

MARTIN LUTHER KING, JR. EDUCATION CENTER ACADEMY – CONTROL ACTIVITIES

PURCHASING AND PROCUREMENT POLICIES

Each year the State of Michigan informs the School of the legal amount for purchases which require a formal bidding process of a single item.

POLICY

The intent of the purchasing policy is to establish several levels at which purchasing can occur and to determine at what level Board involvement is required, when it is acceptable to get a simple “quote” and when the “competitive bid” procedure is required.

- a) Seek informal price quotation on purchases that are under 50 percent of the amount allowed by State statute for a single item, except in cases of emergency or when the materials purchases are of such a nature that price negotiations would not result in a saving to the Academy
- b) When the purchase of, and contract for, single items of supplies, material or equipment is in excess of 50 percent but less than the amount allowed by State statute the School shall whenever possible require three (3) competitive price quotations.

PROCEDURES

Purchases in a single transaction that are in excess of the dollar amount permitted by State statute shall require competitive bids and, whenever possible, have at least three (3) such bids for substantiation of purchase and shall require approval of the Board prior to purchase.

Competitive bids are not required for items purchased through cooperative bulk purchasing program, operated by the Michigan Department of Management and Budget pursuant to MCL 18.1263.

Competitive bids are not required for food purchases, unless food purchased in a single transaction costs \$100,000 or more. When food purchase in a single transaction exceeds \$5,000, the School shall whenever possible require three (3) competitive price quotations.

Bids shall be sealed and shall be opened by the Director in the presence of at least one (1) witness. All orders or contracts should be awarded to the lowest responsible bidder; however, consideration can be given to:

- The quality of the item(s) to be supplied
- Its conformity with specifications
- Suitability to the requirement of the Academy
- Deliver terms
- Past performance of vendor

MICHIGAN-BASED BUSINESS

The Board may consider and provide a preference to bidders which use a Michigan-based business as the primary contractor or which use one (1) or more Michigan-based business as subcontractors. This means a business that would qualify for a Michigan preference for procurement contracts under MCL 18.1268 which requires that the business certify that since inception or during the last twelve (12) months it has done one of the following:

- Have filed a Michigan business tax return showing an allocation of income tax base to Michigan
- Have filed a Michigan income tax return showing income generated in or attributed to Michigan; or
- Withheld Michigan income tax from compensation paid to the bidder's owners and remitted the tax to the Michigan Department of Treasury.

This preference shall not apply to any procurement or project using Federal fund nor shall it be used if it would violate any Federal law or requirements. The Board reserves the right to reject any and all bids.

SCHOOL PURCHASES

Contracts may be awarded by the School without Board approval for any single item or group of identical items costing less than \$5,000. All other contracts require Board approval prior to purchase.

The Board shall be informed of the terms and conditions of all competitive bids and shall award contracts as a consequence of such bids.

The School is authorized to purchase all items within budget allocations.

The Board should be advised, for prior approval, of all purchases of equipment, materials, and services when the purchase was not contemplated during the budgeting process.

The School is authorized to make emergency purchases, without prior approval of those good and /or services needed to keep the school in operation. Such purchases shall be brought to the Board's attention at the next regular meeting.

Whenever storage facilities make it impractical to receive total delivery, staggered delivery dates shall be made a part of the bid specifications.

Before placing a purchase order, the School shall check as to whether the proposed purchase is subject to bid, whether sufficient funds exist in the budget, and whether the materials might be available elsewhere in the school. All purchase order shall be numbered consecutively.

The School shall determine the amount of purchase which shall be allowed without a properly signed purchase order. Employees may be held personally responsible for anything purchased without a properly signed purchase order or authorization.

BOARD REQUIREMENTS

The Board requires that the School periodically estimate requirement for standard items or classes of items and make quantity purchases on a bid basis to procure the lowest cost consistent with good quality.

The Board requires in the interest of economy, fairness, and efficiency in its business dealings the following:

- Opportunity be provided to as many suppliers as possible to do business with the Academy
- Prompt and courteous reception be given to all who call on legitimate business matters

- Where the requisitioner has recommended a supplier, the School may make alternate suggestion to the requisitioner, if, in his/her judgement, better service, deliver, economy, or utility can be achieved by changing the proposed order
- Upon the placement of a purchase order, the School shall commit the expenditure against a specific line item to guard against the creation of liability in excess of appropriations.

The Board may acquire office equipment as defined in law by lease, by installment payments, by entering into lease-purchase agreement or by lease with an option to purchase provide the contract sets forth the terms of such a purchase.

FEDERAL GRANT PROCUREMENT

The School shall maintain a procurement and contract administration system in accordance with the USDOE requirements (34 CFR 80.36) for the administration and management of Federal grants and federally-funded programs. The Academy shall maintain a compliance system that requires contractors to perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. Except as otherwise noted procurement transactions shall conform to the provision of this policy and administrative guidelines (AG 6320).