-approved as personal or sick time. Tardiness shall be processed to the nearest quarter of an hour:

| | |
|-----------------|---|
| 1 – 15 minutes | ¼ hour deducted from daily hours worked |
| 16 - 30 minutes | ½ hour deducted from daily hours worked |
| 31 - 45 minutes | ¾ hour deducted from daily hours worked |

| | |
|---------------------|--|
| 46 min – 1 hr | 1 hour deducted from daily hours worked |
| 1 hr – 1 hr 15 mins | 1 ¼ hour deducted from daily hours worked... |

g. Refer to the Employee Handbook for detailed information on the availability and processing of other payroll matters. Federal, state and/or local laws shall be adhered to.

Personnel Costs

Salaries and wages are applied based on employee contracts. Any changes shall be received from and authorized by the Superintendent.

Grants/Special Programs

Warrants for voluntary time worked under grant programs, before or after a staff member's regularly scheduled work hours, shall be processed and paid separately from the regular payroll check. Assignments must be approved by the Superintendent. The office manager shall submit time and supporting documents to the ESP for processing.

Warrants issued as a result of a grant or special program shall be maintained with the appropriate MDE account codes, identifiable within the District financial system, and forwarded to the appropriate grant file as supporting documentation.

Direct Deposit

Direct Deposit is offered through the payroll company. Employees desiring to have their payroll checks deposited directly into their account shall be required to complete an employee's request/authorization for direct deposit form which the ESP shall forward to the payroll company. Employees must attach a copy of a voided check containing their *current* personal demographics or an official confirmation/verification statement from their financial institution. Should other or additional documentation be requested by the payroll company, the ESP shall notify the employee. The payroll company has the right to deny any direct deposit requests not meeting their processing requirements. The ESP shall not refer any employee or other individual not employed by and authorized by the ESP to the payroll company.

Medical Cost Sharing

Full time employees are entitled to receive Medical/Dental/Vision insurance benefits. Those electing to receive these benefits shall have pretax cost sharing deducted from each pay check. The ESP shall refer to an employee's contract and insurance effective date for processing. Employee cost share meets conformity with the 25% minimum MDE guidelines.

Upon receipt of payroll reports, general ledger, etc. from the payroll company, Ross-Hill Academy payroll transactions are entered in the financial system based on approved MDE expense codes. Year-end accruals are recorded and reflected in the financial system.

PURCHASING POLICY

Introduction

The District's goal for every purchasing transaction is to obtain the best value possible. Best value is determined by evaluating many factors (such as price, delivery capabilities, quality, past performance, training, financial stability, service capabilities, ease of ordering, payment, etc.) and selecting a vendor that offers the best combination of those factors.

The District strives to procure most goods and services through the use of contracts with appropriate terms and conditions to properly protect the school and vendor. The District shall refer to and comply with current MDE thresholds regarding competitive bids for purchases. When bids are required by MDE guidelines, they are to be conducted on an open and competitive basis and without favoritism, in order to maximize the best value to the department/school and District. Interested suppliers will receive fair and impartial consideration.

Competitive Bid Threshold, FY 2013

| | Section | Requirement | 2011-12 Thresholds | 2012-13 Thresholds |
|--|---------|-------------|-----------------------|-----------------------|
| School building construction, addition, renovation, or repair | 1267 | Comp. Bid | \$21,825 | \$22,386 |
| School District or PSA Procurement of supplies, materials, and equipment | 1274 | Comp. Bid | \$21,825 | \$22,386 |

From September 20, 2012 Memorandum, C.L. Wolenberg, Deputy Superintendent (refer to memo for complete description).

The District's procurement policy is intended to be consistent with the applicable laws and mandates. For sponsored programs or restricted funds, certain purchases may be unallowable.

Role of the Superintendent

The Board has authorized the Superintendent to approve and implement all purchases of goods and services for the District, in compliance with the Board approved budget and applicable governance of Ross-Hill Academy, public charter school.

Authority And Responsibility

Staff members involved in the purchasing process take full responsibility for understanding the District's policies and procedures regarding purchasing and vendor relations. Purchasing decisions are business decisions made on behalf of the District and therefore should be made with the utmost consideration for what is in the best interest of the District.

If controlled substances are used, all appropriate licenses from the Drug Enforcement Administration (DEA) is required.

Segregation of duties and responsibilities in the purchasing process provides proper controls. As the dollar value and complexity of a purchase increases, so does the level of authority and responsibility required to obligate the District for a purchase. An example of segregation of duties is as follows:

Requester/end user (school principal, lead teacher, office assistant, program lead, etc.):

- Determine the need
- Research vendors (Refer to Suspension and Debarment)
- For purchases initiated by mandates of MDE or other regulatory agency, research and adhere to compliance guidelines

- Solicit prices
- Analyze costs and assess other important factors (i.e. delivery, customer service, etc.)
- Validate the legitimate educational/instructional purpose and need of the transaction through the school principal (The principal is to validate only those requests that adhere to compliance with applicable guidelines of MDE, it's grant expenditures and/or project mandates. Also, refer to Suspension and Debarment)
- Submit check request form to the business office with supporting documentation (educational description and purpose with school principal's signed validation; quote; pricing; contract; etc.)
- Communicate in writing notification of special programs, grants, compliance guidelines, etc. on the check request form
- Maintain proper and necessary communication with vendor representative on approved orders (processing, delivery, implementation of services, etc.)
- Communicate any business and financial needs to the Superintendent's office in a timely manner. Refer all payment matters to the business office in a timely manner.
- Ensure the proper receipt of ordered goods or services
- Initiate renewal process, where applicable and necessary

Superintendent:

- Validate the legitimate business purpose/need of the transaction
- Approve or deny requisitions
- Validate that adequate funding is available
- Ensure compliance with District policy and applicable regulations
- Negotiate and resolve disputes with vendors
- Review and approve reimbursement check requests and other special purchasing transactions

Business Office:

- Monitor and reconcile purchase transactions using the financial system and associated financial statements and reports
- Monitor budgets
- Ensure compliance with District policy and applicable regulations regarding Cost Accounting Standards as related to the use of restricted funds and the acquisition of regulated or controlled goods
- Maintain documentation for transaction and/or audit purposes
- Apply state approved account codes for all grant/special project expenditures
- Support and assist with purchase matters, budget concerns, etc. as needed

SUSPENSION AND DEBARMENT

In accordance with this policy, Ross-Hill Academy will not enter into any covered transaction with any person or entity that has been excluded from participation by the Federal government.

Definitions

Covered Transaction: A transaction to which the Federal suspension and debarment rules apply, including but not limited to a:

- Subgrant awarded by the District to another entity under a Federal grant program;
- Contract awarded by the District to another entity under a Federal grant program if the contract is expected to equal or exceed \$25,000; and
- Contract awarded by the District to another entity under a Federal grant program for Federally-required audit services regardless of the contract amount.

A full list of covered transactions is available in 34 CFR §§ 85.970, 85.215 and 85.220.

Debarment: An action taken by an authorized Federal official in accordance with Federal requirements to exclude a person or entity from participating in a covered transaction.

Excluded: A person or entity who is prohibited from participating in a covered transaction because they have been suspended, debarred, proposed for debarment or have volunteered to be excluded.

Suspension: An action taken by an authorized Federal official in accordance with Federal requirements to exclude a person or entity from participating in a covered transaction for a specified period of time.

Excluded Parties List System (EPLS)

A database of excluded parties maintained by the Federal government and available at: <https://www.epls.gov>.

Procedure

a. Prior to awarding a contract that constitutes a covered transaction, the District will verify the vendor has not been excluded by:

- Conducting a search of the EPLS;
- Obtaining a certification from the vendor; or
- Ensuring an appropriate clause or condition is included in the contract or purchase order.

The District has the discretion to determine which method is appropriate for a given contract, but must utilize one of the three methods referenced above.

The District will not provide funds to any person or entity that has been excluded from participating in a covered transaction.

b. The District will maintain documentation proving that it verified a person or entity's status prior to awarding a contract that constitutes a covered transaction. If the District utilized the EPLS, such documentation will include the date of the inquiry and a copy of the report generated with the results. If the District utilized a certification, such documentation will include a copy of the signed certification. If the District utilized a term or condition in the contract, such documentation will include a copy of the contract. This information will be kept in the District's Business Office files for future audit review.

c. The District is prohibited from splitting purchases into smaller increments to avoid providing verification of suspension or debarment status regarding any person or entity and its principals.

d. The District will inform its subgrantees and contractors of the requirement to comply with Federal suspension and debarment rules at the time of the award.

e. Training - Business office personnel will receive training through available resources that are applicable (MDE, MAISA, MSBO, and/or local ISDs) to this procedure.

f. Consequences - Noncompliance with this procedure will make the employee subject to The District's progressive discipline policy up to and including dismissal.

The District shall provide a copy of this procurement/purchasing policies and procedures, including:

Determining that a vendor was not suspended or debarred – <http://www.epls.gov>

Ethics

Ethical business standards shall govern all procurement transactions. Infractions of District procurement policy are to be reported to the Superintendent and/or an Officer of the District. Disciplinary action for those violating ethical business standards will be taken in accordance with applicable District policy, up to and including the termination of employment.

Ross-Hill Academy staff members shall not solicit a gift or accept a significant gift from any supplier or prospective supplier, nor participate in solicitation with outside sources. A 'significant gift' is defined as any item, service, favor, monies, credits, or discounts not available to others which could influence purchasing decisions. District personnel may accept trivial items as a matter of courtesy, but may not solicit them. Acceptance of social invitations to occasional business meals, entertainment, and hospitality will be subject to prudent judgment as to whether the invitation places or appears to place the recipient under any obligation, the appropriateness of the occasion, frequency, and choice of facilities. Questions about the value of a gift or the appropriateness of an invitation should be referred to the principal, office manager or Superintendent to ensure compliance with the District's conflict of interest policy.

The District values its suppliers and assumes that vendors, in turn, value the District's business. No token or display of appreciation is necessary or encouraged. All vendors are asked to comply with District standards by not offering incentives, gifts, or services to individual personnel.

Ross-Hill's reputation for impartiality and objectivity, as well as sound business practice, requires that employees not make decisions for the District if their personal economic interests are directly affected by the outcome.

Signature Authority

Requestors/end users do NOT have the authority to sign ANY contracts or agreements with outside parties in the name of the school District or one of its classrooms or programs.

Contracts and agreements that need to be signed by the District MUST be reviewed by the Superintendent. **Contracts and agreements for educational/instructional products or services must first be validated and approved by the school principal, prior to forwarding to the Superintendent for review. Appropriate guidelines, policies and procedures must be followed in the purchasing process and recommendation of vendors.** Once the contract/agreement is reviewed and approved by the Superintendent, the school principal or requestor/end user will be notified.

Processing Purchasing Transactions

The purchase of goods and services from outside vendors is to begin with the initiation of a check request. **This shall occur at the time the product or service need has been identified, not when it is time to pay for the product or service.** Upon approval, purchase orders shall be forwarded to the vendor. This eliminates the need and perceived benefits associated with phone orders and blanket orders.

This also provides an appropriate audit trail for all purchases, putting the District in the best position to pay for purchases in a timely manner. Starting with an official written request ensures that an approved and official purchase order is issued. An official Purchase Order or contract is the legal document that governs the transaction and properly protects the school District. The terms and conditions specify each party's rights and obligations. Generally, a contract's terms and conditions are called into question only when a dispute arises. However, as the dollar amount of a transaction or the level of risk in the activity (such as potential for injury) increases, so does the likelihood for major disputes and, thus, the need to be appropriately protected.

Verbal purchases (i.e. phone orders) are NOT considered valid by the District, nor are purchase orders generated outside of the Superintendent's office. Staff members, contractors or any others that initiate purchases with outside vendors prior to approval of the Superintendent assume responsibility for such purchases at their own risk.

Purchase Agreement/Order Procedure

- The staff requestor completes the check request and submits it to the Superintendent, with the quote or proposed contract of the purchase/service, for review and approval.
- The original copy of the check request is retained on file in the business office and upon approval the staff requestor shall proceed with the order process
- For orders approved by the Superintendent requiring a purchase order, the staff requestor shall notify the business office and obtain a purchase order. For all other orders the approved check request and/or signed contract shall suffice as proof of approval.

Refer to Authority and Responsibility – Requestor/end user.

Purchases Using Grant/Sponsored Project Funds

The purchase of products and services using grant funds also require the approval of the Superintendent. When initiating the request, the appropriate grant/project name must be indicated on the check request form. (Refer to Cash Management – Grant Funds)

Online Purchases

Ordering via the internet presents increased risk and responsibility to those who transact District business with vendors who accept only credit cards over the internet. The District does NOT issue credit cards. Therefore, purchases over the internet should be minimized and will require pre-approval by the Superintendent for staff members using their personal credit cards and planning to request reimbursement. For authorized and approved online orders, reimbursement may be made upon delivery of the product/service. Please use caution when transacting online. For example:

- Deal only with established, reputable vendors. Do not buy from unincorporated individuals or groups offering products or services.
- The requester/end user choosing to order via the internet should ensure that the vendor provides a secure website for transmission of information, and be willing to incur any possible loss.

For online ordering of supplies and materials, the check request must first be submitted to the Superintendent for “authorization.” Although online ordering may be convenient, it is **NOT** the preferred procedure due to possible risks and discrepancies, including but not limited to estimated totals and actual totals. If the request is authorized, approval is still necessary. The requestor/end user should take the following steps:

- Require that the vendor accept an official school District Purchase Order, which they can then reference on the invoice that is sent directly to the school.
- If the vendor will not accept a purchase order, ask about their pre-payment procedures. If pre-payment is used, a District purchase order may be set up and a check sent to the vendor along with the purchase order.
- If the vendor will not accept a purchase order and pre-payment, **the requester/end user must assess the value versus risk** of advancing their personal funds to purchase the items or services.

Upon authorization of an online order, the requester/end user is responsible for placing the order. Immediately upon completion of the online ordering process, requestors are required to submit the detailed order confirmation with the exact and final charge of the order to the Superintendent. Should the actual total cost of the order (including shipping and handling, etc.) substantially exceed the estimated total, the request may be **REJECTED and require immediate cancellation by the requestor.**

In general, online purchases should only be considered for services for which it is the normal practice to pay in advance, or for certain special payments and require advance authorization. Some examples include:

- Registration fees
- Membership dues
- Unplanned emergency
- Hotel charges for professional development/conferences requiring distance traveling

The online process is **NOT** to be used as a method to pay invoices for products or services after the fact when a purchase order should have been issued and sent to the vendor at the beginning of the transaction. Prior approval is required for all online purchases. Requests should be submitted through the normal purchase request process.

Prepaid and Partial Payments

The use of pre-paid 'check-enclosed' purchase orders is discouraged and should be utilized very rarely. Such payments in advance of receipt of goods/services places the school District at risk of loss if these goods/services are not received as ordered, or in unsatisfactory condition.

However, occasionally a vendor refuses to accept a customer's purchase order without full or partial payment in advance. In order for a pre-payment to be considered, contact the business office or Superintendent. The check request must be accompanied by documentation explaining the reason for prepayment. The dollar amounts must be correct and include any handling or shipping charges.

Documentation verifying the prices, such as a quotation from the vendor, price list, or vendor order form must be provided. This documentation must also include evidence of the vendor's demand for pre-payment.

Incorrect Or Damaged Shipments

It is the responsibility of the requestor/end user to ensure the proper receipt of ordered goods or services. If a shipment is received with incorrect or damaged goods, the packing material, packing slip, and/or shipping ticket should be saved. These may be needed if the items have to be returned or exchanged with the vendor. Adhere to the following to ensure incorrect shipments are handled appropriately:

- Notify the business office of the problem.
- The vendor's process should be followed to obtain proper authorization and shipping instructions.
- The requestor/end user shall notify the vendor **immediately** by phone and in writing so that appropriate action may be taken such as issuing credit or providing a replacement.
- If the order has to be shipped back to the vendor, it should be packed in the original cartons.
- The requestor/end user should also accurately record this activity (i.e. number of items received, number of items returned, comments, etc.); and forward a copy of all correspondences to the business office.
- The business office may be contacted to help settle any disputes or to negotiate a settlement, if necessary.

Credits

Credits occur due to the receipt of defective merchandise, returned goods, discounts, or incorrect invoice payments. Unlike invoices, the application of credits is not simply a matter of verifying the facts on the memo and confirming that the subject goods or services have been rejected. Specific business and accounting questions may need to be resolved with the vendor before the credit is applied. Most reputable vendors will submit a check, payable to the school District, in such cases.

Improperly applied credits are difficult to correct. If a requestor/end user believes the District is entitled to a credit from a vendor or receives a credit memo that is deemed to be valid, the requestor/end user should forward the matter to the business office for processing.

Direct Billing, House Accounts, Credit Cards

Staff members are NOT authorized to establish direct billing accounts, accounts, or credit cards with vendors in the name of Ross-Hill Academy or in behalf of Ross-Hill Academy. Staff members are not authorized to accept offers for credit cards, charge accounts, or house accounts from vendors in behalf of the District.

The District shall conduct its business with vendors using the authorized procurement methods identified in this policy. Individuals or contractors providing services for the District should not do business with vendors who will not accept the District's purchase order as this violates District policy and exposes the District to unnecessary liability. Only the Superintendent or School Board may authorize, negotiate or set up credit agreements with vendors.

Advancing Personal Funds

As a general rule, individuals should not advance their own personal funds to purchase supplies and services on behalf of the District without prior approval or request from the Superintendent or office manager. Purchases should be made through established purchasing policy and procedures of the District.

In limited instances individuals may pay for items and be reimbursed. If it is necessary that a staff member advance funds to purchase supplies or services for District business, the Superintendent or office manager must first authorize the purchase. The staff member should request reimbursement by completing a check request form and submitting the official, original purchase receipt.

Occasionally, an individual may purchase valuable equipment (e.g., personal computer, camera, or personal calendar systems) and seek reimbursement for the purchase. This practice is inappropriate. The District generally does not approve such actions, and makes no guarantee that it will authorize reimbursement.

Proof of payment is required of **all** requests for reimbursements. The District will not provide reimbursement for any purchase until proof of payment is provided.

- The check request for reimbursement must be supported by the purpose of the transaction.
- For all reimbursements the "original" itemized receipt issued by the vendor is required:
- If no receipt is available, and for payments made by check, also include the cancelled check (use checks only if the bank will provide copies of front and back).
- For reimbursements of web/online purchases, the itemized purchase confirmation is required.

Also, the vendor must provide the following information on the packing slip:

- Name and ship-to address of the purchaser
- Itemized listing of goods purchased and received
- Indication that the amount being reimbursed has been charged/paid by credit card
- If any of this information is not provided by the vendor on the packing slip, additional documentation must be provided along with the reimbursement request:
 - A credit card statement showing the purchaser's name and the purchase amount for which reimbursement is requested. The purchaser must sign the credit card statement.
 - Web order forms completed online and printed from the Web do not constitute proof of payment. They represent the order form for the purchase and lack proof of receipt of goods and charging the recipient's credit card.

Capital Equipment/Asset Tracking

Equipment Management And Monitoring

In accordance with district policy, proper records shall be created, maintained and retained for equipment acquired with grant funds. Equipment with an acquisition value of \$ 5,000 (district may set a lower threshold) and above and a useful life of more than one year which was purchased with grant funds must be adequately maintained and safeguarded. Disposition or encumbrance of equipment must conform with grant requirements. The granting agency must be compensated for any equipment sold or converted to non-grant use. The District shall take inventory of all grant purchased equipment with a unit value of \$5,000 and above at least once every two years and reconcile this information with current asset records.

Definitions

Equipment---Tangible, non-expendable assets acquired through donation, gift, purchase, loan, capital lease, or self-construction, with a life expectancy of more than one year and a cost of \$5,000 or more. Cost is defined as unit price including calibration, installation, freight, and trade-in. Equipment is free standing (complete in itself, does not lose its identity when affixed to or installed in other property).

Capital Asset---A long-term asset that is not bought or sold in the regular course of business. Examples include land, buildings, machinery, etc. Generally, these are assets that cannot be turned into cash quickly.

Procedure

- a. Proper records shall be created, maintained and retained by designated personnel for equipment acquired with grant funds. Methods of valuation for equipment include any outside labor, materials, and supplies used to place machinery, equipment, furniture, fixture items into service. These records shall reference the percent and source of federal funds used to acquire the referenced equipment.

Items with an acquisition value over \$5,000 and a useful life of more than one year must be tracked at the school or department level.

Records should include the following information:

- Purchase price and cost of placement on site ready for use;
 - Useful life:
 - Asset identification
 - Date of acquisition (month/day/year)
 - Description (noun first, then adjective-e.g. table, conference)
 - Manufacturer
 - Model number
 - Serial number
 - Purchase order number
 - Funding source and percent (i.e. IDEA, Title I)
 - Location of asset including Site, Building and Room
 - Classification of the asset and its associated life
- b. The District shall assign accountability for equipment management to a staff person and practice a system that provides safeguards against loss, damage or theft of equipment acquired with federal grant funds, and also requires the investigation of any losses, damage or theft of such equipment. The staff member shall file an incident report for any theft of grant funded assets at the school building level.

- c. Disposition of equipment shall conform with grant requirements. In accordance with 34 CFR 80.32, items with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.

Items with a value greater than \$5,000 may also be retained or sold and the federal agency has a right to a formula-based value for these items (current market value or proceeds from sale X the federal awarding agency's share in the equipment).

- d. The District shall take a physical inventory of all grant purchased equipment with a current market value of \$5,000 and above at least once every two years.

Assets that are present but are not on the list, should be recorded in accordance with subsection a. above.

District records shall document any items that are no longer present and the current status of these items should be recorded.

The accounting staff will assess the results of this process and make the proper reconciliations in the financial system.

The District shall develop a procedure to account for and safeguard small items susceptible to theft.

The District shall provide training and promote coordination to all staff involved in federal programs through means such as:

- Distributing federal guidance documents (e.g., district policies and procedures)
- Developing templates, checklists, etc.
- Staff meetings, training sessions, etc.
- Sharing information that has cross-cutting impact such as single audits, monitoring reports, letters from oversight entities, etc.

Sanctions

Any district employee who violates this procedure will be subject to appropriate discipline as reflected by comments to be placed in their annual employee evaluation.

Buy VERSUS Lease

Equipment should almost always be acquired by outright purchase. Circumstances may require the leasing of equipment to satisfy specific needs. The economic benefits of leasing versus buying must be determined before entering into any lease agreement. Third Party leases are especially discouraged.

The Superintendent shall be responsible for determining if equipment can be financed at a lower cost than purchase. The requestor research responsibilities shall be followed to determine the lease decision and the qualified leasing vendors who will provide services to the District. The Superintendent is authorized to approve any such leases.

If sponsored project funds are involved in the acquisition of the equipment, it must first be determined that the source of funding allows for leasing.

Leasing may be advantageous if the total cost of a lease for the period of the equipment's life or the technological life is less than the purchase price. The total cost of the lease must be compared to the total cost of the purchase, taking into account such factors as equipment costs, maintenance costs, interest, taxes, and insurance.

Installment Purchases

Equipment may be purchased on an installment basis over a period of time, generally not to exceed five years. Requisitions for installment purchases must include a description of the item to be purchased and the number and dates of periodic payments. As with leases, care should be taken to provide contract protection for the District regarding guarantees, assignments, buy-out clauses, taxes, interest rate, and other items.

Inventory

Inventory of District property shall be maintained and updated at least annually. The office manager shall supervise inventory maintenance of all non-technology goods. The business/technology director shall supervise inventory maintenance of technology equipment. Inventory shall be tagged as property of Ross-Hill Academy. Inventory purchased through grant funds shall also note the appropriate grant name. (Refer to Capital Equipment/Asset Tracking)

Property Disposal

All merchandise purchased with District funds is the property of the District, and as such may be disposed of only in accordance with District policy. The District shall comply with governmental regulations for the disposal of equipment (e.g., computers, printers, etc.)

The District may offer obsolete equipment, still in working condition, to students and/or the community, at no charge. (These items have been replaced by the District and have exceeded their depreciable life span,)

Sole Source

Sole source means that a single vendor is uniquely qualified to meet the school District's procurement objective. This is a rare occurrence. To be considered a sole source and therefore exempt from the bid process, one of the following conditions must be met:

- The actual product or service needed is the only one that will meet the school's need/requirement and it can only be purchased from one source (manufacturer or distributor).
- The product or service must match or be compatible with current equipment or services.
- The product needed is specifically required for use in conjunction with a grant or contract.
- The service needed is controlled/mandated by the local utility or government.
- Professional or artistic services.
- An unusual or compelling urgency exists.

Purchase and/or elimination of the bid process must NOT cause non-compliance with any regulatory mandates.

Record Retention

The District maintains copies of all documentation related to purchases. Requestors and/or end users are required to submit all requested documentation to the business office.

The Board reserves the right to request and review any document related to a purchase(s).

Invoicing/Payment

A purchase transaction is complete only after the goods or services have been received and the supplier has been paid. When approval is issued by the Superintendent, the District assumes responsibility to make sure the vendor is paid within an appropriate period of time. By issuing approval in advance of the purchase, funds are properly encumbered and set-aside to pay these obligations. The encumbrance is not a contract, but ensures that the required funding is available. Accounts Payable pays invoices for the District including those for external vendor purchases, employee reimbursements, and payments to U.S. independent contractors.

Vendors are required to send invoices directly to the school, via U.S. postal service, for proper processing. This is the best way to ensure invoices are paid in a timely manner.

Tax Exempt Status

Ross-Hill Academy is a not for profit public school district. The District is exempt from sales and use tax. This tax exemption is to be used exclusively to make purchases for use by the school District and is not for personal use by individuals, faculty, staff, or students. Any purchase made in the name of the school, including those by a student organization, must be school related and paid for through District funds.

Ross-Hill's tax-exempt status is a very serious issue and the integrity of how it is utilized must be protected, due to the potential for abuse. Misuse of the District's tax privileges could be detrimental to Ross-Hill's tax-exempt status and subject to disciplinary and/or legal action. Upon request, the school District's business office shall forward the tax-exempt number directly to suppliers.

BIDDING POLICY

Staff members are to refer to the *Suspension and Debarment* guidelines prior to proceeding in any bid process and the **Purchasing Policy** for more detailed information on purchasing policies and procedures.

It is the policy of the Board that the Superintendent receive at least three (3) price quotations on purchases of more than \$5,000 for a single item, except in cases of emergency or when the materials purchased are of such a nature that price negotiations would not result in a savings to the District or when purchases meet compliance regulations of governing educational/governmental agencies.

When the purchase of and contract for single items of supplies, materials, or equipment exceeds the amount designated by statute, the Superintendent shall obtain competitive bids.

The bidding process shall comply with regulations of Michigan Department of Education (MDE) or other governing units of public school academies. In general, 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;
- F. compliance with governing regulations.

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

The Superintendent shall be informed of the terms and conditions of all competitive bids and shall award contracts as a consequence of such bids.

The Superintendent is authorized to approve and purchase, or deny, all items within budget allocations.

The Board should be advised, for prior approval, of all purchases of equipment, materials, and services when the purchase exceeds the line item approved by the budget.

The Superintendent is authorized to make emergency purchases, without prior approval, of those goods and/or services needed to keep the school in operation or in compliance with the governing agency(ies). 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 Superintendent periodically estimate requirements for standard items or classes of items, seek price comparisons and make quantity purchases 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 the Superintendent places a purchase order, the staff requestor or other office staff member(s) shall check as to whether the proposed purchase is subject to bid. The Superintendent's office shall also check 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.

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

- A. items commonly used in the various schools or units thereof, be standardized whenever consistency with educational goals can be maintained;
- B. opportunity be provided to as many responsible suppliers as possible to do business with the School District;
- C. a prompt and courteous reception, insofar as conditions permit, be given to all who call on legitimate business matters;

- D. 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;
- E. 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.

The Superintendent shall determine the amount of purchase and type of purchase which shall be allowed without a signed purchase order. Employees shall be held personally responsible for anything purchased without a properly signed purchase order or authorized check request form, approved by the Superintendent.

The Superintendent 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.

Purchasing - General Provisions

- A. All purchases shall be processed through the business office of the Superintendent.
- B. The Superintendent shall be the contracting agent for all financial obligations.
- C. The Superintendent 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 Superintendent shall be contacted for approval and authorization. In all such cases, an approved check order request shall be issued as soon as possible after the commitment is made.
- E. Confirming purchase agreements will be honored only in cases cited in the above paragraph.
- F. Ongoing commitments such as service contracts and leases should be renewed annually, in writing, at the beginning of each fiscal year.
- G. Open purchase orders for goods or services are valid only for the time period and amount indicated on the purchase agreement/contract. Extension of the commitment beyond that time and/or amount shall be confirmed by a new check request. Open purchase orders must be approved by the Superintendent before they are issued.
- H. 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 \$5,000 require the approval of the Board.
- I. Quotes will be required for any item or group of items in a single transaction costing \$5,000 or more.
- J. Purchases of supplies, materials, and equipment items shall be in compliance with this policy's adherence to the MDE competitive bids guidelines, when applicable.

Payment of Claims Procedure

- A. When delivery is made, the staff requestor checks the order to ensure it has been received correctly and in proper condition. The staff requestor is responsible for notifying the business office and contacting the vendor to rectify any deficiencies.
- B. The business office checks the approved check request, quote and/or contract against the invoice, and if everything is in order, a warrant is drawn.

- C. If discrepancies or questions arise, the business office shall contact the vendor or request clarification from the staff requestor.
- D. The vendor's invoice is filed with the check request and/or purchase order, and a copy of the warrant

Bidding Procedures

Staff members are to refer to the **Suspension and Debarment** guidelines prior to proceeding in any bid process.

The following procedures shall be followed:

A. Preparation

1. The Superintendent's office shall have the responsibility for approving bid documents and advertising for solicitation of bids.
2. The technical specifications for the purchase of special equipment, materials and/or services shall be prepared by the person or department/team requesting the purchase and submitted to the Superintendent. Specifications must be complete and accurate to ensure that goods received conform to standards desired. The staff requestor, or team, initiating the bidding of goods or services regulated by MDE or other regulatory agencies governing the public charter school is responsible for assuring the Superintendent's office of all relevant matters for compliance with regulatory guidelines.
3. Bids shall be publicly advertised and shall carry the name of Ross-Hill Academy
4. The advertisement for bids will generally be placed in seven (7) days in local/regional news media. Advertisements for bids may also be placed in other appropriate publications when bidding construction projects and specialized equipment. For bonds or other borrowings, State laws relating to publication shall govern public advertisements
5. Purchases, discounts, grants, etc. sought through federal, state or local educational departments or other governmental agencies shall comply with the bidding process of the applicable governmental unit. All prospective vendors will be required to meet and comply with the governing agency.

B. Bid Opening

1. Generally, bid openings shall be attended by at least two (2) individuals who are on staff by the District, one of whom shall be the Superintendent.
2. The Superintendent, along with the person directly involved in the purchase, shall evaluate the bids and recommend purchases, unless otherwise determined by the Superintendent and/or the Board and/or prohibited by law.

C. Bid Awards - The Board authorizes all bids to be awarded by the Superintendent.

D. Cooperative Bids - Participation in cooperative purchasing/bidding arrangements with other schools, governmental units is permitted providing they satisfy the District's bidding requirements, are approved by the Board and are not in default of any MDE or other governing unit mandates.

Instruction to Bidders - These instructions shall form a part of all bid specifications:

- A. The naming of a given manufacturer and model number is not intended to limit bidding but to establish the level of quality desired for the various items required. Bidders should exercise care in bidding equivalent items. Complete descriptive literature must accompany equivalent bids. Samples will be requested if necessary.
- B. Bid price shall include delivery to the point of use. Where it shall be deemed necessary by school officials, the successful bidder shall be prepared to provide instruction in use and care of equipment delivered in both written form and on a demonstration basis.
- C. Optional accessories necessary for the basic use of equipment shall be included in the base bid. Such accessories not necessary for the basic use but deemed desirable shall be included as an alternative bid with a complete description.
- D. Each group of items or individual item, if classified in this way, shall constitute a separate bid. The Board of Education, however, may accept a combined bid for all items bid by one bidder.
- E. Delivery date is a part of the bid and must be submitted on the bid form at the time of bidding.
- F. All bids shall be exclusive of applicable excise taxes. Exemption forms will be executed when necessary.
- G. All bids shall be submitted in sealed envelopes clearly marked with the words "Bid Opening", the date and time of bid opening, the bid, and the name of the bidder.
- H. In the event of discrepancies between the unit price and extension, the unit price shall prevail.
- I. Manufacturer's written guarantees shall accompany each bid. Bidders may state in writing, additional guarantees which will become a part of the bid and considered in making awards.
- J. Where applicable, service facilities and convenience of service will be considered as part of the bid. When necessary, bidders shall submit evidence of ability to install adequately, service or supply the required items, and that the sale or provision of such items or services is a substantial, regular and continuous part of the bidder's business.
- K. Where applicable, bidders shall certify that all relevant Federal, State, and local laws have been complied with.
- L. Each bid shall be accompanied by either a bond for the full amount of the bid or a cashier's check or letter of credit equal to ten per cent (10%) of the total bid.
- M. All necessary insurance certificates shall be supplied only when specifically requested.
- N. No order awarded under these specifications, or any part thereof, shall be sublet or assigned without the written approval of the Superintendent.
- O. The bidder acknowledges that by submitting a bid, the specifications and other instructions are in the bidder's opinion, appropriate and adequate for the intended purpose.

The Superintendent and/or the Board reserves the right to:

- A. reject any or all bids without assigning any reason therefore;
- B. be the sole judge of equivalency;
- C. waive any bid requirement in accepting or rejecting bids.