

## I. Purpose

This policy supplements the Lakes International Language Academy (the “School”) purchasing policy and provides additional internal controls, in accordance with Uniform Grant Guidance and the federal register, for *federal awards*. In conjunction with this policy, refer to Policy 232 *Conflict of Interest* and Policy 220 *Purchasing*.

## II. Definitions

- A. Labor surplus area: a civil jurisdiction that has a civilian average annual unemployment rate during the previous two calendar years of 20% or more above the average annual civilian unemployment rate for all states (including Puerto Rico) during the same 24-month reference period.

## III. Purchase Orders

- A. Purchase orders and contracts are reviewed by the School’s authorized signer to ensure the item is necessary and not a duplicate acquisition.
- B. The School’s finance office reviews purchase orders and contracts to ensure proper completion of the documents, that they have the critical information needed to assign UFARS coding, no sales tax is charged, and it is not a duplicate order.
- C. The School’s finance office reviews purchase orders and contracts to ensure that state or local government intergovernmental agreements are considered where appropriate.
- D. For Special Education procurement, the School follows additional state and federal requirements to ensure that the purchase:
  - a. is allowable, necessary, and reasonable;
  - b. is an eligible cost of providing special education services and is not a cost the LEA would incur in the absence of special education services;
  - c. complies with accounting standards for federal awards;
  - d. is supported by adequate source documentation including approval by the appropriate School official;
  - e. and if the purchase of the service, supply, or equipment is the result of a student need, ensure it is documented in the student’s IEP.

## Decision to Buy/Vendor Selection

- IV. Contracts are awarded only to responsible contractors with the ability to perform contract terms successfully. The School may ensure this through a variety of methods:
  - A. Prior successful orders by the school for goods or services
  - B. Checking vendor reference(s)
  - C. Reviewing customer feedback online

- D. Checking to see if complaints have been registered in Better Business Bureau
  - E. Requesting professional license number (if a licensed contractor)
  - F. Inspection of goods prior to purchase
- V. Ensure full and open competition
- A. No unreasonable requirements will be placed on firms for them to qualify to do business with the school.
  - B. The school will not require unnecessary experience or excessive bonding.
  - C. The school will not use noncompetitive pricing practices between affiliated companies.
  - D. The school will not use noncompetitive contracts to consultants that are on retainer contracts.
  - E. The school will follow its conflict of interest policy.
  - F. The school will not specify a brand name product only, unless it is the only product available that will fit needs. Equal products will be considered.
  - G. The school will not incorporate arbitrary actions in the procurement process.
  - H. Geographical preference is not a requirement of purchase. The school will not include state or local geographic preferences, except where federal statutes mandate or encourage geographic preference.
- VI. All solicitations will incorporate a clear and accurate description of the technical requirements for the material, product, or service to be purchased.
- VII. Purchases over \$100,000 require cost or price analysis, including independent estimates.
- VIII. The school does not discriminate and provides equal opportunity to vendors, including women-owned, small, and minority-owned businesses and labor surplus area firms. The school includes affirmative steps to assure that small and minority business, women's business enterprises, and labor surplus area firms are solicited whenever they are potential sources.
- A. The school will place qualified small and minority businesses and women's business enterprises on solicitation lists.
  - B. The school will assure that small and minority businesses and women's business enterprises are solicited whenever they are potential sources.
  - C. Components in overall purchase or project can, when economically feasible, be broken out into smaller tasks or quantities to allow maximum participation by women-owned, small, and minority-owned businesses.
  - D. Delivery schedules, where the requirement permits, can be adjusted to encourage participation by women-owned, small, and minority-owned businesses.
  - E. The school may also use, as appropriate, such organizations as the Small Business Administration, local chambers of commerce, or the Minority Business Development Agency of the Department of Commerce.
  - F. The School will require the prime contractor, if subcontractors are to be let, to

take the affirmative steps listed here.

IX. Procurement by Cost Threshold

- A. Micro-purchases (<\$25000; no quotes needed; equitable distributions)
- B. Small purchases (\$25000-\$100,000; quotes needed)
  - i. Contact at least two vendors for quotes.
  - ii. Assess quotes based on scope and criteria (such as cost, quality, suitability, conformance to specifications, availability, references, best overall ability to fulfill need).
  - iii. Contracts can be made for two years with an additional two-year renewal.
- C. Sealed bids (\$100,000 & up; formal advertising; price is a major decision factor)
  - i. The invitation for bids will be publicly advertised and bids will be selected from an adequate number of known suppliers, providing them with sufficient response time prior to the date set for opening the bids.
  - ii. The invitation for bids will include specifications and pertinent attachments. It must define the items or services to enable a proper response from bidders.
  - iii. All bids will be publicly opened at the time and place set in the ad or invitation for bid.
  - iv. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder.
  - v. Any or all bids may be rejected if there is a sound documented reason.
- D. Competitive proposals (>\$150,000, fixed price or cost reimbursement, requires request for proposal (RFP) with evaluation methods)
  - i. RFPs must be publicized requests and identify all evaluation factors and their relative importance.
  - ii. RFPs must be solicited from an adequate number of qualified sources.
  - iii. The school will have a written method or matrix for conducting technical evaluations of proposals received and selecting recipients. The matrix and/or evaluation and proposals will be kept/archived after awarding the purchase.
  - iv. Contracts are to be awarded to the responsible firm whose proposal is most advantageous to the program or project.
  - v. In the procurement of architectural/engineering professional services, the school will only use qualification-based methods, whereby competitors' qualifications are evaluated and the most qualified competitor is selected.

X. Noncompetitive Proposals can be utilized only in one or more of the following situations:

- A. the item needed is available only from a single source (it's a unique product or service).
- B. There is an urgent, critical need or emergency for the product or service that will not permit a delay resulting from competitive solicitations.
- C. The federal awarding agency or pass-through entity expressly authorizes

- noncompetitive proposals in response to a written request from the school.
- D. After the solicitation of sources, competition is determined inadequate.
- XI. Time and Materials
- A. Time and materials agreements may be used after determining that no other contract is suitable.
- B. Time and materials agreements must include a ceiling price that the contractor exceeds at his/her own risk.
- XII. Prequalified vendors, products and services
- A. The school defines prequalified vendors as those that the school has successfully done business with previously within the last two years. The vendor list is kept in the accounting system.
- B. The prequalified vendor, product and services list is reviewed prior to awarding contracts, to ensure it contains enough qualified sources to ensure maximum free and open competition and is up to date.
- XIII. The School's procurement documentation details the history of all procurements and at the minimum will include the rationale for the method of procurement, selection of contract type, contractor selection/rejection, and basis for the contract, as required by cost threshold.
- XIV. For construction or facility improvement contracts, or subcontracts exceeding \$150,000, contracts will include a bid guarantee equivalent to 5% of the bid price from each bidder (such as bid bond or certified check), a performance bond on the part of the contractor for 100% of the contract price, and a payment bond on the part of the contractor for 100% of the contract price.

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