

# **POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS**

## **PURCHASING POLICIES AND PROCEDURES**

### **Overview**

**THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY EARLY LEARNING VENTURES.**

Early Learning Ventures requires the 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.

The goal of these procurement policies is to ensure that materials and services are obtained in an effective manner and in compliance with the provisions of applicable federal statutes and grant requirements.

### **Responsibility for Purchasing**

The Shared Services Director or Early Head Start Director or their designees shall have the authority to initiate purchases on behalf of their department, within the guidelines described here. They shall inform the Accounting Department of all individuals that may initiate purchases. The Accounting Department shall maintain a current list of all authorized purchasers, and of purchase card users and the maximum authorized amounts for purchase or purchase card.

The Accounting Department shall be responsible for processing non-credit card purchases authorized by the Shared Services Director or Early Head Start Director, both of whom have approval authority over all purchases and contractual commitments. Those persons shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial. They will review purchases to ensure that they are allowable, allocable, and reasonable.

### **Code of Conduct in Purchasing (2 CFR Part 200.318 (c)(1) and (2))**

Ethical conduct in managing the Organization's purchasing activities is absolutely essential. Staff must always be mindful that they represent the Board of Directors and share a professional trust with other staff and the general membership.

- 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.

- No officer, board member, employee, or agent shall participate in the selection or administration of a contractor 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 or her immediate family, his or her spouse or 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 shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or parties to sub-agreements.
- Unsolicited gifts with a value of \$25 or less may be accepted with the approval of the Shared Services or Early Head Start Director.
- ***Organizational conflicts of interest shall be avoided where; due to a relationship with a parent, affiliate, or subsidiary of Early Learning Ventures; the entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.***

### **Competition (2 CFR Part 200.319)**

In order to promote open and full competition, purchasers will:

- Be alert to any internal potential conflicts of interest.
- Be alert to any noncompetitive practices among contractors that may restrict, eliminate, or restrain trade.
- Not permit contractors who develop specifications, requirements, or proposals to bid on such procurements.
- Award contracts to bidders whose product or service is most advantageous in terms of price, quality, and other factors.
- Issue solicitations that clearly set forth all requirements to be evaluated.
- Reserve the right to reject any and all bids when it is in the Organization's best interest.
- Not give preference to state or local geographical areas unless such preference is mandated by Federal statute. (200.319(b))
- "Name brand or equivalent" description may be used as a means to define the performance or requirements (200.319(c)(1))

### **Nondiscrimination Policy**

All vendors or contractors who are the recipients of Organization funds or who propose to perform any work or furnish any goods under agreements with Early Learning Ventures shall agree to these important principles:

1. 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 contractors.

2. Contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination 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.

## **Procurement Procedures**

The following are Early Learning Ventures' procurement procedures:

1. Early Learning Ventures shall avoid purchasing items that are not necessary or duplicative for the performance of the activities required by a federal award. *(2 CFR Part 200.318(d))*
2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the federal government. *(2 CFR Part 200.318(d))*. This analysis should only be made when both lease and purchase alternatives are available to the program.
3. Purchasers are encouraged to enter into state and local inter-governmental or inter-entity agreements where appropriate for procurement of use of common or shared goods and services. Early Learning Ventures has entered into such an agreement with CCA Social Good to provide review of and access to common or shared goods and services *(2 CFR Part 200.318(e))*
4. Purchasers are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. *(2 CFR Part 200.318(f))*
5. Documentation of the cost and price analysis associated with each procurement decision in excess of the simplified acquisition threshold (\$150,000) shall be retained in the procurement files pertaining to each federal award. *(2 CFR Part 200.323)*
6. All pre-qualified lists of persons, firms or products which are used in acquiring goods and services must be current and include enough qualified sources to ensure maximum open and full competition. *(2 CFR Part 200.319(d))*
7. Early Learning Ventures will maintain records sufficient to detail the history of procurement, including: *(2 CFR Part 200.318(i))*
  - a. Rationale for the method of procurement;
  - b. Selection of contract type;
  - c. Contractor selection or rejection; and
  - d. The basis for the contract price.
8. Early Learning Ventures shall make all procurement files available for inspection upon request by a federal awarding agency.

9. Early Learning Ventures shall not utilize the cost-plus-a-percentage-of-costs method of contracting. (2 CFR Part 200.323(d))

All staff members with the authority to approve purchases will receive a copy of and be familiar with 2 CFR Part 200.400 – 475, Cost Principles.

**Authorizations and Purchasing Limits**

All completed purchases made by agency purchase card holders or under negotiated contract or agreement orders must be signed by the cardholder. If they do not have authority for that size of purchase, then they will request the purchase be made by another staff member with a higher purchase card limit. The following table lists required approval levels and solicitation processes:

Amount of Purchase	Required Approvals	Required Solicitation	Required Documentation
< \$3,000	Purchase card holder with approval in this range.	Evidence of solicitation not required but purchases should be distributed among qualified vendors	<ul style="list-style-type: none"> <li>Receipt approved by card holder</li> </ul>
\$3,000 ≤ \$25,000	<ul style="list-style-type: none"> <li>Director of Accounting and Office Administration</li> <li>Director of HR</li> <li>Executive Foundation Director - USA ELV</li> </ul>	3 written bids (catalogue, Internet, written)	<ul style="list-style-type: none"> <li>Documentation of bids received</li> <li>How decision was made</li> <li>May be made based on provision preferred vendor list from CCA for Social Good</li> </ul>
\$25,001 ≤ \$150,000	<ul style="list-style-type: none"> <li>Executive Director</li> </ul>	3 written bids	<ul style="list-style-type: none"> <li>Copy of RFB or RFP or other purchase documentation</li> </ul>
> \$150,000	<ul style="list-style-type: none"> <li>Executive Director</li> <li>Board of Directors</li> </ul>	3 written bids (Request for Bids or Request for Proposals)	<ul style="list-style-type: none"> <li>Copy of RFB or RFP</li> <li>Proposal scoring grids, including who participated in the scoring</li> <li>Proposal and contract of winning bidder</li> </ul>

NOTES:

- *For construction contracts of \$2,000 or above Davis-Bacon wages must be paid.*
- *For purchases greater than the Simplified Acquisition Threshold (\$150,000), either sealed bids or requests for proposal are required. Sealed bids should be used when the decision will be made on the basis of price and price-related factors.*

The Executive Director is authorized to enter into any contract on behalf of Early Learning Ventures.

### **Approved Vendors**

Early Learning Ventures contracts with CCA for Social Good to develop lists of approved vendors that can be used throughout the year. The process to identify an approved vendor is as follows.

1. Develop a list of similar, commonly-purchased items that can be acquired from a single vendor. Examples are office supplies and classroom supplies.
2. Get cost estimates for the list in total, not for each item. Include shipping costs, if necessary.
3. Obtain 2 or 3 quotes, depending on the level of expected spending for the year
4. Compare the quotes.
5. The vendors with lowest prices, including shipping, will be approved for use during the year.
6. This process could result in multiple approved vendors if the prices are within 5% of each other.

This process should be repeated annually, when possible. Vendors may be added throughout the year, but all vendors will be reevaluated annually or if under contract at the end of contract period.

## **Required Solicitation of Quotations from Contractors**

Solicitations for goods and services (requests for proposals or RFPs) should 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. Descriptions shall not contain features which unduly restrict competition. *(2 CFR Part 200.319(c)(1))*
2. Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals. (See the next section entitled "Evaluation of Alternative Contractors" for required criteria.) *(2 CFR Part 200.319(c)(2))*
3. Technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards. *(2 CFR Part 200.319(c)(1))*
4. The specific features of "brand name or equal" descriptions that bidders are required to meet when appropriate. *(2 CFR Part 200.319(c)(1))*
5. A description of the format, if any, in which proposals must be submitted, including the name of the person to whom proposals should be sent.
6. The date by which proposals are due.
7. Required delivery or performance dates/schedules.
8. Clear indications of the quantity(ies) requested and unit(s) of measure.

## **Extension of Due Dates and Receipt of Late Proposals**

Solicitations should provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, an extension may be granted if a prospective offeror so requests.

Contractor proposals are considered late if received after the due date and time specified in the solicitation. Late proposals shall be so marked on the outside of the envelope and retained, unopened, in the procurement folder. Contractors that submit late proposals shall be sent a letter notifying them that their proposal was late and could not be considered for award.

## **Evaluation of Alternative Contractors**

Contractors shall be evaluated on a weighted scale that considers some or all of the following criteria as appropriate for the purchase:

1. Adequacy of the proposed methodology
2. Skill and experience of key personnel
3. Demonstrated experience
4. Other technical specifications designated by the department requesting proposals
5. Compliance with administrative requirements of the request for proposal (format, due date, etc.)
6. Contractor's financial stability
7. Contractor's demonstrated commitment to the nonprofit sector
8. Results of communications with references supplied by vendor
9. Ability/commitment to meeting time deadlines
10. Cost
11. Minority- or women-owned business status of vendor
12. Other criteria (to be specified by the department requesting proposal)

Not all of the preceding criteria may apply in each purchasing scenario. However, the department responsible for the purchase shall establish the relative importance of the appropriate criteria prior to requesting proposals and shall evaluate each proposal on the basis of the criteria and weighting that have been determined.

After a contractor has been selected and approved by the Shared Services Director or Early Head Start Director, the final selection shall be approved by others according to Early Learning Ventures' purchasing approval policies.

## **Affirmative Consideration of Minority, Small Business, Women-Owned Businesses, and Labor Surplus Area Firms**

*(2 CFR Part 200.321)*

Positive efforts shall be made by Early Learning Ventures and their contractor CCA for Social Good to utilize small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms whenever possible. Therefore, the following steps shall be taken:

1. Ensure that small business, minority-owned firms, women's business enterprises, and labor surplus area firms are used to the fullest extent practicable. *(2 CFR Part 200.321)*
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, women's business enterprises and labor surplus area firms. *(2 CFR Part 200.321(b)(4))*

3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms, and women's business enterprises. *(2 CFR Part 200.321(b)6)*
4. Encourage contracting with consortiums of small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms when a contract is too large for one of these firms to handle individually. *(2 CFR Part 200.321(b)3)*
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 minority-owned firms and women's business enterprises. *(2 CFR Part 200.321(b)5)*

### **Availability of Procurement Records (2 CFR Part 200.324(b))**

Early Learning Ventures shall, on request, make available for the federal awarding agency, pre-award review and procurement documents, such as requests for proposals, when any of the following conditions apply:

- The process does not comply with the Early Learning Ventures procurement standards in 2 CFR Part 200. *(2 CFR Part 200.324(b)1)*
- The procurement is expected to exceed the federally-defined simplified acquisition threshold (\$150,000) and is to be awarded without competition or only one bid is received. *(2 CFR Part 200.324(b)2)*
- The procurement exceeds the simplified acquisition threshold and specifies a "name brand" product. *(2 CFR Part 200.324(b)3)*
- The proposed award exceeds the federally-defined simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed-bid procurement. *(2 CFR Part 200.324(b)4)*
- A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the federally-defined simplified acquisition threshold. *(2 CFR Part 200.324(b)5)*

### **Provisions Included in All Contracts (2 CFR Part 200 Appendix II)**

Early Learning Ventures includes all of the following provisions, as applicable, in all contracts charged to federal awards (including small purchases) with vendors and sub grants to grantees:

1. **Contracts** for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by [41 U.S.C. 1908](#), must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.



2. All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.
3. **Equal Employment Opportunity:** All contracts shall contain a provision requiring compliance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR Part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
4. **Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7):** When required by Federal program legislation, all construction contracts of more than \$2,000 awarded by Early Learning Ventures and its sub-recipients shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction").
5. **Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333):** Where applicable, all contracts awarded by Early Learning Ventures in excess of \$2,000 for construction contracts and in excess of \$2,500 for other contracts that involve the employment of mechanics or laborers shall include a provision for compliance with Sections 102 and 107 of the Contract Works Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor regulations (29 CFR part 5).
6. **Rights to Inventions Made Under a Contract or Agreement:** Contracts or agreements for the performance of experimental, developmental or research work shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organization and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the award agency.
7. **Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended:** Contracts and sub-grants of amounts in excess of \$100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
8. **Mandatory** standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act ([42 U.S.C. 6201](#)).should be included in the contract.

9. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** For all contracts or sub grants of \$100,000 or more, Early Learning Ventures shall obtain from the contractor or sub-grantee a certification that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. 1352.
  
10. **Debarment and Suspension (E.O.s 12549 and 12689):** No contract shall be made to the parties listed on the General Services List of Parties Excluded from Federal Procurement or Non-procurement Programs in accordance with E.O.'s 12549 and 12689, "Debarment and Suspension."

*NOTE:*

*A list of excluded parties can be found at [www.sam.gov](http://www.sam.gov).*

### **Special Purchasing Conditions**

*Emergencies:*

Where equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, safety, etc., of staff and protection of Organization property is involved. The reasons for such purchases will be documented in the procurement file.

*Single Distributor/Source:*

Sole source purchases contractors may be made when one or more of the following conditions apply:

- The item or service is only available from one source;
- The situation is an emergency and will not permit a delay resulting from competitive solicitation;
- The awarding agency expressly authorizes noncompetitive proposals in response to a written request; or
- After solicitation, competition is deemed inadequate (insufficient bidders).

Approval from the awarding agency may be required.

## **Right to Audit Clause**

Early Learning Ventures requires a “Right to Audit” clause in all contracts between the Organizations and vendors that either:

1. Takes any form of temporary possession of assets directed for the Organization, or
2. Processes data that will be used in any financial function of the Organization.

This Right to Audit clause shall permit access to and review of all documentation and processes relating to the contractor’s operations that apply to Early Learning Ventures, as well as all documents maintained or processed on behalf of Early Learning Ventures, for a period of three years. The clause shall state that such audit procedures may be performed by organization employees or any outside auditor or contractor designated by the Organization.

## **Contractor Files and Required Documentation**

The Accounting Department shall create a contractor folder for each new contractor from whom Early Learning Ventures purchases goods or services.

The Accounting Department shall mail a blank Form W-9 to new contractor and request that the contractor complete and sign the W-9 (or provide equivalent, substitute information) and return it in the postage-paid envelope provided. Completed, signed Forms W-9 or substitute documentation shall be filed in each contractor’s folder. Contractors who do not comply with this request shall be issued a Form 1099 at the end of each calendar year in accordance with the policies described in the section of this manual on “Government Returns.” See the section on “Payroll and Related Policies” for guidance on determining whether a vendor should be treated as an employee.

## **Procurement Grievance Procedures**

Any bidder may file a grievance with Early Learning Ventures following a competitive bidding process. Once a selection is made, bidders must be notified in writing of the results. The written communication mailed to bidders must also inform them that they may have a right to appeal the decision. Information on the organization’s appeal procedures must be made available to all prospective contractors or sub-grantees upon request, including the name and address of a contact person, and a deadline for filing the grievance. Grievances are limited to violations of federal laws or regulations, or failure of the Organization to follow its own procurement policies.

## **Receipt and Acceptance of Goods**

A designated individual shall inspect all goods received. Upon receipt of any item from a contractor, the following actions shall immediately be taken:

1. Review bill of lading for correct delivery point.
2. Verify the quantity of boxes/containers with the bill of lading.
3. Examine boxes/containers for exterior damage and note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.).
4. Sign and date the bill of lading.
5. Remove the packing slip from each box/container.
6. Compare the description and quantity of goods per the purchase order to the packing slip.
7. Examine goods for physical damage.
8. Count or weigh items, if appropriate, and record the counts on the purchase order.

This inspection must be performed in a timely manner to facilitate prompt return of goods and/or communication with contractors.

## **Contract Administration**

Early Learning Ventures is required to have policies and procedures on contract administration. (2 CFR Part 200.318(b)) Therefore, all contract managers will adhere to the following procedures.

1. Contract administration files shall be maintained:
  - a. For each contract greater than \$150,000 a separate file shall be maintained.
  - b. For contracts less than \$150,000, contract records may be combined in a single file by grant or other funding source.
2. Contract administration files shall contain:
  - a. The required documentation specified in the authorizations and purchasing limits table for the original scope of work and for all amendments.
  - b. The identification and scope of the work contained in the award or budget, and all approved changes, where the contract work is identified in the grant award or budget.
3. Authorization of work:
  - a. No work shall be authorized until the contract for the work has been approved and fully executed.
  - b. No change in the work shall be authorized until an amendment to the contract for the work has been approved and fully executed, except as permitted for Special Purchasing Conditions.

- c. No amendment of a contract for work shall be executed until it has been approved and authorized as required by the Authorizations and Purchasing Limits of Early Learning Ventures and, where required by the terms of the grant award or budget, approval by the funding source.
4. Conformance of work:
- a. For each grant award, based on the applicable laws, regulations and grant provisions, the Shared Services or Early Head Start Director shall establish and maintain a system to reasonably assure contractor:
    - i. Conformance with the terms, conditions, and specifications of the contract, and
    - ii. Follow-up of all purchases in a timely manner to assure such conformance and adequate documentation.
5. The Accountant will authorize payment of invoices to contracts after final approval of work products.