

**PURCHASING**

**Policy 220**

I. PURPOSE:

- A. 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), Check Request 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.

II. DEFINITIONS:

- A. **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. Direct questions to the funding agency prior to purchase.
- B. **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.
- C. **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).
- D. **Authorized Approver:** LILA staff person officially assigned the duty of approving purchases, as designated by the Executive Director. Authorized Approvers have editing rights to the Virtual PO Log.
- E. **Certificate of Exemption (ST3):** This form certifies that LILA is sales tax exempt for exempt purchases. LILA finance updates the form annually and it is available upon request. Give this form to vendors to have sales tax removed from the cost. The state tax ID number is 6744526. Blank forms are available online at [www.taxes.state.mn.us](http://www.taxes.state.mn.us), click on "Forms and Instructions," then select ST3.

III. Purchasing Procedure

- A. Staff person requests a purchase, providing either a vendor quote or details about the purchase including vendor name, cost, description of items, school building, and what it will be used for. Email the request to an authorized approver and the finance department.
  - 1. Note if the purchase is part of a grant, federal award, or other special funding use.
  - 2. Special Education purchases: if the purchase is for a specific student, provide the MARSS number. Provide information about what disability or

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disabilities will be served, funding source, and answer the guiding questions for Special Education purchases. See Policy 238 *Federal Procurement*.

3. The school is sales tax exempt under state statute. No sales tax can be charged to the school for exempt purchases. Provide vendors with a Certificate of Exemption (ST3) form.
- B. An authorized approver will review the request to make sure it fits within budget and mission, and is an allowable, reasonable, and allocable cost under state and federal law. The approver then assigns a PO or signs the quote, again cc'ing the finance department. The Purchase Order is assigned in the Virtual PO Log online and the approver initials the log and ensures all the request details are recorded. For school credit card orders, see Policy 228 *Credit Card Users*.
- C. The purchaser places the order and references the PO number. If a hard copy of a PO is required by the vendor, contact LILA finance. If the vendor sends electronic invoices, ask that they be sent to [invoices@mylila.org](mailto:invoices@mylila.org) (the general finance office billing email).
  1. Forward any electronic order confirmations or shipping notices to the finance office.
  2. Billing contact is the A/P clerk in the LILA finance office ([invoices@mylila.org](mailto:invoices@mylila.org)).
  3. LILA is sales tax exempt; provide the vendor with an ST3 form to avoid sales tax charges. If sales tax is charged, the purchaser must follow up with the vendor to have it credited or removed.
- 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 forwarded to the finance office.
- E. When the invoice is received, the person who opens the mail dates and initials the envelope and then forwards the invoice to the finance office mailbox.
- F. The invoice is compared to the PO. Seeing that the PO was approved and having the receiving documents for the purchase, the finance office pays the invoice.
- G. The finance office retains purchase documentation including PO number, signed quotes, original receipts, order confirmations, packing lists, or other supporting documents.

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- H. Forward any discounts, rebates, or refunds received to the finance office for proper application of credit. Rebates or refunds on federally funded purchases are assigned to the specific federal award.

IV. Check Requests

- A. Use a check request for reimbursements and for when a vendor does not offer the option of billing the school.
- B. Purchaser completes the electronic form and signs as Requester. Leave gray areas of the form blank. These areas are for finance staff.
- C. Check Requests for Vendors
  - 1. Complete the Check Request form, route to an authorized approver for signature.
  - 2. Route to finance office for coding and inclusion in the next check run.
  - 3. Finance office communicates with the requester regarding delivery of the check.
  - 4. After the vendor is paid, the receipt is forwarded to the finance office as supporting documentation.
- D. Check Requests for Staff (Reimbursements)
  - 1. It is strongly recommended that the purchaser ask for approval prior to buying. This eliminates the risk of a reimbursement request being rejected.
  - 2. *At time of purchase, provide the vendor with a completed ST3 form, to avoid sales tax charges. Requests for reimbursement of sales tax will be denied.*
  - 3. Attach or forward *original receipts* to the finance office. Once the receipts are received, the reimbursement process can proceed.

Adopted: 01/03/2005

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