

Purchasing Procedures and Guidelines

Purchasing Requisition

A purchase requisition must be submitted to the immediate supervisor / manager for review and approval, then to be submitted to the office of the principal, Superintendent, and HES President for approval prior to placing any purchase order with the vendors or suppliers. (The applicant can recommend Vendor or Supplier names.)

1. The following guidelines must be considered and followed before placing and/or authorizing a purchase:
 - a) For purchases over \$5000, the staff is required to request quotes from at least three different vendors where possible; the quotes are to consider quality, price and service (delivery charges for example). Purchases over the State threshold, \$23,881 must be publicly bid and must follow the public bidding guidelines as set by the State. The public bidding may take place only under the supervision and direction of the Superintendent and HES President.
 - b) All purchases regardless of budget size must have prior approval by the HES President and be consistent with the school's board approved budget.
 - c) All Grants purchases must have prior approval by HES President and Director of Improvement and Accountability.
 - d) All General Budget purchases must have prior approval of the HES President unless directed otherwise by her in writing.
 - e) All purchase orders must have a PO signed by the Building Principal, and approved by the Superintendent and/or HES President regardless of their budget size/and or total amount.
 - f) Only authorized personnel (supervisors) pre-authorized in writing by the HES President may approve and process purchases
 - g) Unauthorized purchases are at the responsibility of the staff making the purchase and/or the supervisor approving the purchase.

Purchase Orders

All items identified for purchase that will exceed \$300 shall be purchased with a pre-approved purchase order (PO).

1. The Treasurer, Principal, HES President or his/her designated representative, shall create POs in accordance with the approved PO format based upon the information presented by the requester. All known details of the anticipated purchase must be included in the PO including shipping and handling. The Academy designated Administrative staff will match the request against the

management plan and the budget to validate compliance. In the event a PO is submitted for a single purchase of more the state threshold, a public bidding is then required and approval from the Academy Board will be required. Once the Board of Directors is satisfied with the detail provided and the compliance with the approved management plan and budget, they will then sign and delegate to a designee to sign the PO and fax it to the requester.

2. Once the merchandise is delivered the purchase order will be compared to the packing slip, sales receipt, and/or bill of lading to ensure all merchandise ordered was received. If any items are on back order the requester shall make a copy of the purchase order to place with the bill of lading. The original slip and the invoice for the delivery shall be emailed to the Accounting Department for payment processing.
3. Before the merchandise is delivered to the person who made the request, the merchandise should be appropriately marked. A property inventory shall be maintained and updated by the Director of Accounting or designee.
4. After-the-fact PO requests shall not be entertained. A pre-approved PO will expire if not used within 30 days of the Director of Accounting or designee's approval.
5. A preapproved purchase order must be completed in its entirety before a purchase order may be considered for approval.
6. For regular purchases that are below the purchasing threshold must follow the following guidelines:
 - a) All administrators are compelled to get authorization for their purchases from the principal.
 - b) All purchases less than \$1000 per month must have prior approval by the Principal, Director of Accounting, and Superintendent.
 - c) All purchases equal to or over \$1000 per month must have prior written approval by the Principal, Director of Accounting, and Superintendent.
 - d) Teachers are allowed a budget of \$100 annually to purchase necessary items for their classrooms set up or activities for items that are not usually purchased by the school.
 - e) All purchases must have a PO signed by the supervisor and approved by the building principal and Superintendent if under \$1000.
 - f) A request for purchase must be made to the supervisor for approval before an order may be processed
 - g) Only authorized personnel (supervisors) may approve and process

purchases

- h)** Unauthorized purchases are at the responsibility of the staff making the purchase.
- i)** If there is an issue with the purchase (items, damage, etc.) the school contacts the vendors; if there is an issue with payment the Business Office contacts the vendor
- j)** Bills are only paid from invoices (Bills are never made from statements, packing slips or PO)
- k)** If an item is on backorder, the item on the PO is highlighted, and a copy of the PO is filed aside to be referenced to once the item is received and invoiced

Receipt of shipment

1. When a shipment is received from a vendor or supplier by the Academy's Main Office, following procedures to be followed:
 - a) The Academy Main Office will count the shipment; check every item against the purchase order to make sure all items and quantity received are correct.
 - b) Send all shipping documents such as packing list, shipping receipts, or copy of invoice to the Business Office marked RECEIVED on the documents and in the PO system within 3 business days of the shipment receipt.
 - c) The Business Office will enter all necessary transactions to the Vendor Accounts and pay for the invoices when are due.
 - d) If packing slip is not available, the principal needs to confirm that the supplies have been received.
 - e) Any order more than \$10,000, in addition to the packing slip the principal needs to confirm that the supplies have been received.

Competitive Bid Threshold

1. For purchases over \$5000, the staff is required to request quotes from at least three different vendors; the quotes are to consider quality, price and service (delivery charges for example). Purchases over \$23,881 must be publicly bid and must follow the public bidding guidelines as set by the State. The public bidding may take place only under the supervision and direction of the HES President. The most recent guidelines state the following: "The fiscal year 2017-18 base for Section 1267, pertaining to construction, renovation, repair, or remodeling and the new base for Sections 623a and 1274, pertaining to procurement of supplies, materials, and equipment, is \$23,881.

The fiscal year 2018-19 base for section 1267, pertaining to construction, renovation, repair, or remodeling and the new base for Sections 623a and 1274, pertaining to procurement of supplies, materials, and equipment, is \$24,459.

2. Section 620(1) of the Revised School Code [MCL 380.620(1)] establishes a base above which travel expenses paid with intermediate funds must be posted to the ISD website. Section 620(1) provides for an increase in the base that corresponds with increases in the Consumer Price Index. For fiscal year 2017-18, the base amount for mileage reimbursement is .545 for premium rate and .36 for standard rate to \$3,906 (3,831 x 1.0198).” See the following link for more details:

https://www.michigan.gov/documents/mde/Competitive_Bid_Threshold_333257_7.pdf

Miscellaneous Accounting Procedures

Invoice Matching:

1. Upon receipt, invoices are usually separated by school and then by vendors.
2. The invoice is the main document, PO and packing slips are the supporting documents.
3. Checks are only issued when an invoice has all the supporting documents and upon the receipt of good and / or the completion of service.
4. Utility bills do not require PO or packing Slip.
5. Upon receipt of an invoice follow these steps:
 - a. Stamp the invoices by the date received.
 - b. Match the invoice with the corresponding PO and packing Slip.
 - c. Check items on invoice against items on PO and on Packing Slip
 - d. Check quantity on invoice against quantity on PO and on Packing Slip
 - e. Check price on invoice against price on PO and on Packing Slip
6. If there is discrepancy try to identify the source of the discrepancy, by contacting first the staff member who placed the order, and then the vendor if needed.
 - a. Examples of why discrepancies may occur: Staff ordered from an old catalog or vendor discount not accounted for in the PO or partial shipping
7. Initial first and last names next to the items checked
8. Partial Shipping
 - a. Sometimes as an order may be received in more than one shipment. The PO will be checked against the packing slip, and the items not received are highlighted.
 - b. Make a copy of the PO and save aside for when the rest of the shipments are received.
9. A payment is issued only for the items received and recorded on the packing slip
10. Invoices related to maintenance, building & security are shared with Building &

- Facilities Operations Manager to review and approve prior to making payment.
11. Invoices related to Technology are shared with the Chief Technology Officer (CTO) to review and approve prior to making a payment.
 12. Invoices related to phone and internet bills are shared with the CTO to review typically invoices are scanned to the CTO; for cell phone invoices only the summary page is scanned, and additional information is furnished to the CTO upon his request.
 13. Invoices related to Food Services are shared with the Food Services Coordinator at the building to review and approve prior to making a payment.
 14. Invoices related to substitute teachers are shared with the Substitute Coordinator to review and approve prior to making a payment.
 15. Invoices related to curriculum material, furniture, and / or classroom to office supplies, are shared with the Principal of the academy making the purchase to review and approve prior to making the payment.
 16. Software and services do not require packing slip, only a verification that the service was rendered by the administrator overseeing the area. The verification need to be in writing (Initialing & Signing the invoices)
 17. Check the purchase order for proper authorization by the supervisor and / or Superintendent and for consistency with the purchasing policy
 18. In case if credit cards, only original receipts may be accepted. Make sure the credit card policy is followed.
 19. The Business Office staff matching the invoice must verify each item against the packing slip and the purchase order for quantity, price and receipt and each item has to have a check (√) mark for full receipt or if partial, the quantity received needs to be noted and initialed.
 20. Partial shipments need to be followed up with the vendor to be sure they're scheduled to ship. If not, the administration will need to be notified to plan either replacements or cancellation.
 21. The Business Office staff member handling the invoice holds on the invoices that she receives, and release them only after he/she has requested and obtained all the supporting documents. Also, prior to releasing the invoice to initial it; initialing the invoice would mean that he/she has reviewed and collected all related documents and no problems/errors were identified.
 22. Always be mindful of invoice due dates so that the academies are not penalized.

Additional Requirements for purchases with Federal Funds or Grants

1. In order to maintain effective control over the purchase of supplies, materials, equipment and services with federal monies or under a Federal grant, HES and/or the Academy must follow all applicable Federal laws, regulations and standards, as well as all applicable Board policies and applicable State laws,

- rules and regulations.
2. It is the general policy of HES and the Academy that the purchase of all federally funded supplies, materials, equipment and services be at the lowest cost and must consider quality, price, service, specification, warranty, and the best interests of the Academy in addition to being procured in accordance with the Academy purchasing policy. All procurement processes should use good administrative practices and judgement and free of any real or apparent conflict of interest. Additionally, staff must ensure that all procurement is to be conducted in a manner which provides open competition.
 3. When purchasing supplies, materials or equipment with Federal monies or under Federal grant, the procurement processes must also be in accordance with and follow Accounting Manual, Grant Manual and the HES Operations and Procedures Manual.
 4. When procuring services with Federal monies or under a Federal grant, if the reasonably anticipated cost is greater than the established Simplified Acquisition Threshold of \$150,000 than a cost or price analysis will need to be completed with every procurement action in excess of the threshold including contract modifications, in addition no adhering to the HES and/or Academy general purchasing policies and requirements. The method and degree of analysis required will be dependent on the facts surrounding the particular procurement situation.
 5. It is the policy of HES and the Academy that when procuring services, supplies, material or equipment that affirmative steps are taken to assure that minority businesses, women's business enterprises and labor surplus area firms are used when possible. Affirmative steps must include:
 - a) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
 - b) Assuring that small and minority businesses, 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 businesses, and women's business enterprises;
 - d) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
 - e) Using the services and assistance, as the small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
 - f) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.

6. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal, State or local 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.
7. The officers, employees of HES, and agents of HES and / or Academy must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, HES and/or the Academy may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.
8. Violations of the HES or Academy written code of conduct, this policy or the HES or Academy policies could result in disciplinary action up to and including termination depending on the severity of the violation.

Staff / Student incentives purchasing policy

Staff and student incentives are typically fundraised to provide funds for staff and student incentive purchases. The fundraising activities must be consistent with HES fundraising policy, and any requirements imposed by an Academy. All fundraising activities must be pre-approved by HES President or his/her designee. Principals must submit a student / staff incentive program plan to the HES President for approval prior to making any purchases; the plan must include detailed description of items to be purchased and their intended use.

Return of property

Employees are responsible for items issued to them by the employer or the school, or in their possession or control. Employees must return all property immediately upon request or separation of employment from HES, or the end of the school year.

Conflict of interest/Code of ethics/Code of conduct

1. HES' reputation for integrity is its most valuable asset and is directly related to the conduct of its officers and other employees. This reputation also reflects on each of the Academies to which we provide services. Therefore, employees must never use their positions with HES or assignment with an Academy, for private gain, advancement of personal relationships or interests nor to obtain favors or benefits for themselves, their families or any other individuals, corporations or business entities.
2. HES adheres to the highest legal and ethical standards applicable in our business.

HES' business is conducted in strict observance of both the letter and spirit of all applicable laws and the integrity of each employee is of utmost importance.

Following this standard also reflects well on the Academies services by HES.

3. Employees of HES shall conduct their personal affairs in such way that their duties and responsibilities to HES are not jeopardized and / or legal questions do not arise with respect to their association or work with any assigned Academy.
4. No employee shall engage in or have a financial interest, directly or indirectly, in any activity that conflicts or raises a reasonable question of conflict with his/her duties and responsibilities.
5. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal, State, or local 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.
6. The officers, employees of HES, and agents of HES/ or the Academy must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, HES and/or the Academy may set standards for the situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.
7. Violations of the HES or Academy written code of conduct, this policy or the HES or Academy policies could result in disciplinary action up to and including termination depending on the severity of the violation.