

Lighthouse Academy

Purchasing and Reimbursement Procedures

Table of Contents

- A. General Policy
- B. Authority for Purchasing
- C. General Responsibilities
- D. Code of Ethics and Conflict of Interest
- E. Vendor Selection
- F. Requests for Bids
- G. Shortages and Damages
- H. Invoices
- I. Prepaid Orders
- J. Sales Tax
- K. Restricted Funds
- L. Specific Purchases and Services Requiring Distinct Processes or Approvals
- M. Unallowable Expenditures

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 (\$26,046 – FY22 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 - \$26,046
With formal Board approval and after competitive bid, if applicable	over \$26,046

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 \$10,000. 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 \$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 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 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 \$26,046, 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.

<p>\$26,046 (as amended annually) and up</p>	<p>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.</p>
--	--

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. 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.
- 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 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

Any expenditure not supported by a valid invoice or reimbursement request form

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.