



Propel Schools maintains the following purchasing procedures for Federal Funds.

A. Responsibility for Purchasing

Upon approval of the annual Budget, the Board of Trustees gives authority to the Superintendent/CEO, Chief Financial Officer, Senior Directors, and Principals to make purchases approved within their budget. The guidelines set forth below apply to all purchases with federal funds, those budgeted and non-budgeted, and must be followed when completing a purchase.

Final determination for purchases is made by the Chief Financial Officer and/or the Superintendent/CEO.

B. Purchase Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased.

**Purchases up to \$10,000 (Micro-Purchases)**

Micro-purchase means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed \$10,000. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.

To the extent practicable, Propel Schools distributes micro-purchases equitably among qualified suppliers when the same or materially interchangeable products are identified and such suppliers offer effectively equivalent rates, prices and other terms. The Controller will be responsible to determine the equitable distribution of micro-purchases.

Micro-purchases may be awarded without soliciting competitive quotations if Propel Schools considers the price to be reasonable. Propel Schools will maintain evidence of this reasonableness in the records of all micro-purchases. Reasonable means that sound business practices were followed and the purchase is comparable to market prices for the geographic area. Such determinations of reasonableness may include comparison of the price to previous purchases of the same item or comparison of the price of items similar to the item being purchased.

Propel Schools will use the Requisition and Purchase Order system, as set forth by the Business Department.

**Process**



A location or department requesting to make a purchase will have the site Administrative Assistant complete a requisition. A requisition must include the description of the services to be performed or goods to be delivered, the location where the services are to be performed or the goods are to be delivered, the appropriate budgetary code, and the appropriate dates of service or delivery. Within the Docuware system, the requisition will be routed to the Senior Director or Principal for review and approval. Upon approval, the requisition is routed to the Business Office where it is reviewed and approved by the Controller or the Designee within the Business Office. After approval from the Business Office, the Purchasing Assistant creates a Purchase Order within the Docuware system and shares the Purchase Order with the site Administrative Assistant who can then place the order.

Upon delivery of the order, the site Administrative Assistant sends the Invoice to the Accounts Payable team. The Accounts Payable team matches the invoice to the Purchase Order within Docuware and completes payment.

For contracts involving Micro-purchases, the Chief Financial Officer will review the contract as submitted by the Senior Director or Principal. After approval by the Chief Financial Officer, the CEO/Superintendent will review and approve all contracts. Three (3) copies of all signed contracts are made: One copy is submitted to the Accounts Payable team and uploaded to the Docuware System, one copy is maintained by the Superintendent's office, and one copy is submitted to the Board during the next Board meeting. The original is returned to the Senior Director or Principal.

**Purchases for goods between \$10,000 and \$250,000 and purchases for Services between \$10,000 and \$250,000 (Small Purchase Procedures)**

Small purchase procedures are those relatively simple and informal procurement methods for securing services that do not cost more than \$250,000 and for securing goods that do not cost more than \$250,000 ("Small Purchases"). If small purchase procedures are used, price or rate quotations are obtained from an adequate number of qualified sources.

Senior Directors or Principals requesting a Small Purchase are responsible for securing bids from at least three (3) qualified sources. Documentation of bids should be reviewed with the Chief Financial Officer and/or the CEO/Superintendent prior to a decision of purchase being made. The Senior Director or Principal is responsible for maintaining documentation of bids received.

For contracts involving Small Purchases, the Chief Financial Officer will review the contract as submitted by the Senior Director or Principal. After approval by the Chief Financial Officer, the CEO/Superintendent will review and approve all contracts prior to Board Approval. For contracts over \$50,000 the Board of Trustees must approve the contract prior to signature by the Superintendent.

Three (3) copies of all signed contracts are made: One copy is submitted to the Accounts Payable team and uploaded into the Docuware System, one copy is maintained by the Superintendent's



office, and one copy is submitted to the Board during the next Board meeting. The original is returned to the Senior Director or Principal.

### **Purchases for goods over \$250,000 and for Services over \$250,000**

*Sealed Bids (Formal Advertising):* For purchases over \$250,000, bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The amount at which formal competitive bidding is required by federal regulations is much higher than the base amount at which the School Code requires competitive bidding. Therefore, the lower base amount specified by the School Code, as annually adjusted, is used to determine when bidding will be used for purchases of equipment or supplies, or for obtaining services for construction, maintenance or repairs on school facilities. (24 P.S. Sec. 120)

The sealed bid method is the preferred method for procuring construction, if the following conditions apply:

- A complete, adequate, and realistic specification or purchase description is available;
- Two or more responsible bidders are willing and able to compete effectively for the business; and
- The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

- Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for state, local, and tribal governments, the invitation for bids must be publicly advertised;
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
- A firm fixed price contract award must be made in writing to the lowest responsive and responsible bidder.

Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Any or all bids may be rejected if there is a sound documented reason.

*Competitive Proposals:* The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:



- Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- Proposals must be solicited from an adequate number of qualified sources; and
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

Propel Schools will use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

Competitive Proposals will be reviewed by the CEO/Superintendent, Chief Financial Officer, and the Director involved in the project. For Federal monies, the Federal Programs Coordinator will also review the proposal. The proposals will be reviewed based on the following factors: Cost, Experience of the Contractor, Availability, Personnel qualifications, Financial stability, Minority business, women's business enterprise, or labor surplus area firm status, Project management expertise, and Understanding of Propel's needs and organization.

Evaluations of the proposals shall be completed in a timely manner, documented and shall be reviewed by the Board, Superintendent, Chief Financial Officer, Federal Programs Coordinator, and school solicitor.

*Contract/Price Analysis:* Propel Schools performs a cost or price analysis in connection with every procurement action in excess of \$150,000, including contract modifications. 2 C.F.R. § 200.323(a). A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the CEO/Superintendent must come to an independent estimate prior to receiving bids or proposals. 2 C.F.R. § 200.323(a). As part of the analysis, the CEO/Superintendent will enact established business practices which may include evaluation of similar prior procurements and a review process.

When performing a cost analysis, the CEO/Superintendent negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is 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. 2 C.F.R. § 200.323(b).



### **Noncompetitive Proposals (Sole Sourcing)**

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation; An emergency exists whenever the time required for the Board to act in accordance with regular procedures would endanger life or property or threaten continuance of existing school classes.
- The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from Propel Schools; or
- After solicitation of a number of sources, competition is determined inadequate.

In addition to standard procurement policy and procedures, Propel will document the grounds for using the noncompetitive method in lieu of an otherwise required competitive method of procurement, which may include written confirmation from the contractor as the sole source of the item. Documentation must be submitted to and maintained by the Business Office. All noncompetitive proposals will ultimately be approved by the Board. Propel will utilize legal advice from the solicitor regarding noncompetitive proposals.

A cost or price analysis will be performed for noncompetitive proposals when the price exceeds \$250,000.

### C. Purchase Cards/ Credit Cards

Propel Schools does not use Purchase Cards or Credit Cards for the purchase of goods or services using Federal Funds.

### D. Full and Open Competition

All procurement transactions must be conducted in a manner providing full and open competition consistent with 2 C.F.R § 200.319. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

1. Placing unreasonable requirements on firms in order for them to qualify to do business;
2. Requiring unnecessary experience and excessive bonding;
3. Noncompetitive pricing practices between firms or between affiliated companies;



4. Noncompetitive contracts to consultants that are on retainer contracts;
5. Organizational conflicts of interest;
6. Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
7. Any arbitrary action in the procurement process.

EDGAR further requires the following to ensure adequate competition:

#### E. Minority Businesses, Women’s Business Enterprises, Labor Surplus Area Firms

Propel Schools will take necessary affirmative steps to assure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible. Affirmative steps include: (2 CFR Sec. 200.321)

1. Placing qualified small and minority business and women’s business enterprises on solicitation lists.
2. Assuring that small and minority businesses, and women’s business enterprises are solicited whenever they are potential sources.
3. Dividing total purchasing requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business and women’s business enterprises.
4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses and women’s business enterprises.
5. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
6. Requiring the prime contractor, if subcontracts are let, to take the affirmative steps listed above.

#### **Geographical Preferences Prohibited**

Propel Schools must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

#### **Prequalified Lists**



Propel Schools must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, Propel will not preclude potential bidders from qualifying during the solicitation period.

### **Solicitation Language**

Propel must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. (2 C.F.R. Sec. 319(c))

### **Avoiding Acquisition of Unnecessary or Duplicative Items**

Propel Schools will avoid the acquisition of unnecessary or duplicative items. Additionally, consideration is given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis must be made of leases versus purchase alternatives, and another other appropriate analysis to determine the most economical approach.

These considerations are given as part of the process to determine the allowability of each purchase made with federal funds. Such considerations are accessible in the procedure attached to Allowability of Costs – Federal Programs.

### **Use of Intergovernmental Agreements**

To foster greater economy and efficiency, Propel enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

### **Use of Federal Excess and Surplus Property**

Propel considers the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

### **Debarment and Suspension**

Propel Schools awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be



given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

Propel Schools will not subcontract with or award subgrants to any person or company who is debarred or suspended. For all contracts over \$25,000 Propel Schools verifies that the vendor with whom Propel Schools intends to do business with is not excluded or disqualified. 2 C.F.R. Part 200, Appendix II(1) and 2 C.F.R. §§ 180.220 and 180.300.

All successful contractors must provide written certification that they have not been suspended or debarred from federal projects. The Controller and the Federal Programs Coordinator will be responsible for verification. Such verification may include accessing the online federal System for Award Management (SAM) to determine whether any relevant party is subject to any suspension or debarment restrictions.

### **Maintenance of Procurement Records**

Propel Schools must maintain records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price (including a cost or price analysis), and verification that the contractor is not suspended or debarred.

Maintenance of records of procurement will be governed by the Records Management and Retention policy.

### **Time and Materials Contracts**

Propel Schools may use a time and materials type contract only (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to Propel Schools is the sum of: the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, Propel Schools must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

### **Settlements of Issues Arising Out of Procurements**

Propel Schools alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve Propel Schools of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.





### **Protest Procedures to Resolve Dispute**

Propel Schools maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency. Protest procedures will be acted on in accordance with current state law and regulations, established Propel Schools' administrative regulations and the advice of the solicitor.

<b>Approved By</b>	<b>Date</b>
Dr. Tina Chekan	4/29/2019
Board of Trustees	5/20/2019