

INTERNATIONAL AMERICAN EDUCATION FEDERATION, INC.
DBA
INTERNATIONAL LEADERSHIP OF TEXAS
BOARD POLICY MANUAL
POLICY GROUP – FISCAL MANAGEMENT
POLICY FMPG
PURCHASING AND CONTRACTING
FROM STATE FUNDS
FOR GENERAL SERVICES, PERSONAL PROPERTY, MATERIALS AND SUPPLIES

Sec. 1. Purpose of Policy.

The Board of Directors (hereafter, the “Board”) and Superintendent of International American Education Federation, Inc. doing business as International Leadership of Texas (hereafter, the “District”) shall endeavor to maximize the use of District funds to purchase goods and services to further the District’s mission and facilitate the implementation of the charter program. Through this policy, the Board shall address the legal requirements, as applicable, promulgated at:

- (a) Texas Education Code, Section 12.115(a)(2); and
- (b) Financial Accountability System Resource Guide, Module 10.

Sec. 2. Applicability of Policy.

This policy pertains to the purchase of general goods and services (hereafter, “general purchases”) from state funds and does not apply:

- (a) To the purchase of general goods and services from federal funds;
- (b) To the purchase of goods and services for the construction, renovation, or repair of a structure, road, highway, or other improvement or addition to real property (hereafter, “real property improvements”) with a cost or value exceeding \$50,000; or
- (c) To the procurement of professional services.

With respect to (a), (b) and (c) above, the policy for Purchasing and Contracting from Federal Funds for General Services, Personal Property, Materials and Supplies (FMPF), Purchasing and Contracting for Public Works (Policy FMPW) and Purchasing and Contracting for Professional Services (Policy FMPS) shall apply, respectively.

Sec. 3. Designee(s).

In this policy, where the Superintendent is authorized to delegate authority to a designee (as denoted by the phrase “or designee”), the Superintendent may delegate such authority to a designee. If the Superintendent delegates authority to a designee, the Superintendent shall do so through an administrative procedure, job description or internal memorandum. The Superintendent may not delegate authority for contracts and/or transactions with a cost or value exceeding generally accepted accounting standards of fiscal management. Any delegation of authority to a designee not documented as set forth in this section shall be null and void.

Sec. 4. Segregation of Duties; Checks and Balances.¹

To the degree feasible the Superintendent shall ensure an appropriate segregation of duties between the following functions: (1) the obligation of funds through the procurement of goods and services; (2) the receipt of goods and services including the preparation and maintenance of property inventory records; (3) the receipt of vendor invoices; (4) the disbursement of funds; and (5) the accounting of purchases and payments including the reconciliation of accounting and bank

¹ Conforms to Texas Education Code, Section 12.115(a)(2).

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records. Where an appropriate segregation of duties between these functions is not feasible, the Superintendent shall ensure the appropriate review and approval of contractual arrangements and business transactions.

Sec. 5. Authority to Procure Goods and Services.²

The Board authorizes the Superintendent or designee to procure or cause the procurement of goods and services pursuant to the budget adopted and amended by the Board. The Superintendent or designee may not procure or approve the procurement of goods and services that are not approved by the Board in the budget, as adopted and amended.

Sec. 6. Contract Required.³

The Superintendent or designee shall procure or cause the procurement of goods and/or services with a cost or value exceeding generally accepted accounting standards of fiscal management through a fully executed contract or other written legal agreement signed by all parties that protects the District's interests in the underlying business arrangement and transaction.

Sec. 7. Signature Authority.⁴

Only the Superintendent or designee shall be authorized to execute contracts or other written legal agreements that obligate the District to disburse funds for the receipt of goods and/or services. Only the Superintendent may execute a contract for goods and/or services with a cost or value exceeding generally accepted accounting standards of fiscal management.

Sec. 8. Purchase of Goods and Services.⁵

The Superintendent or designee shall procure or cause the procurement of goods and/or services through a common purchasing process that creates and maintains essential records documenting the use of state funds for authorized purposes.

Sec. 8.1. Contract Administration.

The Superintendent or designee shall establish and maintain a contract administration system. The contract administration system must enable the District to maintain: (1) original, fully executed legal agreements that include contractual provisions required by prudent business practice and applicable law and rule; and (2) information regarding the contractor's performance including the delivery of goods and/or services and compliance with contract terms.

Sec. 8.2. Purchase Order System.

The Superintendent or designee shall establish and maintain a purchase order system. The purchase order shall serve as the formal method for procuring goods and/or services from a

² Conforms to Texas Business Organizations Code §§2.101, 3.101, and 22.201 and sections 3.01, 4.06, 6.02 and 6.04 of the Restated and Amended Bylaws of International American Education Federation, Inc. (the "Bylaws").

³ Consistent with section 6.02 of the Bylaws.

⁴ Consistent with section 6.04 of the Bylaws.

⁵ Conforms to Texas Education Code Section 12.115(a)(2).

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vendor and shall have the effect of obligating the District to remit payment to the vendor upon receipt of the goods and/or services purchased and of the related invoice.

Sec. 8.2.1. Required Approvals.

Only the Superintendent and designee(s) (if any) shall be authorized to approve purchase orders.

Sec. 8.2.2. Issuance Prohibited.

District employees may not issue a purchase order to a vendor unless it has been approved pursuant to Subsection 8.2.1.

Sec. 8.2.3. Failure to Properly Issue.

If a District employee issues a purchase order to a vendor without the required approvals established in Subsection 8.2.1, the employee shall be financially responsible for the purchase.

Sec. 8.3. Receipt of Goods and Services.

The Superintendent or designee shall establish and maintain a system for documenting the receipt of goods and services from a vendor including the condition and number of items received, the satisfactory performance of services rendered, and any dispute with the condition and number of items or performance of services.

Sec. 8.4. Corporate Card Program.

The Superintendent may establish a corporate charge or credit card program to permit authorized District employees to purchase goods and/or services. The Superintendent may only use and may only allow the use of the corporate card program for official District business and shall prohibit the use of the corporate card program for personal benefit or use. Any employee authorized to participate in the corporate card program shall be required to sign a corporate account usage agreement. In addition to other pertinent requirements, the corporate account usage agreement shall require the employee to pay for any unsubstantiated charges or for the purchase of non-business related goods and/or services.

Sec. 8.4.1. Purchasing Thresholds.

Employees authorized to participate in the corporate card program may do so pursuant to the following thresholds.

- (a) The Superintendent, Chief Financial Officer, Chief Academic Officer, Chief Information Officer, General Counsel and area superintendents may purchase goods and/or services through the corporate card program for individual transactions not exceeding generally accepted accounting standards of fiscal management.
- (b) Campus principals and other employees may purchase goods and/or services through the corporate card program for individual transactions up to the maximum amount established by the Superintendent or designee.

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Sec. 8.4.2. Method of Procurement.

Employees authorized to use the corporate card program to purchase goods and/or services are required to and shall be responsible for procuring goods and/or services pursuant to the procurement methods identified in Section 9 of this policy and to the policy for Purchasing and Contracting from Federal Funds for General Services, Personal Property, Materials and Supplies (FMPF), Purchasing and Contracting for Public Works (Policy FMPW) and Purchasing of Professional Services (Policy FMPS).

Sec. 8.4.3. Required Records.

Employees authorized to use the corporate card program shall document each purchase through the corporate card program. Accordingly, the Superintendent or designee shall require participating District employees to prepare a purchase order form, general expense reimbursement form, travel authorization form, travel expense reimbursement form or other internal accounting record for each corporate card purchase or use. Additionally, the Superintendent or designee shall require the employee to also provide an original, itemized vendor receipt or invoice for each individual purchase, with the exception of the purchase of travel-related meals subject to and in adherence with the maximum allowable reimbursement rates promulgated by the Texas Comptroller of Public Accounts.

Sec. 8.4.4. Failure to Document.

If an employee fails to provide the required records pursuant to Subsection 8.4.3, the employee shall be financially liable for the costs charged to the corporate card.

Sec. 8.5. Area Superintendent and Campus Principal Responsible.

Each District area superintendent and campus principal shall be responsible for any and all expenses from the budget approved for their area or campus. Each area superintendent and campus principal (or designee) must work with the Superintendent or designee to purchase goods and/or services pursuant to this policy. Alternatively, the area superintendent or campus principal may use the corporate card program to purchase goods and/or services up to the limits established in this policy or by the Superintendent or designee.

Sec. 8.6. Employee Purchases Prohibited.

District employees are prohibited from conducting any transaction that results in the purchase of services and/or equipment, furniture, supplies or other materials and that obligates District funds and otherwise results in the expenditure of District funds. To acquire supplies, materials, equipment, furniture and/or services, District employees must follow this and other related policies. If a District employee fails to follow this policy, the employee shall be financially responsible for any expenses incurred for the purchase of goods and/or services regardless of the benefit to the District and its students.

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Sec. 8.7. Authorized Vendors.

The Superintendent or designee shall require the procurement of goods and/or services from authorized vendors.

Sec. 9. Authorized Procurement Methods.⁶

The Superintendent or designee shall procure or cause the procurement of goods and/or services through the following methods for the amounts indicated.

Sec. 9.1. Separate, Sequential or Component Purchases Prohibited.

The Superintendent and District employees are prohibited from making or authorizing separate, sequential, or component purchases to avoid the requirements of this policy.

Sec. 9.1.1. Separate Purchases Defined.

“Separate purchases” means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase.

Sec. 9.1.2. Sequential Purchases Defined.

“Sequential purchases” means purchases, made over a period, of items that in normal purchasing practices would be purchased in one purchase.

Sec. 9.1.3. Component Purchases Defined.

“Component purchases” means purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.

Sec. 9.2. Quotes.

The Superintendent or designee may procure goods and/or services through the solicitation of three or more written quotes from authorized vendors.

Sec. 9.3. Cooperative.

The Superintendent or designee may procure goods and/or services through a cooperative that provides written assurance of compliance with state purchasing requirements. However, in the event that a participating vendor in the purchasing cooperative program quotes a lower price for the same goods and/or services, the Superintendent or designee may procure the goods and/or services using the vendor's direct quote.

⁶ Conforms to Texas Education Code, Section 12.115(a)(2).

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Sec. 9.4. Board Approval Required.

Prior to executing a contract for the procurement of goods and/or services with a cost of generally accepted accounting standards of fiscal management or more, the Board shall approve the contract.

Sec. 10. State Grants.

The Superintendent or designee shall procure goods and services utilizing state grant funds pursuant to applicable state law, rule and grant requirement.

Sec. 11. Administrative Procedures.

The Superintendent or designee shall prepare and formally adopt administrative procedures as reasonably necessary to properly administer this policy and to adhere to applicable law.