

**HOPE ACADEMY DISTRICT
PROCUREMENT POLICY**

**SUBJECT: CONTRACTING, PROCUREMENT, SUSPENSION AND DEBARMENT, &
CONFLICT OF INTEREST PROCEDURES**

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(Signature on file at Hope Academy District Office)

_____ Approved by:
Angela Polk Board President

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Legal References:

- 2 CFR Part 200 A-F
- OMB Circular A-87
- ED 34 CFR Part 80.36

1.01 DISTRICT POLICY 1.01.01 Hope Academy District Policy – General

This procedure manual has been designed to provide guidelines for procuring the items and services necessary to support the Hope Academy District operational functions. It is designed to assure that Hope Academy will negotiate the most value priced contracts for its procured services or supplies. This manual will assist all Hope Academy ESP personnel, and all Hope Academy vendors or contractors, in the contracting and procurement process. When district funds, whether local, state, or federal, will be used for goods and services, this procedure manual must be followed. Although competitive bidding may not be required in all instances, this manual will assist in establishing whether or not special procurement rules apply. It is also the intent of this document to provide guidelines for selecting the most qualified service providers at fair market values.

All district policies, including contracting and procurement policies, are available and accessible at the Hope Academy District ESP Superintendent's Office at 12121 Broadstreet, Detroit MI 48204 as well as online at <http://www.hopeacad.org>.

The standard document utilized for district purchases is the PO Requisition Form and PO Form (see attached forms attachments). These forms are available at the Hope Academy District Office building. If a blank form is not available, please contact the ESP; office manager or Superintendent's office. The actual purchasing process will be explained in greater detail in subsections of this document.

Procurement responsibilities are that of the E S P ; Office Manager, Principal, Superintendent, and C E O . The procurement process cannot begin until a duly authorized requisition has been received by the ESP Office Manager. In addition, it is improper for any Hope Academy; ESP employee, vendor, volunteer, or contractor, to incur obligations on behalf of the district for the procurement of items or services without submitting a requisition and obtaining an approved purchase order or contract.

1.01.02 Hope Academy Board Policy – Purchasing

Each year the State of Michigan informs the School of the legal amount for construction, renovation, remodeling, and repair and supplies, equipment, and materials, purchases which require a formal bidding process of a single item. Please refer to http://www.michigan.gov/mde/0,4615,7-140-6530_660521356-00.html for information regarding this threshold. Note current threshold is **\$28,048.00** see also threshold letter attached. Purchases may be processed either informally or formally as defined below.

It is the policy of the Hope Academy Board that the ESP, Superintendent:

- A. Seek informal price quotations on construction, renovation, remodeling, and repair and supplies, equipment, materials and services purchases in excess of \$28,048.00

It is the policy of Hope Academy District that either formal or informal procedures will be used to procure services or supplies from Suppliers.

Informal Procurement

Informal procedures will be used when the purchase of construction, renovation, remodeling, and repair and supplies, equipment, materials and services from a supplier (wholesaler, retailer, and/or vendor) for a single transaction is less than the small purchase threshold of \$28,048.00. The ESP, Superintendent will contact at least three known suppliers/vendors of the item needed and obtain competitive price quotations. Bid quotes obtained by telephone will be followed up with a written document or communication from the vendor confirming items and prices discussed (*See also Bulk and Food Services requirement on page 3-4*).

- B. Formal Procurement

When the purchase of, and contract for, a single transaction for construction, renovation, remodeling and repair, supplies, equipment, materials and services exceeds \$28,048 the E S P , Superintendent shall provide to the Board three (3) written competitive bid quotations. All quotes will be retained and attached to the purchase order for future reference (*See also cost analysis requirements page 6*).




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) written bids for substantiation of purchase and shall require approval of the Board prior to purchase. Bids will be attached to the successful bidders purchase order for future reference. Approval of the board may be obtained through:

- Amounts \$28,048 and above - approval of the annual budgeted line at the Budget Hearing Meeting
- Approval of construction cost as a separate committee function
- Approval at monthly Board Meeting(s)

Hope Academy - Procurement Procedures Flow Chart

For the procurement of a food service management company or vended meal contracts in the National School Lunch Program, Hope Academy purchasing staff are required to notify Michigan Department of Education before beginning formal and informal procurement, to obtain prior written approval before issuing Request for Proposal or Request for Quotation, and prior to executing final contracts

SERVICES (Including Construction, Remodeling, Repair, and Renovations)		FOOD		SUPPLIES (NonFood Items (including equipment, and materials))	
Public Schools, Public School Academies, Intermediate School Districts ↓		Public Schools, Public School Academies, Intermediate School Districts ↓		Public Schools, Public School Academies, Intermediate School Districts ↓	
If purchase by single transaction is:		If purchase by single transaction is:		If purchase by single transaction is:	
Less than \$28,048 use informal method ↓	\$28,048 or more, use formal method ↓	Less than \$100,000 use informal method ↓	\$100,000 or more, use formal method ↓	Less than \$28,048 use informal method ↓	\$28,048 or more, use formal method ↓
Contact three (3) known suppliers and document price quotes ↓	Determine bid specifications ↓	Contact three (3) known suppliers and document price quotes ↓	Determine bid specifications ↓	Contact three (3) known suppliers and document price quotes ↓	Determine bid specifications ↓
Complete "Informal Procurement Log" ↓	Advertise ↓	Complete "Informal Procurement Log" ↓	Advertise ↓	Complete "Informal Procurement Log" ↓	Advertise ↓

Select and notify suppliers according to informal procurement procedures in the District policy.	Issue Request For Bid Quote 	Select and notify suppliers according to informal procurement procedures in the District policy.	Issue Request For Bid Quote 	Select and notify suppliers according to informal procurement procedures in the District policy.	Issue Request For Bid Quote 
	Award contract according to predetermined criteria		Award contract according to predetermined criteria		Award contract according to predetermined criteria

In instances when there is a sole supplier of materials, the ESP Superintendent will attach to the purchase order documentation that supports the single vendor circumstance.

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

Competitive bids are not required for food purchases, unless food purchased in a single transaction costs \$100,000 or more.

Bids that are sealed will remain in this state until opened by the ESP Superintendent in the presence of at least one (1) Board Member. All orders or contracts should be awarded to the lowest responsible bidder; however, consideration can be given to:

	A.	The quality of the item(s) to be supplied;
	B.	Its conformity with specifications;
	C.	Suitability to the requirements of the school;
	D.	Delivery terms;
	E.	Past performance of vendor.

In addition to the factors above, the Hope Academy Board may consider and provide a preference to bidders:

	A.	That use a Michigan-based business as the primary contractor.
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	B.	That use one (1) or more Michigan-based business as subcontractors.
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For purposes of this preference a Michigan-based business means a business that would qualify for a Michigan preference for procurement contracts under M.C.L.A. 18.1268, which requires that the businesses certify that since inception or during the last twelve (12) months it has done one of the following:

	A.	Filed a Michigan business tax return showing an allocation of income tax base to Michigan
	B.	Filed a Michigan income tax return showing income generated in or attributed to Michigan
	C.	Withheld Michigan income tax from compensation paid to the bidder's owners and remitted the tax to the Michigan Department of Treasury

This geographical preference shall not apply to any procurement or project using Federal funds, because it would violate Federal regulations.

The Hope Academy Board shall be informed of the terms and conditions of all competitive bids and shall award contracts as a consequence of such bids. The Board reserves the right to reject any and all bids.

Contracts for any single item or group of identical items costing less than the amount allowed by school codes (\$23,881) may be purchased in accordance with the Procurement Policy without Board approval. All other contracts require Board approval prior to purchase.

Purchases in excess of the total budget function line require prior board approval as well as a budget amendment. Budget amendments will be prepared by the ESP Superintendent in conjunction with the Business Office designee.

The ESP Superintendent is authorized to make emergency purchases, without prior approval, of those goods and/or services needed to keep the school in operation. However such purchases must follow the purchasing policy guidelines.

In order to promote efficiency and economy in the operation of the school, the Board requires that the ESP Superintendent 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 such as cash flow constraints, make it impractical to receive total delivery at any one time, the bid specifications shall allow for staggered delivery dates.

Before placing a purchase order, the ESP Superintendent shall confer with the ESP staff in the Business Office and ESP Office Manager, to determine if the proposed purchase is subject to bid, if sufficient funds exist in the budget, and if the items are available in inventory.

All purchase orders shall be numbered consecutively.

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

	A.	Opportunity be provided to as many responsible suppliers as possible to do business with the school;
	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 ESP Superintendent 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. This cannot circumvent the competitive bidding process;
	D.	Upon the placement of a purchase order, the ESP Superintendent and Business Office official, shall commit the expenditure against a specific line item to guard against the creation of liabilities in excess of appropriations.

Purchase/Lease of Office Equipment

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

1.01.03 Contract Cost and Price Analysis

When competitive bidding becomes necessary per the guidelines of board policy and prior to bidding goods and/or services, the individual requesting the acquisition of these goods and/or services must perform an independent cost analysis to determine fair market value (see procedure 1.01.03.01). For additional requirements in regard to contract cost and price analysis, please refer to ED 34 CFR part 80.36 (f) which states:

- (1) Grantees and subgrantees must perform a cost or price analysis in connection with every procurement action including contract modifications. The method and

degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, grantees must make independent estimates before receiving bids or proposals. A cost analysis must be performed when the bidder is required to submit the elements of his estimated cost, e.g., under professional, consulting, and architectural engineering services contracts. A cost analysis will be necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications or change orders, unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.

- (2) Grantees and subgrantees will negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.
- (3) Costs or prices based on estimated costs for contracts under grants will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices are consistent with Federal cost principles (see Circular 2 CFR 200 – SubPart E). Grantees may reference their own cost principles that comply with the applicable Federal cost principles.
- (4) The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

The individual or department requesting the purchase of goods and/or services subject to the bidding requirements of this policy is responsible for developing, evaluating, and maintaining evidence of contract cost and price analysis. Prior to accepting a contract bid, and during the bid evaluation process, the cost analysis performed by the ESP Superintendent must be shared, at a minimum, with the Hope Academy Board of Education.

1.01.03.01 Best Available Price

In order to ensure the best available price for goods or services, an evaluation of price must be completed. The proposed price should be compared to:

- All offered goods or services prices
- The current goods or services contract price

- The previous/historic goods or services contract price
- A similar goods or services price
- An interlocal or piggy back agreement (an example would be shared services through the MAISD, other LEA or Cooperative))
- Other data that would be easily verifiable or convincing to a third party

A price is determined reasonable if it does not exceed what a prudent consumer and/or businessperson would pay when conducting competitive business and, based on the written results of the price/cost analysis performed by the individual or department requesting the goods and/or services.

The cost/price analysis must clearly demonstrate that the proposed price is reasonable in comparison with current or recent prices for the same or similar items, adjusted to reflect changes in market conditions, economic conditions, quantities, or terms and conditions under contracts that resulted from adequate price competition where two or more responsible suppliers, competing independently, submit offers that satisfy the expressed requirement wherein the award based on best value where price is a substantial factor in the source selection and there is no finding that the price of the otherwise successful supplier is unreasonable.

Other factors to consider when determining best price include, but are not limited to:

- Comparing offers received
- Comparing proposed prices to price history or system bill of material or current contract
- Parametric methods
- Comparison to published (catalog) price lists and published market prices
- Comparison with independent government estimates
- Compare proposed prices to market research or pricing data for same/similar items
- Analysis of pricing information provided by the supplier ☐Catalog price

IMPORTANT: *The individual or department requesting the purchase of goods and/or services for which the best price analysis is performed will be responsible for maintaining documentation and other evidence of the best price analysis, and must be able to provide this evidence to a third party upon request.*

1.01.04 Competition

All procurement transactions will be conducted in a manner providing full and open competition. As stated in ED 34 CFR 80.36 (c) (1), some situations considered to be restrictive of competition include, but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business
- Requiring unnecessary experience and excessive bonding
- Noncompetitive pricing practices between firms or between affiliated companies
- Noncompetitive awards to consultants that are on retainer contracts □
Organizational conflicts of interest
- Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance of other relevant requirements of the procurement
- Any arbitrary action in the procurement process

1.02 REQUISITIONS

1.02.01 Purchase Requisition Form

The duplicate form Requisition is the initial document submittal required for the purchase of items and engagement of service providers and transfers the authority to expend funds. The Purchase Order is the final form to be approved before items can be purchased. These forms must be filled out (at a minimum) with the following information:

- a. Date of Request
 - i. Date the requisition is initiated by the person requesting the goods and/or services
- b. Request Number
 - i. This number should be the next number available from the Requisition Log
- c. Reason for Request
 - i. This must include justification for the items being ordered
- d. Quantity/Unit
 - i. Indicate the physical number of items being requisitioned
- e. Catalog Number
 - i. Indicate the catalog number of each item requisitioned on a separate line
- f. Item Description

- i. Description of item being requisitioned as well as any other information that will assist the ESP; Office Manager, and business office in properly classifying the purchase for accounting purposes.
- g. Unit Cost
 - i. Estimated cost per unit being requisitioned
- h. Line Total Cost
 - i. Multiply Quantity by the Unit Cost and enter into the Total Cost Column (note if cost is unknown insert TBD for the ESP; Superintendent or Office Manager to provide)
- i. Subtotal Cost
 - i. Indicate the total cost of all line items before taxes and shipping cost
 - ii. Indicate the Sales Tax Cost
 - iii. Indicate the Shipping & Deliver Cost
 - ii. Indicate the Total PO Cost by adding the subtotal+sales tax +shipping cost
- ii. Suggested GL Account Number
 - i. The ESP office Manager will indicate the budgetary account number that will be used for purchasing the goods and/or services. If the ESP employee assigning the account number needs assistance in establishing the proper account number to be used, please refer to the Purchasing Manual chart of accounts in the Appendix Section to this policy.
- iii. Fund availability
 - i. If the item pertains to restricted State and Federal program funds, additional description information may apply. Please refer to the district's "Allowable Use of Funds" procedure attached for more information on this topic. If further clarification is needed to properly process the restricted state or federal programs requisition, please contact the ESP Superintendent for guidance.
- iv. Signatures of Approval
 - i. If the requisition is performed by the ESP Superintendent, the board of education must approve the requisition. In all other cases the ESP; Superintendent, Principal and Business Office is the final signature on all Purchase requisitions. Purchases requisitions being made with federal funds from Title IA, 31A, IDEA, ESSER must also include these signatures.

Purchase Order Form

Once the requisition form is approved, a Purchase Order can be initiated. The PO Form, once approved, is signed by the requisitioner, the ESP Superintendent and the Business Office. The Purchase Order is the final form to be approved before items can be purchased. Copies of the PO are sent to:

The ESP; Superintendent, Office Manager, Business Office, or Vendor

These forms must be filled out (at a minimum) with the following information

- m. Date of Request
 - i. Date the requisition is initiated by the person requesting the goods and/or services
- mi. PO Number
 - i. This number should be the next number available from the PO Log
- mii. Suggested Vendor
 - i. This must include the vendor name and address
- miii. Ship to:
 - i. This must include the Hope Academy address
- miv. Phone Number
 - i. Vendor Phone Number, FAX and or email address
- mv. Shipping Method
 - i. Indicate how the items will be shipped (UPS, FEDEX, US Mail etc)
- mvi. Shipping Terms
 - i. Indicate whether the item is shipped COD if not leave blank
- mvii. Delivery Date
 - i. Indicate the expected delivery date of items purchased
- mviii. Quantity/Unit
 - i. Indicate the physical number of items being purchased
- mix. Item Number
 - i. Indicate the item number of each item purchased on a separate line
- mx. Item Description
 - i. Description of item being purchased as well as any other information that will assist the ESP; office manager and business office in properly classifying the purchase for accounting purposes.
- mxi. Unit Cost
 - i. Estimated cost per unit being purchased
- mxii. Line Total Cost
 - i. Multiply Quantity by the Unit Cost and enter into the Total Cost Column
- mxiii. Sub Total Cost
 - i. Indicate the total cost of all line items before taxes and shipping cost
 - ii. Indicate the Sales Tax Cost
 - iii. Indicate the Shipping & Deliver Cost
 - ii. Indicate the Total PO Cost by adding the subtotal+sales tax+shipping cost.
 - GL Account Number
 - iii. The ESP Office Manager will indicate the budgetary account number that will be used for purchasing the goods and/or services. If the ESP employee assigning the account number needs assistance in establishing the proper

account number to be used, please refer to the chart of accounts in the Appendix Section to this policy. If the item pertains to restricted State and Federal program funds, additional description information may apply. Please refer to the district's "Allowable Use of Funds" procedure attached for more information on this topic. If further clarification is needed to properly process the restricted state or federal programs requisition, please contact the ESP Superintendent for guidance. Signature of the ESP employee requesting goods and/or services

i. Fill out the "requested by" section of the requisition

m. Signatures of Approval

i. If the requisition is performed by the ESP Superintendent, the ESP business office must approve the requisition. In all other cases the ESP; Superintendent and Business Office is the final signature on all Purchase Orders for approved requisitions.

Purchases being made with federal funds from Title IA, 31A, or IDEA must also include these signatures.

1.02.02 Service Contracts

A requisition, purchase order, district contract, MOU or retainer, is required for the procurement of all services that are not ordinarily provided by Hope Academy's ESP personnel. Below are examples of services that must be obtained through a requisition and approved purchase order:

- Information Technology
- Legal Services
- Accounting Services
- Academic Training
- Food Services
- Maintenance Services
- Utilities
- Consultants
- Human Resources
- Health Care Services
- Architectural Services
- Professional Development
- Educational Services Management
- Project Management
- Construction Management

The initiator of the requisition should prepare a "scope of work" or detail of services being requested. If the Hope Academy Board bid policies dictate that other competitive bidding conditions apply, the ESP Superintendent will initiate the

normal solicitation process, in which competitive proposals shall be received for all such services.

For any purchases of services related to restricted state or federal funds prior MDE approval must be obtained before making such purchases. MDE approval in this case would mean an approved budget.

If the services being provided to Hope Academy are being paid for with Title IA funds, or IDEA funds a copy of the "Title IA or IDEA Request for Funds" sheet and accompanying general ledger support, must be completed and attached. This sheet and accompanying support will be completed by the ESP Business Office staff. An example of the Title IA sheet is in the Appendix Section. If a vendor is providing a professional development session to Hope Academy District ESP employees, and being paid for with federal funds, the requisition pertaining to this professional development session must be approved by the Principal prior to holding the session. Sign-in sheets must be provided and attached to the invoice requesting payment for the session. If the information is not attached to the invoice, the ESP Business Office staff will not process the vendor payment until the necessary information is obtained.

For stipends or Hope Academy ESP reimbursements related to professional development (PD) or ESP employee-attended workshops, approval must first be obtained for the ESP employee to participate in the PD or workshop. After obtaining the proper approvals and participation in the PD or workshop has taken place, the following documentation must be attached to the requisition and it must be approved by the appropriate ESP supervisory personnel before reimbursement can take place:

- Explanation of the session attended
- Date and time of the session
- Name of vendor providing the training session
- Objectives or deliverables of the session

If the purchase of goods, equipment or services will exceed \$28,048, competitive bidding processes will be implemented.

1.02.03 Delegation of Authority/Approval Requirements

The ESP; Superintendent, in conjunction with the Business Office has the authority to approve requisitions. If the Superintendent is the initiator of the requisition, the ESP business office must approve the requisition. If any purchases are to be made with federal funds, the requisition must also include these signatures. There may be certain times when the ESP Superintendent is required to make purchases outside of the normal

purchasing policy. Please refer to board policy identified above for guidelines pertaining to emergency purchases made by the ESP Superintendent.

In all cases of requisition request, the requisitioner, the ESP; Superintendent and the Business Office must sign off on the requisition.

Any requisition that does not comply with these requirements, or are in conflict with Federal and State law and/or board policy and will not be approved.

1.02.04 Requisition Distribution

The signed, department approved requisition will be sent to the ESP Office Manager. The ESP Office Manager will refer the approved requisition to the ESP Business Office staff. The ESP Business Office designee will check the vendor against the vendor database contained within the Hope Academy District accounting system. The ESP Business Office designee will verify that the vendor has, at minimum, basic vendor description information contained within the database. The information required includes:

- Name of vendor
- Address of vendor
- Phone number of vendor
- Social Security number (SSN) or Employer Identification Number (EIN)
 - W-9 forms

Before a new vendor is added to the Hope Academy District vendor database to provide services within the facilities of Hope Academy, the ESP Office Manager must deliver the requisition to the ESP Superintendent for a vendor criminal background check and verification that the vendor is not on the Federal Excluded Parties List. All vendors will be added by the ESP Business Office staff who is not involved with Accounts Payable or Payroll process.

Upon receipt of the requisition by the ESP Office Manager the ESP Superintendent is responsible for ensuring that:

1. The vendor providing a service or product within the facilities of Hope Academy, completes a LiveScan using the approved District form (Appendix). The LiveScan fingerprint process must be conducted at a State approved LiveScan Site.
2. The LiveScan report must be sent electronically to Hope Academy District. **Hand delivered LiveScan forms will not be accepted.** Receipt and record of these reports is maintained by the ESP;HR Manager and Superintendent.

3. Once the electronic LiveScan is received, the individual must complete a District application (Appendix). The application form gathers all pertinent information. A copy of this form is located in the appendix of this document detailing the information required.
4. The ESP Superintendent, reviews and confirms the information provided by LiveScan and on the application. Past employment is validated via telephone using the approved Telephone Reference Checklist (Appendix). All potential vendors are entered into the Federal Excluded Party Data Base found at www.epls.gov to ensure that the vendor is legally able to provide services to Hope Academy. If an individual or company clears the Excluded Party System, a print out directly from the Excluded Party Web Site is generated and distributed to the ESP; Superintendent, the office manager the business office, and the vendor, along with the approved District Vendor Release Form (Appendix).

If an individual does not pass the LiveScan and Excluded Party System checks, business will not be conducted with this individual and/or company.

5. Results of the Excluded Party List are logged by the ESP; Superintendent and HR Manager and distributed to both the district office initiating the request for services and the business office, indicating that the vendor has been approved or disapproved for district use. The "District Vendor Release Form" will be kept in the vendor file, located within the ESP business office. The master log will be kept by the ESP Superintendent. If the individual or vendor passes the required background screening, the ESP Superintendent will initiate the individual contract process for hired staff. The ESP Superintendent will also initiate the vendor contract process for all other services including; food, construction, supplies, equipment and materials. Please refer to procedure 1.02.02 of this document for further explanation of district contract requirements. Once all appropriate signatures of both the District and external vendor are attained, the contract will be considered valid.

The ESP Superintendent is responsible for the specific details required for a vendor contract and ensuring that proper documentation is in place. Examples include required detailed descriptions of services as they are rendered, payment

schedules, service logs (time sheets), state or federal program restrictions, etc. Documentation requirements may vary by state or federal program.

A potential ESP employee or Hope Academy vendor must also complete the “Conflict of Interest” disclosure form located in the appendix of this document.

Once the above processes in items 1-6 have been satisfied and signed by

the ESP Superintendent, and the “Conflict of Interest” disclosure form has been satisfactorily completed and approved (see procedure 1.02.05.02 for further information in regard to the district’s Conflict of Interest policy and procedure), goods and services may be purchased through the vendor.

All original contracts will be located in the Hope Academy ESP; Business Office the ESP Superintendent's office.

The ESP Superintendent will be responsible for developing and maintaining a system for contract administration to ensure contractor conformance with the terms, conditions, and specifications of the contract and to ensure adequate and timely follow up of all purchases. The ESP Superintendent shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions, and specifications of the contract. Record of this system must be made available upon request by the funding authority or authorized designee of the funding authority.

1.02.05 Contract Provisions Summary – Federal Programs

Third-party contracts paid with federal funds must include the following provisions (if applicable to the goods and/or services being provided) per ED 34 CFR part 80.36 (i):

- Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate.
- Termination for cause and for convenience by the grantee or subgrantee including the manner by which it will be effected and the basis for settlement. (All contracts in excess of \$2,000)
- Compliance with Executive Order 11246 of September 24, 1965, entitled “Equal Employment Opportunity,” as amended by Executive Order 11375 of October 13, 1967 and further amendments and as supplemented in Department of Labor regulations (41 CFR chapter 60). (All construction contracts awarded in excess of \$2,000 by grantees and their contractors or subgrantees)

- Compliance with the Copeland “Anti-Kickback” Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR part 3). (All contracts and subgrants for construction or repair)
- Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a–7) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts in excess of \$2000 awarded by grantees and subgrantees when required by Federal grant program legislation)
- Compliance with sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327–330) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts awarded by grantees and subgrantees in excess of \$2000, and in excess of \$2500 for other contracts which involve the employment of mechanics or laborers)
- Notice of awarding agency requirements and regulations pertaining to reporting.
- Notice of awarding agency requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is developed in the course of or under such contract.
- Awarding agency requirements and regulations pertaining to copyrights and rights in data.
- Access by the grantee, the subgrantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.
- Retention of all required records for three years after grantees or subgrantees make final payments and all other pending matters are closed.
- Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15). (Contracts, subcontracts, and subgrants of amounts in excess of \$100,000)
- Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94–163, 89 Stat. 871).

1.02.06 Conflicts of Interest

1.02.06.01 Hope Academy Board Policy Regarding – Conflicts of Interest

Staff members shall perform their official duties in a manner free from conflict of interest. To this end:

The maintenance of unusually high standards of honesty, integrity, impartiality, and professional conduct by Hope Academy District employees is essential to ensure the proper performance of school business as well as to earn and keep public confidence in the School District. To accomplish this, the Board of Education of Hope Academy District, has adopted the following guidelines to assure that conflicts of interest do not occur. These are not intended to be all inclusive, nor to substitute for good judgment on the part of all employees. To accomplish this, the Board of Education has adopted the following guidelines to assure that conflicts of interest do not occur. These are not intended to be all inclusive, nor to substitute for good judgment on the part of all employees.

1. No Hope Academy ESP employee shall engage in or have a financial interest, directly or indirectly, in any activity that conflicts or raises a reasonable question of conflict with his/her duties and responsibilities in the school system. When a ESP staff member determines that the possibility of a personal interest conflict exists, he/she should, prior to the matter being considered by the Board or administration, disclose his/her interest (such disclosure shall become a matter of record in the minutes of the Board).
2. No staff member shall use his/her position to benefit either himself/herself or any other individual or agency apart from the total interest of the School District.
3. If a pecuniary interest pertains to a proposed contract with Hope Academy

the following requirement must be met:

The staff member shall disclose the direct pecuniary interest in the contract to the Board with such disclosure made a part of the official Board minutes.

If his/her direct pecuniary interest amounts to the lesser of \$100 or five percent (5%) of the contract cost to the District, the staff member shall make the disclosure in one of two (2) ways:

- | | |
|----|--|
| a. | In writing, to the Board president at least seven (7) days prior to the board meeting at which the vote on the contract will be taken. The disclosure shall be made public in the same manner as the Board's notices of its public meetings. (See Bylaw 0165.) |
|----|--|

b.	By announcement at the board meeting at which a vote on the contract is to be taken. The staff member must use this method of disclosure if his/her pecuniary interest amounts to \$1,000 or more.
----	--

4. Employees shall not engage in business, private practice of their profession, the rendering of services, or the sale of goods of any type where advantage is taken of any professional relationship they may have with any student, client, or parents of such students or clients in the course of their employment with the Hope Academy School District.

Included, by way of illustration rather than limitation are the following:

a.	The provision of any private lessons or services for a fee
b.	The use, sale, or improper divulging of any privileged information about a student or client gained in the course of the employee's employment or through his/her access to School District records
c.	The referral of any student or client for lessons or services to any private business or professional practitioner if there is any expectation of reciprocal referrals, sharing of fees, or other remuneration for such referrals
d.	The requirement of students or clients to purchase any private goods or services provided by an ESP employee or any business or professional practitioner with whom ESP any employee has a financial relationship, as a condition of receiving any grades, credits, promotions, approvals, or recommendations

- 5.ESP. Employees shall not make use of materials, equipment, or facilities

of the School District in private practice. Examples would be the use of facilities before, during, or after regular business hours for service to private practice

clients, or the checking out of items from an instructional materials center for private practice or checking out materials and equipment without proper authorization by the ESP Superintendent (see also policy on equipment management attached).

1.02.06.02 Conflict of Interest Procedures

Prior to board or committee action on a contract or goods and/or services transaction involving a conflict of interest, a director or committee member having a conflict of interest and who is in attendance at the meeting shall disclose all facts material to the conflict of interest. Such disclosure shall be reflected in the minutes of the meeting. If board members are aware that staff or other volunteers have a conflict of interest, relevant facts should be disclosed by the board member or by the interested person him/herself if invited to the board meeting as a guest for purposes of disclosure.

A director or committee member who plans not to attend a meeting at which he or she has reason to believe that the board or committee will act on a matter in which the person has a conflict of interest shall disclose to the chair of the meeting all facts material to the conflict of interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.

A person who has a Conflict of Interest shall not participate in or be permitted to hear the board or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.

A person who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote.

According to Section 388.1769b of the State School Aid Act, the person having a conflict of interest may not vote on the contract or transaction. It is the policy of Hope Academy District that related parties shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the board of Hope Academy District has a conflict of interest when he or she sits on the board of a vendor for Hope Academy.

Interested persons who are not members of the Hope Academy Board of Education, or who have a conflict of interest with respect to a contract or transaction that is not the subject of Board or committee action, shall disclose to the ESP Superintendent any conflict of interest that such interested person has with respect to a contract or transaction. Such disclosure shall be made as soon as the conflict of interest is known to the interested person. The interested

person shall refrain from any action that may affect Hope Academy's participation in such contract or transaction.

In the event it is not entirely clear that a conflict of interest exists, the individual with the potential conflict shall disclose the circumstances to the ESP Superintendent who shall determine whether full board discussion is warranted or whether there exists a conflict of interest that is subject to this policy.

Each ESP; director, officer, employee and volunteer shall exercise care not to disclose confidential information acquired in connection with disclosures of conflicts of interest or potential conflicts, which might be adverse to the interests of Hope Academy District . Furthermore, ESP directors, officers, employees and volunteers shall not disclose or use information relating to the business of Hope Academy District for their personal profit or advantage or the personal profit or advantage of their family members.

Review of policy.

Each ESP; director, officer, employee and volunteer shall be provided with and asked to review a copy of this Policy on the transparency page and in ESP staff orientation and to acknowledge through competency questions that they are understood.

Annually each ESP; director, officer, employee and volunteer shall complete a disclosure form identifying any relationships, positions or circumstances in which s/he is involved that he or she believes could contribute to a conflict of interest. Such relationships, positions, or circumstances might include service as a director of or consultant to another nonprofit organization, or ownership of a business that might provide goods or services to Hope Academy District. Any such information regarding the business interests of an ESP; director, officer, employee or volunteer, or a family member thereof, shall be treated as confidential and shall generally be made available only to the Hope Academy District Board, the ESP CEO, and any committee appointed to address conflicts of interest, except to the extent additional disclosure is necessary in connection with the implementation of this policy. This policy shall be reviewed annually by each member of the Hope Academy District Board of Education. Changes to the policy shall be communicated to all ESP staff and volunteers.

A copy of the Hope Academy District Conflict of Interest Disclosure Form can be located in the appendix of this document. This form must be filled out no less than annually by the Hope Academy District Board of Education members, ESP; administrative officers, employees, and volunteers. The Hope Academy District

The ESP Superintendent will be responsible for distributing, collecting, and maintaining the Hope Academy District conflict of interest disclosure forms. Copies of these forms must be made available upon request by the Michigan Department of Education.

1.03 COMPETITIVE PROCUREMENTS

1.03.01 Board Policy – General

For Hope Academy board policy related to competitive procurements, please refer to the policy for – New School Construction, Renovation.

1.03.02 Policy Regarding – New School Construction, Renovation

Before beginning construction of a new school building, or an addition, repair or renovation of an existing school building, except emergency repairs, the ESP School Superintendent shall provide to the Board of Education or board appointed construction committee, competitive bids on all the material and labor required for the complete construction of a proposed new building or addition to or repair or renovation of an existing school building which exceeds the State statutory limit (please see 1.01.02 a reference as to where this information can be found).

This policy does not apply to buildings, renovations, or repairs costing less than the statutory limit or to repair work normally performed by District employees.

The ESP School Superintendent shall advertise for the bids required under subsection:

- A. By placing an advertisement for bids at least once in a newspaper of general circulation in the area where the building or addition is to be constructed or where the repair or renovation of an existing building is to take place and by posting an advertisement for bids for at least two (2) weeks on the Michigan Department of Management and Budget website on a page on the website maintained for this purpose or on a website maintained by a school organization and designated by the Michigan Department of Management and Budget for this purpose.
- B. By submitting the request for bids for placement on the Michigan Department of Management and Budget's website for school organizations, including a link to the District's website.
- C. The advertisement for bids shall do all of the following:

1. Specify the date and time by which all bids must be received by the Hope Academy Board at a designated location.
 2. State that the Board will not consider or accept a bid received after the date and time specified for bid submission;
 3. Identify the time, date, and place of a public meeting at which the Board or its designee will open and read aloud each bid received by the Board by the date and time specified in advertisement;
 4. State that the bid shall be accompanied by a sworn and notarized statement disclosing any familial relationship that exists between the owner or any ESP employee of the bidder and any member of the Board or the ESP Superintendent of the District. A Board shall not accept a bid that does not include this sworn and notarized disclosure statement.
- D. The Board may require a bidder for a contract under this policy, to file with the Board security in an amount not less than 1/20 of the amount of the bid conditioned to secure the District from loss or damage by reason of the withdrawal of the bid or by the failure of the bidder to enter a contract for performance, if the bid is accepted by the Board.
- E. The Board shall not open, consider, or accept a bid that the Board receives after the date and time specified for bid submission in the advertisement for bids as described in subsection C of this policy.
- F. At a public meeting identified in the advertisement for bids described in subsection C of this policy, the Board or its designee shall open and read aloud each bid that the Board received at or before the time and date for bid submission specified in the advertisement for bids. The Board may reject any or all bids, and if all bids are rejected, shall advertise again in the manner required by this policy.

The Board may consider and provide a preference to bidders:

1. That use a Michigan-based business as the primary contractor.
2. That use one (1) or more Michigan-based business(es) as subcontractors.

For purposes of this preference a Michigan-based business means a business that would qualify for a Michigan preference for procurement contracts under M.C.L.A. 18.1268, which requires that the businesses certify that since inception or during the last twelve (12) months it has done one of the following:

1. Have filed a Michigan business tax return showing an allocation of income tax base to Michigan
2. Have filed a Michigan income tax return showing income generated in or attributed to Michigan
3. 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 funds, nor shall it be used if it would violate any Federal law or requirements.

- G. The competitive bid threshold amount specified in this policy (\$23,216 for 201415) is adjusted each year by multiplying the amount for the immediately preceding year by the percentage by which the average consumer price index for all items for the twelve (12) months ending August 31st of the year in which the adjustment is made differs from that index's average for the twelve (12) months ending on August 31st of the immediately preceding year and adding that product to the maximum amount that applied in the immediately preceding year, rounding to the nearest whole dollar. The current exempt amount must be confirmed with the Michigan Department of Education prior to issuing contracts for construction, renovation, repair, services, supplies or equipment that exceeds the amount listed in this policy.

1.04 PENALTIES FOR NON-COMPLIANCE

1.04.01 Penalties for Non-Compliance Procedure

Penalties for non-compliance of this manual up to an including ESP employee, vendor, and contractor termination, will be enforced according to the Hope Academy District policy.

1.04.02 Training

The Hope Academy District ESP; Superintendent in conjunction with the Business Office designee, will provide training on this procedure to all staff involved in purchasing and in federal programs through activities such as:

- Distribution of federal laws, regulations and guidance Distribution of Hope Academy District policies and procedures
- Developing templates, checklists and other guidance documents as appropriate
- Internal training sessions

- Routine staff meetings and
- Informal technical assistance

Policy Updated: 6/30/2023– Hope Academy ESP - BFDI Educational Services (B.E.S.) – Administration.

Policy Amended by Hope Board of Directors – 6/13/2023 for procurement threshold

APPENDIX



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

GRETCHEN WHITMER
GOVERNOR

MICHAEL F. RICE, Ph.D.
STATE SUPERINTENDENT

MEMORANDUM

DATE: October 6, 2022

TO: Local and Intermediate School District Superintendents
Public School Academy Directors

FROM: Kyle L. Guerrant, Deputy Superintendent *KG*
Finance and Operations

SUBJECT: FY 2022-23 Thresholds for Competitive Bids, Posting Travel Expenses,
and Value of Awards

The Michigan Department of Education (MDE) is providing updated information on statutory requirements that determine thresholds for competitive bids, travel expenses, and the value of awards.

Sections 623a, 1267, and 1274 (MCLs [380.623a](#), [380.1267](#), and [380.1274](#)) of Michigan's Revised School Code establish a base above which competitive bids must be obtained for school construction projects (including renovation, repair, or remodeling) and procurement of supplies, materials, and equipment. The laws also provide for an increase in the base amount corresponding to increases in the Consumer Price Index (CPI). The fiscal year 2022-2023 base amount for section 1267 (pertaining to construction, renovation, repair, or remodeling) and the new base for Sections 623a and 1274 (pertaining to procurement of supplies, materials, and equipment) are each \$28,048.

Our analysis shows that the average CPI for the 12-month period ending August 31, 2021, was \$265.45. The similar average for the 12-month period ending August 31, 2022, was \$285.85, a percentage increase of just under 7.7%. Therefore, the fiscal year 2021-2022 base of \$26,046 for Sections 623a, 1267, and 1274 items increases by \$2,002 to \$28,048 for fiscal year 2022-2023.

Section 620(1) of the Revised School Code (MCL [380.620\(1\)](#)) establishes a base above which travel expenses paid with intermediate school district (ISD) funds must be posted to the ISD website. Section 620(1) provides for an increase in the base that corresponds with increases in the CPI. For fiscal year 2022-2023, the base amount of \$4,263 for travel increases by \$328 to \$4,591.

STATE BOARD OF EDUCATION

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There are changes to the limits on the value of awards given by an ISD to an employee, volunteer, or pupil, as well as the value above which an ISD administrator may not accept a gift from a vendor or potential vendor. Section 634 of the Revised School Code (MCL [380.634](#)) places an upper limit on the value of awards given by an ISD to an employee, volunteer, or pupil, as well as the value above which an ISD administrator may not accept a gift from a vendor or potential vendor. The fiscal year 2021-2022 cap of \$148 for awards increases to \$160 for 2022-23, and the cap of \$64 for gifts increases to \$69 due to the increase in the average CPI.

Please note that all the thresholds and caps mentioned in this communication are effective as of October 6, 2022, and are in effect until the next communication revises them. A chart is provided below that summarizes the new amounts, requirements, and sections of the Revised School Code to which they pertain.

If you have any questions, please contact Phil Boone, Office of State Aid and School Finance, at 517-899-0796 or boonep2@michigan.gov.

	Section	Requirement	Base Amount	2005-06 Base	2021-2022 Thresholds	2022-2023 Thresholds
ISD Travel expenditures	620	Posting	\$3,000	\$3,093	\$4,263	\$4,591
ISD Procurement of supplies, materials, and equipment	623a	Comp. Bid	\$17,932	\$18,489	\$26,046	\$28,048
ISD Award value limit	634, 1814	Award Cap	\$100	\$105	\$148	\$160
ISD Gift value limit (monthly)	634	Gift Cap	\$44	\$46	\$64	\$69
School building construction, addition, renovation, or repair	1267	Comp. Bid	\$17,932	\$18,915	\$26,046	\$28,048
School District or PSA Procurement of supplies, materials, and equipment	1274	Comp. Bid	\$17,932	\$18,489	\$26,046	\$28,048

cc: Michigan Education Alliance
 Confederation of Michigan Tribal Education Departments

SAMPLE PURCHASE REQUISITION FORM

SAMPLE PURCHASE ORDER FORM

SEE SCHOOL SUPERINTENDENT FOR THESE FORMS

ALLOWABLE USE OF FUNDS PROCEDURES

**See specific fund awards for these
procedures.**

**EQUIPMENT MANAGEMENT
AND MONITORING
PROCEDURES SEE CHART OF
ACCOUNTS AND ACCOUNT
DEFINITIONS**

**Hope Academy District
Conflict of Interest Disclosure Form**

Date: _____

Name: _____

Position (employee/volunteer/board member/vendor): _____

Please describe below any relationships, transactions, positions you hold (volunteer or otherwise), or circumstances that you believe could contribute to a conflict of interest between Hope Academy District and your personal interests, financial or otherwise:

_____ I have no conflict of interest to report

_____ I have the following conflict of interest to report (please specify other nonprofit and for-profit boards you (and your spouse) sit on, any for-profit businesses for which you or an immediate family member are an officer or director, or a majority shareholder, and the name of your employer and any businesses you or a family member own):

- 1. _____
- 2. _____
- 3. _____

I hereby certify that the information set forth above is true and complete to the best of my knowledge. I have reviewed, and agree to abide by, the Policy of Conflict of Interest of Hope Academy District

Signature: _____

Date: _____

Management Review/Notes:

Management Resolution:

**LIVE SCAN FDINGERPRINTING FORM – SEE CHIEF
OPERATIONS OFFICER FOR THESE FORMS**