Lighthouse Academy

Purchasing and Reimbursement Procedures

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A. General Policy

This policy outlines the procedures to be followed by all School personnel engaged in a purchasing transaction.

The School's purchasing activities directly influence the public perception and image of the School. Therefore, the highest possible standards of business ethics, professional courtesy and competence are required.

B. Authority for Purchasing

General Purchases and Guidelines

The Board of Directors annually approves the individuals authorized to commit the School for materials, equipment supplies and services.

The authority to purchase is based on verification that all allocations are approved and budgeted in the current fiscal year.

All funds, regardless of their source, are considered to be School funds and are to be expended according to School policies and procedures. Purchases made without the proper approvals and procedures may become the personal obligation of the person originating such purchases.

Approval Authority

The following administrators are authorized to approve expenditures on behalf of the School ($23,881 will be adjusted annually with changes made by the State):

Authorized Signature	Amount of Purchase
Authorized signers	$0-$5,000
With Board approval (witnessed by Board approved budgets)	$5,000 - $23,881
With formal Board approval and after competitive bid	over $23,881

An individual cannot approve expenditures for which she/he is the payee, such as with an expense reimbursement or travel advance, or if she/he is the direct beneficiary such as membership dues, conference fees, or cell phone charges.

Federally Funded Purchases

All Federally funded purchase must follow the requirements of OMB Circular, CFR 200 (amounts will be adjusted as modified by Federal Law):

- Micro-purchase: Purchases where the aggregate dollar amount does not exceed $3,000 (or $2,000 if the procurement is construction and subject to Davis-Bacon). When practical, the entity should distribute micro-purchases equitably among qualified suppliers. No competitive quotes are required if management determines that the price is reasonable.
- Small purchase: Includes purchases up to the Simplified Acquisition threshold, which is currently $150,000. Informal purchasing procedures are acceptable, but price or rate quotes must be obtained from an adequate number of sources.
- Sealed bids: Used for purchases over the Simplified Acquisition Threshold, which is currently $150,000. Under this purchase method, formal solicitation is required, and the fixed price (lump sum or unit price) is awarded to the responsible bidder who conformed to all material terms and is the lowest in price. This method is the most common procurement method for construction contracts.
- Competitive proposals: Used for purchases over the Simplified Acquisition Threshold, which is currently $150,000. This procurement method requires formal solicitation, fixed-price or cost-reimbursement contracts, and is used when sealed bids are not appropriate. The contract should be awarded to the responsible firm whose proposal is most advantageous to the program, with price being one of the various factors.
- Noncompetitive proposals: Also known as sole-source procurement, this may be appropriate only when specific criteria are met. Examples include when an item is available only from one source, when a public emergency does not allow for the time of the competitive proposal process, when the federal awarding agency authorizes, or after a number of attempts at a competitive process, the competition is deemed inadequate.

C. General Responsibilities

Accounting Department:

1. Pre-qualifying suppliers with joint input from the requisitioning Department
2. Preparing Requests for Quotations (RFQ)
3. Receiving and evaluating quotations
4. Negotiating with suppliers
5. Awarding the business for supply of goods or services

6. Releasing award information

7. Monitoring all purchasing activities for compliance with purchasing policies and procedures

8. Establishing and maintaining standards of quality

Superintendent:

1. Preparing purchase requisitions, if needed

2. Providing accurate specifications when requested

3. Assuring that contract and grant requirements are met

4. Verifying that funds are available

D. Conflict of Interest

All employees are required to comply with the Integrity Educational Services Conflict of Interest and the School's Code of Ethics. The School has adopted a Code of Ethics which appears in Appendix A.

E. Vendor Selection

Vendors shall be selected based on their ability to service the needs of the School in the most economical and efficient manner. It is the policy of the School to provide equal opportunity to all vendors.

Buying shall be competitive with a select number of vendors being allowed to bid, if a competitive bid is required.

F. Requests for Bids

The Superintendent, in collaboration with the requisitioning department, solicits competitive quotations or bids in accordance with the following guidelines:

Amount of Purchase	**Guideline**
up to $23,881, as amended annually	A decision will be made on to whether or not to solicit quotations depending on the competitive nature, price of the items

	required, risk factor and if the purchase will be Federally funded.
$23,811 (as amended annually) and up	The Superintendent will require that the requesting department request at least three competitive written quotations. Sole source purchases require only one written quotation. Exceptions are determined by the Superintendent depending on the competitive nature, price of the items required, and risk factor.

An exception is made (1) in the case of repetitious purchasing of standard items and (2) for items available only from a sole source.

For consumable supplies and contracted services, bids will be renegotiated on a periodic basis.

In the event that the requisitioning department has obtained the quotations directly from the vendors, the documentation supporting these quotations must accompany the requisition. Proposals, bids or any other original documentation pertaining to the order are to be filed in the Accounting Department.

Quoted prices are to be held in confidence by the person responsible for purchasing and each transaction shall be considered on its own merits. Bids and price information are considered confidential and are not to be shared with competing vendors.

G. Shortages and Damages

Shortages or damaged merchandise must be reported immediately to the Accounting Department and such information must be clearly noted on the delivery/packing slip and all boxes and packing materials must be saved in order to facilitate returns.

H. Invoices

All invoices must be emailed or mailed to Accounts Payable for payment. Original invoices are required in order to initiate the payment process. Original invoices will be forwarded to the respective department to start the approval authority process.

If for any reason the invoice should not be paid, the requesting department needs to notify Accounts Payable immediately.

I. Prepaid Orders

In the event that a vendor requires full or partial prepayment of an order, the requisitioning department must request an invoice denoting the prepayment and the invoice must be submitted to Accounts Payable.

J. Sales Tax

The School is exempt from Michigan State Sales and Use Tax. Upon request, the Purchasing Department will furnish a tax exemption statement on School letterhead.

K. Restricted Funds

Restricted funds are provided by various government agencies and private donors for specific School projects. Use of such restricted funds is controlled by the conditions, rules and regulations of the funding source, as well as by applicable School guidelines.

L. Specific Purchases and Services

1. **Service Contracts, Maintenance Agreements and Leases**
   Contracts for service (excluding consulting or employment), leases and rentals must be submitted to the Accounting Department and/or the Superintendent for review and approval prior to entering into an agreement with the company. In addition to the approval signatures discussed in Section B, all lease and rental contracts require the approval of the Superintendent. A copy of the agreement will be maintained on file in the Accounting Department.

2. **Travel/Conference Registration**
   Employees are required to submit an approved Employee Expense & Reimbursement Form within 30 days of their return from the business trip. Please refer to the separate instructions and detail policy for Travel Expenditures.

3. **Personal Purchases**
   Because of the tax-exempt status of the School, individuals should not make purchases personally for the School. Vendors may not offer discounts to employees unless there is a School-wide program that is available to all employees.

4. **Construction, Renovation and Refurbishing**
   All requests for construction, renovation and refurbishing must be approved by the Superintendent. As a general rule, requests for such expenditures should be submitted as part of the annual budget process so they can be considered for inclusion in the deferred maintenance and capital expenditures plan.

5. **Copiers**
All requests for School copiers should be reviewed by the Information Technology department and approved by the Superintendent.

6. **Purchase of Computer Hardware, audio-visual equipment, software, and telecommunications equipment**
To acquire the above, School departments should consult with the Information Technology department. **IT** will assist departments in selecting hardware/software.

IT will then assist Integrity Educational Services to bid out when appropriate, and generate the requisition on behalf of the requesting department with approval from an Authorized Signer. The requesting department will be required to provide the funding source.

All equipment is to be delivered to IT for proper asset tagging and pre-configuration prior to installation.

If the order has not been received within three weeks, the requesting department should contact the IT department for a status report.

M. Unallowable Expenditures

In accordance with School policy, the following expenditures are NOT considered legitimate charges against the School budget:

Office refreshments, including coffee makers and supplies

Flowers, greeting cards, personal gifts

Holiday decorations

Personal ornamental items for offices

Personal expenditures of any type

Any expenditure not supported by a valid invoice from the person selling such goods and services

APPENDIX A

School Code of Ethics for Purchases

The School has adopted the following Code of Ethics for Purchases:

1. Give first consideration to the objectives and policies of this institution.
2. Strive to obtain the maximum value for each dollar of expenditure.
3. Decline personal gifts or gratuities.
4. Grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permits.
5. Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
6. Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement or a sample of the product.
7. Receive consent of the originator of proprietary ideas and designs before using them for competitive purchasing purposes.
8. Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier, and/or be willing to submit any major controversies to arbitration or other third party review, insofar as the established policies of this institution permit.
9. Accord a prompt and courteous reception, insofar as conditions permit, to all who call on legitimate business missions.
10. Cooperate with trade, industrial and professional associations and with governmental and private agencies for the purpose of promoting and developing sound business methods.
11. Foster fair, ethical and legal trade practices.
12. Counsel and promote a spirit of unity and a keen interest in professional growth among them.

INTEGRITY
EDUCATIONAL SERVICES

Integrity Educational Services Conflict of Interest Policy

(Revised 6/18)

Policy Statement

The purpose of this policy is to provide guidance in identifying and handling potential and actual conflicts of interest involving Integrity Educational Services ("IES"). In most instances, conflicts of interest can be avoided simply by exercising good judgment.

IES team members are expected to conduct their relationships with each other and outside organizations with objectivity and honesty. The general rule is that: IES personnel are obligated to avoid and disclose ethical, legal, financial, or other conflicts of interest and remove themselves from a position of decision-making authority with respect to any conflict situation involving the company.

1. Identification and Management of Conflict Situations

1.1 Basic Definitions

Generally, a conflict of interest may occur if an activity influences or appears to influence the ability of an individual to exercise objectivity or impairs the individual's ability to perform his or her employment responsibilities in the best interests of IES.

An individual is considered to have a potential conflict of interest when:

- He or she or any family member[1] receives a financial or other significant benefit as a result of the individual's position at the company;
- The individual has the opportunity to influence the company's decisions in a manner that leads to personal gain or advantage; or
- The individual has an existing or potential financial or other significant interest which impairs or might appear to impair the individual's judgment in carrying out their responsibilities to the company.

1 For purposes of the Conflict of Interest Policy, the term "***family member***" means any spouse, domestic partner, parents, siblings, children, any other relative who resides in the *same household* and any other familial relationship that could create the appearance of a conflict.

1.2 Specific Relationships that May Create Conflicts of Interest

A variety of situations, affiliations and relationships may create potential conflicts of interest. An employee's former employment with a prospective or actual contractor, vendor or supplier, could raise an allegation of an apparent or actual conflict of interest. Therefore, if the former employment relationship is within the last six months, you must disclose the relationship and recuse yourself from managing the contract. In addition, if the former employment relationship is more than six months

ago, but is still recent (within the past 12 months), you should disclose the relationship and be sensitive to the appearance of a conflict of interest or other impropriety.

When deciding which relationships should be disclosed, consider the situation from the perspective of an outsider and whether the relationship is of a nature that it could raise an allegation of an apparent or actual conflict of interest, and then err on the side of transparency. Full disclosure helps to alleviate or avoid future misunderstandings.

1.3 Disclosure and Management of Conflicts of Interest

All positions of influence, financial benefits, financial interests, and other potential conflicts of interest must be disclosed to the Human Resources Department. If an appearance of impropriety or actual conflict of interest exist, appropriate actions must be taken, which will vary depending upon the particular facts. The employee involved in the conflict situation must work cooperatively with their supervisor to achieve a resolution of the conflict issues in the best interests of the company. Depending upon the nature of the conflict, this may include the employee being removed from a position of decision-making authority with respect to the conflict situation.

2. Gifts and Entertainment

IES team members may not receive or offer gifts, entertainment or anything else of significant value (e.g. financial payments, awards, loans, services, fees, etc.) for the purpose of influencing the action of the company or of the recipient. This guideline is not intended to prohibit normal business practices, such as meetings over meals, corporate items given to participants in meetings and conferences, or token hosting gifts, as long as they are of nominal and reasonable value and promote the company's legitimate business interests. If an employee believes there is an appropriate reason to make an exception to this policy for an individual situation, then supervisor approval should be obtained.

3. Confidential Information/Assignment of Inventions

Confidential information (printed, electronic or otherwise) relating to the IES's past, present, future and contemplated services, educational strategies and objectives, personnel, facilities, equipment, finances, policies, and business procedures must never be disclosed to anyone outside IES, without the company's express written permission.

In addition, IES may hire and invest in employees to develop company curriculum, programming, improve processes, etc. and to develop new markets. With this investment, IES owns the intellectual property created by its employees in the course of their employment. Thus, employees may not share these developed products or programs outside of the IES schools without the company's express written permission

4. Outside Employment or Business Activity

During working hours, team members are expected to devote their full time and attention to IES business.

If an employee wishes to engage in employment or business activity outside his/her employment with IES, the employee must first disclose to his/her supervisor the nature and extent of the proposed employment or business activity, and obtain the supervisor's approval. Approval will only be withheld if IES reasonably determines that the employee's proposed outside employment or

business activity could conflict or compete with the interests of IES, or could negatively affect the employee's job performance or attendance.

5. Selection, Award and Administration of Federal Contracts

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 IES must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value may be allowable but should be pre-approved by the Superintendent. Violation of this policy may result in disciplinary action up to and including termination of employment.

6. Disclosure

By signing this policy, I acknowledge understanding of the above policy and acceptance of the policy guidelines and constraints.

_____

Signature

_____

Printed Name

_____

Printed Employee Name and Date

Potential Known/Suspected Conflicts of Interest