

PROCESSING PURCHASES

Background

- EMSA records expenses on the accrual basis of accounting, consistent with GAAP. By the adoption of the operating budget by the Board of Directors, the Principal becomes both responsible for, and generally authorized to expend, the amounts budgeted.
- Any deviation 1) greater than 3% of the budgeted expenses, 2) that results in a decrease to projected Net Income by more than 3% of total expenses, or 3) that results in negative projected Net Income must be reviewed and approved by the Board of Directors.
- EMSA procures only those items and services that are required to fulfill the mission and/or fill a bona fide need. Procurements are made using best value contracting, which entails assessing the best value considering quality, performance and price. This is achieved partly by the Director of Finance and Operations, who also has the annual responsibility of reviewing the newly approved budget to uncover patterns of orders and opportunities for clustering orders to achieve volume discounts.

EMSA adheres to the following objectives:

- Procurements will be completely impartial based strictly on the merits of supplier and contractor proposals and applicable related considerations such as delivery, quantity, quality, etc.
- The school will make all purchases in the best interests of the school and its funding sources.
- The school will obtain quality supplies/services needed for delivery at the time and place required.
- The school will buy from reliable sources of supply.
- The school will obtain maximum value for all expenditures.
- The school will deal fairly and impartially with all vendors.
- The school will be above suspicion of unethical behavior at all times; avoid any conflict of interest, related parties or even the appearance of a conflict of interest in an EMSA supplier relationships. The school's conflict of interest policies are described in its bylaws.
- The school will make a reasonable effort to include minority, women and otherwise disadvantaged persons-owned vendors in the bidding.

Competitive Bidding Procedure

- Contracts under \$25,000: The school uses sound business practices when procuring goods and services for amounts less than \$25,000.
- Contracts greater than \$25,000: The school seeks price quotes from at least three vendors and awards the contract to the responsible vendors offering the supply or

service needed for the lowest price. The Director of Finance and Operations and the Principal are responsible for soliciting these quotes, and the Principal and Board provides final approval. Award may be made to a vendor other than the low bidder in circumstances where the higher bid demonstrates the best value to the school. In such situations, the Director of Finance and Operations shall prepare a justification statement for such awards, furnishing a brief explanation of the factors leading to such a decision, and the Principal approves the final bid.

- **Exemptions:** Contracts for specialized services by professional persons or groups may be awarded on the basis of recognized competence and integrity. Exemptions must be documented through a justification statement and approved by the Principal. Example services include, but are not limited to:
 - Legal counsel
 - Financial auditors
 - Financial consultants
 - Management consultants
 - Special education and mental health services
 - Training / professional development services
 - Architectural services
- **Sole Vendors:** If the vendor is providing a unique service that is not offered by other vendors then they are called “sole vendors” and no bidding is required. However, it does require a justification statement describing the unique service.

Approval

The chart below outlines the thresholds related to pre-approval of purchase orders:

TYPE	THRESHOLD	APPROVER
Purchases approved by the Board in the annual budget	≤ \$2,500	Director of Finance & Operations
Purchases approved by the Board in the annual budget	≤ \$10,000	Principal
Purchases approved by the Board in the annual budget	> \$10,000	Board Treasurer or Board President

1. Approval to fulfill a purchase order is garnered by submitting a Purchase Request using the [procurement system]. Any staff member may make a Purchase Request.
2. Once complete, the form is submitted to the Director of Finance and Operations for review and approval. Any purchases over \$2,500 also requires the approval and signature of the Principal.

3. Once approval is granted, the requestor will be notified and the purchase will be processed by the Director of Operations.
4. In the event that an item must be purchased and the proper approver is not available, the signatory may send an email granting approval for the purchase.
5. The Purchase Order may then be executed. By approving a Purchase Request, EMSA acknowledges that the items requested are intended for a specific instructional purpose.
6. Only the Director of Finance and Operations and the Principal are authorized to make orders. This includes online orders on commonly used sites (e.g. Amazon). In the event that the Director of Finance and Operations is unavailable, the Principal can place orders directly.

Issuance and Monitoring of Purchase Orders

- The Director of Finance and Operations works closely with the Principal to ensure that all necessary instructional and administrative purchases are made in a timely and cost-effective manner and, when applicable, in accordance with grant restrictions.
- The Director of Finance Operations creates a Purchase Order (PO), and based on the total value of the Purchase Order, forwards it to the proper individual(s) for approval.
- In the event that an item must be purchased and the proper signatory is not available to provide approval, the approver may send an email stating his or her name and granting approval to execute the Purchase Order. The purchase may then be executed. By approving the Purchase Request, EMSA staff acknowledges that the items requested are intended for a specific instructional purpose. Once the Purchase Order is approved, the Director of Finance and Operations will review and then sends the order to the vendor, accompanied by any required documentation.

Receipt of Goods

- All goods purchased by the school are delivered directly to the school. The front office support staff or the Director of Finance and Operations sign for delivery. The front office support staff is also responsible for opening the box(es) and obtaining the packing slip(s). The packing slip will be reviewed for accuracy, checked against the original PO, and filed.
- If the order is not correct, the Director of Finance and Operations will contact the vendor for a return/credit to the account. When discrepancies occur, they are to be resolved by the Director of Finance and Operations and/or Principal.

Exemption from Sales Tax

EMSA is exempt from state and federal tax. As such, the school is exempt from sales taxes on goods purchased for their own internal use and services. It is the responsibility of the Director of Finance and Operations to ensure that all vendors have a copy of the exemption letter or EIN

number and 501(c)3 forms allowing the organization to be exempt from sales taxes.

Travel Expenses

Included in the approval of travel arranged by EMSA is the implicit approval for a per diem allocation of, per person, \$20.00 (twenty) per half-day and \$40,00 for full day. This is specifically designated meals; alcoholic beverages shall not be indicated on a receipt to be reimbursed. The school will also allow a reasonable allocation for travel to and from the airport in Chicago. If required, all lodging and transportation expenses (e.g. rental car) will be pre-approved through arrangement of the trip.