

Parnassus Preparatory School

PROCUREMENT POLICY

I. PURPOSE

The purpose of this policy is to ensure proper financial control and oversight of the public funds entrusted to Parnassus Preparatory School. This policy outlines the steps involved in the procurement of goods and services.

II. GENERAL REQUIREMENTS

A. The school board places the responsibility for administering the adopted budget with the executive director. The executive director may delegate duties related thereto to other school officials but maintains the ultimate responsibility for this function. Spending authority is limited in the following ways:

- Non-budgeted items in excess of \$20,000 must have board approval.
- Contractual obligations of more than 1 year and greater than \$30,000 must be approved by the school board. Approval can be either a summary of the material terms of the contract or the distribution and acceptance of the contract. In either instance, a copy of the contract shall be made available to the school board.
- The board must be notified at the next official board meeting when projected spending on any individual line of the budget exceeds the approved amount (based on the October budget) by 10%. With the exception of the following budget lines which will be considered one aggregate budget line – Non-Instructional Supplies, Instructional Supplies, Textbooks/Workbooks, Equipment and Furniture, and Technology Equipment. All are considered for Instructional Support and therefore considered one budget line item.
- The executive director will be provided with a credit card to be used for school purposes. Spending limits will be defined as above. The executive director may designate other school employees to utilize this card per his/her discretion. A full monthly statement will be included in the financial packet reviewed by the Finance Committee.

B. Proper financial controls require segregation of duties and a multiple-stage process for ordering, receiving, and paying for goods and services. Parnassus' process is as follows:

1) Requisition

All purchases are initiated and documented in a purchase order (P.O.) form. Only the executive director or designee will request a purchase. Administration will strive to procure a minimum of three requests for proposals (RFPs) or bids

whenever possible for major purchases or contracts. All purchases of goods and services must adhere to the school's policies and guidelines:

- a) Purchases of less than \$25,000 may be completed through quotations in an open market.
- b) Purchases of \$25,000 to \$100,000 require a minimum of two quotes. The quote will be awarded to the lowest, responsible, qualified vendor, taking into consideration the quality of the product and the ability to perform, given the needs of the district.
- c) Purchases exceeding \$100,000 will be put to bid with the exception of professional services, book requests under the copyright law, or joint powers agreements.

In the case of an emergency or urgency of time, the process may be modified with the preapproval of the Board Treasurer

2) *Approval/Denial*

Once a good or service has been requested, the request will be approved or denied by the executive director or other official designated by the executive director.

3) *Receipt of Goods and Services*

- a) Whenever possible, the person reviewing the receipt of goods and services will not be the same person making or approving the expenditure request.
- b) Review of the receipt of goods requires confirmation that the packing slip and/or delivered items match the requested items listed in the purchase order. If there is an error in what was delivered or if the goods delivered are in a damaged condition, the receiver must alert the person requesting the items so that he/she may rectify the error.
- c) Review of the receipt of services requires confirmation that the contract or work order matches what was requisitioned in scope and quality.
- d) Once the good or service is properly received, the packing slip or service contract will be attached to the purchase order and submitted to the person responsible for issuing payment.

4) *Payment Authorization*

Once a good or service has been properly received, the school's Accounts Payable officer will review for errors all of the completed paperwork. Payments to vendors will not be approved until the receivable process has been completed for the purchase.

5) *Payment/Check Dispersal*

- a) The board of directors will approve two persons to serve as check signers for the school. Signatories will include the Board Treasurer and executive director. Electronic payments will be made by the financial services provider.
- b) For invoiced purchases, payment will be submitted to the vendor within 30 business days.

6) *Reimbursement without a Purchase Order:*

- a) Items purchased locally without a purchase order will not be reimbursed unless the purchase was pre-approved by the school administration and documented on a reimbursement request form. The original receipt must be attached to the approved reimbursement request form. The check for a request for payment will be paid directly to the vendor.
- b) An employee who wishes to be reimbursed for a purchase will complete a reimbursement request form, meeting the requirements stated above. The employee will not be reimbursed for sales tax incurred because of the school's tax exempt status.
- c) Reimbursement requests must be made within 45 days of the purchase or they may not be honored.