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702.1 PURCHASING, PROCUREMENT AND CONTRACTING

PURPOSE

The purpose of this policy is to establish procedures for carrying out purchasing, procurement and contracting functions of the charter school and to provide efficient management of public monies and ensure compliance with all applicable state and federal laws including requirements when using federal funds to make purchases under Minnesota's special education program.

II. GENERAL STATEMENT OF POLICY

It is the policy of **Stride Academy (STRIDE)** to utilize resources to the greatest benefit of our students' education and to establish procedures for all expenditures made with charter school funds to ensure efficiency, economy, legal compliance, internal control, ethical behavior by all staff members, and fairness in dealing with vendors.

General Purchasing Procedures

1. **Authorization:** The STRIDE Academy Board of Education, Executive Director and Principal are responsible for overseeing the procurement process, including establishment of procedures, internal controls, quality assurance, methods of greatest economy, and compliance with all applicable laws. The official charter school expenditure budget (as adopted by the Board of Education) is authorization for the director/principal to make purchases within the budget under his/her control. To be valid, all contracts must be approved by the school board. The Board of Education may empower the Executive Director to enter into contracts. The Board of Education reviews and approves all purchases at the monthly meeting utilizing the Supplementary Information/Financial Report on the agenda.
2. **Scope:** Purchasing procedures apply to procurement of equipment, supplies, and services used to support the educational process. Expenditure of charter school funds may only be for the public purposes of the charter school and may not benefit an individual.
3. **Administrative Approval:** In order to provide efficient budget management, the Principal will approve all purchase requisition and employee/board reimbursement forms. The Executive Director will also be responsible to review all bills prior to payment.
4. **Monitor:** The Principal and Executive Director will monitor and facilitate best practices and ensure best pricing.
5. **Economy:** Good business practice dictates that products will be purchased for the lowest price for acceptable quality. Lower prices can be achieved through researching best prices, cultivating business relationships, negotiating price contracts, buying in quantity, competitive quotation, or formal bid process.
6. **Purchasing Methods:** All STRIDE Academy purchases must be made through methods authorized by the Board of Education. Approved methods include purchase orders, purchasing card, internet sites from reputable companies with which the school does business, request for a check, reimbursement to employees upon presentation of receipts for school district purchases and imprest cash. Advanced payment will only be made when required by the vendor.

7. **Purchasing Process: STRIDE** Academy payments for goods and services shall be reported to the school board for review no later than the next board meeting. The Board of Education not only desires to have the opportunity to review purchases but wants no penalty or loss of discount to occur from making payment after the next board meeting. Purchasing card use and office supply website purchases shall be reviewed by the Board of Education at the meeting following payment. At no time shall any invoice remain unpaid by the school for more than 35 days to ensure prompt payment to the vendor and to avoid being cited in the annual audit.

a. Requesting Goods and Services:

- i. *Requisitions for purchase orders.* The STRIDE Academy has a written procedure for the process of generating a purchase order for goods or services.
- ii. *District purchasing card (credit card).* STRIDE Academy has one credit card under the name of the Executive Director. Accounts Payable staff complete a monthly reconciliation. The Executive Director and Accounts Payable staff are responsible for attaching receipts and producing supporting documents that reconcile with the credit card bill. The supporting documents must be available for inspection by the Board of Education as requested.
- iii. *Internet site.* Purchase from approved vendors using the purchasing card. Office supplies can be purchased from vendors with which a data communication relationship is maintained and no purchase order is necessary. When goods are received, the purchaser will notify the Executive Director or Accounts Payable staff and payment will be generated.
- iv. *Employee reimbursement.* Employees may be reimbursed for school expenses using an Employee/Board Reimbursement Form form by attaching receipts and getting the Principal/Director's approval. State sales tax cannot be reimbursed, so purchasing cards or purchase orders should be used whenever possible.
- v. *Advance payment.* From time-to-time it may become necessary to get an advance payment for goods or services. Upon approval, the Principal/Executive Director, advance payment will be made for such things as extended field trips, conference travel by staff and/or for vendors who won't accept a purchase order. All receipts, along with any unspent funds must be turned in upon completion.

b. Receiving/Return/Storing: Upon receipt of ordered goods, the Accounts Payable staff will make an inspection to insure accuracy of the order and condition of the STRIDE Academy goods. The initialed and dated packing slip/invoice should be filed for matching with invoice for payment.

c. Invoice/Payment: Payment for goods and services will be made only after the receipt of the goods or services, with rare exceptions. MN Statute 471.425 requires payment within 35 days with exception for a negotiated shorter payment period between vendor and school. No company shall be paid late fees for payment within the 35 days.

d. Check Run/Emergency Purchase Orders/Emergency Payments: The business management company, or office personnel, generally prints checks for payment two times a month. Emergency purchase orders and/or emergency payments will be made only with the recommendation of the Executive Director and after a conversation with the business management firm or office personnel and verification that the need is an emergency.

e. Outstanding Purchase Orders and Year End Cleanup: Purchase orders remain unfilled and open until all items have been received and paid. Full year purchase orders (i.e., blanket POs for cell phone bills) and any unfilled purchase orders at June 30 of the fiscal year must be closed out and if necessary renewed with a different PO # for the new fiscal year. Authorization to make future purchases cannot extend beyond the end of the fiscal year.

Procedures for Purchases from \$10,000 to \$49,999 with non-federal money

A contract for supplies, materials, equipment or construction estimated to cost from \$10,000 to \$49,999 must be made by obtaining two (State Statute) or more competitive quotes or by sealed bid. Charter school contracts of this size must be in compliance with MN Statute 471.345. The Executive Director and the Board of Education must oversee this process.

Procedures for purchases \$50,000 and over with non-federal money

A contract for supplies, materials, equipment or construction estimated to cost \$50,000 and over must be solicited by sealed bid after a public notice period. Contracts of this size must be in compliance with MN Statute 471.345. The Executive Director and the Board of Education must oversee this process.

Procedures for using federal funds to purchase materials, products, or services under

Federal Special Education

A. Follow the steps as outlined above for General Purchasing Procedures. This will assist the school in following a free and open competitive process in securing those products or services. It will allow the school to properly document their purchasing activities and decisions. In addition, this policy will assist the school in following the special rules for particular kinds of purchases typically used under the federal special education program. The federal requirements for the administrative areas are found in the Code of Federal Regulations (CFR) at 2 CFR §200.317-326 for governmental sub recipients and subrecipients that are non-profit organizations (e.g. subgrantees). The regulations are found at www.ed.gov/policy/fund/reg.

B. The Federal grant has permitted Procurement Methods as follows:

(a) Procurement by micro-purchases.

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$10,000. To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

- Defined as purchases of less than \$10,000.
- Micro purchases do not require competitive bids
- Micro purchases do require the use of the approved STRIDE Academy requisition forms and procedures.
- Micro purchases requisitions must be approved and dated prior to ordering and fulfillment.

(b) Small purchases (2 CFR §200.320(b)):

Procurement by small purchase procedures: Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property

that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

- May be used for procurement of \$250,000 or less in the aggregate;
- Small purchases are usually made through the use of purchase orders for purchases of goods and written contracts for purchases of consultant vendor services;
- Competition is sought through oral or written price quotations; and
- For procurement of goods, catalogs or price lists may also be used.

(c) Procurement by sealed bids (formal advertising).

Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply.

(1) In order for sealed bidding to be feasible, the following conditions should be present:

- (i) A complete, adequate, and realistic specification or purchase description is available;
- (ii) Two or more responsible bidders are willing and able to compete effectively for the business;

and

(iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(2) If sealed bids are used, the following requirements apply:

- (i) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;
- (ii) 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;
- (iii) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
- (iv) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
- (v) Any or all bids may be rejected if there is a sound documented reason.

(d) Procurement by competitive proposals. 2 CFR §200.320(c-d)

The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- (1) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- (2) Proposals must be solicited from an adequate number of qualified sources;
- (3) The non-Federal entity must have a 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, with price and other factors considered; and
- (5) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor,

can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

(e) Procurement by noncompetitive proposals. 2 CFR §200.320(f)

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate.

C. Contracting with small and minority firms and women's business enterprises [2 CFR §200.321]

Grantees and subgrantees will take all necessary affirmative steps to assure that small and minority firms and women's business enterprises are used when possible. (Additional information for this requirement can be obtained by accessing the Targeted Group/Economically Disadvantaged/Veteran-Owned Small Business Procurement Program Directory at <http://www.mmd.admin.state.mn.us/mn02001.htm>)

Affirmative steps include:

- a. Placing qualified small and minority business and women's business enterprises on solicitation lists;
- b. Assuring that small and minority business and women's business enterprises are solicited whenever they are potential sources;
- c. 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;
- d. Establishing delivery schedules, where the requirements permits, which encourage participation by small and minority business and women's' business enterprises; and
- e. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce.

D. *The Administrative Process.* The administrative procedures shall include a *system of contract administration that includes the following:*

WRITTEN PROCUREMENT PROCEDURES

For procurements within the small purchase threshold (\$100,000) the procurement procedure ensures that the purchase of unnecessary or duplicate items is avoided; and a cost or price analysis will be performed for every proposed procurement action, including contract modifications, and documentation to that effect is maintained in the procurement file.

SELECTION PROCEDURES

The charter school selection procedures ensure that:

- Awards will be made to the bidder/offer or whose offer is responsive to the solicitation and is most advantageous to the Special Education subgrantee, price and other factors considered;
- Any and all offers may be rejected when it is in the Special Education subgrantee's interest to do so;
- The Special Education subgrantee ensures that the award is only made to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement;
- Consideration will be given to such matters as contractor integrity, compliance with

- public policy, record of past performance, and financial and technical resources; and
- The school will check references, contact current and prior clients, check resource organization websites, etc.
- The school ensures that there are protest procedures in place to handle and resolve disputes relating to procurement and in all instances report such disputes to the State (2 CFR §200.318(k))

CONTRACT ADMINISTRATION PROCEDURES

If a charter school has contract administration procedures it will:

- Insure all purchase orders (and contracts) are signed by the authorized official(s) of the Special Education subgrantee;
- Determine the adequacy of contractor performance 2 CFR §200.318(b) and Establish reasonable payment schedules defining amount and timing of funds to be paid (we recommend payment after services rendered).
- Insure items delivered and paid for are consistent with the purchase order and/or contract for the goods or services;
- Provide that timely payment to vendors occurs once the order is delivered, inspected, accepted, and payment authorized.

WRITTEN CONTRACTS WITH VENDORS WILL INCLUDE THE FOLLOWING:

- Provisions or conditions that allow for administrative, contractual or legal remedies in instances in which a contractor violates or breaches the contract term, and provisions which provides for such remedial actions as may be appropriate;
- Provisions for termination by the recipient, including the manner by which termination shall be effected and the basis for settlement; and
- Conditions under which the contact may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.

RECORDS TO BE MAINTAINED

According to 2 CFR §200.318(i) as a Special Education school it will maintain records to detail the significant history of a procurement. STRIDE's records include, but are not limited to documentation on:

- The rationale for selecting the method of procurement used;
- The rationale for selecting/rejecting the contractor;
- The rationale for selecting the type of contract;
- The basis for the cost or price of a contract;
- The receipt of an adequate number of price or rate quotations from qualified sources; and
- Justification for lack of competition when competitive bids or offers are not obtained.