



Procurement Policies

POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS

PROCUREMENT POLICY AND PROCEDURES

OVERVIEW

THE POLICY DESCRIBED IN THIS SECTION APPLIES TO ALL PURCHASES MADE BY KIDS CENTRAL (KCI), INCORPORATED.

It is the policy of Kids Central, Inc. to follow a practice of ethical, responsible and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities.

This policy establishes procedures for the procurement of supplies and other expendable property, equipment, real property and other services with Federal funds. The policy is designed to ensure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal statutes and Executive Orders.

Employees are strictly prohibited from transacting business in the name of Kids Central, Inc. without proper authorization. Employees are prohibited from making purchases using agency accounts for personal use or for organizations other than KCI, Inc.

Responsibility for Purchasing

Purchasing activities will be administered by the purchasing agent, currently the Financial services assistant, appointed by the Executive Director. The purchasing agent has approval authority over all purchases and contractual commitments in the manner described by this policy. The purchasing agent is responsible for processing and approving purchase orders in accordance with this policy.

The Comptroller has the authority to take appropriate procurement action in the absence of the purchasing agent, subject to the provisions of this policy.

Procedure

It is the policy of KCI, Inc. to utilize a purchase order system. **A properly completed purchase order is required for all purchases**, with the exception of travel advances and expense reimbursements, which require the preparation of a separate form. No employee is authorized to make purchases without an official purchase order.

The following sequence of activities takes place for each purchase decision:

1. A purchase requisition that provides information on the quantity and nature of the required goods, supplies, materials, and services is completed. The originator signs the requisition and forwards it to the Comptroller for review.
2. The Comptroller reviews the requisition to determine if funds are available to make the purchase. The Comptroller notes whether funds are available on the purchase requisition.
3. The Comptroller initials the purchase requisition and forwards it to the purchasing agent for consideration.

4. The purchasing agent reviews the requisition and determines whether the proposed purchase is reasonable, necessary and allowable.
5. If approved, a purchase order to execute the transaction is issued. To the greatest extent possible, purchase orders will be issued within two working days of the purchase request. If denied, the purchasing agent provides an explanation for the denial and returns the requisition to the originator.
6. The purchasing agent, or an appropriate designee, will secure the requisitioned goods, supplies, materials and/or services itemized on the purchase order.

Purchasing Forms

Purchase Requisition:

The purchase requisition provides the purchasing agent with information as to the quantity and nature of goods, supplies, materials or services required. Requisitions must be submitted on an agency approved form, complete with all pertinent information. Requisitions that are not completed on the form approved by the agency will be returned to the originator without consideration.

Purchase Order:

The purchase order is an actual offer to buy the items specified therein. The purchasing agent prepares the purchase order using the purchase requisition. Purchase orders shall be pre-numbered, kept in a secure area, and issued in accordance with agency policy.

The purchase order is distributed as follows:

- Original: Forwarded to the supplier or originator of the purchase requisition
- 2nd Copy: Forwarded to the Comptroller, along with a copy of the requisition
- 3rd Copy: Retained by the purchasing agent

Approval and Authorization

All procurement actions will be allowable, reasonable and necessary for the provision of services as defined by Office of Management and Budget (OMB) Circular A-122: *Cost Principles for Non-Profit Organizations*. Proposed procurement actions which withstand the scrutiny of OMB Circular A-122, HHS 45 CFR Part 74, and other applicable Federal and State statutes will be approved subject to the conditions of this section.

In general, purchases will be deemed allowable if they are reasonable for the provision of services, conform to any limitations and exclusions set forth in applicable regulations, are determined in accordance with generally accepted accounting principles (GAAP), and are adequately documented.

Purchases will be deemed necessary and reasonable if the potential cost does not exceed that which would be incurred by a prudent person given the same circumstances; is generally recognized as ordinary and necessary for the operation of the agency or performance of the grant award; adheres to restraints imposed by generally accepted sound business practices, Federal and State laws and regulations, and the terms and conditions of the grant award; and does not significantly deviate from the established practices of the organization.

In addition to the agency imposed guidelines set forth within this section, the Comptroller is responsible for assuring that prior approval is received from the Regional Office for purchases subject to this requirement, as defined by OMB Circular A-122. Prior approval from the Regional Office will be obtained before capital expenditures for general or special purpose equipment, the purchase of land or buildings; or improvements to land, buildings or equipment which materially increase their value or useful life are authorized.

Required Solicitation of Quotations from Vendors

Purchase decisions exceeding \$5,000 for labor, equipment, supplies or services purchased, leased or contracted for shall be made only after receiving, whenever possible, *written* quotations from at least two (2) vendors.

All purchase decisions for items with an acquisition cost of \$10,000 or more shall be made through competitive negotiation with at least three (3) responsible vendors.

Solicitations for goods and services (requests for proposals) will provide for all of the following:

1. A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.
2. Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals.
3. A description, whenever practical, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
4. The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitations.
5. The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.
6. Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.
7. A description of the proper format, if any, in which proposals must be submitted, including the name of the agency employee to whom proposals should be sent.
8. The date by which the proposals are due.
9. Required delivery or performance dates/schedules.
10. Clear indications of the quantity(ies) requested and the unit(s) of measure.

Solicitations must provide sufficient time for potential vendors to prepare and submit offers before the specified due date. Offerors will generally be given at least ten (10) days to submit proposals responding to a request for proposals issued by the agency. In the event that a prospective offeror requests an extension of the due date for a solicitation, and such an extension is both justified and compatible with the requirements of Kids Central, Inc., an extension may be granted by the purchasing agent or designee.

Vendor proposals will be considered late if received after the due date and time specified in the solicitation. All such late proposals shall be marked "Late Proposal" on the outside of the envelope and retained, unopened, in the procurement folder. Vendors that submit late proposals will be sent a letter notifying them that their proposal was late and could not be considered for award.

The guidelines set forth within this section should be read in conjunction with 45 CFR Part 74.40 et. seq., which delineate additional procurement standards imposed by the Department of Health and Human Services.

Affirmative Consideration of Minority, Small Business and Women Owned Businesses

Kids Central, Inc. shall make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises whenever possible. The following steps shall be taken in furtherance of this goal:

1. Ensure that small business, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.
2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms and women's business enterprises.
3. Consider whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms and women's business enterprises.
4. Encourage contracting with consortiums of small businesses, minority owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the selection of minority-owned firms and women's business enterprises.

Non-Discrimination Policy

All vendors/contractors who propose to perform any work or furnish any goods under agreements with Kids Central, Inc., shall agree to these important principles:

1. Vendors/contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation or national origin, except where religion, sex or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the vendors/contractors.
2. Vendors/contractors agree to post in conspicuous places, available to employee and applicants for employment, notices setting forth the provisions of this non-discrimination clause. Notices,

advertisements and solicitations placed in accordance with Federal law, rule or regulation shall be deemed sufficient for meeting the intent of this section.

Credit Card Purchases

It is the policy of Kids Central, Inc. to not utilize corporate credit cards. However, several vendors that are currently used require the use of store credit cards. These are kept in the financial services assistants office. They are not issued unless an approved purchase order has been issued for a particular purchase. These cards are kept in a locked filing cabinet and are issued only after the purchaser signs for the card. The card is signed back in when returned.

Special Purchasing Conditions

Emergencies:

When equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, safety, etc., of staff, children and/or protection of Organization property is involved. Bona fide emergencies that warrant immediate action will be brought to the attention of the Chairperson of the Board of Directors and Executive Director and rectified in the most appropriate manner.

Single Distributor/Source:

Where there is only one (1) distributor for merchandise needed and no other product meets the stated needs or specifications, quotations will not be necessary. However, the purchase requisition will be annotated to reflect that the transaction was completed as a sole source acquisition.

Ethical Conduct in Purchasing

Ethical conduct in managing the Organization's purchasing activities is an absolute essential. Staff must always be mindful that they represent the Board of Directors, Policy Council, and Organization at all times.

Staff shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, equipment and/or services. Staff shall notify their immediate supervisor if they are offered such gifts. Gifts to the Organization, viewed as normal business incentives to obtain approved agency business in the future, are acceptable donations.

Conflicts of Interest Prohibited

No officer, board member, employee, or agent of KCI, Inc. shall participate in the selection or administration of a vendor if a real or apparent conflict of interest would be involved. Such a conflict would arise if an officer, board member, employee or agent, or any member of his/her immediate family, his/her spouse/partner, or an organization that employs or is about to employ any of the parties indicated herein has a financial or other interest in the vendor selected.

Officers, board members, employees and agents of KCI, Inc. shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or parties to sub-agreements.

Receipt and Acceptance of Goods

Upon receipt of any item from a vendor, the following actions shall immediately be taken by the employee that physically receives the goods:

- Review bill of lading for correct delivery point
- Verify the quantity of boxes/containers with the bill of lading
- Examine boxes/containers for exterior damage
- Note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.)
- Sign and date the bill of lading
- Forward the bill of lading to the Comptroller

Invoice Collection

All staff involved in the purchase and/or receipt of goods are expected to abide by the following invoice collection procedure. The procedure is designed to assure that approved purchases are processed for payment in a timely manner.

- Invoices received in centers and other locations should be turned into the Comptroller on at least a monthly basis. Invoices should be submitted to the Comptroller by the 5th day of the month following the end of the month in which the goods are received. Under no circumstances should an invoice be submitted after the fifth working day of the following month.
- Invoices should be attached to the purchase requisition and approved purchase order. Any other pertinent documentation should also be attached.
- A routine for picking up the invoices should be developed in each center. Employees that purchase goods on behalf of the agency are solely responsible for assuring that the invoice(s) are submitted to the central office. Appropriate corrective action will be taken if invoices are lost, not turned in or submitted in a timely manner.

POLITICAL INTERVENTION

Prohibited Expenditures

Consistent with its tax-exempt status under the Internal Revenue Code, it is the policy of Kids Central, Inc. that the Organization shall not incur any expenditure for political intervention. For purposes of this policy, political intervention shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the federal, state or local level. Political intervention does not include lobbying activities, defined as the direct or indirect support or opposition for legislation, which is not prohibited under the Internal Revenue Code for Kids Central, Inc. Examples of prohibited political expenditures include, but are not limited to, the following:

1. Contributions to political action committees