

PURCHASING

Policy 220

PURPOSE: This policy sets forth the School’s purchasing procedures, including elements to align with the Uniform Grant Guidance for federal procurement. Procedures around use of Purchase Orders (POs), Request for Check forms, and the Certificate of Exemption (ST3) are included. All who buy goods and services for the school are responsible for following **this policy in conjunction with Policy 232 *Conflict of Interest* and Article VII of the bylaws regarding conflict of interest.**

DEFINITIONS:

Allowable Cost: defined by state (expense reimbursement) and federal regulations (Federal Register sections 200.420 to 200.475, and Uniform Grant Guidance); Costs are tied to identifiable needs of the school and are documented. If in doubt, request guidance from funding agency prior to purchase.

Reasonable Cost: generally recognized as ordinary and necessary for the operation of the school or the proper and efficient performance of a federal award; fair price, meaning a prudent person would make the same purchase.

Allocable cost: costs are allocable to a federal award or cost objective if the goods or services involved are incurred specifically for the award, benefits both the award and other work and can be split by proportions using reasonable methods, and necessary to the operation of the entity and assignable to the award (Federal Register 200.405).

I. Purchasing Procedure

- A. A Purchase Order (PO) is issued. The PO number and name of requester is recorded with accounts payable via the PO “sign out” log.
- B. The Director will approve and sign the PO if it fits within the budget and mission, and is an allowable, reasonable and allocable cost under state and federal law.
- C. The order is placed and the PO number is referenced. The purchaser turns in the original PO to the finance office and may keep a copy for his/her records (recommended).
- D. The requester or designee receives the order and makes sure it is complete. The receiver checks in each ordered item and initials and dates the receiving documents. The receiving documents are then given to the finance office.
- E. When the invoice is received, the person who opens the mail dates and initials the envelope and then gives the invoice to the finance office.
- F. The invoice is compared to the PO. Seeing that the PO was approved, accounts payable pays the invoice.

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Special instructions, such as payment terms or assigning the expense to a specific grant, can be written on the PO. The original packing slips are attached to the invoice. It is suggested that the ordering department make a copy of the packing slips to place with its copy of the PO. Any discounts, rebates or refunds received should be forwarded to the finance office for proper application of credit. Rebates or refunds on purchases assigned to federal awards are assigned to the federal award.

II. PURCHASE ORDER USE

- A. Complete the vendor name, address, and phone number.
- B. Complete the shipping address (the place where the order will be delivered) or write in “pick up by (name),” if you are picking up the order.
- C. Record what you are ordering. Include the quantity, description, unit price, and extended price. Specify the program or department, including grade level, or specific program such as Music, Physical Education, Basic Skills, Art, French, Math, etc. Specify the campus. For Special Education, also note the MARSS number(s) for the specific students, or the disability area(s). If there is more than one disability area, specify the percentage per area. Answer the guiding questions section of the PO pertaining to SpEd purchases.
- D. Record the total order cost, including shipping. The school does not pay sales tax; LILA is a tax-exempt organization.
- E. Record your name in the “Ordered by” box. The finance office will contact you if there is a question with the order or invoice.
- F. Get an approval signature and date from the Executive Director or designee, Director or program director (e.g. School age care director or Director of Special Education).
- G. Place the order, record the date and the order confirmation number. If ordering online, print the order confirmation and attach to PO. Inform the vendor that you are ordering on behalf of a sales tax exempt organization. If the vendor does not have the school’s ST3 form on file, one can be sent. Get the name and fax number or email of the person it should be sent to. If you do not do this at the time the order is placed and the school is charged sales tax on the invoice, the finance office will ask you to correct the charge. To use the school credit card, refer to Policy 228 *Credit Card User*.
- H. Make a copy of your PO and order documents for your files and give the originals to the finance office. Do not wait for the order to arrive before submitting your PO and order documents.

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III. CHECK REQUESTS

The Check Request form is used when vendors do not offer the option of billing the school and for reimbursement requests. Forms are in the mailroom and in the finance office. It is not necessary to complete a purchase order with the Check Request form, but is recommended. For purchases using federal awards, a PO must be attached.

A. Pre-purchase

- a. Complete your name, department (such as K teacher, elem. teacher, administration, technology, school board, etc.), date needed, description of item(s) and price.
- b. Circle “Check Request.”
- c. Fill in “Date Needed By:” if you need the check by a certain date.
- d. Sign form and attach PO.
- e. Give the Request for Check form to an approved signer to sign and date. Signer reviews and confirms costs are allowable, reasonable, and allocable.
- f. Give forms to the finance office to process. Finance office codes the purchase and confirms costs are allowable, reasonable, and allocable and all documentation is in place. Requester will get a check for the amount approved. Requester can then complete the purchase.
- g. Give the purchase receipt to the finance office.

B. Reimbursements

- a. Complete your name, department (such as K teacher, elem. teacher, administration, technology, school board, etc.), date needed, description of item(s) and price.
- b. Circle “Reimbursement.”
- c. Sign and date the form.
- d. Attach the original receipt(s).
- e. When the request is approved, a check is written, following same approval and confirmation process outlined in section III.A above.
- f. *At time of purchase, provide vendor with a completed ST3 form, to avoid sales tax charges. Requests for reimbursement of sales tax will be denied.*

C. Leave shaded areas on form blank.

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IV. CERTIFICATE OF EXEMPTION (ST3 FORM)

- A. ST3 forms are available in the mailroom and from the school finance office.
- B. ST3 forms can also be obtained online at www.taxes.state.mn.us, click on “Forms and Instructions,” then select ST3. It requires Acrobat to download and display.
- C. Record the school name, address and state tax ID number (6744526). State of issue is Minnesota.
- D. Complete the seller/vendor name and address.
- E. Under “Describe the nature of your organization...” write “charter school.”
- F. Describe the items you are purchasing.
- G. The exemption reason code is “C” (exempt organization). Our ES# is 40954.
- H. The Executive Director or designee signs the ST3 form.
- I. Once a vendor has the school’s ST3 form on file, the above process does not have to be repeated. However, when placing another order, please confirm that the vendor/seller is not charging sales tax.

ADOPTED: January 3, 2005 KP

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