

# Paramount Schools of Excellence

## Accounting, Audit and Financial Management Policies

<b>1.0 ACCOUNTING POLICIES</b>	<b>3</b>
<b>1.1 GENERAL LEDGER ACCOUNT CODING</b>	<b>5</b>
<b>1.2 GRANT FUNDS</b>	<b>5</b>
1.2A GRANT PROPOSAL DEVELOPMENT	6
1.2B GRANT PROPOSAL INTERNAL REVIEW	6
1.2C GRANT ADMINISTRATION	6
1.2D FISCAL MANAGEMENT	7
<b>1.3 CASH</b>	<b>7</b>
<b>1.4 CASH RECEIPTS</b>	<b>8</b>
<b>1.5 CASH DISBURSEMENTS</b>	<b>9</b>
<b>1.6 BOARD APPROVED VENDOR PAYMENTS</b>	<b>9</b>
<b>1.7 CREDIT CARDS</b>	<b>10</b>
<b>1.8 MONTHLY RECONCILIATIONS</b>	<b>11</b>
<b>1.9 REVENUE</b>	<b>11</b>
<b>1.10 EXPENSES</b>	<b>11</b>
<b>1.11 PAYROLL PROCEDURES</b>	<b>11</b>
<b>1.12 BAD DEBT WRITE-OFF POLICY</b>	<b>12</b>
<b>2.0 FINANCIAL REPORTING PROCEDURES</b>	<b>12</b>
<b>3.0 INVESTMENT/BANKING POLICIES</b>	<b>12</b>
<b>3.1 PRINCIPLES</b>	<b>12</b>
<b>3.2 PROCEDURES</b>	<b>13</b>
<b>3.3 BANKING POLICY</b>	<b>13</b>
<b>4.0 BUDGET PRINCIPLES/PROCEDURE</b>	<b>13</b>
<b>4.1 BUDGET PRINCIPLES</b>	<b>13</b>
<b>4.2 PROCEDURES</b>	<b>13</b>
<b>4.3 ADJUSTMENTS IN BUDGET/SPENDING PLANS</b>	<b>14</b>
4.3A BUDGET VARIANCES	14
<b>5.0 AUDIT PROCEDURE</b>	<b>14</b>
<b>6.0 PROCUREMENT POLICIES</b>	<b>15</b>
<b>6.1 CONFLICT OF INTEREST POLICY</b>	<b>15</b>
<b>6.2 REPORTING VIOLATIONS &amp; WHISTLEBLOWER PROTECTION</b>	<b>15</b>
<b>6.3 GENERAL CONTRACT AWARD MANAGEMENT POLICY</b>	<b>15</b>
6.3A PROCUREMENT OF SUPPLIES	16
6.3B PROCUREMENT – FEDERAL GRANTS	18
6.3C PROCUREMENT OF SERVICES	18
<b>6.4 NON-COMPETITIVE (SOLE SOURCE) PROCUREMENT</b>	<b>19</b>
<b>6.5 CONTRACT CHANGES</b>	<b>19</b>

**6.6 SANCTIONS AND DEBARMENT OF CONTRACTORS**  
**6.7 EMERGENCY PURCHASES**

**19**  
**20**

## **1.0 Accounting Policies**

It shall be the policy of Paramount Schools of Excellence (“PSOE”) to create and maintain accounting, billing, and cash control policies, procedures, and records which are consistent with Generally Accepted Accounting Principles (GAAP), and which meet the requirements of State and Federal statutes and regulations. All policies and procedures outlined in this document apply to the Paramount Schools of Excellence Network, individual schools and all other related entities.

PSOE accounting, audit, and financial management policies are designed to:

- protect and secure the assets of PSOE,
- ensure the maintenance of accurate records of the PSOE’s financial activities, and
- ensure compliance with governmental and private funder reporting requirements.

Where mentioned “accountant” means the Board approved accounting firm.

Support local banks and institutions if economically feasible: “Local” is defined as having a physical presence for customer service within PSOE’s service area.

The Board of Directors must approve expenditures over twenty-five thousand dollars (\$25,000) that are not covered under Board Approved Vendor Payment. Approval must be attached to the voucher for documentation purposes.

The Executive Director shall establish and maintain effective administrative guidelines to implement internal control standards and procedures consistent with State Board of Accounts guidance for all funds received by PSOE, including financial grants and awards from Federal and State sources. The standards and procedures so established shall provide reasonable assurance that the program and funds are managed in compliance with applicable Federal and State statutes, Federal and State regulations, and the terms and conditions of any award made to PSOE.

PSOE shall have a process that provides reasonable assurance regarding the achievement of the following objectives:

- A. effectiveness and efficiency of operations;
- B. reliability of reporting for internal and external use; and
- C. compliance with applicable laws and regulations.

The internal control standards and procedures shall provide reasonable assurance that transactions are properly recorded and accounted for in order to permit the preparation of reliable financial statements that are consistent with Federal and State reporting requirements; maintain accountability over assets; and demonstrate compliance with Federal and State

statutes, Federal and State regulations, and the terms and conditions of the any awards as applicable.

The internal control standards and procedures also shall provide reasonable assurance that these transactions are executed in compliance with Federal and State statutes, Federal and State regulations, and the terms and conditions of the award that could have a direct and material effect on any grant or award, as well as any other Federal and State statutes and regulations that are identified in the compliance supplements issued by the U.S. Office of Management and Budget (OMB) and/or directives of the State Board of Accounts (SBOA).

Finally, PSOE's internal control standards and procedures must provide reasonable assurance that all Federal and State funds, property, and other assets are safeguarded against loss from theft, fraud, or unauthorized use or disposition.

Further, all material erroneous or irregular variances, losses, shortages, or thefts of any amount of PSOE funds or property regardless of source, shall be immediately reported to the State Board of Accounts. A loss, shortage, variance, or theft is "material" if it amounts to more than \$500.00. These materiality thresholds apply to cash or to the fair market value of other PSOE assets. If there is doubt about whether a loss, shortage, variance, or theft meets the "material" threshold, it should be reported to the State Board of Accounts.

Additionally, State law requires that any individual who holds, receives, disburses, or is required to keep account of funds on behalf of a public school corporation and who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the school corporation to immediately send written notice of the misappropriation to the State Board of Accounts and the local prosecuting attorney. This requirement is not subject to any materiality threshold.

In summary, PSOE shall<sup>1</sup>:

- A. comply with Federal statutes, regulations, and the terms and conditions of the Federal awards, whether the funds are received directly from the Federal government or are distributed through the State Department of Education or another State agency or department;
- B. comply with State statutes and regulations related to the management and control of all funds received by PSOE from any source;
- C. evaluate and monitor its compliance with statutes, regulations, and the terms and conditions of Federal grants and awards, as well as all other funds received by PSOE;

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<sup>1</sup> I.C. 5-11-1-27; 2 C.F.R. 200.61-.62; 2 C.F.R. 200.79; 2 C.F.R. 200.203; OMB Circular A-21 Compliance Supplement; OMB Circular A-110 Compliance Supplement; OMB Circular A-133 Compliance Supplement

- D. investigate all variances, losses, shortages, or thefts of PSOE funds or property, document the investigation and its results, and maintain a record of the investigation and its results;
- E. take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings;
- F. report all misappropriations of PSOE funds or property to the SBOA and the county prosecuting attorney whenever a PSOE employee has actual knowledge of or reasonable cause to believe that a misappropriation has occurred;
- G. provide, upon employment and periodically thereafter, training concerning the internal control standards and procedures established for the Corporation for any personnel whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the Federal government, State government, the Corporation, or other governmental entities; and
- H. take reasonable measures to safeguard protected "personally identifiable" information (PII) and other information the awarding agency or pass-through entity designates as sensitive or the Corporation considers sensitive consistent with applicable Federal, state, or local laws, and Corporation policies regarding privacy and obligations of confidentiality.

### ***1.1 General Ledger Account Coding***

The PSOE appointed accounting staff codes all revenues and expenses in compliance with the State Board of Accounts (SBOA) Chart of Accounts. The PSOE appointed accounting staff reviews all coding with the Executive Director upon authorization, and PSOE's appointed accounting staff verifies coding when transactions are recorded to the General Ledger.

Restricted funds must be placed into a separate "general ledger" account for independent tracking of the funds.

### ***1.2 Grant Funds***

It is the objective of the Board to provide equal educational opportunities for all PSOE students. Government agencies, as well as foundations, businesses, and individuals, periodically offer both human and material resources to PSOE that benefit students and the educational program. Therefore, it is the intent of the Board to consider grant proposals and applications for their potential to enhance the educational opportunities, the educational environment, and the physical and mental growth for each student.

The Board regards available Federal funds of aid to local PSOE school corporations and communities as a public trust. It forbids the use of Federal monies for partisan political activities and for any use that would not be in accord with Federal guidelines on discrimination.

No Federal funds received by PSOE shall be used to:

- A. develop or distribute materials or operate programs or courses of instruction directed at youth that are designed to promote or encourage sexual activity, whether homosexual or heterosexual;
- B. distribute or aid in the distribution by any organization of legally obscene materials to minors on school grounds or at school sponsored activities;
- C. provide sex education or HIV-prevention education in schools unless that instruction is age appropriate and includes the health benefits of abstinence; or
- D. operate a program of contraceptive distribution in schools.

#### 1.2A Grant Proposal Development

- A. All grant proposals must support at least one student, programmatic, organizational need, goal, or priority
- B. For projects where grant funds will not cover the entire cost of project implementation, additional fund sources must be identified, documented, and approved during the internal review process.

#### 1.2B Grant Proposal Internal Review

Each grant proposal shall be reviewed and approved by the Executive Director prior to submission to the funding source. Should the proposed grant involve aspects of mandatory Board of Trustees approval (e.g., curriculum, instructional materials adoption, etc.), the Executive Director shall report to the Board regarding the grant and seek their approval insofar as necessary prior to submission to the funding source.

#### 1.2C Grant Administration

- A. The administration of grants will adhere to all applicable Federal, State, and grantor rules and regulations as well as Board policies and administrative guidelines.
- B. The Executive Director is responsible for the efficient and effective administration of grant awards through the application of sound management practices.
- C. The Executive Director is responsible for administering grant funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the grant award.

- D. PSOE, in recognition of its unique combination of staff, facilities, and experience, shall employ the organizational and management strategies necessary to assure proper and efficient administration of grant awards.
- E. All Federal funds received by PSOE will be used in accordance with the applicable Federal law. The Executive Director shall require that each draw of Federal monies is as close as administratively feasible to the related program expenditures and that, when restricted, such monies are used to supplement programs and funding and not to supplant or replace existing programming or current funding.
- F. The Executive Director is authorized to sign related documents for grant administration, including documents required for submittal of grant proposals.
- G. Employee positions established through the use of grant funding may terminate when the related grant funding ceases unless funding/resources for continuation are identified prior to completion of the grant funding period.
- H. Program reports including but not limited to audit, site visits and final reports shall be submitted to the Executive Director for review and distribution to appropriate parties.

### 1.2D Fiscal Management

The financial management of grant funds shall be in compliance with all applicable Federal, State, and grantor rules, regulations, and assurances as well as Board policies and administrative guidelines.

The Executive Director shall provide for the following:

- A. Accurate, current, and complete disclosure of the financial results of each Federally-sponsored project in accordance with the reporting requirements of the grant.
- B. Effective control over and accountability for all funds, property, and other assets in their use solely for authorized purposes.
- C. Recordkeeping and written procedures as may be required by Federal, State, and grantor rules and regulations pertaining to the grant award and accountability, including such provisions as may be applicable as cost sharing and matching requirements, budget revisions, audit requirements, reasonableness, allocability, and allowability of costs, procurement, property management and disposition, and payment/repayment requirements.
- D. Insurance coverage for real property and equipment, if applicable, equivalent to the coverage obtained for PSOE-owned property of a similar nature.

### **1.3 Cash**

Bank accounts are established as required by donors and funding requirements. The Executive Director or Other Persons designated by the Board authorizes all bank accounts. Signature responsibility may vary with donor requirements on donor-designated accounts.

All checks written on PSOE accounts require two signatures with the School Treasurer as the primary signer<sup>2</sup>. All persons approved to sign checks will be formally approved by PSOE's Board of Directors. The approval of signers will be reflected in the Board of Director's meeting minutes. The PSOE appointed staff promptly notifies the bank of all changes to authorized check signers.

All checks are to be pre-numbered and accounted for (used, voided, and not used) by the PSOE appointed staff. Voided checks are to be properly defaced, scanned, digitally archived and the original securely shredded.

Bank reconciliations to the general ledger are performed monthly and provided to the Executive Director.

If an affiliate submits purchase orders or reimbursements on behalf of PSOE, they must have Finance Committee approval and a person, other than themselves, must sign their checks.

1.3A Petty Cash

The charter school shall maintain a petty cash fund to be used for extracurricular concessions and school-sponsored fundraising events, not to exceed seven hundred dollars and zero cents, (\$700.00).

The Petty Cash Account will be maintained in the Financial Statements in reporting cash balances and expenditures.

The PSOE appointed staff shall verify all receipts created in conjunction with use of the petty cash fund, make any required payment, and maintain the petty cash fund. Replenishment of the petty cash fund will be documented with a check request prepared by the PSOE appointed staff as needed, and approved by the Executive Director. The replenishment check is made out to "(Custodian's name) - Petty Cash Custodian" on an as needed basis. The PSOE appointed staff will count and reconcile the petty cash fund monthly.

**1.4 Cash Receipts**

The PSOE appointed staff designated by the school treasurer, is responsible for opening the daily mail, date stamping items received, and delivering all cash receipts to the Network

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<sup>2</sup> SBOA requirement



Bookkeeper immediately. The PSOE appointed accounting staff, will code the receivable using the SBOA chart of accounts.

The PSOE appointed staff logs the transaction on a deposit log and prepares bank deposit slip, listing each item.

Revenue is deposited within 24 hours of receipt<sup>3</sup>. The bank's stamped receipt of deposit is attached to the remittance documentation. The deposit log, remittance and receipt of deposit is scanned and digitally archived for verification upon posting to the General Ledger.

Cash is deposited in the appropriate bank account based on funding restrictions.

**1.5 Cash Disbursements**

Cash disbursements are made by computerized check only. Checks for payment are signed only when supported by approved invoices.

Vendor invoices are verified on-site to ensure accuracy before being entered by the PSOE appointed staff.

**1.6 Board Approved Vendor Payments**

The Board of Directors sends the prompt payment of legitimate claims by suppliers of goods and services to the Network.

Each bill or obligation of this Board must be itemized fully and verified before a warrant can be drawn for its payment.

When an invoice is received, the Network Bookkeeper shall verify that a voucher is submitted properly, that acceptable goods were received or satisfactory services rendered, that the expenditure is included in the Board's budget and funds are available for its payment, that the amount of the invoice is correct, and any requests for reimbursement have been approved by the appropriate supervisor.

The Board will be notified of all payments in the form of a listing that includes the vendor's name; the number and amount of the check; and the description of the item.

All warrants or checks that are drawn on the funds of PSOE that are outstanding and unpaid for a period of six (6) months are voided and will not be honored by any financial institution for payment or deposit. Each vendor will be contacted prior to voiding each check to see if the check needs to be reissued.

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<sup>3</sup> SBOA requirement

The Board authorizes payment in advance of Board ratification of the following, consistent with the Board approved budget:

- A. Payroll/Contracted Workers
- B. Cash discount statements
- C. Previously approved contract claims
- D. Monthly utilities
- E. Pre-registration for conferences, workshops, etc.
- F. Claims which would incur a fee or late charge if not paid within a thirty (30) day period
- G. Refunds/Reimbursements Medical Benefits Provider = monthly insurance premiums \$55,000
- H. Student Meal Provider = monthly meals served \$60,000
- I. School Company Credit Card = monthly credit card premium \$40,000

**1.7 Credit Cards**

Use of the credit card shall be for the following purposes:

- Payment of supplies, materials, and textbooks;
- Payment of school-related travel expenses;
- Payment of meeting expenses;
- Payment of training expenses and conferences.

When not in use, the credit card will be kept in a secure location, or in the custody of the card holder.

A log will be maintained by the card holder to document the following: names of individuals requesting usage of the card, their position, vendor’s name, estimated amount to be charged, general description of item to be purchased, fund and account numbers to be charged, date the card was issued and date the card was returned.

Receipts must be provided to the card holder immediately upon returning the card. Any credit card charges made by an employee failing to provide the proper documentation may become the responsibility of the employee.

The following school employees are authorized to make credit card purchases:

- |                                     |                            |
|-------------------------------------|----------------------------|
| Executive Director                  | Network Operations Manager |
| Network Bookkeeper                  | Operations Managers        |
| Principals                          | Office Managers            |
| Assistant Principals                | Directors of Counseling    |
| Director of Advancement             | Lead Teachers              |
| Director of Environmental Education |                            |

## ***1.8 Monthly Reconciliations***

Monthly reconciliations of all significant balance sheet accounts are completed by the PSOE appointed staff or appointed accounting staff and electronically filed with the monthly closing work papers. Balances that do not fluctuate may be reconciled less often.

## ***1.9 Revenue***

Revenue is recognized using the accrual basis of accounting. Cost reimbursement grants or contracts earn revenue when the expenses are incurred (not committed).

## ***1.10 Expenses***

Expenses are charged directly to projects when specific identification is available. Expenses are charged to projects based upon a shared cost rationale when the direct charge cannot be established.

For each funding award, PSOE will maintain records that allow for a comparison of outlays with approved budget amounts. For restricted funds, expenses are prohibited for any purpose that is ineligible under a funding award.

Before seeking reimbursement from a funder, PSOE will ensure that the costs for which it is seeking reimbursement are allocable to that funder. A cost will be considered allocable to an external funding source (unless otherwise prohibited) if it is treated consistently with other costs incurred for the same purpose in like circumstances and if:

- the cost is incurred specifically for the award,
- the cost benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or
- it is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.

Any cost allocable to a particular award or other cost objective may not be shifted to other awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of any award of funds.

## ***1.11 Payroll Procedures***

PSOE's Network HR Manager compiles a draft payroll report and submits to the accountant for booking to the General Ledger. The accountant inputs data and sends a verification spreadsheet to the Network HR Manager. The Network HR Manager ensures all time, benefits and payroll deductions are entered and allocated correctly. Network HR Manager then signs off the payroll before it is submitted to contracted payroll service.

### **1.12 Bad Debt Write-off Policy**

The request for approval of a write-off must include a short narrative of actions taken to collect and the rationale for the debt being considered uncollectible. The Board must approve the amount to be written off from delinquent accounts after it has been proven that attempts to collect the outstanding debt were made.<sup>4</sup>

The Executive Director has the discretion to approve debt write-offs up to \$500 per instance.

## **2.0 Financial Reporting Procedures**

The accountant will be responsible for compiling monthly and year-to-date reports on all cost centers by revenue source, expense code, and asset and liability account balances.

Financial reports are reconciled to the general ledger and accounting records prior to submission to the funding source.

If expenditure is different from an external funding source's approved budget, approval of the expenditure must be obtained from the funding source prior to the submission of the financial report.

Monthly financial reports, which analyze PSOE's financial position and the effectiveness of its management and programs, will be reviewed by the finance committee and reported within the Board packets.

Periodic reports will be provided to all funding sources and authorizer as requested or required by contract.

The PSOE appointed staff will maintain records that identify adequately the source and application of funds for all activities. These records shall contain information pertaining to awards, authorizations, obligations, assets, outlays, income and interest. Records to be maintained include copies of contracts, invoices, proof of payments and allocation tracking when costs are distributed among several funding sources.

## **3.0 Investment/Banking Policies**

The Board of Directors will approve the placement of assets not needed for immediate operations, assuring compliance with all contractual requirements and, using the principles identified below. The Board of Directors will ensure investment risk guidelines are in accordance to SBOA requirements.

### **3.1 Principles**

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<sup>4</sup> SBOA requirement

Minimum Risk: The Board will define a minimum risk strategy that will be reviewed annually to ensure appropriate discharge of responsibilities to donors, lenders, and contractual relationships.

Maximize Investment Return: Within the parameters defined as “minimum risk”, funds will be invested at the highest area interest/return available at the time of decision.

All bank accounts that are opened must be on the approved list as set by the SBOA.

### ***3.2 Procedures***

The Executive Director will regularly review with the Finance Committee the projected cash needs of the corporation and the assets available for investment.

The Finance Committee will provide the Executive Director with guidance regarding investment and institutions.

The PSOE appointed staff will contact local institutions as needed to determine the best rate of return for investments within the guidelines set forth by SBOA.

### ***3.3 Banking Policy***

PSOE will keep all funds available not already invested in a federally insured bank.

## **4.0 Budget Principles/Procedure**

Structure of the budgetary process shall evolve from the mission and by-laws of PSOE with consideration given to the requirements of any of the organization’s funding partners.

### ***4.1 Budget Principles***

The budgetary process shall comply with the organization’s funding partners:

- in accordance with applicable state and federal laws, and
- in compliance with the guidelines and principles set forth by the Board of directors.

Annually, each project area shall identify and develop a plan for its operation. Appropriate personnel shall develop the budgets needed to execute the plan, with concurrence from the Executive Director.

### ***4.2 Procedures***

The Executive Director and/or PSOE appointed staff will prepare and submit, an operating budget to the Board of Directors prior to the beginning of the new fiscal year.

If budget submission is due to funding sources prior to Board approval of the budget, the Executive Director and/or PSOE appointed staff will review a preliminary budget and submit.

Differences in budget line items between the organization's operating budget and funders' approved budgets will be resolved in negotiations between the Executive Director and/or PSOE appointed staff and the funding agency.

### ***4.3 Adjustments in Budget/Spending Plans***

Changes in spending policies/budget plans will be communicated in writing to funding sources as required by contractual agreements. Changes will be reviewed and approved by the Board of Directors and will be documented in the Board minutes. If proposed changes are unsatisfactory to the funder, the Executive Director will communicate this response to the Board of Directors, who may authorize:

- changing the budget/plan to one which is satisfactory to the funder, or
- entering into negotiations to develop a compromise satisfactory to the funder and the Board of Directors.

After approval of the changes by all parties, the changes will be communicated to all affected management staff.

#### **4.3A Budget Variances**

If the overall budget variance exceeds 5%, then the Board of Directors must be made aware of the reason.

If an individual budget category variance exceeds 10% or \$5,000, then the Board of Directors must be made aware of the reason. At that time the Board will determine the next steps.

### **5.0 Audit Procedure**

PSOE will contract with a Certified Public Accountant (CPA) to perform the SBOA compliance audit annually.

The auditor(s) will test accounting mechanisms in accordance with generally accepted auditing standards for not-for-profit organizations and as contractually required by funding sources.

A formal written report of the audit will be presented to the Board of Directors and each principal funding source as required by contract.

## **6.0 Procurement Policies**

### ***6.1 Conflict of Interest Policy***

No PSOE officer, employee, and/or agent will participate in the selection, award, and/or administration of any contract for equipment, materials, and supplies or consulting or professional services if a real or apparent conflict of interest would be involved unless approved by the Board of Directors and documented in Board minutes. Such a conflict will arise when the employee, officer, or agent; any member of his/her immediate family; his/her partner; or an organization which employs or is about to employ any of the above has a financial or other interest in the firm or individual selected for award. This person must complete a Conflict of Interest disclosure to have on file.

PSOE's officers, employees, and/or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements.

PSOE will conduct a cost or price analysis and document such analysis in the procurement files in conjunction with every procurement action.

### ***6.2 Reporting Violations & Whistleblower Protection***

The Board is committed to protection of persons reporting violations, i.e., "whistleblowers". Specific protection is addressed for administrators, professional staff members (all certificated employees who are not administrators), and for support staff in PSOE's Required Reports and Protection of Whistleblowers policy.

Reports by contractors and their employees are protected by this policy.

A contractor or an employee of a contractor, hereafter an "employee/contractor", who is aware of acts by a Board member, PSOE employee, or another employee/contractor that possibly violates Federal or State law or Board policy shall report this conduct to his/her immediate supervisor. If the employee's immediate supervisor is not responsive or the supervisor is the person whose behavior is in question, the employee/contractor shall report the possible violation to the Executive Director. If the reported conduct relates to the Executive Director, the report shall be filed directly with the Board President.

If a violation of law or Board policy is reported, the employee/contractor will be directed to put the report in writing. An employee/contractor making such a report in writing and his/her spouse and dependents, shall be protected from retaliation for making a report pursuant to this policy if the employee/contractor had a good faith belief at the time the report was made that the information reported was true.

### ***6.3 General Contract Award Management Policy***

It is the policy of the Board of Directors that the Board shall annually appoint a PSOE employee to act as the purchasing agent for the Board.

### 6.3A Procurement of Supplies

For purposes of this policy "supplies" means any personal property. The term includes equipment, goods, and materials. The term does not include an interest in real property. For purposes of this policy "procurement" means buy, purchase, rent, lease, or otherwise acquire.

The purchasing agent may make open market purchases of supplies totaling no more than \$25,000 for a single item or a group of similar items.

The purchasing agent must seek at least three (3) price quotations on purchases of supplies that are more than \$25,000 but less than \$75,000 except in cases of emergency or where materials are of such nature that price quotations would not result in a savings to PSOE.

The purchasing agent shall advertise an invitation to quote at least seven (7) days before the time fixed for receiving quotes.

If the purchasing agent receives a satisfactory quote that is of high quality, s/he shall award a contract to the lowest responsible and responsive quoter for each line or class of supplies required. S/He may reject all quotes.

If the purchasing agent does not receive a quote from a responsible and responsive quoter, s/he may purchase the items by following procedures for items costing under \$50,000.

When the purchase of, and contract for, single items of supplies, amounts to \$150,000 or more, is equal to or exceeds the amount stipulated by statute, the purchasing agent shall obtain competitive bids on behalf of the Board.

The proposal must respond to all bid specifications in all material respects, contain no irregularities or deviations from the bid specifications which would affect the amount of the bid or otherwise provide a competitive advantage, and comply specifically with the solicitation and instructions to bidders or quoters. The purchasing agent or committee also may consider whether the bidder or quoter has complied with all applicable statutes, ordinances, resolutions, or rules pertaining to the award of a public contract.

PSOE reserves the right to reject any and all bids. PSOE reserves the right(s) to waive any informalities, irregularities, technical noncompliances, and/or errors in the bidding or bidding process, to the extent permitted by law, if PSOE in its judgment deems such waiver(s) to be in the best interest of PSOE. PSOE shall have sole authority to accept the bid(s) deemed to be the most advantageous to the school network.



The Board shall be informed of the terms and conditions of all competitive bids. All bids must be entered upon the records of the Board at its next meeting following the bid opening. The Board shall accept or reject bids in a Board meeting open to the public and award contracts as a consequence of such bids.

The president and secretary of the Board are entitled, on behalf of the Board, to sign any contract. These contracts may include, but are not limited to, employment contracts and contracts for goods and services. However, each contract must be approved by a majority of the full Board. In the absence of the president or secretary, the vice president may sign the contract with the officer who is present.

Exceptions to the foregoing requirements may be permitted when purchasing from vendors who have been awarded State or Federal or other group/quantity purchasing contracts or when purchasing from authorized State institutions as allowed by State statute.

All specifically identified purchases that are within a program, a function, and a line item, may be made upon authorization of the purchasing agent.

The Board should be advised, for prior approval, of all purchases of supplies when the purchase was not contemplated during the budgeting process and/or exceeds the \$25,000.00.

Such purchases shall be brought to the Board for approval at the next regular meeting.

In order to promote efficiency and economy in the operation of the Network, the Board requires that the purchasing agent periodically estimate requirements for standard items or classes of items and make quantity purchases on a bid basis to procure the lowest cost consistent with good quality.

Whenever storage facilities or other conditions make it impractical to receive total delivery at any one time, the total quantity to be shipped, but with staggered delivery dates, shall be made a part of the bid specifications.

Before the purchasing agent places a purchase order, s/he shall review whether the proposed purchase is subject to bid, whether sufficient funds exist in the budget, and whether the material might be available elsewhere in the Network. All purchase orders shall be numbered consecutively.

In the interests of economy, fairness, and efficiency in its business dealings, the Board requires that:

- A. an opportunity be provided to as many responsible suppliers as possible to do business with PSOE;
- B. a prompt and courteous reception, insofar as conditions permit, be given to all who call on legitimate business matters;

- C. where the requisitioner has recommended a supplier, the purchasing agent may make alternate suggestions to the requisitioner if, in his/her judgment, better service, delivery, economy, or utility can be achieved by changing the proposed order;
- D. upon the placement of a purchase order, the purchasing agent shall commit the expenditure against a specific line item to guard against the creation of liabilities in excess of appropriations;
- E. unless otherwise permitted by the purchasing agent, no purchase of supplies shall be allowed without a properly-signed purchase order. Employees shall be held personally responsible for anything purchased without a properly signed purchase order.

The Board may acquire by lease, by installment payments, by lease-purchase agreements, or by lease with an option to purchase provided the contract setting forth the terms of such a purchase shall not extend for a period of more than five (5) years.

During the current year provisions may be made in these agreements for renewal for the succeeding year, subject to appropriations being available.

#### 6.3B Procurement – Federal Grants

The Executive Director shall maintain a procurement and contract administration system in accordance with the United States Department of Education (USDOE) requirements (34 CFR 80.36) for the administration and management of Federal grants and Federally-funded programs. PSOE 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 provisions of this policy and administrative guidelines (AG 6320) and comply with 34 C.F.R. 80.36.

#### 6.3C Procurement of Services

For purposes of this policy "services" means the furnishing of labor, time, or effort by a person, not involving the delivery of specific supplies other than printed documents or other items that are merely incidental to the required performance.

The purchasing agent may purchase as follows:

- A. For procurement of services anticipated to exceed \$50,000.00 in a single school year:
  - 1. If the purchasing agent has purchased services previously from a vendor, the purchasing agent may continue to purchase services from that vendor as long as the Board is satisfied with the services delivered by the vendor.
  - 2. If a new vendor is sought to provide services, the purchasing agent will issue a request for proposal asking that interested vendors submit proposals to serve as vendors for those specific services. Notice of the request for proposal may be

sent directly to potential vendors and/or posted on PSOE's website. The purchasing agent will interview those vendors who respond to the request for proposal that the purchasing agent believes are able to provide the services sought and will select the vendor from those interviewed. The purchasing agent may seek input from other administrators or Board members in making the selection.

- B. For all other purchases of services, the purchasing agent may select the vendor s/he believes is the most appropriate vendor who provides the services sought.

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

The purchasing agent is authorized to make emergency purchases, without prior approval, of those services needed to keep the schools in operation.

Such purchases shall be brought to the Board for approval at the next regular meeting.

#### ***6.4 Non-Competitive (Sole Source) Procurement***

Circumstances may dictate forgoing the competitive sourcing process and purchasing from one unique supplier for certain products or services. Such situations require documented justification explaining the exceptional circumstances of the purchase. The documentation must show that an equitable evaluation has been made and that rejection of alternative suppliers or solutions is based on objective and relevant criteria. This documentation is to be submitted to the Board for approval prior to entering a contract with the selected vendor.

Example: If we have previously purchased furniture and need to replace/add certain items, We can use the same vendor in order to match current aesthetics.

#### ***6.5 Contract Changes***

Changes in executed contracts can occur and must be agreed upon by the vendor and PSOE appointed staff. These changes will be recorded in the monthly Board operation reports.

#### ***6.6 Sanctions and Debarment of Contractors***

Contractors are subject to sanctions, including debarment. As used here, "debarment" means exclusion from eligibility for future consideration for a specific or indeterminate period, or cancellation of the current contract or relationship upon a finding by the Board that the greater weight of the credible information available to the Board demonstrates that the contractor knowingly violated a law, Board policy, or made a false report under this policy. Contractors may also be subject to debarment if they knew of a violation of law or Board policy involving or

related to the business of the Board but did not make a report confirmed in writing to a supervisor in accordance with this policy.

### ***6.7 Emergency Purchases***

The purchasing agent is authorized to make emergency purchases, without prior approval, of those services needed to keep the schools in operation.

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