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1. **PURPOSE**
	1. The purpose of this policy is to provide clear purchasing and procurement guidelines. Prior to and upon the acceptance and expenditure of funds awarded to NEW MILLENNIUM ACADEMY (NMA) by the federal government, NMA will ensure that the funds will be used for the purposes to fulfill the grant. The funds will be used in a manner consistent with state and federal statutes, rules and regulations.
2. **GENERAL STATEMENT OF POLICY**
	1. The policy of this school district is that purchasing and procurement procedures are developed and maintained.
3. **DEVELOPMENT OF PURCHASING AND PROCUREMENT PROCEDURE(S)**
	1. The Director of Business Services shall be responsible for the development and maintenance of procurement and purchasing procedures. The procedures shall be operated in compliance with state and federal rules and regulations.
4. **PURCHASING AND PROCUREMENT PROCEDURE GUIDELINES**
	1. All purchases of goods, services and equipment for which the District will be responsible for payment must be made on a district purchase order form, properly approved and executed.
	2. No employee of the school system may obligate the Board for any purchase without having gone through the regular, approved procedures. Such procedures include the use of purchase orders.
	3. Whenever practical, all goods used by the District should be standardized. This provides for purchasing in greater volume; reduces and restricts indiscriminate ordering; effects increased economy in all phases of procurement, including ordering, purchasing, delivering, and final distribution.
	4. NMA shall promote standardization of supplies and equipment to all personnel, and it shall be a responsibility of all employees of the District to accept and encourage standardization of supplies and equipment, if practical and applicable within an employee’s area of responsibility.
	5. Purchases shall be from local vendors if price is equivalent or lower than outside vendors taking transportation costs and timelines of availability into consideration.
	6. Purchase Thresholds
		1. The following are purchase thresholds; NMA specific procedures are defined for each purchase threshold.
		2. Micro purchase ($10,000)
		3. Small purchase ($10,000 - $175,000)
		4. Large purchase (> $175,000)
		5. Sealed Bids ($100,000, formal advertising, price is a major factor). Requirements for sealed bids:
			1. The invitation for the bid will be publicly advertised and bids must be selected from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids.
			2. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond.
			3. All bids will be publicly opened at the time and place prescribed in the invitation for bid
			4. A firm fixed price contract award will be made in writing to the lower responsive and responsible bidder.
			5. Any or all bids may be rejected if there is a sound documented reason.
		6. Competitive proposal (>$100,000 fixed price or cost reimbursement, request for proposal (RFP) with evaluation methods). Requirements for competitive proposal procedures:
			1. Request for proposals must be publicized requests and identify all evaluation factors and their relative importance
			2. Proposals must be solicited from an adequate number of qualified sources
			3. The organization must have written method for conducting technical evaluations of the proposals received and for selecting recipients
			4. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program
			5. The organization may only use qualification-based methods, whereby competitor’s qualifications are evaluated and the most qualified competitor is selected, in the procurement of architectural/ engineering professional services.
		7. Non-competitive proposal (solicitation of a proposal from only one source, unique product. service). Non-Competitive proposals can be utilized only in one or more of the following situations:
			1. The item is available only from one single source
			2. The public exigency or emergency for the requirement will not permit delay resulting from competitive solicitations
			3. The federal awarding agency or pass through entity expressly authorizes noncompetitive proposals in response to a written request from the non federal entity
			4. After the solicitation of a number of sources, competition is determined inadequate.
		8. Expenditures (purchasing combine with threshold section and each procedure)
			1. Purchases are made in accordance with applicable legal requirements. Except for small purchases made from petty cash, purchase orders are required for all purchases not made by a purchase card.
			2. A purchase order is prepared by the individual department staff member and then forwarded to the immediate supervisor. The immediate supervisor forwards to the Executive Director for Approval.
			3. The Executive Director must approve all purchase requisitions. The Board of Directors, or its designee, must approve purchase requisitions for items costing more than the current budget amount.
			4. All purchase orders are reviewed and approved by the Executive Director.
			5. The Executive Director determines if an appropriation exists for the purchase contemplated and if a sufficient amount is available in the appropriation account. Human Resources/Office Manager processes the purchase once the Executive Director has given approval.
			6. Copies of purchase orders are distributed to the employee and office receiving department. A copy is also retained in the Human Resources office.
			7. The Accounting software package assigns purchase order numbers sequentially.
		9. Construction and Facility Improvement/Development
			1. NMA will provide, when procuring construction or facility improvement contracts or subcontracts exceeding $100,000 the following; a bid guarantee equivalent to 5% of the bid price from each bidder (such as bid bond or certified check), a performance bond on the part of the contractor for 100 percent of the contract price, and a payment bond on the part of the contractor for 100 percent of the contract price.
		10. Considerations for Sealed Bids, Competitive Bids, and Noncompetitive Proposals
			1. When considering Sealed Bids, Competitive Bids, and Noncompetitive Proposals, NMA will assure that minority steps business, women’s business enterprises and labor surplus area firms are used when possible using the following guidelines:
				1. Placing qualified small and minority businesses and women’s business enterprises on solicitation lists.
				2. Assuring that small and minority business and women’s business enterprises are solicited whenever they are potential sources.
				3. Dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by small and minority business and women’s business enterprises.
				4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business and women’s business enterprises.
				5. Using the services and assistance, as appropriate, of such organization as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
				6. Requiring the prime contractor, if subcontractors are to be let, to take the affirmative steps listed here.
			2. NMA’s Business Manager will check random purchases quarterly to ensure that each guideline practice has been used.
	7. Contracts
		1. NMA creates contracts to include the following elements:
			1. Name of contracting agency and/or individual who will be performing work
			2. Credentials
			3. Start and end date of service
			4. Hourly rate of service
			5. Where the service is to take place per student IEP
			6. Maximum threshold of expenditure (ceiling)
			7. How often the agency or individual will be invoiced (weekly/monthly)
		2. Prior to engaging in a contract with an individual or agency, NMA will collect information regarding the credentials of the individual performing the work.
		3. Contracts are reviewed yearly. During this review period, the Executive Director collects documentation of services provided, the dates thereof, costs of service and remaining balance on the contract. If incongruences between the contract and work performed occur, the Executive Director will attempt to resolve any incongruences through mediation and when not possibly by termination of contract.
	8. Approval Process for New Vendors
		1. The Executive Director must approve all new vendors prior to a requisition being approved or a purchase order issued to new vendor.
		2. After a vendor is approved, the financial firm’s Business Manager will assign a code to the vendor.
		3. Required Certification (Section §200.415)
		4. The Executive Director has the authority to sign legally binding contracts up to $20,000.00. The NMA Board of Directors must approve contracts beyond $20,000.00
	9. Time and Effort Reporting (Section §200.430)
		1. Individuals paid with State and Federal funds will be required to report their time and effort spent on each specific award. Staff will receive annual training on reporting requirements for Periodic Annual Reporting (PAR) and Semi Annual Certifications (SAC). Data collected will be used to support the distribution of the employee’s salary or wages between specific activities/cost objectives if the employee works on one or more grants. Data collected from staff will include the following elements:
			1. Name of individual
			2. Dates of activity performed
			3. Description of activity
			4. Funding source
			5. Percentage of funding source allocated to activity
		2. Data collected will be substantiated by a calendar or schedule of work performed. The staff member will sign the document after the work has been performed. The Special Education Due Process Assistant will collect the documents and maintain them in the Special Education office for 5 years after the fact. NMA’s Special Education Due Process Assistant will provide the business office with records of time and effort reporting as complete. Human Resources and Business Manager will communicate any adjustments in hire at a minimum of two times per year including after December 1 child count and at the end of the school calendar year.
	10. Materials, Supplies, and Sensitive Items (Section §200.453)
		1. Section 200.453 and cost define supplies less than $5000 per item.
		2. § 200.453 Materials and supplies costs, including costs of computing devices. (a) Costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award are allowable. (b) Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms should be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs. (c) Materials and supplies used for the performance of a Federal award may be charged as direct costs. In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award. (d) Where federally donated or furnished materials are used in performing the Federal award, such materials will be used without charge.
		3. Equipment is defined in Section §200.33 and cost more than $5000 per item.
			1. §200.33 Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000. See also §200.12 Capital assets, 200.20 Computing devices, 200.48 General-purpose equipment, 200.58 Information technology systems, 200.89 Special purpose equipment, and 200.94 Supplies.
		4. Sensitive Items
			1. NMA will maintain an inventory list of all equipment purchased over $5,000 and sensitive items purchased with federal special education funds that are still in possession of the school (sensitive items such as IPads, IPods, cellular phones and those items identified by NMA). Materials (defined as those items purchased for reissue, reuse, resale such as hardware or maintenance parts) and supplies (defined as items purchased and used immediately or within a reasonable period of time after they have been acquired) will not be included in the physical inventory
		5. Steps used to safeguard equipment purchased over $5,000 and sensitive items:
			1. Student specific equipment will be distributed to students at the start of the school day and collected by special education staff, locked and stored within the special education area.
			2. Sensitive Items are placed in a locked cabinet
			3. Staff report equipment that meet NMA thresholds that is lost, damaged or stolen to the NMA IT Administrator and NMA’s Executive Director.
			4. All testing assessments, protocols, manuals, etc. are maintained in a locked file cabinet.
			5. All other curriculum, supplies and equipment are monitored on a regular basis.
			6. NMA will complete an investigation in the case of theft or vandalized equipment.
			7. NMA will contact the appropriate authorities including law enforcement authorities in the case of vandalism or theft.
			8. NMA’s established control system ensures adequate safeguards to prevent loss, damage, or theft of property.
			9. Adequate maintenance procedures of 6 month and annual physical review to keep property in good condition.
			10. Proper sales procedures for equipment that is no longer used are established for highest possible return including but not limited to price checking and advertisement.
	11. Conflict of Interest Policy (Section §200.112-113)
		1. NMA will document, in writing, any potential conflicts of interest and hold on file in the school Executive Director's office. In addition, NMA will consider and disclose all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. Disclosure forms are available through the administration office.
		2. NMA maintains written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts. The Uniform Grant Guidance 2 C.F.R. §200 includes the following provisions:
		3. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or 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 or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of NMA may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, NMA may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of NMA.
		4. NMA defines nominal value as an expense of twenty-five dollars ($25.00) or less.
5. Banking Procedures
	1. Credit/Debit Card Procedures
		1. NMA will follow the approved steps when school credit/debit card is used:
			1. NMA Executive Director will complete the Purchase Procurement Request form and Rationale Form.
			2. Credit cards will be issued to the following employees: Executive Director, Office Manager, Dean of Students and Human Resources.
			3. Purchases that exceed $1,000 per month must be pre-approved by the Executive Director.
			4. Authorized signers of the card will be limited to Executive Director, Office Manager, Dean of Students and Human Resources.
			5. The credit limit for each card will be $1,000 per month or a maximum of $12,000 per year without prior approval.
			6. Receipts and a completed Vendor Payment Request form shall be submitted to Human Resources and then to Beltz, Kes, Darling and Associates as soon as possible after each purchase. Receipts must be submitted promptly for recording in the schools financial accounting system. Purchases made with the card that do not have supporting documentation within thirty (30) days of the purchase will be the responsibility of the employee that made the purchase.
			7. The school will purchase insurance to cover against employee theft or fraud.
			8. If, in any given month, the administration believes the school needs to exceed the combined credit limit of $100,000 the board chair will be notified for approval.
	2. Cash Management
		1. NMA Board of Directors will authorize all bank accounts and persons permitted to be designated as check signers and permitted to authorize electronic bank transfers. NMA will limit the school's allowable deposits and addresses the specific types of risks to which the school's cash assets are exposed.
		2. The Business Manager may sign and deposit checks, as well as transfer funds from NMA’s savings account to checking accounts.
	3. Cash Receipts
		1. The NMA school secretary opens incoming mail and checks are endorsed.
		2. Check stubs are retained with back-up materials; if no stub is present; a copy of each check is retained.
		3. Human Resources received funds from staff members, summarizes them and summits the deposit to the Business Manager who then makes deposits. Amounts of cash receipts are verified when entered into the accounting software.
		4. A copy of all deposit slips and related information is retained in the Business Office with explanation and account number written on it. The bank receipt is attached to the retained copy and other back-up materials.
		5. The Business Manager and financial firm staff prepares bank deposits and postings to cash receipts journals, and to monthly account reconciliation process.
		6. Receipts of currency are deposited by the Business Manager after verification (see step 3).
	4. Accounts Payable
		1. All disbursements, including payroll, are made by check or direct deposit except for small petty cash purchases (under $50.00).
		2. Petty Cash is kept by NMA Human Resources.
		3. Petty Cash disbursement is documented and maintained by NMA Human Resources and Business Manager.
		4. A record of Petty Cash is retained in Human Resources office and reported monthly to NMA Executive Director.
		5. Checks are numbered sequentially; check numbers are verified during check runs. Blank check stock is only available to the financial firm staff.
		6. Checks are prepared by the financial firm and are independent of giving voucher and invoice approval.
		7. Check requests are approved for payment by the Executive Director before checks are written in the Accounts Payable area. The financial firm matches check to invoice prior to approval. Checks are only made payable to a specific payee and are not written to "Cash” or "Bearer."
		8. A record of checks written is retained in a Disbursements Journal. Supporting documentation has a duplicate check stub attached to avoid duplicate payments.
		9. The signature of the Board Treasurer and the Executive Director is Magnetic Ink Character Recognition (MICR)-printed on the check during the printing procedure.
		10. Check signers are authorized by the Board of Directors at its July or August meeting. No authorized check signers have complete responsibility for voucher preparation, approval for payment, check preparation, cash receiving, petty cash, purchasing and receiving, or timekeeping for payroll records. Signing of blank checks is prohibited.
		11. Voided checks are stamped with a "Void" stamp and retained.
		12. The Executive Director approves all non-check disbursements; such as wire transfers. If the NMA amount is more than a predetermined amount, the financial institution will call the school district to verify the amount with a designated party.
		13. Upon proper approval, the accounts payable staff member sends all invoices to financial firm for processing.
		14. Discounts, freight terms, etc., are checked for accuracy when Payables are entered into computer.
		15. Employees processing invoices are independent of those performing purchasing, receiving, inventory and general ledger functions.
		16. Access to Accounts Payable functions is limited to those employees who have a logical need for access.
	5. Expenditures – Accounts Payable
		1. Invoices are matched against receiving paperwork to determine that they are not duplicate invoices (duplicates are destroyed) and against approved copies of purchase orders.
		2. The Executive Director approves all Payables either during the purchase order process or before a non-purchase order invoice is paid.
		3. The Executive Director reviews and approves the Purchase Request and Method Rationale Forms.
		4. Financial firm staff assign the invoice a corresponding accounting code (UFARS, etc.)
		5. Original invoices are maintained in Human Resources files and copies are only distributed when requested.
		6. Payments are generated from invoices only; payments are not made based on statements. Vendors' month-end statements are reconciled to record liabilities based on invoices accrued and reviewed for non-current invoice dates.
		7. The Executive Director, Board Treasurer and Business Manager review a listing of all invoices entered for payment before checks are processed.
	6. Receiving
		1. A copy of all purchase orders is forwarded to staff members and the Office Manager retains a copy.
		2. The Office Manager uses the purchase order and shipping documents to inspect items for condition and proper quantity.
		3. The designated person sends paperwork back to the employee indicating shipments received and noting any errors in quantity received, damage, etc.
		4. The Office Manager matches receiving paperwork against invoices for payment.
		5. Upon receipt of the item, the Office Manager will reconcile the item received with the invoice and/or packing slip; affix a serial number or other identification number to the item; file the invoice and/or packing slip; and deliver the item to special education staff.
		6. The Office Manager will record and maintain a list of inventory. The Office Manager turns the inventory into the Human Resources office at year end.
6. **LEGAL REFERENCES**

U.S.C. 2 CFR § 200.415 (*Required certifications)*

U.S.C. Section 2 CFR § 200.430 (*Compensation - personal services*)

U.S.C. Section Section 2 CFR § 200.453 (*Materials and supplies costs, including costs of computing devices)*

U.S.C. Section 2 CFR § 200.33 (*Equipment*)

U.S.C. Section 2 CFR 200.112 (*Conflict of interest*)