

**University Laboratory School:  
A Hawai'i Public Charter School**

**Procurement Policy**

(LSB Approved 2/18/10)

(Updated 9/19/13)

- 1. General.** The University Laboratory School will follow accounting policies and procedures that comply with generally accepted accounting principles (GAAP). Any procurement of goods and services shall be made with the approval of the Principal, and shall be in the best interest of the University Laboratory 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.
- 2. Related Parties.** The University Laboratory School shall not purchase any goods or services from any immediate family member of any employee of the University Laboratory School nor from any entity in which an University Laboratory School employee may benefit from such a procurement, unless authorized by the Principal after a full disclosure of the potential benefits, and after the consideration set forth in paragraph 1 above.
- 3. Federal Funds.** The University Laboratory School understands that the policy cited above applies to purchases made using non-federal funds. As a condition of the receipt of certain federal funds, federal procurement requirements apply.
- 4. Small Purchases.** A small purchase is an expenditure of less than \$10,000. Small purchases shall not be parceled by dividing the purchase of same, like or related items of goods, services, or construction, during any 12 consecutive month period, so as to evade the competitive source selection requirements.
- 5. Competitive Proposals.** Unless otherwise provided by policy, contracts of \$10,000 or more for goods, services, or construction shall be made pursuant to the competitive proposal process. Competitive proposals include the solicitation of proposals containing the scope of work, purchase description, specifications, and the contractual terms and conditions applicable to the procurement. A minimum of three proposals are to be obtained. Award is made to the lowest responsive and responsible proposal.
- 6. Sole Source Procurement.** Sole source procurement may be authorized with the approval of the Principal, when there is only one source available for the goods, services, or construction for \$10,000 or more. To justify a sole source purchase it must be established that: (1) The good, service, or construction has a unique feature, characteristic, or capability; (2) The unique feature, characteristic, or capability is essential in order for the agency to accomplish its work; and (3) The particular good, service, or construction is available from only one source.

**7. Professional Services.** Procurement of Professional Services requires the approval of the Governing Board. Professional services of \$10,000 or more are generally procured through a process that requires the development of a list of professional service providers who have been qualified through the University Laboratory School to perform an anticipated professional service for the University Laboratory School. When the need for the professional services arises, The University Laboratory School Principal shall establish a review process resulting in a ranked order of those providers determined to be the most qualified. The University Laboratory School shall negotiate a contract beginning with the first ranked professional service provider. If a contract cannot be negotiated with the first ranked provider then the University Laboratory School shall move on to the next highest ranked provider and so on until a contract with a provider is negotiated. After award, debriefing of non-selected provider(s) to be held, upon written request by non-selected provider(s).

**8. Reimbursements.** Reimbursements of expenditures made by any University Laboratory School staff for the benefit of the University Laboratory School are permitted under the following circumstances:

- A. Approval of the Principal
- B. Written substantiation of the expenditure is provided which includes the purpose, time and place and original invoice or receipt for the purchase
- C. Reimbursement of meals must also include a list of attendees and the business purpose of the meeting
- D. Reimbursement requests must be made within 30 days of the date of the expenditure

# Procurement Procedures

(LSB Approved 3/24/11)

(Updated 9/19/13)

This section describes the University Laboratory School's (ULS) procurement procedures. The intent of this section is to serve as a reference for handling ULS procurement procedures and is made in accordance with the ULS Procurement Policy and applicable State of Hawaii procurement guidelines.

Any procurement of goods and services shall be approved by the Principal, and shall be in the best interest of the University Laboratory 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.

## A. Purchasing Procedures

1. All requests for purchases should be submitted, neatly typed and with the required information, on a Purchase Requisition form. The Purchase Requisition form is to be reviewed and initialed by the requesting party's Department Chair and forwarded to the ULS Principal or designee for review. If the Purchase Requisition is approved, the ULS Principal shall sign and forward that Purchase Requisition form to the ULS Business Manager for processing.
2. After review and approval by the ULS Business Manager, the Purchase Requisition will be converted to a Purchase Order and sent to the vendor.
3. The receiving-paying copy is retained by the ULS Business Manager and matched to the vendor's invoice when the goods and services are received. Once invoices have been matched with the received goods, the ULS Business Manager shall make payment using the procedures listed in Section C.

## B. Change Orders

A change order is a directive to amend the original purchase order. A Purchase Order Change Form (POCF) should be used to change the original order in lieu of issuing a new purchase order. Generally, a POCF is required to authorize changes, e.g. to increase quantity or amount. All changes must be reviewed and approved by the Department Chair and forwarded to the ULS Principal or designee for approval. A POCF is not required to cancel a remaining encumbrance balance on a purchase that is completed. In this case, the receiving report should be used to indicate final payment and closure of the purchase order. When canceling a purchase order partially or in total, use of the POCF is preferred, although not required if alternative means of informing the vendor of the cancellation is provided for. Notating on the receiving report to cancel the purchase order with a short explanation is an acceptable alternative.

The approvals required for a POCF are the same as that required for the original purchase order since it is a procurement action. In cases where a contract accompanied the purchase order, a contract amendment must accompany POCF. The POCF is typically used for the following purposes:

1. To change the quantity or amount of the order;
2. To change any descriptive portion of the purchase order, e.g. description or specifications of what is being ordered;
3. To inform the vendor of a partial or total cancellation.

The intent of using a POCF is to ensure that all changes to the original purchase are properly authorized and to provide documentation of the changes for the vendor and for subsequent audit.

### **C. Payment Procedures**

#### **1. Full Payment/Final Payment**

The receiving/paying copy of the Purchase Requisition/Purchase Order is held in an open file until goods/services are received. On the purchase order, vendors are instructed to mail an invoice in duplicate to the ULS Business Office. The invoice is matched with the appropriate receiving/paying copy by the designated office, with appropriate certifying signature on the receiving copy, and forwarded to the ULS Business Manager for payment processing.

Unless clearly noted thereon, the submission of the receiving/paying copy to the ULS Business Manager initiates the payment process. Any exception in price, quantity, specifications, terms or conditions should be clearly indicated on the receiving/paying copy.

There is a 50% tolerance level on the total amount of the purchase order to be paid to the vendor. Payments exceeding this tolerance level must be approved by the Department Chair and a change order processed as appropriate.

#### **2. Partial Payment**

A partial payment is payment to the vendor of a portion of the total order, based on the goods/services received, e.g. paying for five boxes of paper received when ten boxes are ordered. On a partial payment, the invoice number, date of submission and the amount of payment for the items received should be recorded on the bottom on the receiving copy (pink); a photocopy of the receiving report certified; invoice matched by the designated office and forwarded to the fiscal office for review. The original pink copy is submitted when the final payment is to be processed.

The original procurement file for each purchase shall be maintained in one complete file and in one location. Selective documentation or portions of the original procurement file should not be kept in different files and locations.

#### **D. Direct Payments**

The Authorization for Payment Form (AFP) may be used as a means of processing direct payments or reimbursements when the use of a purchase order is not expedient or practical. It should not be used in lieu of purchase orders and established purchasing procedures.

The AFP may be used to process the payment of normal, routine services such as utilities, subscriptions and postal charges which do not require a Purchase Requisition once the initial request is approved. Invoices must have proper approval before any payments can be made.

Please note that the use of the Authorization for Payment Form does not relieve the ULS from compliance with procurement requirements, for example, evidence of price competition.

#### **E. Reimbursements**

Most purchases should be initiated and completed via regular purchasing procedures described in Section A. Occasionally; however, in the interest of speed and convenience, ULS faculty and staff may make small purchases with personal funds and request reimbursement with the prior approval of the ULS Principal. It shall not be used to reimburse any travel related expenses and mileage claims.

Reimbursements can be obtained by submitting a Claim for Reimbursement Form, accompanied by the original receipt with the amount claimed and circled, along with written substantiation of the purchase.

Reimbursement of meals must be preapproved by the ULS Principal and include a list of attendees and the business purpose of the meeting.

Reimbursement requests must be made within 30 days of the date of the expenditure.

#### **F. Travel**

All official travel requires the filing of a Travel Request Form. An employee shall complete a Travel Request Form prior to the trip and have the trip approved by his/her Department Chair, the ULS Principal, and the ULS Business Manager. The purpose of the travel should provide details of the trip including location by city, dates of business activity and name of conference, seminar, etc. The trip should be allocable, i.e. beneficial to the ULS and provide the reason for the trip.

Significant changes in the itinerary, dates of travel, or purpose of a previously approved travel request that results in an extended travel period, additional business destinations and/or additional costs will require the filing of an Amended Travel Request form.

The travel request should include the total estimated cost of the trip. The estimated cost should include airfare, per diem, registration fees, baggage fees and any other miscellaneous expenses. A list of other allowable travel expenses can be found in Section F.3. Any travel expense that has not been approved in advance is done at the risk of the traveler and may become the traveler's personal expense.

1. Airfare

Travel shall be by regularly scheduled air carrier as appropriate and by the most economical means consistent with the planning time available and urgency of the trip. Travel routes will be chosen to minimize travel costs. All procurement rules apply to the purchase of an airline ticket.

In 2008, due to heightened fuel costs, airlines have begun to assess passengers a fee for checked baggage. Include the airline's checked baggage fee in the total cost of an airline ticket when selecting the most economical ticket.

Ordinarily, travel by ship shall not be allowed. Travel by train, bus, or private automobile may be allowed only when the total cost of travel is less than air travel. The cost of land transportation shall be compared against the cost of an airline ticket and any additional per diem required for increased travel time.

2. Per Diem

Definition - A travel per diem is an allowance provided to an employee to cover lodging, meals and other miscellaneous expenditures incurred by the employee while traveling for business.

Per diem rates are established by law or by applicable collective bargaining contract.

Separate per diem rates are established for intra-state and out-of-state travel.

**Calculating Per Diem Allowance using the Quarter-Day Method**

1. The Quarter-Day Method is used to calculate allowances for a fractional day of travel that may occur on travel departure and arrival days and in-transit days between multiple business destination cities.
2. The 24-hour day is divided into quarters of 6 hours, as shown below:

Quarter	Time Period	Departure day	Arrival day	In-Transit day
1	12:01 am - 6:00 am	1 day	¼ day	¼ day
2	6:01 am - Noon	¾ day	½ day	½ day
3	12:01 pm - 6:00 pm	½ day	¾ day	¾ day
4	6:01 pm - Midnight	¼ day	1 day	1 day

3. If a traveler departs at 2:00 PM on Day 1, he is eligible for a ½ day allowance (Departure day column). If a traveler arrived home at 5:00 PM, he is eligible for a ¾ day allowance (Arrival day column). When traveling between 2 business destinations, use the departure time from the first city to determine the fractional day split for the in-transit day (In-Transit day column).

### 3. Other Allowable Expenses

The airline industry recently instituted checked baggage fees. The policies, procedures, and fee schedules vary by individual airline carriers. The baggage fees, when applicable, are assessed and paid upon check-in, therefore, the expenditure, shall be made on a reimbursable basis. Employees shall be entitled to one checked bag, based on the airline's standard weight and linear measurements. Any additional fees, i.e. second bag, special items, oversized, and overweight baggage are the responsibility of the traveler, unless appropriate justification is provided that the additional fees are for official business. The baggage expense must be submitted on the Travel Completion Report with appropriate documentation. It is the traveler's responsibility to check with the respective airlines on the checked baggage requirements and fees.

Estimates of other allowable expenses shall be included in the Travel Request. Other allowable expenses include:

- I. Conference Fee - A purchase order should be issued to cover the conference fee. The conference registration form may be used as the invoice to make payment.
- II. Miscellaneous ground transportation - Ground transportation between business destinations is allowable. This includes transportation to and from airports or other transportation terminals to lodging establishments and between lodging establishments and other official business destinations. Forms of transportation include taxis, shuttles, fixed rail, and buses. Travelers should exercise the "prudent person test" in selecting the most reasonable and practical form of transportation.
- III. Car Rental - Renting a car may be allowable when circumstances make it impractical to use other means of transportation and provided the traveler submits information justifying the use of this service. Reimbursement is limited to the use of a subcompact/compact car, unless justified otherwise.
- IV. Others - The following types of expenses may also be allowed, they include parking fees, business related internet and telephone fees, excess baggage or mandatory baggage handling charges (does not include tips for portage), currency exchange fees, fees for passports and visas, and other fees as required for business. Contact the ULS Business Manager if you are unsure whether the cost will be covered.