

## **FIT Academy**

### **701 PROCUREMENT POLICY**

#### **I. PURPOSE**

The policy set forth establishes standards and guidelines for the procurement of goods and services through an open and competitive process, and that contracts are managed with sound business judgment.

#### **II. GENERAL STATEMENT OF POLICY**

FIT Academy (FIT ACADEMY) will follow accounting policies and procedures that comply with generally accepted accounting principles (GAAP). Any procurement of goods and services shall be made by the procurement officer/authorized agent, in the best interest of the school, upon considering the totality of the circumstances surrounding the procurement, which may include but not be limited to price, quality, availability, timelines, reputation and prior dealings.

#### **III. CODE OF CONDUCT**

A Code of Conduct shall govern the performance, behavior and actions of the School, including Board members, employees, Executive Directors, volunteers, or agents who are engaged in any aspect of procurement, including – but not limited to – purchasing goods and services; awarding contracts and grants; or the administration and supervision of contracts.

- A.** No employee, officer, Executive Director, volunteer or agent of the School shall participate in the selection, award or administration of a bid or contract supported by Federal funds if a conflict of interest is real or apparent to a reasonable person.
- B.** Conflicts of interest may arise when any employee, officer, Executive Director, volunteer or agent of the School has a financial, family or any other beneficial interest in the vendor firm selected or considered for an award.
- C.** No employee, officer, Executive Director, volunteer or agent of the School shall do business with, award contracts to, or show favoritism toward a member of his/her immediate family, spouse's family or to any company, vendor or concern who either employs or has any relationship to a family member; or award a contract or bid which violates the spirit or intent of Federal, State or local procurement laws and policies established to maximize free and open competition among qualified vendors.
- D.** The School's employees, officers, Executive Directors, volunteers or agents shall neither solicit nor accept gratuities, gifts, consulting fees, trips, favors or anything having a monetary value from a vendor, potential vendor, or from the family or employees of a vendor, potential vendor or bidder, or from any party to a sub-agreement or ancillary contract.

- E. As permitted by law, rule, policy or regulation, the School shall pursue appropriate legal, administrative or disciplinary action against an employee, officer, Executive Director, volunteer, vendor or vendor's agent who is alleged to have committed, has been convicted of or pled no contest to a procurement related infraction. If said person has been convicted, disciplined or pled no contest to a procurement violation, said person shall be removed from any further responsibility or involvement with grants management, procurement actions or bids, consistent with State or Federal policy.
- F. No employee, officer, Executive Director, volunteer or agent of the School who participates in the selection or acceptance of a contract for equipment, materials, supplies, or services shall use such items for personal use.
- G. No employee, officer, Executive Director, volunteer or agent of the School shall solicit or accept any equipment, materials, supplies, or services that have not been approved by the Board of Executive Directors in the annual budget without prior approval of the board.

#### **IV. PURCHASING AUTHORITY**

The Executive Director shall approve and direct expenditures in accordance with the approved budget and procurement procedures. It is the responsibility of the Executive Director to ensure that purchases are made and documented in accordance with the relevant Federal or State regulations.

#### **V. SOLICITATION AND COMPETITION**

All procurement transactions will be conducted to provide – to the maximum extent possible – free and open competition among suppliers. The School must begin with an analysis of the need for the procurement, to avoid the purchase of unnecessary items (this may include an examination of lease versus purchase alternatives). The purchaser must then identify and clearly specify standards for the goods or services desired, and seek competitive bids where possible to obtain the best possible quality at the best possible price. In general:

- A. Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted and market prices, together with discounts.
- B. Bids must be sought for goods and services exceeding \$3,000.00.
- C. For procurements that exceed the Federal “small purchase” threshold (the Federal threshold is \$100,000 but the locality or State may set a lower threshold), competitive bids will be utilized and requests for these bids will be written in a way that does not restrict competition. A clear and accurate description of the technical requirements for the material, product or service to be procured; all requirements which offerors must fulfill;

and all other factors to be used in evaluating bids or proposals. Procurement files must include the following:

1. Basis for contractor selection.
2. FIT ACADEMY shall award a competitively bid contract at the bid amount to the bidder offering the best value to FIT ACADEMY according to its selection criteria. The selection criteria may include the following factors:
  - a. Purchase price
  - b. Reputation of the vendor and of the vendor's goods and/or services
  - c. Quality of the vendor's goods and/or services
  - d. Extent to which the goods and/or services meet the needs of FIT ACADEMY
  - e. Vendor's past relationship with FIT ACADEMY
  - f. Total long-term cost to FIT ACADEMY to acquire the goods and/or services
  - g. Vendor's social and environmental practices
  - h. Local preference
3. Justification for lack of competition when competitive bids or offers were not obtained.
4. Basis of award cost or price.

## **VI. SELECTION**

- A.** Price should be one of the factors in the evaluation of responses, but the School is not required to take the lowest price if other factors are important to the decision.
- B.** There should be an objective method for selection, and any factors for evaluation and selection should be listed in the procurement documents.
- C.** Awards shall be made to the bidder or offeror whose bid is responsive to the solicitation and is most advantageous to the School (price, quality and other factors considered).
- D.** A bid may be rejected when it is in the School's interest to do so.
- E.** If a contract is competitively bid, the School will enter into a contract with the winning bidder that specifies the equipment, materials, supplies, property, or services to be purchased and the payment terms.
- F.** The School will evaluate each contractor at the completion of each contract. The evaluation will be utilized to make decisions to award future contracts.
- G.** There will be protest procedures in place to handle and resolve disputes relating to procurement. All such disputes shall be reported to the State. (See section VIII).
- H.** No award involving Federal money shall be made to any party which is debarred or suspended or is otherwise excluded from or ineligible from participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."

## **VII. DOCUMENTATION AND RECORD KEEPING**

At a minimum, procurement records must clearly show how the School:

- A. Executed price sampling for small purchases (can be obtained via vendor websites);
- B. Selected the method of procurement and the type of contract to be used;
- C. Determined which bids or proposals to accept and which to reject (in all instances in which the lowest bid is not awarded in the contract, justification for the selection must be contained in the file); This will be accomplished by completing the procurement table for all purchases above \$3000 (Small Purchases).
- D. Determined the basis for the contract cost or price.
- E. For every purchase, the school will document the following using the procurement table:
  - 1. The rationale for the **method of procurement** used;
  - 2. The receipt of an **adequate number of price or rate quotations** from qualified sources;
  - 3. The rationale for **selecting/rejecting the contractor**;
  - 4. The **basis for the cost or price** of a contract;
  - 5. The rationale for **selecting the type** of contract;
  - 6. Justification for **lack of competition** when competitive bids or offers are not obtained.
  - 7. In order to document compliance with this requirement, CSP grantees should file with each

### VIII. CONTRACT ADMINISTRATION

The School has an overall system of contract administration to ensure proper oversight and management of procurement actions. The School is responsible for evaluating contractor performance and documenting, as appropriate, whether contractors have met the terms, conditions and specifications of the contract. This may include progress inspections, interim products, inspection of goods delivered, and other such methods that provide assurance that the goods or services purchased are being delivered within the scope of the contract. The School's contract administration system must ensure that:

- A. Beginning September 1, 2017 the Board of Executive Directors must pre-approve individual purchases that are not already budget approved and exceed \$10,000.
- B. There must be two approved signatories on all checks over \$5000.
- C. A segregation of procurement and payment duties are in place to comply with all Federal and State laws.
- D. The method of procurement is documented and records maintained for five years after final payment is made.

- E. All activities are carried out and costs are incurred in compliance with applicable requirements.
- F. Before payment is made, services performed are adequate and consistent with the contract scope of services.

#### **IX. PREFERRED VENDORS**

Preferred vendors may be selected and utilized for those instances where there is repeat business, including, but not limited to copier service, cleaning services, and other services under contract. These vendors shall be initially chosen according to the solicitation and selection process set forth in this policy. Preferred vendors shall be approved by the Board of Executive Directors. A list of preferred vendors shall be maintained by the school and reviewed by the Board of Executive Directors every two years.

#### **X. CHALLENGES TO PROCUREMENT PROCESS**

- A. Anyone can challenge the procurement process followed for any school purchase. Those wishing to challenge the procurement of any goods or services should do so in writing to the board chair. The challenge should include the following:
  - 1. The purchase that is being challenged including amount
  - 2. The name of the vendor that fulfilled the purchase
  - 3. The basis and reasoning for challenging the purchase
  - 4. The name and contact information for person challenging the purchase
- B. The board chair will respond in writing to the challenge within 30 days. The response and outcome will be reported at the next scheduled board meeting and will also be reported to the Minnesota Department of Education.

#### **XI. FIT Academy shall amend and update this Procurement Policy if necessary to comply with changes in acceptable procurement practices.**