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 ($31,321 – FY25-26 will be adjusted annually with changes made by the State):

Authorized Signature	Amount of Purchase
Authorized signers	$0-$5,000
Within Board approved budget amounts (witnessed by Board approved budgets)	$5,000 - $31,321
With formal Board approval and after competitive bid, if applicable	over $31,321

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 2 CFR 200 Uniform Guidance (amounts will be adjusted as modified by Federal Law):

- Micro-purchase: Purchases where the aggregate dollar amount does not exceed $31,321 (FY25-26) will be adjusted annually with changes made by the State). When practical, the entity should distribute micro-purchases equitably among qualified suppliers. For food service purchases, the aggregate dollar limit is $15,000. 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 $250,000. 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 $250,000. 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 $250,000. 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. Providing accurate specifications when requested
2. Assuring that contract and grant requirements are met
3. Verifying that funds are available

D. Conflict of Interest

All employees are required to comply with the Integrity Educational Services Conflict of Interest, 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 Accounting Department, in collaboration with the requisitioning department, solicits competitive quotations or bids in accordance with the following guidelines:

Amount of Purchase	**Guideline**
up to $31,321 for non-food service purchases (up to $15,000 for food	A decision will be made on to whether or not to solicit quotations depending on the competitive nature, price of the items

service purchases), as amended annually	required, risk factor and if the purchase will be Federally funded.
$31,321 (as amended annually) and up	The Superintendent will require that the requesting department request at least three competitive written quotations or utilize REMC published quotes. 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. Invoices are required in order to initiate the payment process. 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 Accounting Department will furnish a tax exemption statement.

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. **School Credit Card Purchases**

   Individuals with school credit cards are expected to only make school purchases with the credit card in accordance with the policies and limits described above. At the end of each month, receipts must be provided to the Accounting department to support the expenditures on the monthly credit card statement. Failure to submit receipts may result in the individual paying for the purchase with personal funds and/or loss of the school issued credit card.

4. **Personal Purchases**
   Because of the tax-exempt status of the School, individuals generally 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.

5. **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.

6. **Copiers**
   All requests for School copiers should be reviewed by the Accounting department and approved by the Superintendent.

7. **Purchase of Computer Hardware, audio-visual equipment, software, and telecommunications equipment**
   To acquire the above, School departments should consult with the Accounting department. The Accounting Department will assist departments in selecting hardware/software.

   The outsourced IT function 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 Central Office for proper asset inventorying and pre-configuration prior to installation.

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

APPENDIX A

Purchasing Conflicts of Interest

School members are expected to conduct their relationships with each other and outside organizations with objectivity and honesty. The general rule is that: School 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 the School.

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

School 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. General Purchasing Policies:

A. Give first consideration to the objectives and policies of this institution.

B. Strive to obtain the maximum value for each dollar of expenditure.

C. Grant all competitive supplier's equal consideration insofar as state or federal statute and institutional policy permits.

D. Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.

4. Purchasing Policies for Federal Awards:

No employee, officer, board member, 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, board member, 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, board members, and agents of the school may 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.