5000.09-AR Travel Reimbursement

Travel expense and mileage allowance limitations shall apply to district employees and board members.

Employees must submit for approval the required travel reimbursement form prior to and/or following said travel. The District reimburses at then-current IRS rates.

5000.10-AR Bids, Purchasing and Procurement

The purpose of this Administrative Procedure is to provide instructions for bidding, purchasing and procurement in a manner that will:

- Obtain goods and services of the best possible quality and price to meet the needs of District students and staff;
- Allow the District to document to its stakeholders that available financial resources are being used efficiently; and
- Ensure compliance with the provisions of state law and Board Policy.

The procurement policy outlined below has been developed in compliance with:

- Section 380.1267 and Section 380.1274 of the Revised School Code
- Michigan Department of Education's Competitive Bid Threshold Letter
- The Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan published by the Michigan Department of Treasury
- School District Policy, as applicable.

General Principles

a. Applicability – Purchasers using District funds shall act responsibly to obtain those items that meet the District's needs at the best possible price, and in accordance with State law and Board Policy.

- All District employees are accountable for following this procedure when purchasing goods and services using District funds.
- All purchases are subject to administrative approval.

b. Lowest Responsible Bid - In evaluating competitive proposals, the recommended price is not automatically the lowest initial expense. Proposed purchases should consider other factors, such as:

- The costs of shipping or pick up,
- Reasonable estimates of supply and maintenance costs over the lifetime of the item purchased,
- The past performance of the proposed supplier,
- Compatibility of the product with existing equipment, and
- Likely resale or salvage value at the end of the item's useful life.

c. Split Purchases – It is not permissible to obtain multiple smaller invoices for like items from the same vendor over a short period of time, or piecemeal individual purchases for a large project, in order to avoid competitive bidding requirements.

Procurement of Supplies, Material, and Equipment

MCL 380.1274 states that a school district shall not purchase an item or a group of items in a single transaction at or above the State competitive bid threshold (and are consistent with the MDE Competitive Bid Threshold requirements) unless competitive bids are obtained for those items and the purchase of those items is approved by the School Board. This threshold amount is adjusted annually by the Michigan Department of Education and reported to each school district in September of each year.

Procurement of Construction Services and Project – Related Work

MCL 380.1267 requires the District to obtain competitive bids prior to the commencement of construction of a new building, or the addition to or renovation of an existing school building.

However, MCL 380.1267 does not apply to:

- repair in emergency situations;
- to repair work normally performed by school district employees;
- or buildings, renovations, or repairs costing less than State competitive bid threshold.

MCL 380.1267 requires the board to advertise for bids at least once in a newspaper of general circulation in the area where the construction or renovation is to take place. In addition, the District must advertise the project on the Department of Management & Budget bid website (www.buy4michigan.com) for two weeks.

The advertisement should contain the following:

- Date, time and location where bids are to be received by the Board or its designee
- Date time and location of the public opening/reading
- Statement: Late bids will not be accepted
- All bids must be accompanied by a statement disclosing any familial relationship that exists between the owner or any employee of the bidder, Board member, or administrator.
- The District may reject all bids
- Proof that the company is bondable
- Performance bond naming the School District as oblige
- Statement that all bidders are to certify that they will pay prevailing wage (for bonded construction projects).

MCL 380.1267 section (5) requires that all bids be opened and read aloud at a public meeting at the time and date for bid submission specified in the advertisement for bids.

MCL 380.1267 allows the board to reject any and all bids, but must re-advertise in the same manner as for the original bids. In addition, the School District may require a written rationale from an administrator for single source manufacturer bids or recommendation of acceptance of other than the low bid. (Note: The situation involving a single source manufacturer does not preclude the District from complying with State bidding requirements.)

MCL 2380.1274 allows for Michigan-based business preference in awarding bids.

Bidding Requirements

a. Purchases Requiring Informal Competition (50% of the State Bidding Threshold) - For purchases of more than $1,000, but less than the State Bidding Threshold the purchaser will ordinarily be required to retain evidence of price competition. These may be in several forms, including:

   - Written quotations obtained from vendors,
   - Catalog prices (taking into account any discounts the district may be entitled to receive),

- Reliance on bids taken by other governmental or non-profit organizations or purchasing consortiums (such as the State of Michigan, REMC, HPS), or

- Price quotations obtained by e-mail or telephone with proper documentation. Proper documentation should include:

  i. The vendor contacted and person spoken to,

  ii. The exact item offered including brand and model, and

  iii. The date of the conversation.

The person making the purchase should obtain enough quotations to ascertain the best price was secured. Ordinarily, three quotations from major suppliers should be sufficient.

c. Purchases Requiring Formal Competition (at or above State Bidding Threshold) - Section 380.1267 of the Revised School Code outlines formal competitive bidding requirements. The dollar threshold required by the State for obtaining competitive bids is updated annually.

In many cases, the State of Michigan or other entities may solicit bids on behalf of a number of school districts or other governmental units**.** In situations where the timing required to formally receive bids for non-construction goods and services may jeopardize District programming, if such a solicitation meets the District's needs, it may qualify for meeting the goal of price competition. Otherwise, district staff must solicit bids.

A written request for bids is prepared and published in a form likely to reach the greatest number of potential offers. The bid request contains the complete specifications for the requested goods or services, including payment terms and delivery and warranty requirements. The bid request specifies the form in which the offer must be submitted, the address to which the offers must be submitted, the deadline for submission, and the time and place at which the bids will be publicly opened and read. In addition, there is standard language that must be included in most bid requests. Contact the Business Office for assistance before releasing a bid document.

Approval Authority

a. Administration Approval –

- The Board of Education establishes and approves operating budgets that serve as the point of control for on-going and regular operating expenses for the District. The approved budget is allocated among school buildings and support departments. School and department administrators may approve purchases

according to the Bid Purchase Procurement Guidelines, as stated in section 5000.10-AR.

- Authorized District personnel may use assigned District purchasing cards for individual purchases that fall within approved building/departmental budgets.

- Except in the case of emergencies (see below), no Administration staff member is allowed to approve any expenditure, where such expenditure exceeds the total Board approved budget.

b. Board Review & Approval –

- Major purchases exceeding the State bid limit must be approved by the Board at a regular or special call Board meeting.

Change Notices / Contract Addendums

For capital expenditures and project items, it may be necessary for the contractor to issue a Change Notice(s) for work that is outside the initial scope of work. When it is necessary to issue a Change Order, the Deputy Superintendent of Administrative and Business Services may approve such changes up to a maximum amount of $50,000 without Board of Education approval.

Change Orders in excess of $50,000 require Board Committee review. In the event that a particular Change Order requires review in advance of a Board Committee meeting, and would otherwise adversely impact District programming or project timing if review was delayed, the Superintendent will notify the Board of the need to approve the Change Order in writing to proceed with the Change Order.

Change Orders of $50,000 or more require Board approval at a regular or special call Board meeting.

Emergency Purchases

Relative to this procedure, an emergency is defined as a situation where immediate action is required to address imminent danger, to preserve valuable property, or to avoid interruption of District programming. (Fire and flood would be clear examples of emergencies). An emergency is further defined to include situations which may cause an extreme negative financial impact to the District if immediate action is not initiated.

If procurement of goods and/or services is required to address an emergency, normal purchasing requirements are waived assuming that compliance was not possible and the Building Administrator or Director acted in good faith. In emergency situations involving major expenditures (bids that exceed the MDE bid threshold), the administrator must immediately notify the Deputy Superintendent of Administrative and Business Services. Further, the administrator must prepare the necessary purchasing

documentation associated with such emergencies within three school days following the event. Board approval, where needed, will be sought after the fact as soon as it is reasonably possible.

Requisition Preparation, Approval & Purchase Order Processing

1. Upon approval of the appropriate authority, Building/Department administrators, or their designees, prepare requisitions in SMART.

2. Building/Department administrators review requisitions to ensure alignment with district programming and overall district goals, and to ensure that expenditures are containable within approved budget levels.

    a. If insufficient budget exists for a critical or non-discretionary purchase, the Building/Department administrator should review available budgets in other accounts, and request a budget transfer from the Business Office. This can be accomplished via e-mail, or by using a designated Budget Transfer form, sent to the Deputy Superintendent of Administrative and Business Services.

3. Building/Department administrators must approve all requisitions based upon Board-approved budget levels before further processing can occur.

4. For purchases over $500, requisitions must also receive approval of the Deputy Superintendent of Administrative and Business Services before further processing can occur.

5. The Business Office confirms that all required electronic approvals for proposed requisitions have been obtained, verifies the appropriate account to be charged, and then converts the requisitions to Purchase Order status within SMART. Purchase Orders are then released to the designated supplier or vendor.

5000.11-AR Receiving, Invoicing & Bill Payment

1. Materials, supplies or services are received by the requesting building or department. Proof of receipt is sent to the Business Office.

2. The Business Office receives invoices – directly from the supplier or from another staff member to whom the invoice was sent – and verifies the receipt of goods and services specified on the invoice.

    a. If an invoice is received without available proof of delivery, the Purchasing personnel will contact the requisitioner, and request written confirmation of receipt. ***Under no circumstance will payment to a supplier or vendor be made without staff member written confirmation of receipt.***