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4/26/2019*

And MN Law

803 PURCHASING POLICY

I. PURPOSE

It shall be the policy of the Green Isle Community School to purchase products and services from within the school community provided that such products and services shall be competitive in cost and of equal quality.

II. Contracts

A. The official budget document shall be considered as the authority for all expenditures, which are made during the fiscal year. The principal concern of the Board of Directors shall be that the overall expenditure for any fiscal period shall not exceed the budgeted amount for any one fund. Categorical breakdowns within funds shall be used primarily for budget control for the current fiscal year and for future budget planning. The Business Manager shall approve all purchases made in the name of the Green Isle Community School except those authorized by direct action of the Board of Directors.

B. If the amount of the contract is estimated to exceed \$5,000, sealed bids shall be solicited by public notice in the manner and subject to the requirements of the law governing contracts by the particular governing body.

If the amount of the contract is estimated to exceed \$500 but not to exceed \$5,000, the contract may be made either upon sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding.

If the amount of the contract is estimated to be less than \$500, the contract may be made either upon quotation or in the open market, at the discretion of the governing body, but, so far as practicable, shall be based on at least two quotations.

C. Chart of Accounts

A standard chart of accounts is used under the UFARS system that is mandated by the Minnesota Department of Education.

III. Cash and Investments, Revenue, Receivable and Receipts

A. The School Board has delegated the duties of investing cash on hand not required for immediate expenditure to the Executive Director. Annually, a resolution is passed that allows this individual to invest idle School cash in accordance with Minnesota Statute 475.66 as noted in the *Minnesota Legal Compliance Audit Guide for Local Government*. This resolution also allows this individual to

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designate such depositories where investing takes place. This annual resolution is considered to be the "investment policy" of the School.

- B. The School contracts with *Stenmark* Financial for accounting/financial management services. The Director directly communicates with *James Evans* who acts as the Finance Manager.
- C. Bank statements are mailed to the school where they are opened by the Administrative Assistant, examined for any irregularities and then given to the Business Manager. The Business Manager then reconciles the receipts with the statements. The Director, School Board Treasurer, and all other School Board members are given a list of all cash disbursements and electronic fund transfers for review.
- D. The School's primary revenue sources consist of state/federal grants and aids. State/federal grants and aids are received via wire transfers and by check. Payments are received either as regularly scheduled by the State or Federal government or as triggered via the filing of progress or completion reports or EDRS reports. For amounts received by check, the check is routed to the Administrative Assistant for daily deposits. The appropriate account coding is assigned by *Stenmark Financial* and entered into the accounting system. Other receipts (such as field trip moneys) are accepted only in the main office of the School, where they are tracked by the delegated School personnel, specifically for the activity, for daily deposit. All deposits are additionally reviewed by *Stenmark Financial* as they are entered into the Smart Finance System.
- E. Detailed documentation regarding all Cash and Investments, Revenue, Receivable and Receipts is kept on file at *Stenmark Financial*.

IV. Cash Disbursements, Expenditures for Goods and Services and Accounts Payable

- A. School purchases of goods and services are conducted with the following guidelines and thresholds:
 - 1. Up to \$3,000 aggregate dollar value ("micro-purchases"). No quotes are solicited so long as the School considers the price to be reasonable. Purchases are distributed equitably among qualified suppliers to the extent practicable.
 - 2. Between \$3,000 and \$300,000 aggregate dollar value ("small purchases"). An adequate number (never less than two) of price or rate quotations are obtained from qualified sources and the most advantageous source is selected.

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3. \$30,000 but not \$100,000 A "contract" means an agreement entered into by School for the sale or purchase of supplies, materials, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property. If the amount of the contract is estimated to exceed \$25,000 but not to exceed \$100,000, the contract may be made either upon sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding.
 4. Greater than \$100,000 aggregate dollar value ("sealed bids"). The School performs cost or price analysis and develops independent estimates before going out for bid. An invitation for bids is publicly advertised and bids are solicited from an adequate number of known suppliers. A list of known suppliers is maintained and updated regularly. The invitation for bids, which includes any specifications and pertinent attachments, defines the goods or services for merchants to properly respond. It also includes and incorporates a clear and accurate description of the technical requirements for the goods or services to be procured. A date is set for public opening of all bids that allows sufficient response time from suppliers. The sound reason for rejecting any bid is documented. A firm fixed price contract award is made in writing to the lowest responsive and responsible bidder.
- B. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof.
1. Competitive proposals. Under conditions in which sealed bids would not be appropriate, the School seeks competitive proposals from an adequate number of qualified sources. Requests for proposals are publicized and identify all evaluations factors and their relative importance. The School conducts technical evaluations of the proposals received and awards the contract to the responsible firm whose proposal is most advantageous to the program. Qualification-based methods are only used in the case of procurement of architectural or engineering professional services.
 2. Noncompetitive proposals. Noncompetitive proposals are utilized only if the item is only available from a single source, or, the public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitations, or, the federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the School, or, competition is deemed inadequate after solicitation of multiple sources.
- C. The School conducts all procurement transactions in a manner providing full and open competition. The School does not place unreasonable requests on firms in

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order for them to qualify to do business, and does not require unnecessary experience or excessive bonding. The School does not specify that only “brand name” products be offered. The School does not impose geographical preferences except in accordance with applicable law. The School does not offer noncompetitive contracts to consultants that are on retainer contracts. Please refer to detailed conflict of interest policy described later in these processes.

V. Agreement Procedures

A. The School considers entering into state and local inter-governmental agreements where appropriate for procurement or use of common or shared goods and services.

The School awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration is given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. Final determination of whether a contractor is unsuitable lies with the School Board.

The School uses written agreements for all purchases of services. A written agreement is signed and dated by the Director and by the contractor before services begin.

B. The Director or School Board may deny a requisition request for several reasons, including when they do not feel that the expense is necessary and reasonable, when they believe that the School already owns or is in the process of purchasing sufficient quantities of the item, and when they believe that a lease agreement may be more beneficial than a purchase agreement. Requisition requests will also be denied when the requesting party is not able to provide sufficient evidence that all School procedures relating to procurement have been followed.

D. Once the item is received, the person that ordered the item verifies that it was received and remits the invoice and packing slip (or verification of receipt) to office. The Administrative Assistant matches the invoice with the purchase order if applicable, checks to see that the amount has been authorized, and sends a batch of prepared invoices to *Stenmark Financial* to be entered for payment on the accounting system. The Director and the Administrative Assistant then initial the invoice stating the invoice was reviewed, is correct and approved for payment. *Stenmark Financial* assigns appropriate UFARS codes to each invoice utilizing information provided by the Director. Coding is reviewed by *Stenmark Financial*.

D. Finance checks are prepared by *Stenmark Financial*. Typically, checks are printed minimally twice per month. Computer checks require two signatures after the verification process has been completed. Once a check is prepared it is matched to the invoice and remitted to the vendor for payment. A budget to actual comparison

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is provided monthly to the School Board. A check register is provided to the Director, and all other School Board members each month listing all individual transactions in numerical order. Detailed documentation regarding all expenditures for goods and services, including the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract, are stored in the office of the Director.

VI. Conflicts of Interest in Procurement

- A. No individual who has a real or apparent conflict of interest may participate in the selection, award, or administration of a contract for goods or services. Such a conflict of interest would arise when the individual, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of these parties, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.
- B. All employees and officers of the School are instructed that they may under no circumstances solicit gratuities, favors, or anything of monetary value from contractors or vendors, or from individuals or businesses who are seeking a contract with the School, as this may create a conflict of interest. Employees and officers of the School may accept an unsolicited gift from a contractor or vendor only if the gift is clearly of nominal value, defined by the School as having a monetary value of \$5 or less. Any violations of this policy will be subject to the School's standard disciplinary measures as outlined in the Employee Handbook, and may have consequences up to and including termination of employment.
- C. Determinations of an organizational conflict of interest, where the School itself is in a position to be influenced or may appear to be in a position to be influenced by a related organization, are made by the School Board. The School Board does not authorize any procurement actions to be taken under such circumstances.
- D. All conflicts of interest are required to be reported to the Director for possible reporting to MDE if required.

VII. Special Education Purchases

Purchases of supplies, equipment, and services for special education students follow all procedures outlined in this document. A completed purchase is not assigned a special education UFARS code until the Director of Special Education has verified that the purchase is allowable, necessary and reasonable as defined by federal and state requirements, that it is an eligible cost of providing special education services, that it is

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not a cost the School would have incurred in the absence of special education services, and that where applicable it is identified in the student(s) IEP(s).

VIII. Capital Assets

- A. Capital asset additions are tracked by the office staff in cooperation with the Director under the direction of the School Board. As equipment is purchased by the school, the items are coded into UFARS 500 level expenditure codes. At the end of each fiscal year a detailed review of the 500 level account expenditure activity is performed to create a fixed asset addition listing. There is also an analysis of the 400 level expenditure codes to ensure that all possible items have been considered.
- B. A detailed inventory listing is maintained by the Building Operational Staff that specifies each asset's description, purchase date, vendor purchased from, source of funding for the purchase, title holder, asset tag number, stored location, staff member assigned to, serial number, purchase price, anticipated useful life, purpose of the purchase, and the current condition of the asset. Additional information is tracked for equipment purchased with special education funding and for equipment purchased with federal funding, as appropriate. All assets are marked with an asset tag, and physical inventories are conducted on an annual basis.

IX. Payroll and Related Liabilities

- A. The School Board approves the hiring of all positions and communicates updates of terminations, new hires, and hiring changes at regular monthly board meetings as recommended by the School Director. The School Board reviews, approves, and takes necessary action on employment agreements, disciplinary actions, employee grievances, and benefit packages, and terminations as recommended by the School Director.

The Director (under the direction of the School Board) establish salaries/rates of pay. Salaried teaching and non-teaching positions are paid based on individual employment agreements. Timesheets and attendance records are maintained for these positions.

- B. Edvisions Cooperative
 - 1. The School utilizes EdVisions Cooperative for the processing of its monthly payroll. Employee timesheets are reviewed and approved by the Administrative Assistant before each payroll. Timesheets are also reviewed and approved by the Director before being forwarded to EdVisions Cooperative for processing.
 - 2. A Payroll Proof report (or preview report) for each payroll is emailed from kay@edvisioncooperative.org to the Director, Administrative Assistant, and

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Finance Manager. The Finance Manager reviews the report and goes to payroll with any questions. The Director reviews the report and replies to the email, giving her approval to run the payroll.

3. All payroll checks are prepared by EdVisions Cooperative. The school utilizes the electronic submission of electronic funds transfers to school employee bank accounts where applicable. Payroll checks and earnings stubs are printed at the EdVisions Cooperative office. The electronic stubs are emailed to the staff member and physical checks are mailed to the individuals home.
- C. Federal and State payroll withholdings are submitted electronically. Other withholdings, garnishments, retirements, etc. are paid by check or via electronic transfer where applicable. The Finance Manager reviews all such payments on a monthly basis.
- E. All detailed payroll and related liability documentation is stored in a secured locked cabinet, at *Stenmark Financial*.

X. Fund Equity

Fund equity of the School is accounted for in accordance with prescribed accounts as determined by the Minnesota Department of Education and UFARS.

XI. Federal Grant Programs

The School has approximately 4 federal financial assistance programs. The programs consist of Title Programs and Federal Special Education. The responsibility for managing each program falls to the Director. All external reporting is the responsibility of the Director with the assistance of the Stenmark Financial and the Administrative Assistant.

The Finance Manager and the Director meet regularly to review the grant spending reports to ensure the school is “on track” in relationship to budgets, federal allocations, and purchasing requirements.

All of the School’s federal purchases are made following the Uniform Grant Guidance 2 CRF Part 200 as detailed elsewhere in this document.

XII. Budgets

- A. Original budgets are prepared each spring with the cooperative effort of the School staff, the Finance Manager, and the Director. Proposed budgets are presented to the School Board for review, amendments, and approval before the June 30th deadline for each upcoming fiscal year.

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- B. The School Board reviews budget activity in relationship to actual expense with each interim monthly Income Statement. ADM reports are closely monitored by the Administrative Assistant and communicated to the Finance Manager. After enrollment is verified, revisions are made accordingly to the budget with the approval of the School Board. Changes to budgets are made by recommendation to the School Board for discussion and approval before changes are enacted.
- C. The School Board traditionally reviews and adopts at least one revised budget during the year before June 30 for the current year.

XIII. Financial Statements

The person designated for the responsibility for the accuracy and completeness of the interim financial statements on behalf of the school is the Finance Manager at *Stenmark Financial*. Financial reports are shared with all School Board members. Any questions or concerns related to interim financial reports are fielded by the Finance Manager or the Director. Questions or comments are communicated as appropriate to the school's auditing firm through the Finance Manager or the Director.

A representative of the auditing firm meets with the School Board annually to present the annual fiscal audit report along with a question and answer session to address any questions or concerns that the School Board may have regarding school finance.

XIV. Record Retention

All financial records and supporting documents are retained for at least the minimum amount of time specified by state and federal statutes. Only the Director can authorize the destruction of School records. All records pertaining to federal programs are retained for at least three years from the date of submission of the expenditure report or the minimum amount of time required by state law, whichever is longer. Records not relating to federal programs are retained according to the School District General Records Retention Schedule of the State of Minnesota. No records that pertain to ongoing litigations or audits are destroyed.

Legal Reference:

Minnesota Law, Chapter 471.345

GICS Policy Reference:

202 Conflict of Interest

704 Development and Maintenance of an inventory of fixed assets and a fixed asset accounting system