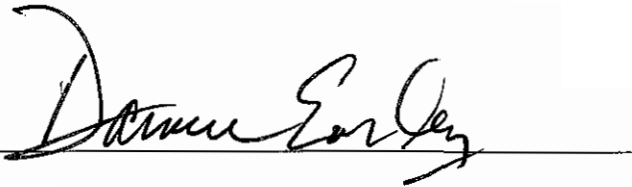


DETROIT PUBLIC SCHOOLS

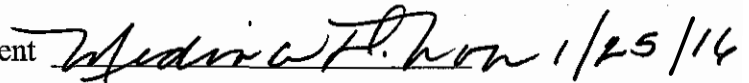
OFFICE OF PROCUREMENT AND LOGISTICS

POLICY MANUAL

Darnell Earley
Emergency Manager

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Medina Abdun-Noor
Deputy Executive Director of Procurement

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DETROIT PUBLIC SCHOOLS

OFFICE OF PROCUREMENT AND LOGISTICS

POLICY MANUAL

Darnell Earley
Emergency Manager _____

Medina Abdun-Noor
Deputy Executive Director of Procurement _____

TABLE OF CONTENTS

- I. VISION AND MISSION5**
- II. AUTHORIZATION TO COMMIT DETROIT PUBLIC SCHOOLS.....6**
- III. PROCUREMENT POLICIES7**
 - A. Procurement Policy 1.01 – Procurement of Supplies, Materials and Equipment (Goods).
 - B. Procurement Policy 1.02 – Procurement of Construction and Repair of and Addition or Renovation to School Buildings.
 - C. Procurement Policy 1.03 – Procurement of Services and All Other Things of Value which are not Supplies, Materials, Equipment or Construction and Related Services shall be in accordance with Section 1.01.
 - D. Procurement Policy 1.04 – Procurement by the District, as delineated in 1.01, 1-02, and 1.03, shall be accomplished Only By, Through, Under and Otherwise Pursuant to One or More Written Contracts (including purchase orders) to be Issued by the Deputy Executive Director of Procurement and/or written designee along with the Office of Procurement and Logistics and which contract or contracts shall be issued to, and entered into between, the Provider of such goods or services and the District prior to the receipt of the goods or services.
- IV. COOPERATIVE PURCHASES.....17**
 - A. INTERLOCAL AGREEMENT PURCHASES
 - B. PIGGY-BACKING
 - C. JOINT PURCHASES
 - D. PURCHASES THROUGH THIRD PARTIES
- V. DISPUTES AND DISPUTE RESOLUTION.....18**
- VI. PROCUREMENT PRINCIPLES.....18**
- VII. AN OVERVIEW OF THE DISTRICT’S PROCUREMENT PROCESS.....19**
 - A. BUDGET AND IDENTIFYING DESIRED GOODS AND SERVICES
 - B. REQUESTING GOODS AND SERVICES
 - C. REQUISITION PROCESS
 - D. METHOD OF PROCUREMENT
 - E. THE PURCHASE ORDER, SUPPLIER RIGHT TO PAYMENT

VIII. RECORD KEEPING22

IX. TRAINING and COMPLIANCE.....23

X. EXHIBITS.....24

A. EXHIBIT A.....Conflicts of Interest

B. EXHIBIT B.....Code of Ethics

C. EXHIBIT C.....Detroit Public School Strategic Sourcing

D. EXHIBIT E.....Contract File Checklist

E. EXHIBIT F.....2011-EMRR 22

F. EXHIBIT G.....2011-EMRR 24

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Foreword

This manual describes the basic policies under which the Office of Procurement and Logistics operates when procuring goods and services in compliance with 34 CFR Part 8036 of the Federal regulation and revised School Code Section 380.1274.

Introduction

The purpose of this manual is to describe the policies by which the Detroit Public Schools (DPS) Office of Procurement and Logistics will acquire quality goods and services in an efficient, cost effective manner that:

- Facilitates DPS in achieving its mission and goals
- Provides exceptional value
- Establishes and sustains the integrity of DPS

The overall purpose of the procurement process is to ensure that DPS obtains the highest quality goods and services with minimum lead-time, and at the best overall value. To that end, all procurement transactions will be conducted in a manner to avoid impropriety or even the appearance of impropriety, and all goods and services will be competitively procured as required by law and this manual.

DPS adheres to the following procurement principles:

- All qualified suppliers shall have access to public business.
- No supplier shall be arbitrarily or capriciously excluded from participating.
- Competition shall be sought to the maximum extent practicable.
- The rules governing the competitive award process shall be made clear in advance of the competition.

Guiding Principle

DPS seeks value for its procurement dollars. To accomplish this, DPS will utilize the policies in this manual to ensure that proper documentation exists (including but not limited to: Statement of Work, approved requisitions, contracts, purchase orders, receipts of goods and services, an approved detailed invoices, etc.) to demonstrate that goods and services have been received and meet DPS performance requirements. In addition, all documentation is in place prior to payment of funds to suppliers.

I. Vision and Mission Statement

Vision:

*In order to support the goals and objectives of
Detroit Public Schools*

*We are One DPS Procurement Team
Working Together to Deliver
Excellence in Sourcing*

Our Mission

Procure World Class quality goods and services from innovative strategic suppliers that are delivered on time, every time, at the right price with the right contract terms and conditions, thus providing DPS with the highest value possible.

We value the growth, development and innovation of our procurement team members and our internal partners. We are committed to a Procurement process that exemplifies the utmost integrity, discipline and excellence.

With a performance standard that is second to none,
We are the Procurement Leaders for the 21st Century!



Office of Procurement & Logistics

II. Authorizations to Commit Detroit Public Schools

The Deputy Executive Director of Procurement and his/her written designees are authorized to sign contracts on behalf of DPS. A supplier can only be authorized to provide goods or services through a purchase order or a contract signed by Deputy Executive Director of Procurement and/or by his/her written designees. Contracts in excess of \$1 Million must be signed by the Deputy Executive Director of Procurement and CEO/Emergency Manager/General Superintendent.

A PeopleSoft requisition is the appropriate method to commit and approve the expenditure of DPS funds. An authorized employee can create or approve a requisition, but does not have the authority to perform any Office of Procurement and Logistics function including, but not limited to: request bids from suppliers, authorize suppliers to proceed with work, negotiate in any way with suppliers, authorize and/or sign contracts. Requisition creation and approval only commits their respective department's funds, in accordance with their department budget, for a particular project or contract through PeopleSoft.

The business practices of the Office of Procurement and Logistics shall be carried out with the highest degree of professionalism, ethics, integrity, excellence and transparency. The Office of Procurement and Logistics shall be committed to:

- (i) Adhering strictly to the letter of and fulfilling the spirit of all State, Federal and Local Laws and Regulations;
- (ii) Providing superior customer service;
- (iii) Implementing and utilizing best procurement practices;
- (iv) Building solid business-partner relationships, both internally with other departments within the District and externally with the broader community including other school districts;
- (v) Utilizing the latest technological advancements;
- (vi) Providing continuing educational, training and professional development opportunities to its professional staff;
- (vii) Networking with other procurement professionals; and
- (viii) Continued advocacy of small business development by increasing the number of qualified small minority owned and women owned business to the fullest extent.

No purchases shall be made except as provided by applicable Michigan law, Federal law, and the District policies and procedures for the procurement of goods, supplies, equipment, and services. Only the Deputy Executive Director of Procurement and/or designee, via sub-delegation of authority and the Office of Procurement and Logistics, are expressly authorized by District policy to make any purchase or enter into any contract or agreement for the purchase of goods, supplies, equipment, general and professional services on behalf of the District. Any purchase made or contract entered into in violation of the policies and procedures contained herein are void and not binding on the District. Employees who violate these policies and procedures are subject to discipline by the District, up to and including termination (Exhibit F) and may be personally liable to the supplier or contractor for such actions, and could be subject to criminal fines and/or other sanctions (Exhibit F). All suppliers shall be informed of these policies and procedures and any supplier seeking to circumvent or violate the rules may be suspended or excluded from doing business with the District (Exhibit F).

III. PROCUREMENT POLICIES

The procurement policies of the District hereinafter following are those written policies required by Section 1274 of the Revised School Code and are hereby adopted to ensure that all purchases made by the District adhere strictly to the letter and spirit of all Laws.

A. Procurement Policy 1.01 – Procurement of Supplies, Materials and Equipment (Goods)

It is the policy of the District that the Deputy Executive Director of Procurement and/or written designee, along with the Office of Procurement and Logistics shall be required to obtain competitive bids for the purchases of goods, supplies, materials or equipment as outlined below:

Competitive bidding is required for purchases that exceed \$23,417.00. These purchases include:

- Supplies, materials, and equipment; and
- Construction, addition, renovation, or repair of a school building.

The competitive bidding threshold shall be adjusted each year as provided for in MCL §380.1274(2), 380.1267, and 380.623a.

For purchases that are between \$10,000.00 and \$23,417.00, the district shall obtain three written quotes.

For purchases that are between \$3,000.00 and \$9,999.99, the district shall obtain and document at least three quotes. These three quotes can be obtained using competitive intelligence including:

- Use of internet search engines to obtain competitive price comparisons
- Benchmarking using industry trade resources and historical contract data

- Analysis of published catalog and market price lists

A single purchase may not be divided or split into smaller purchases to circumvent the applicability of the competitive bidding requirements for each dollar threshold listed above.

Per MCL §380.1267(2) a district “shall advertise for the bids (construction, addition, repair, or renovation of a school building) . . . by placing an advertisement for bids at least once in a newspaper of general circulation and posting an advertisement for bids for at least two weeks on the department of management and budget website. . .” There is no corresponding requirement to advertise in a newspaper or on the department of management and budget website for bids, supplies, materials, and equipment in MCL §380.1274 and 380.623a but it is highly recommended.

1.1 Exceptions

- (i) The Chief Procurement and Logistics Officer, along with the Office of Procurement and Logistics and/or written designee is not required to obtain competitive bids for items in excess of the statutory amount purchased through the cooperative bulk purchasing program operated by the department of management and budget under Section 263(3) of the Management and Budget Act, 1984 PA 431, MCL 18.1263;
- (ii) The Chief Procurement and Logistics Officer, along with the Office of Procurement and Logistics and/or designee is not required to obtain competitive bids for purchasing food unless the food purchased is a single transaction costing \$100,000 or more;
- (iii) Notwithstanding the general language of this Policy 1.01, the Deputy Executive Director of Procurement and/or designee, along with the Office of Procurement and Logistics shall not be required to obtain competitive bids if a competitive bid process and or a qualification process has been completed by an authorized source including MDE, MIDEAL, etc. However, a letter from the authorized source must be included in the file documenting that the competitive process is waived for DPS. The Deputy Executive Director of Procurement along with the Office of Procurement and Logistics is required to routinely consult with the Department of State and Federal Programs to ensure that the use of all restricted funds is done in compliance with all applicable restrictions and requirements.

1.2 Best Available Price

- (i) While it is the intent of this Policy 1.01 to provide the Deputy Executive Director of Procurement and/or written designee along with the Office of Procurement and Logistics the greatest degree of flexibility to procure goods, supplies, materials and equipment to ensure the continued, smooth and timely operation of the Office of Procurement and Logistics, the Office shall also undertake to ensure that the District is paying no more than the

best available value. The Office of Procurement and Logistics shall obtain the best quality, service, delivery/lead-time and price available in the market place at the time of sourcing.

- (ii) In order to ensure the best available price at the time of sourcing, an evaluation of price is completed. This is the process of examining, evaluating and comparing the proposed price to:
 - (a) All offered prices
 - (b) The current contract price
 - (c) The previous/historic contract price
 - (d) A similar item's and/or service's price
 - (e) An inter-local or piggy back agreement
 - (f) Market pricing and/or benchmark pricing
 - (g) Other
- (iii) A price is determined reasonable if it does not exceed what a prudent consumer and/or businessperson would pay when conducting competitive business, based on the written results of a price/cost analysis for which the Office of Procurement and Logistics' rationale, assumptions, calculations, and final conclusion (reasonableness determination) are verifiable and convincing to a third party.
- (iv) Price analysis clearly demonstrates that the proposed price is reasonable in comparison with current or recent prices for the same or similar items, adjusted to reflect changes in market conditions, economic conditions, quantities, or terms and conditions under contracts that resulted from adequate price competition where two or more responsible suppliers, competing independently, submit bids that satisfy the expressed requirement wherein the award based on best value where price is a substantial factor in the source selection and there is no finding that the price of the otherwise successful supplier is unreasonable.
- (v) Factors to consider include, but are not limited to:
 - (a) Comparing offers received
 - (b) Comparing proposed prices to price history or system bill of material or current contract
 - (c) Parametric methods

- (d) Comparison to published (catalog) price lists and published market prices
- (e) Comparison with independent government estimates
- (f) Compare proposed prices to market research or pricing data for same/similar items
- (g) Analysis of pricing information provided by the supplier,
- (h) Catalog price
- (i) Market pricing and/or bench-market pricing

B. Procurement Policy 1.02 – Procurement of Construction and Repair of and Addition or Renovation to School Buildings.

It is the policy of the District that the Deputy Executive Director of Procurement and/or written designee shall direct their staff to obtain competitive bids on all of the material and labor required for the complete construction of a proposed new building or addition to or repair or renovation of an existing school building before commencing any such construction, addition, repair or renovation project.

1.1 Method of Solicitation of Bids; Content of Solicitation

- (i) The Deputy Executive Director of Procurement and/or written designee shall direct his/her Office and otherwise cause their staff to place an advertisement for bids at least once in a publication of general circulation, e.g. newspaper, in the area where the building or addition is to be constructed or where the repair or renovation of an existing building is to take place and by posting an advertisement for bids for at least 2 weeks on the department of management and budget website on a page on the website maintained for this purpose or on a website maintained by the District and designated by the department of management and budget for this purpose.
- (ii) The advertisement for bid required by the foregoing section shall do all of the following:
 - (a) Specify the date and time by which all bids must be received by the District personnel or its designee responsible for receiving same;
 - (b) State that the District will not consider or accept a bid received by the District after the date and time so specified and the District shall not open any such untimely bids;
 - (c) Identify the time, date, and place of a public meeting at which the District will open and read aloud each bid received by the date and time specified in Subsection (a) and the District shall in fact open and read aloud each such timely received bid; and
 - (d) State that the bid shall be accompanied by a sworn statement disclosing any familial or financial relationship that exists between the owner or any employee of the bidder and any member of the District, consistent with the District's Conflict of Interest Policy and the District shall not accept a bid that does not include this sworn and notarized disclosure statement.
- (iii) The District shall require each bidder for a contract under this Policy to file with the District security in an amount not less than 1/20 of the amount of the bid conditioned to secure the District from loss or damage by reason of the withdrawal of the bid or by the failure of the bidder to enter a contract for performance, if the bid is accepted by the District.
- (iv) Regarding all bids required by this Policy 1.02, the District shall:
 - (a) Not open or otherwise consider any untimely bids;
 - (b) Open and read aloud each timely received bid;

- (c) Not accept or otherwise consider any bid that does not include a sworn statement requiring the disclosure of any familial or financial relationship that exists between the bidder or any employee of the bidder and any member of the District; and
- (d) Not accept or further consider any bid provided by a bidder which does not file with the District security in an amount not less than 1/20 of the amount of the bid conditioned to secure the District from loss or damage by reason of the withdrawal of the bid or by the failure of the bidder to enter a contract for performance, if the bid is accepted by the District.

1.2 Exceptions

- (i) This Policy 1.02 shall not apply and the Deputy Executive Director of Procurement and/or written designee may procure construction services without first advertising or otherwise soliciting for bids in circumstances constituting emergency repair situations. For purposes of determining when a repair constitutes an emergency, the department or person making the request is required to contact and consult with the Office of Procurement and Logistics. Emergencies are defined as jeopardizing public health, safety and/or welfare of children, school administrators and/ or Detroit Public Schools personnel.
- (ii) This Policy 1.02 shall not apply and the Deputy Executive Director of Procurement and/or written designee may procure construction services without first advertising or otherwise soliciting for bids:
 - (a) where the building, renovation or repair costs less than \$23,230.00; instead, Section 1.01 applies. The competitive bidding threshold shall be adjusted each year as provided for in MCL §380.1274(2), 380.1267, and 380.623a.
 - (b) for repair work normally performed by District employees.

C. Procurement Policy 1.03 – Procurement of Services and All Other Things of Value which are not Supplies, Materials, Equipment or Construction and Related Services shall be in accordance with Section 1.01-.

Although Michigan law does not require a competitive bidding process for services, it is the policy of the District to follow the strategic sourcing process for the procurement of services by following the competitive bidding process outlined in Section 1.01. This includes services procured with the use of Federal Education Grant Funds. Services are defined as those “services not covered by competitive bidding for construction-related projects and which are not primarily associated with and included in the cost of goods, materials and supplies. Examples of services include but are not limited to: law, accounting, professional services, consulting training, professional development, etc.

1.1 Competitive Procurement Process

Competitive procurement requirements are a public policy established to prevent fraud and favoritism and to protect public funds. It is DPS' policy to engage in a strategic and competitive procurement process before entering into any contract or issuing any purchase order, except for the limited exceptions set forth below. Accordingly, DPS will utilize one of the procurement methods set forth prior to executing a contract or issuing a purchase order.

1.2 Exceptions to Competitive Bidding Process

DPS construes exceptions to its competitive procurement process very narrowly. The Office of Procurement and Logistics is solely authorized and accountable for procuring goods and services on behalf of the District. Even in the case of exceptions to the competitive sourcing process, all purchases must comply with DPS' requisition, procurement and invoicing process and requirements, as well as in compliance with Federal procurement regulations 34CFR Part 80.36, examples of possible exceptions to the competitive bidding process are:

(i) Emergency Situations

DPS may procure goods or services without utilizing a competitive bid process if the Office of Procurement and Logistics determines there is an emergency that poses an immediate threat to public health, safety or welfare.

Even if an emergency occurs, the Office of Procurement and Logistics will take steps to ensure the cost of the good or service is reasonable without competition and based on market pricing.

DPS does not consider the potential loss of funds and/or poor planning to be an adequate justification for an emergency purchase.

Departments are prohibited from extending emergencies, and the Office of Procurement and Logistics will not extend awards to include other goods or services that are not required for the immediate resolution of the emergency.

(ii) Contracts through a Cooperative Arrangement

DPS does not require the use of one the procurement methods described below for goods or services that are to be purchased through an approved cooperative bulk purchasing program or agreement in conjunction with local, state or federal agencies, where the Office of Procurement and Logistics has determined that such arrangements resulted from a competitive bidding process.

The Office of Procurement and Logistics is required to routinely consult with the Department of State and Federal Programs to ensure that the use of all restricted funds is

done so in compliance with all applicable restrictions and requirements. Strategic Category Teams (SCTs) shall be established for all categories including State and Federal Programs categories such as External Providers, SIG, SES, etc. The Strategic Category Teams shall be led and chaired by the Office of Procurement and Logistics. The membership of the team shall include department Subject Matter Experts (SMEs). The SCTs are responsible for developing category strategies, determining short term and long term sourcing actions and presenting to the Strategic Sourcing Action Council for sourcing that is greater than \$23,230. The competitive bidding threshold shall be adjusted each year as provided for in MCL §380.1274(2), 380.1267, and 380.623a.

(iii) Single (Sole) Source Procurement

Is defined as a request to procure goods or services from a single (sole) source usually because of a unique expertise, licensing, patent, copy right, etc. without conducting a competitive bid process.

To procure goods or service as a single (sole) source, the requisitioner/requestor must provide a business case for a single source request with appropriate management approvals. It is at the buyer's discretion to accept or reject the single source request. The buyer must document reasons for accepting the single source request and demonstrate competitiveness by: competitive intelligence using technology; benchmarking intelligence as outlined by the Strategic Category Teams (SCT) and a cost analysis which is an evaluation of the cost elements of a proposed price to determine overall value. The elements of a cost analysis are cost, volume, market rates/prices, assumptions, constraints, etc. To complete a cost analysis, the buyer's actions include comparing the unit/total price to historic or current contract prices or market prices for the same or similar goods/services for the review and evaluation of cost data for the purpose of arriving at costs actually incurred or estimates of cost to be incurred, prices to be paid, and costs to be reimbursed. A cost analysis is required when goods or services are procured from a single (sole) source. Common single source rationale and examples are listed below. The list includes examples and is not limited to or necessarily all inclusive:

- (a) Goods or Service can only be identified by original equipment manufacturers' part number; must be procured from this source. Restriction should be identified at the time of initial sourcing of part or service.
- (b) Proprietary/Patented Items: Supplier holds patent, copy right or license to requested part, service or technology. Justification should be provided as to why such restriction is appropriate and represents best value.
- (c) Small Value is defined as a dollar value that is less than \$10,000.

- (d) Repeat Order: Current requisition is for exact same good or service in a prior order. All terms, conditions and price of prior order apply to this order. Prior purchase order number must be referenced; prior order should have price justification and have been placed within the past twelve (12) months. Repeat orders cannot be used if the prior order was an emergency order.
- (e) Critical Timing: The time to competitive bid is prohibitive to meet delivery timing for an important internal milestone; description of timing constraints or milestones must be listed/identified. This should not be used as an excuse for late/poor planning which prevents The Office of Procurement and Logistics from following the strategic sourcing process or proper sourcing. Requisitioner to substantiate claim for critical timing and provide details to The Office of Procurement and Logistics.
- (f) Compatibility: Requested goods or service will provide continuity; interruption would jeopardize quality, create a cost increase or delay delivery timing.

1.3 Contract Management

The Office of Procurement and Logistics is solely and exclusively authorized to perform all supplier relationship management functions. The Supplier Relationship Management responsibility includes supplier metrics, supplier performance and supplier quality and business reviews, the Office of Procurement and Logistics scorecards, lean/process discipline, policy and procedures as well as the single point of contact for potential suppliers. The District's suppliers are to be selected in a manner as to foster public confidence in the integrity of the Detroit Public Schools' strategic sourcing process.

1.4 Methods of Contracting

Before DPS can begin to receive goods or services from a supplier, an authorized written agreement with the supplier **signed by the Deputy Executive Director of Procurement**, must exist. This agreement can be in the form of a **purchase order** and/or a **contract**. No DPS employee should direct a supplier to initiate work or to provide goods without such a contract and/or purchase order in place and as such will constitute an unauthorized agreement and will result in no payment to the supplier and possible disciplinary action regarding the employee.¹

¹ Exhibit F – 2011-EMRR 22

After the appropriate procurement activity is completed, an award may be made with the approval of the Deputy Executive Director of Procurement for purchases less than \$1,000,000 under the following conditions:

Method Used	When Appropriate
Purchase Order (PO's)	PO's are generally for the purchase of goods that are one time purchases. PO's can be used for services in conjunction with a contract.
Contract (with Purchase Order)	Primarily for services. Also, contracts are used for goods that require multiple purchases overtime. Examples include goods that involve any of the following: <ul style="list-style-type: none"> • labor • warranty • service agreements and • other specialized terms and conditions
Master Contract	A master contract sets forth the terms and conditions of the relationship between DPS and a supplier including pricing, but does not obligate DPS to purchase any good or service. A subsequent purchase order will be issued to purchase the good or service.

Purchases that exceed \$1,000,000 require the signature of both the Deputy Executive Director of Procurement and the CEO/Emergency Manager/General Superintendent.

D. Procurement Policy 1.04 – Procurement by the District, as delineated in 1.01, 1-02, and 1.03, shall be accomplished Only By, Through, Under and Otherwise Pursuant to One or More Written Contracts (including purchase orders) to be Issued by the Deputy Executive Director of Procurement and/or written designee along with the Office of Procurement and Logistics and which contract or contracts shall be issued to, and entered into between, the Provider of such goods or services and the District prior to the receipt of the goods or services.

It is the policy of the District that any provider of goods, services or other thing or things of value that seeks or intends to seek compensation from the District for said goods, services or other thing or things of value shall not provide and the District shall not accept or otherwise receive any such goods, services or other thing or things of value without such provider of the goods, services, or other thing or things of value first seeking and obtaining a valid purchase order or contract issued by the Office of Procurement and Logistics in compliance with this Policy 1.04.

1.1 Procurement via Purchase Order

It is the policy of the District that the Office of Procurement and Logistics shall be solely responsible and accountable for the procurement of goods, services and other thing or things of value by first receiving a request for goods and/or services outlined in a statement

of work with detailed requirements and/or descriptions of services needed, an approved requisition which is placed on and issued through the PeopleSoft System. Once the approved requisition is in the Office of Procurement queue as an approved request and after the procurement process is complete, a contract or purchase order is issued by the Office of Procurement and Logistics. Included in the purchase order are:

- (i) Description of the item or items (which may be goods, services and any other thing or things of value) to be procured and the requirement that detailed invoicing must accompany all requests for payment;
- (ii) Pricing;
- (iii) Execution;
- (iv) Acceptance;
- (v) Delivery;
- (vi) Termination;
- (vii) Warranty;
- (viii) Delays;
- (ix) Indemnification;
- (x) Insurance;
- (xi) Independent contractor status;
- (xii) Changes;
- (xiii) Remedies;
- (xiv) Changed conditions;
- (xv) Access and records retention;
- (xvi) Suspension of work;
- (xvii) Inspection/testing;
- (xviii) Assignment and subcontracting;
- (xix) Packing and miscellaneous fees;
- (xx) Cancellation;
- (xxi) Patents and trademarks;
- (xxii) Insolvency;
- (xxiii) Compliance with Laws;
- (xxiv) Products containing hazardous chemicals;
- (xxv) Impartial selection of vendor;
- (xxvi) Venue; and
- (xxvii) Dispute resolution.

1.2 Procurement via Purchase Order where Further Writing Deemed Necessary

It is the policy of the District that where the Deputy Executive Director of Procurement and/or written designee, along with the Office of Procurement and Logistics, determines that the procurement of goods, services and other thing or things of value through the use and issuance of the standard purchase order or contract is insufficient to provide the District with the customary, standard and other legal protections readily available in the market, that the Deputy Executive Director of Procurement and/or designee shall seek the advice and counsel of the office of the General Counsel and other subject matter experts interested in the items or services to be procured, undertake to issue, negotiate or accept further

contract documentation and enter into the same with the supplier offering to provide such goods, services or other thing or things of value.

IV. COOPERATIVE PURCHASES

Pursuant to the Urban Cooperation Act of 1967, the District may enter into an agreement with another state agency (including other school districts, a city, county or township, or state or federal political subdivision) to, among other things, jointly purchase materials or exercise any other joint powers. MCL 124.501, et seq. Joint or coordinated purchases can reduce administrative costs, take advantage of quantity discounts, share specifications, or create a heightened awareness of the legal requirements. The District shall, where possible, enter into joint agreements with other state agencies. Such agreements shall be reviewed by The Office of Procurement and Logistics and the District's General Counsel prior to execution. Examples of the kinds of cooperative agreements permissible under the Urban Cooperation Act of 1967 are as follows:

A. INTERLOCAL AGREEMENT PURCHASES

Local governments may contract with and between each other, for the purchase of goods. Such agreements shall be drafted so that purchases satisfy the competitive bidding laws of this state and District policy.

B. PIGGY-BACKING

Piggy-backing occurs when one governmental agency purchases for itself and for others as a convenience to the others. Before taking advantage of another governmental agency's purchase agreement, the District shall determine if the procurement complies with competitive bidding laws and District policy.

C. JOINT PURCHASES

Joint purchasing occurs when two or more governmental agencies join together to purchase one or more items jointly. This may involve each entity handling part of the administrative duties or agreeing to have one of the entities handling the transactions under the guidance of the others. All parties to a purchase must agree to the product specifications so that the result will be a satisfactory purchase.

D. PURCHASES THROUGH THIRD PARTIES

Purchasing through third parties occurs when several local governments agree to allow an independent agency to do all or part of the purchasing for the entities. This may be done by an agency formed especially for this purpose, or through an established agency. This type of agreement should be implemented by a contract which details the duties and responsibilities for both the agency and the local governments involved. It may include a continuing arrangement or be for a single purchase.

V. DISPUTES AND DISPUTE RESOLUTION

In the event of any disputes, including disputes concerning a question of fact or law (“disputes”), claims, issues, questions, or disagreement arising from or relating to this contract or the breach thereof, the parties hereto shall use their best efforts to settle the dispute, claim, question, or disagreement in a timely manner initially with the buyer and the supplier. If resolution is not reached, then the supplier shall meet with the Director of the category; that is the Buyer’s supervisor. If a solution is not reached, then the supplier shall meet with the Deputy Executive Director of Procurement and/or written designee to resolve the issue. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interest(s), attempt to reach a just and equitable solution satisfactory to both parties.

Any disputes, claims, issues, questions, or disagreement arising under or related to a contract or purchase order which is not disposed of by agreement shall be decided by the Deputy Executive Director of Procurement and/or written designee, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the supplier. This decision shall be binding and conclusive on the parties. If there are further objections by a supplier, a written letter is required within 10 business days of receipt of DPS’s decision. It shall be at the sole discretion of the Deputy Executive Director of Procurement to determine next steps.

VI. PROCUREMENT PRINCIPLES

The Office of Procurement and Logistics shall adhere to the following principles in accordance with the procurement guidelines in the revised school code 380.1274 as well as federal procurement regulation 34 CFR Part 80.36:

- (i) All procurements shall be conducted in a fair and impartial manner and without impropriety or the appearance of impropriety.
- (ii) Competitive bidding shall be conducted as required to comply with all Laws and according to Section 1.01- so that the District enjoys the lowest possible price with year over year continuous improvement, while receiving goods and services that meet customer quality, service and delivery needs. Competitive bidding may be used in other instances, where, in the sole and absolute discretion of the Deputy Executive Director of Procurement and/or written designee, along with The Office of Procurement and Logistics, it is believed that competitive bidding will result, in the best interest of the District.
- (iii) All qualified suppliers as determined by The Office of Procurement and Logistics shall have the opportunity to submit proposals and bids, and no supplier shall be barred or otherwise disqualified or suspended from submitting a proposal or bid unless barred, disqualified or suspended as required or in accordance with this Manual or other policy of the District.

- (iv) All rules governing the submission of proposals and bids shall be made clear in sufficient time prior to the submission deadline to enable persons to submit responsive proposals and bids.
- (v) All procurements shall comply with the letter and spirit of all Laws and shall adhere to all applicable policies of the District including, by way of example and not limited to, the Conflicts of Interest and the Employee Code of Ethics policies, each of which is attached to this Manual at Exhibit A and B, respectively.

VII. AN OVERVIEW OF THE DISTRICT'S PROCUREMENT PROCESS

A. BUDGET AND IDENTIFYING DESIRED GOODS AND SERVICES

The first step in the procurement process does not actually begin with Procurement and Logistics but with the budget process itself. Once the budgets have been determined and the Stakeholders have been informed, then the process of identifying the goods and services necessary to fulfill the Stakeholder's stated objectives begins. The value-added, strategic sourcing and customer-service functions of The Office of Procurement and Logistics begins once a Stakeholder has (i) verified that it has appropriate budget (ii) identified the good(s) or service(s) it needs or desires by completing a Statement of Work (SOW) and (iii) determined that it is necessary to procure the particular good(s) or service(s) (the "Buying Decision").

B. REQUESTING GOODS AND SERVICES

Once the Buying Decision has been made, then the Stakeholder which has made that Requisition Decision, acting through one of its authorized directors or other personnel, a description of the good or services in the form of a Statement of Work (SOW) is developed and a requisition is created. A requisition is the official request from a Stakeholder to the Office of Procurement and Logistics to obtain the good(s) or service(s) sought. The requisition is assigned a number which identifies it in the system until it is completed in the process and a purchase order is issued or the requisition is removed from the system. A significant amount of the steps in the process are automated and occur in the PeopleSoft System.

C. REQUISITION PROCESS

The Office of Procurement and Logistics is staffed by strategic sourcing and customer service professionals commonly known as buyers (the “Buyer” or “Buyers”). The Office of Procurement and Logistics is organized to focus on category management. While the Buyers are cross trained and are able to accomplish tasks in more than one category area, in order to enhance and then leverage category knowledge, the Buyers have primary or principal areas of responsibility. Once the requisition is entered into the PeopleSoft System it is categorized into one of the aforementioned areas and then routed to the Buyer who is responsible for that particular area. It is this Buyer who will shepherd or guide the requisition through the procurement process.

After the requisition has been assigned to a Buyer, the Buyer’s first responsibility is to confirm the funding source for the required item. This function is automated in the System and should occur prior to Buyer engagement. If the purchase is to be made with grant funds, then it must be approved by the District office responsible for ensuring that grant funds are used in full compliance with the agency, department or other organization which provided the grant funds. The compliance officer responsible for grant funded requisition reviews the proposed requisition against specific and particular grant requirements. The grant compliance officer may seek more information, approve the requisition or deny the requisition.

The next level of consideration is based on the subject-matter specifics, in other words, a specialized items which must obtain budget and or confirm that the purchase is aligned with the District’s standards from the Department to which the goods or services relates if it is from one of three of the following areas:

- (i) Technology requisitions must be routed to and obtain the approval of the Information Technology Department;
- (ii) Security requisitions must be routed to and obtain the approval of the Public Safety Department; and
- (iii) Temporary service requisitions must be routed to and obtain the approval of the Human Resources Department.

If any requisition fails to obtain the required approval at any level (grant or specialized), then it is removed from the process and the Stakeholder is notified. If a Stakeholder whose requisition was not approved wishes to appeal or otherwise seeks reconsideration, he or she must approach the Department which refused to issue the approval. Appeals occur outside of the procurement process and if successful, then the Stakeholder must begin the procurement process anew by entering a requisition into the PeopleSoft System. Requisitions which obtain the required approval are then reviewed by The Office of Procurement and Logistics to determine the method of procurement.

If the purchase is to be made with general funds, there is no automated system approval process required to move to the next level of consideration.

D. METHOD OF PROCUREMENT

All approved requisitions are examined by The Office of Procurement and Logistics to determine whether the goods or services will be acquired: (1) under and pursuant to an existing contract or other business relationship, for example, direct connect or catalog items; and/or (2) based on Section 1.01.

The requisitions of certain items are considered direct to supplier items or Direct Connect items. The Direct Connect process is fully automated in the PeopleSoft System. A Direct Connect item is an item that is directly sent to a supplier to process as a store or catalog item via a purchase order.

E. THE PURCHASE ORDER, SUPPLIER RIGHT TO PAYMENT

The execution and the issuance of a contract and/or the purchase order is the next step performed by The Office of Procurement and Logistics in order to facilitate the suppliers' right to deliver goods and perform services for the District and receive payment for the delivery of goods and services rendered. Once the purchase order is issued, a number is assigned to it. This number is then communicated to the supplier and the Stakeholder. The purchase order number (the "PON") may be communicated to the supplier by one or more of the following methods: facsimile transmission; email; or U. S. Mail. *(Without regard for whether a contract is required and subsequently executed and delivered, without the issuance of a valid purchase order, the District shall have no obligation or liability to any supplier for goods or services delivered, performed or otherwise provided to the District. In addition, once a valid purchase order is issued, executed and delivered, a supplier shall have no right to receive payment from the District unless and until the goods and services that are the subject of the validly issued purchase order are delivered, performed or otherwise provided to the District, that is to say that unless and until the District receives the benefit of its bargain under the purchase order and/or the contract, if any, the District shall have no obligation to make payment to the supplier or any assign or any other party claiming under, by, or through such supplier that did not deliver value to the District. Furthermore, any supplier which delivers, performs or otherwise provides goods, services or other thing or things of value to the District without a validly issued, executed and delivered purchase order first being issued and in place and not expired, revoked, rescinded or otherwise without legal effect, shall have no right against the District for payment for such goods or services delivered, performed or otherwise provided while no validly issued, executed and delivered purchase order in place that was not at the time expired, revoked, rescinded or otherwise without legal effect.) See Exhibit F.*

Once the supplier ships or otherwise delivers the goods or performs the services, the Stakeholder must then acknowledge receipt of the goods or services within the PeopleSoft System. The PeopleSoft System shall be configured or a feature added such that the act of

receiving goods or services through the PeopleSoft System shall require a password or other encryption which makes in the PeopleSoft System a record of who acknowledged receipt of the goods or services and caused the PeopleSoft System to issue the obligation to pay to the accounts payable department. The receipt of goods or services, as itemized on the purchase order, and the issuance of the obligation to pay shall be accompanied by the Stakeholder's acknowledgement that he or she makes the receipt and issues the obligation to pay with full understanding that false statements are a crime and that DPS will prosecute all acts of dishonesty. Once accounts payable receives the supplier's invoice and the acknowledgement from the PeopleSoft System, payment to the supplier should issue.

Each Buyer is encouraged though not required, during the academic year, to visit Department/School sites to meet the Stakeholders and to see how the goods or services which the Buyer procured are being used. These visits shall also serve as an audit function. Should a Buyer be unable to confirm that any goods or services were in fact received and in cases where there is the appearance of fraud, then he or she shall be under an obligation to inform his direct supervisor. Additional action should be taken by the direct supervisory including informing the Deputy Executive Director of Procurement and the Office of the Inspector General of the District of the Buyer's findings. A Buyer's failure to report his or her findings correctly and honestly shall make him or her complicit in and an accessory to the suspected fraud he or she failed to report. In all events, the Buyer shall indicate by making a written report and document in the appropriate supplier file that he or she visited a DPS site and note any findings that were noted.

VIII. RECORD KEEPING

In order to ensure good record keeping and to verify that all items, goods, services and every other thing of value used and procured by the District is done properly and with the utmost care, diligence, and strict adherence to all Laws, the Office of Procurement and Logistics has created and uses a File Checklist that is required to be placed in every file folder effective February 28, 2012. The completion of the File Checklist is the responsibility of the Buyer who issues the contract and/ or purchase order. The File Checklist shall outline all documents required to be contained within the supplier file related to the sourcing decision including by way of example and not limited to: Statement of Work or a description of services required, an approved requisition for goods or services, a bidder list, source comparison of bids received, pricing analysis of bidders' responses, source recommendation, Strategic Category Team documents, Strategic Sourcing Action Council for sourcing >\$23,230 with yearly adjustments(effective January 1, 2016) and verification that the supplier is not suspended, debarred or otherwise disqualified, verifiable proof of each and every approval required, including those added approvals required prior to the spending of grant funds, and a copy of the signed contract, if required, and a copy of the purchase order that is required and must be issued to all suppliers which receive payment from the District.

It is the Office of Procurement and Logistics' policy to retain all contracts for a minimum of seven (7) years after the expiration date of the contract. All bids, proposals and quotes must be retained for seven (7) years.

All other records maintained in the Office of Procurement and Logistics are to be maintained per the *State of Michigan Records Retention and Disposal Schedule for Michigan Public Schools*.

IX. TRAINING AND COMPLIANCE

The Office of Procurement and Logistics will conduct annual in-service training for all principals, administrators, procurement personnel and other stakeholders. Attendance at the sessions is mandatory and each employee will be required to sign a form attesting to;

- Their attendance to the training
- Their acknowledgement of the District Procedure Policy
- Their agreement to abide by the Policy

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EXHIBIT A

Note: Below is the DPS Conflict of Interest policy as it applies to DPS employees and agents

SUBJECT: **CONFLICT OF INTEREST**

Supersedes: Policy 8.16 (2001)

Effective: September 10, 2009

Page: 1 of 8

Approved by: Detroit Board of Education

1.0 Policy

It is the policy of the Detroit Public Schools that its employees and agents conduct District educational and business affairs in an ethical, professional and transparent manner. To that end, all Board members, employees, contractors, and vendors shall avoid all conflicts of interest.

Board members and employees of the Detroit Public Schools must not only avoid actual conflicts of interest, but must avoid the appearance of such conflicts. It is therefore the policy of the Detroit Public Schools that Board members and employees shall report any actual or potential conflicts of interest, questions of conflicts of interest or the appearance of conflicts of interest in accordance with this policy for prompt resolution.

1.1 **DEFINITION OF CONFLICT OF INTEREST**

A conflict of interest arises whenever the activities of a Board member, District employee, contractor, and vendor result in or provide an opportunity for the Board member, District employee, contractor, vendor or third party to gain an improper advantage, economic or non-economic, which is adverse to the District's interests. Stated another way, it is a situation or circumstance which, by itself or by logical extension thereof, impairs or may impair an employee's full loyalty to or good faith performance of duties for the District.

1.2 **ADDITIONAL DEFINITIONS**

- 1.2.1 **Board Member:** Individuals duly elected and/or appointed as prescribed by law to serve on the Detroit Board of Education for the School District for the City of Detroit.
- 1.2.2 **Domestic Partners:** Individuals who reside in the same household and are involved in a relationship, often holding themselves out to the public as marital partners, but who are not legally married.
- 1.2.3 **Contract:** An agreement to which the Detroit Board of Education and/or the Detroit Public Schools is a party or any agreement on behalf of the either of the same.
- 1.2.4 **Employee:** Shall include: 1) the General Superintendent, all employees of DPS, including administrators 2) individuals other

than employees who act on behalf of DPS, including contracted individuals and subcontractors; and 3) organizations acting or speaking on behalf of DPS, such as companies contracted to operated departments, temporary help agencies, or collection agencies.

- 1.2.5 **“Employer” or “DPS”:** Shall include the Detroit Public Schools and all of its schools, departments, facilities, and site locations.
- 1.2.6 **Family member:** Shall include: 1) any individual residing in the same household as the employee; and 2) immediate family (any spouse, child, parent, or sibling of an employee, regardless of where he or she resides). In appropriate circumstances, may also include individuals who are “so close” they are “like family”.
- 1.2.7 **Financial Interest:** Shall include 1) direct or indirect ownership positions; 2) debt or equity interests; 3) ownership or options or other convertible rights; and 4) employment or consulting arrangements.
- 1.2.8 **Gift:** Shall include food, lodging, transportation, personal services, subscription, membership, trip, loan and forgiveness of debt, advance or deposit of monies, discounts and anything of value.
- 1.2.9 **Related Party:** Shall include one or more of the following: domestic partner, family member, relative(s) or significant other.
- 1.2.10 **Relatives:** For purposes of this policy, a relative is defined as a spouse, child, parent, sibling, grandparent, aunt, uncle, first cousin, or corresponding in-law or step-relation.
- 1.2.11 **Significant Others:** Individuals who are dating or engaged to be married but may or may not reside together.
- 1.2.12 **Supervision:** For the purposes of this policy, supervision includes the direct supervisor-subordinate relationship and any individual to whom the immediate supervisor ultimately reports.
- 1.2.13 **Vendor:** Shall include: 1) any company, organization, or individual conducting, or seeking to conduct, business with DPS; 2) any company, organization, or individual providing grant or research funds to DPS; and 3) any company, organization, or individual who has made donations to DPS or from whom DPS is actively soliciting donations.

1.3 **PROHIBITED CONDUCT REGARDING CONTRACTS AND/OR BUSINESS RELATIONSHIPS**

In an effort to assist District staff in maintaining ethical and appropriate business conduct, the following guidelines have been established.

- 1.3.1 Board members and employees shall not be a party, directly or indirectly, to any contract between himself or herself and the school district except as permitted by law

- 1.3.2 Board members and employees shall not use District resources, personnel, property, or funds for the Board member's, employee's, related parties' or a third party's personal gain or benefit, except where such use is part of that employee's approved compensation and benefit plan.
- 1.3.3 Board members and employees shall not, directly or indirectly, engage in a business transaction in which the Board member, employee or related party may profit from the Board member's or employee's position or authority or may benefit financially from confidential information which the individual has obtained or may obtain by reason of that position or authority.
- 1.3.4 Board members and employees shall not engage in or accept employment or render services for another entity when that employment or service is incompatible or in conflict with the discharge of the individual's duties or when that employment may tend to impair his or her independence of judgment or action in the performance of their duties.
- 1.3.5 Board members and employees shall not participate in the negotiation or execution of contracts or regulation or supervision relating to a business entity in which they or related parties have a financial interest.
- 1.3.6 An employer shall not solicit, negotiate, or enter into a contract with Board members, employees and/or the District, unless permitted by applicable rules.
- 1.3.7 Board members and employees shall not divulge to a vendor or any unauthorized person, confidential information acquired in the course of his or her association and/or employment with the District in advance of the time prescribed for its authorized release to the public.
- 1.3.8 Board members and employees shall not represent his or her personal opinion as that of the District.
- 1.3.9 Board members and employees shall not take any action in relation to contractors, vendors, and suppliers that will impair their ability to make purchasing decisions in the best interests of the District or that will give one contractor/vendor/supplier an unfair advantage over another.

2.0 GIFTS AND GRATUITIES

In order to avoid the appearance of impropriety, Board members and employees shall not solicit or accept a gift or loan of money, favors, goods, services, discounts, and/or benefits in excess of \$100.00 (one hundred dollars) from a single source.

3.0 NEPOTISM

At no time, may any Board member or employee be directly responsible for the supervision or evaluation of a member of his or her immediate family, domestic partner, relative, and/or significant other.

4.0 DUTY TO DISCLOSE

- 4.1 All Board members and District employees shall disclose any actual or potential conflicts of interest or matters that may give the appearance of a conflict of interest upon acceptance of their position and shall disclose any such actual or potential conflicts of interest or matters that may give the appearance of a conflict of interest throughout their association and/or employment as they arise.
- 4.2 All Board members and employees shall file Detroit Public Schools Employee Financial Disclosure and Outside Employment Disclosure Forms annually. Each shall file an updated Form within thirty (30) days of any change in the individual's circumstances that would require an answer different from any answer provided on the Forms then on file with the District.

5.0 REPORTING AND RESOLVING CONFLICTS OF INTEREST

- 5.1 It is the responsibility of each Board member and each employee to report any actual conflicts of interest, potential conflicts of interest or the appearance of a conflict of interest prior to their occurrence or immediately upon becoming aware of the conflict of interest.
- 5.2 Annually each Board member and each employee shall be required to complete a conflict of interest form disclosing any actual or potential conflicts of interest or the appearance of conflicts of interest that may have occurred in the past year. The form shall allow an explanation of how such conflicts were reported and resolved.
- 5.3 Employees shall report in writing any actual or potential conflicts of interest or appearance of conflicts of interest to their immediate supervisor or to the general counsel's office and refrain from participating in the activity until the conflict is resolved. The administration shall ensure that all employees are trained in the policy and related regulations, standard operating procedures and forms, and ensure to the extent possible, that employees suffer no retribution for reporting, disclosing or raising questions about a conflict of interest. The District may discipline an employee or take other appropriate corrective actions for failure to disclose a conflict of interest or follow directives defined by the administration to resolve a conflict of interest.
- 5.4 Board members and the General Superintendent shall disclose actual or potential conflicts of interest or the appearance of a conflict of interest

publicly at a Board meeting prior to the administration signing the contract or the Board considering the action. Board members shall refrain from voting on the matter in question; refrain from participating in the discussion and deliberation on the matter and refrain from discussing the matter with any other Board member.

- 5.5 Board members and employees shall consult with the General Counsel or designee to resolve any actual or potential conflicts of interest or the appearance of a conflict of interest. Employees shall follow the directives of administration in the resolution of actual or potential conflicts of interest or matters that may give the appearance of a conflict of interest. Board members shall report to the Board the recommendations of the General Counsel regarding actual or potential conflicts of interest or matters that give the appearance of a conflict of interest and the Board shall make final decisions.
- 5.6 Each vendor doing business with the District shall be required to disclose actual or potential conflicts of interest or the appearance of a conflict of interest prior to entering into a business relationship with the District. Annually, each vendor shall be required to disclose actual or potential conflicts of interest or the appearance of a conflict of interest on a form prescribed by the administration. The General Counsel or designee shall resolve any such disclosed conflicts of interest.

6.0 ISSUANCE OF ADMINISTRATIVE REGULATIONS/STANDARD OPERATING PROCEDURES

The General Superintendent shall develop administrative regulations and/or standard operating procedures to implement, monitor, resolve, and enforce this policy.

7.0 FAILURE TO COMPLY

Failure to comply with this policy or the corresponding regulations and/or procedures may result in a recommendation for appropriate disciplinary action (up to and including termination) and/or Board sanction.

8.0 EXCEPTIONS

Any exceptions to this policy must be documented and approved by the Chief Executive Officer/ General Superintendent/Financial Manager.

Attachments to the Policy: Employee Financial Disclosure Form
Outside Work Disclosure Form

See also: Code of Ethics Policy

Legal References: 34 CFR 80.36
MCLA § 15.321 et. seq.

MCLA § 15.322 et. seq.
MCLA § 15.341 et. seq.
MCLA § 380.373
MCLA § 380.1805
MCLA § 380.1806

Labor Contract References: None

EXHIBIT A1
OFFICE OF PROCUREMENT AND LOGISTICS

3011 West Grand Blvd, 11th Floor
Fisher Building
Detroit, MI 48202
(313) 873-6531

**SUPPLIER ACKNOWLEDGEMENT OF DPS CONFLICT
OF INTEREST POLICY AND SUPPLIER DISCLOSURE
STATEMENT**

**This form must be notarized as a condition of being awarded business by
Detroit Public Schools.**

I, the undersigned, being first duly sworn, depose and say that I have read the standards related to Conflicts Of Interest involving members or employees of the District, understand them and make the following disclosures concerning myself, the owners/officers of the firm I represent, or any member of it. The statement prohibits public servants from directly or indirectly soliciting any contract between his or her public entity employer and any of the following:

- (a) Him or Herself.
- (b) Any firm, meaning a co-partnership or other unincorporated association, of which one is a partner, member or employee.
- (c) Any private corporation in which one is a stockholder owning more than 1% of the total outstanding stock of any class if the stock is not listed on a stock exchange, or stock with a present total market value in excess of \$25,000 if the stock is listed on a stock exchange or of which one is a director officer, or employee.
- (d) Any trust of which he or she is a beneficiary or trustee.
- (e) Do not take part in the negotiations for such a contract or the renegotiation or amendment of the contract, or the approval of the contract.
- (f) Represent either party in the transaction.
- (g) Promptly discloses any pecuniary interest in the contract to the official body that has power to approve the contract, which disclosure shall be made a matter of record in its official proceedings.

Furthermore, neither I, nor the owner/officers of the firm, nor any member of it, is involved, directly or indirectly, in a business relationship with any member or employee of the Detroit Public Schools, and that, to the best of my knowledge, a conflict of interest situation, within the meaning of the STANDARDS RELATED TO CONFLICTS OF INTEREST INVOLVING MEMBERS OR EMPLOYEES OF THE DETROIT PUBLIC SCHOOLS does not exist other then: _____

Name (type or print): _____

Signature: _____

(Must be signed by President or Vice President)

Position: _____

Firm: _____

Subscribed and sworn to before me this ____ day of _____, 2012

Notary Public, _____

My Commission expires: _____, _____

FORM 7507 PRINTED IN E.E.O. COMPLIANCE

Revised January, 2012

Review by Office of Procurement and Logistics:

Comments: _____

Accept: _____ Decline: _____

Signature of Authorized Representative

EXHIBIT B

SUBJECT: **CODE OF ETHICS**

Supersedes: Policy 8.16 (2001)
Effective: August 13, 2009
Page: 1 of 7
Approved by: Detroit Board of Education

1.0 Policy

The mission of The Detroit Public Schools (DPS) is *to develop a customer and data-driven, student-centered learning environment, in which students are motivated to become productive citizens and life-long learners, equipped with skills to meet the needs of their next customer, be it higher education, or the world of work.* Our Code of Ethics is intended to assist us in achieving success by setting common expectations and increasing trust, commitment and teamwork throughout the district and the community.

1.1 **DEFINITION OF CODE OF ETHICS:**

Written guidelines created by an organization to its Board members, employees or agents to assist them in conducting their actions in accordance with the organization's primary goals and values

1.2 **ADDITIONAL DEFINITIONS:**

- 1.2.1 **Board Member:** Individuals duly elected and/or appointed as prescribed by law to serve on the Detroit Board of Education for the School District for the City of Detroit.
- 1.2.2 **Conflict of Interest:** Conflicts of interest arise when our position or decisions result in an improper advantage, economic or non-economic, that is adverse to the District's interests.
- 1.2.3 **Contract:** An agreement to which the Detroit Board of Education and/or the Detroit Public Schools is a party or any agreement on behalf of the either of the same.
- 1.2.4 **Detroit Public Schools (DPS) or Employer:** Shall include District employees, Board members, District facilities, students and District agents.
- 1.2.5 **Domestic Partners:** Individuals who reside in the same household and are involved in a relationship, often holding themselves out to the public as marital partners, but who are not legally married.
- 1.2.6 **Employee:** Shall include: the General Superintendent, all employees of DPS, individuals other than employees who act on behalf of DPS, including contractors and subcontractors, and organizations speaking or acting on behalf of DPS.
- 1.2.7 **Family member:** Shall include: 1) any individual residing in the same household as the employee; and 2) immediate family (any spouse, child, parent, or sibling of an employee, regardless of

where he or she resides). In appropriate circumstances, may also include individuals who are “so close” they are “like family”.

- 1.2.8 **Gifts:** A gift or gratuity is a benefit received that was not paid for, which can include: food, lodging, transportation, personal services, subscription, membership, trip, loan, and forgiveness of debt, advance or deposit of monies, discounts and anything of value.
- 1.2.9 **Related Party:** Shall include one or more of the following: domestic partner, family member, relative(s) or significant other.
- 1.2.10 **Relatives:** For purposes of this policy, a relative is defined as a spouse, child, parent, sibling, grandparent, aunt, uncle, first cousin, or corresponding in-law or step-relation.
- 1.2.11 **Significant Others:** Individuals who are dating or engaged to be married but may or may not reside together.

1.3 **PURPOSE**

The Code of Ethics develops trust by describing what can be expected internally and externally from DPS. The Code is crucial in order to assist District personnel achieve high ethical standards and to maintain a professional environment that fosters trust and avoids conflicts of interest and appearances of impropriety.

1.4 **APPLICATION AND ENFORCEABILITY**

The Code of Ethics applies to all District employees and Board members. Provisions of this Code of Ethics are governed by State law, School Board rules, regulations, standing orders and collective bargaining agreements, violations of which may result in administrative or disciplinary action.

1.5 **MAKING ETHICAL DECISIONS**

The Code of Ethics is a general guideline and does not entail a comprehensive solution for all situations. Judgments should be made in keeping with the overall purpose of the Code. When making decisions:

- 1.5.1 Evaluate the situation and identify the ethical issues.
- 1.5.2 Consult the Code of Ethics, law, and District rules, regulations, standing orders, policies and procedures.
- 1.5.3 Ask for guidance from your supervisor as soon as an issue arises before action is taken. If your supervisor is involved in the issue, contact his/her supervisor or the General Counsel’s office.
- 1.5.4 Form a decision that is consistent with the rules and purpose of the Code.

1.6 COMMITMENTS AND EXCEPTIONS

The goal of DPS is to develop an environment that is fulfilling, ethical and focused on hard work and creativity. This goal shall be achieved through our commitment to excellence, integrity and responsibility.

1.7 CORE PRINCIPLES

To further this mission, DPS is committed to three core ethical principles:

- Excellence
- District and Personal Integrity
- Responsibility

2.0 COMMITMENT TO EXCELENCE

The DPS are committed to achieving success and educating students to their maximum potential.

2.1 SET THE EXAMPLE

DPS shall commit to providing the best example possible while demonstrating excellence, integrity and responsibility in our profession

2.2 CREATE AN ENVIRONMENT OF TRUST, RESPECT AND NON-DISCRIMINATION

DPS shall commit to creating an environment of trust and respect. Discriminatory or harassing behavior of students or employees shall not be tolerated.

2.3 PROVIDE ACCURATE AND TIMELY INFORMATION

DPS shall commit to candor in professional affairs, providing all other District personnel accurate and timely information. DPS is intolerant of falsification and dishonesty.

2.4 IDENTIFY PROBLEMS AND ASSIST IN SOLUTIONS

DPS shall commit to identifying areas for improvement and implementing solutions that increase our success.

2.5 FOLLOW POLICIES, PROCEDURE AND RULES

DPS shall commit to following the Code of Ethics, laws, and District rules, regulations, standing orders, policies and procedures. DPS shall

recommend changes when improvements are necessary and shall not tolerate improper conduct.

2.6 REPORT IMPROPER CONDUCT

Employees, Board members, students and agents of DPS shall report to a supervisor, the Office of General Counsel or the Inspector General: gross mismanagement, significant waste of funds, abuse of authority, threats to safety, violations of our Code of Ethics, laws, rules, regulations, standing orders, policies and procedures, or other conduct that damages our integrity or reputation.

2.7 PROHIBITED RETALIATION

The DPS shall commit to creating a work environment where issues can be reported and solved. DPS is prohibited from threatening, harassing, punishing or retaliating against employees and students who submit good faith complaints.

3.0 DISTRICT AND PERSONAL INTEGRITY

To maintain our integrity, DPS is committed to making decisions in the best interest of the District. DPS shall avoid conflicts of interest and the appearance of impropriety in accordance with the Code of Ethics and policy guidelines set forth by the Detroit Board of Education.

3.1 AVOID CONFLICTS OF INTEREST AND IMPROPER OUTSIDE INFORMATION

DPS is permitted to receive outside funds provided it does not create a conflict with our District work. DPS shall commit to declining outside income that may be perceived as inconsistent, incompatible or in conflict with our official duties.

3.2 DECLINE GIFTS

DPS shall not accept gifts or gratuities in excess of \$100 from a single source in a single year (aggregate retail value). Nor shall DPS accept gifts or gratuities that appear to have influenced our decisions regardless of the value. DPS shall not solicit vendors, lobbyists, parents or others for anything that provides a personal benefit different from the public.

3.3 IMPROPER INFLUENCE OF FAMILY MEMBERS AND ASSOCIATES

DPS shall commit to abstaining from decisions that could result in a direct benefit to a family member or significant other including, but not limited to; hiring, promoting, discipline, evaluating or direct supervision.

3.4 MAINTAIN APPROPRIATE RELATIONSHIPS WITH STUDENTS

The DPS shall commit to ensuring that employee-student relationships are positive, professional and non-exploitative. The DPS shall not tolerate improper employee-student conduct.

3.5 KEEP PROCUREMENT INFORMATION CONFIDENTIAL

To reinforce public trust and confidence in our procurement processes, the DPS shall commit to ensuring that procurement information is kept confidential, used only in the necessary performance of our duties, and not released early to potential contractors.

3.6 KEEP THE CONTRACTING PROCESS OBJECTIVE

The DPS shall commit to making contract award recommendations in the best interest of the District. From the time an RFP, specification or other contract document is issued until the staff recommendation is made public, the DPS shall not have contact concerning the contract with contractors participating in the process or their representatives.

3.7 FUTURE EMPLOYMENT

In order to prevent conflicts of interest, DPS personnel are not permitted to discuss the possibility of future employment with a person or organization that may benefit from their official decisions. Contractors are required by DPS to disclose all personnel, consultants and sub-contractors who were employees of the District during the previous three years. The District shall not contract with a contractor who compensates a former DPS employee, within the last twelve (12) months, held a DPS position in which the employee personally and substantially participated in that matter. DPS shall not contract with a contractor that employs a former District employee who, while serving in a DPS position within the last two years, substantially participated in the development of the contract's RFP, requirements, specifications or in any other part of the contracting process. No former DPS official is permitted to lobby the District for one year after leaving the District.

3.8 UPHOLD DISTRICT INTERESTS IN HIRING AND PROMOTION

DPS shall commit to hiring and promoting DPS personnel based on qualifications and the criteria of the position, and shall not tolerate improper practices.

4.0 RESPONSIBILITY

DPS shall commit to holding each other responsible for our performance as a District and as individuals.

4.1 PROPER USE OF PUBLIC POSITION

DPS shall commit to ensuring that the District’s power and authority are used in an appropriate, positive manner that enhances the public interest and trust. DPS shall not use its authority to improperly influence the public or obtain preferential treatment.

4.2 PROPER USE OF PUBLIC RESOURCES

Except for occasional and limited personal use that does not interfere with performance of duties or create an appearance of impropriety, DPS shall commit to ensuring that the District facilities, equipment, supplies, mailing lists or other resources are used for District purposes only. DPS shall not tolerate improper use of public resources, and shall report and reimburse the District for significant costs of any personal use.

4.3 LEADERSHIP OF DISTRICT PERSONNEL AND USE OF DISTRICT TIME

DPS shall commit to ensuring that personnel perform only work related to DPS on District working-time. DPS shall not direct or permit District personnel to perform personal services on District working-time and will report such incidents to their supervisor, the Office of General Counsel or Inspector General.

4.4 UPHOLD CONFIDENTIALITY

To achieve excellence, our District employees, parents and students must be able to discuss issues frankly and, when appropriate, in confidence. DPS shall commit to abiding by all laws and District policies concerning confidential information, including student records, personnel files, agreements, and District records and policies. DPS shall not reveal information which is except from disclosure pursuant to the Freedom of

Information Act, Family Educational and Privacy Rights and state and federal law.

4.5 WAIVERS

The Emergency Financial Manager, DPS Superintendent or their designees, upon a showing of good cause, may waive an ethics prohibition in writing with notification to the Board of Education.

5.0 BOARD MEMBER AND EMPLOYEE COMMITMENT

All DPS Board members and District employees are required to review the Code of Ethics. The Code of Ethics governs at the time Board membership or employment begins. All DPS Board members and District employees shall acknowledge the Code of Ethics policy and execute activities and behavior accordingly.

References

Michigan Revised School Code
Detroit Public Schools' Whistleblower Policy
Freedom of Information Act ("FOIA"), MCL 15,231 et seq.
Family Educational and Privacy Rights Act ("FERPA"), 20 U.S.C. 1232
Contracts of Public Servants with Public Entities Act 317 of 1968 (MCL 15.321-15.330)
BusinessDictionary.com: <http://www.businessdictionary.com/definition/code-of-ethics.html>

EXHIBIT C

Detroit Public Schools Office of Procurement & Logistics Strategic Sourcing

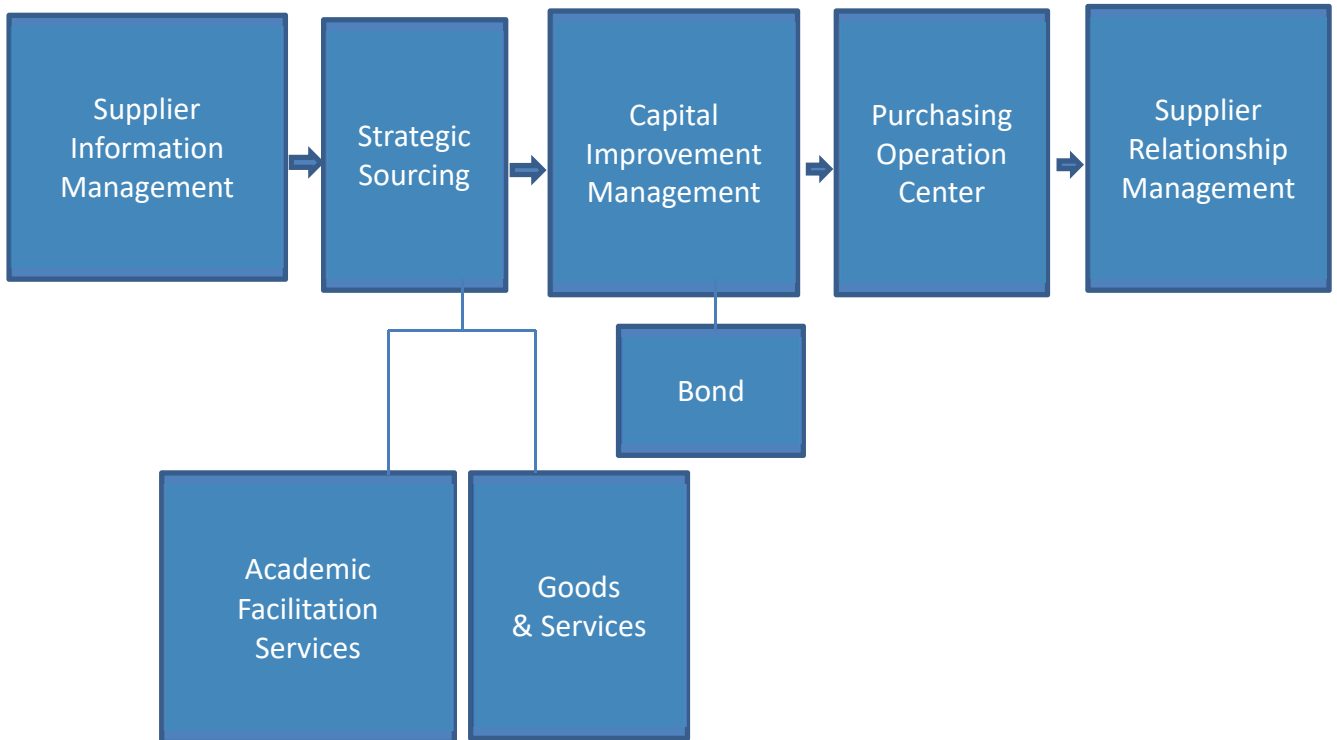


EXHIBIT E

Office of Procurement & Logistics
Contract File Checklist

(supplier and contract number)

- 1) Statement of Work/Scope of Service/Description of Services.....
- 2) Requisition (check either a. or b.)
 - a. Special Request.....
 - b. Item Catalog/Direct Merchant Process (do not attach, see PeopleSoft).....
- 3) RFP/RFQ.....
- 4) Advertisement Print Out *.....
- 5) Bid List (list of all suppliers requested to bid & supplier backup statements).....
- 6) Supplier Responses Date Stamped *.....
- 7) Bid Opening and Reading Sign In Sheet *.....
- 8) Supplier Responses to Bid.....
 - a. Include summary of key items
- 9) Supplier Comparison.....
 - a. Side by side comparison of all supplier bid responses for review
- 10) Supplier Pricing Analysis.....
- 11) Strategic Category Team (SCT) Reviews and/or Supplier Review Meetings Form.....
- 12) Sourcing Selection/Source Rationale.....
- 13) Sole Source Rationale**.....
- 14) Executive Summary.....
- 15) Print Out of Excluded Parties List System (EPLS).....
- 16) EPLS Sign Off Sheet Signed by Director.....
- 17) Type of Agreement
 - a. Contract.....
 - b. Contract with Purchase Order.....
 - c. Purchase Order Only.....
 - d. Amendment.....
 - e. Change Order*.....
- 18) Contract Review and Approval Form.....
- 19) Background Check Verification***.....
- 20) Copy of the Certificate of Insurance.....

After execution, Contract must be entered into PeopleSoft and purchase order completed if applicable. Initial when complete.
Written explanation is required to be attached to this form if a box is left unchecked.

*Bond/Construction only
**Sole Source Rationale - is required if no other supplier(s) were considered due to unique expertise, patents, license, etc.
***If applicable, background check verification is required if Supplier has regular and ongoing contact with students (Consulting, Academics, workshops, etc.)
Version Control: 07FEB12

EXHIBIT E1
Contract File Checklist Definitions

- 1) Statement of Work/Scope of Service/Description of Services – A document that details requirements and/or descriptions of services needed. This document is prepared by the Department that is requesting goods or services.
- 2) Requisition (check either a. or b.)- A request for goods or services which includes items needed and the quantity requested. The requisition is originated and approved by the requesting department.
 - a. Special Request- A requisitions manually entered into PeopleSoft.
 - b. Item Catalog/Direct Merchant Process (do not attach, see PeopleSoft)-A qualified item with pricing to be purchased from prequalified suppliers in PeopleSoft.
- 3) RFP/RFQ- RFI - All documents, whether attached or incorporated by reference, utilized for inviting suppliers to participate in the competitive bidding process.
- 4) Advertisement Print Out – hard copy of newspaper ad printed for construction. This is a requirement in the bond competitive bid process.
- 5) Bid List - A list of all suppliers requested to bid.
- 6) Supplier Responses Date Stamped- In the Bond competitive bid process, supplier responses with the date stamped displaying the time the responses were received is required.
- 7) Bid Opening and Reading Sign In Sheet-the formal process in which sealed bids are opened, usually in the presence of one or more witnesses at the time and place specified in the invitation for bids. The amount of each bid is recorded and bids are made available for public inspection. This is a bond competitive bid process requirement.
- 8) Supplier Responses to Bid – actual bid responses received from each supplier(s) including supplier back up materials.
- 9) Supplier Comparison – grid of all key items by supplier.
 - a. Side by side comparison of all supplier bid responses based on the criteria outlined.
- 10) Supplier Pricing Analysis – side by side summary of the pricing analysis completed with a cost breakdown by supplier and the factors used to evaluate the pricing provided by each supplier.
- 11) Strategic Category Team (SCT) Reviews and/or Supplier Review Meetings Form - The SCTs are responsible for developing category strategies, determining short term and long term sourcing actions, conducting supplier review meetings and presenting to the Strategic Sourcing Action Council for sourcing that is greater than \$23,417. A Supplier Review occurs where an SCT is not required.
- 12) Sourcing Selection/Source Rationale – a summary document listing key points of the contract being signed with a brief rationale of how the supplier was selected.
- 13) Sole Source Rationale – A request to procure goods or services from a pre-qualified source usually because of a unique expertise, licensing, patent, copy right, etc. without conducting a competitive bid process.
- 14) Executive Summary – High level description of the sourcing and selection process detailing the parties involved, background and current state, recommendation and next steps
- 15) Print Out of Excluded Parties List System (EPLS) – Hard copy print of the search performed on the selected supplier on www.epls.gov

- 16) EPLS Sign Off Sheet Signed by Director – a verification of the fact that the selected supplier is not an excluded party pursuant to a search performed on www.epls.gov
- 17) Type of Agreement
 - a. Contract-A legally binding promise, enforceable by law.
 - b. Purchase Order Only--A purchaser's written document to a supplier formalizing all the terms and conditions of a proposed transaction, such as description of the requested item(s), delivery, schedule, terms of payment and transportation.
 - c. Contract with Purchase Order – combination of 17a. and 17b.
 - d. Amendment-A revision or change to a contract executed by all parties.
 - e. Change Order-A written alteration to a contract or purchase order, signed by the purchasing authority, in accordance with the terms of the contract, unilaterally directing the contractor to make changes. This is specific to the Bond procurement process.
- 18) Contract Review and Approval Form – Review and approval of the contract by Risk Management, where applicable, General Counsel for contract language and by the Chief Procurement and Logistics Officer prior to execution.
- 19) Background Check Verification – criminal background check and finger printing of all suppliers that have regular and ongoing contact with students.
- 20) Copy of the Certificate of Insurance – hard copy of the supplier's insurance certificate matching the contract requirements showing DPS as a covered party.

EXHIBIT F

**ORDER
SETTING FORTH THE CONSEQUENCES FOR
FAILING TO COMPLY WITH DISTRICT POLICIES
AND PROCEDURES REGARDING THE PURCHASE OF
GOODS AND SERVICES**

2011-EMRR 22

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER
FOR THE SCHOOL DISTRICT OF THE CITY OF DETROIT, MICHIGAN
("DISTRICT") PURSUANT TO MICHIGAN'S
PUBLIC ACT 4 OF 2011, THE LOCAL GOVERNMENT AND SCHOOL DISTRICT
FISCAL ACCOUNTABILITY ACT, ROY S. ROBERTS, THE EMERGENCY
MANAGER,

ISSUES THE FOLLOWING ORDER:

WHEREAS, request for the purchase of goods and services can only be made pursuant to a valid requisition and or by working in advance with the Office of Procurement and Logistics (formerly known as Contracting and Procurement) and a buyer to execute a purchase order with the appropriate financial approvals; and

WHEREAS, the Office of Procurement and Logistics is the only authorized representative of the District that can commit the District to purchase a good or service from an outside supplier; and

WHEREAS, a pre-commitment occurs when an employee regardless of level or location, commits the District (in writing or orally) to purchase a good or service from a supplier before following prescribed policy and procedures; and

WHEREAS, pre-commitments are unacceptable because they circumvent prudent District controls on costs and assets and create vulnerability in the District's ability to manage relationships with suppliers, provide quality goods and services, control cost and maintain efficient internal controls; and

WHEREAS, an unauthorized commitment is made when a District employee other than an employee of the Office of Procurement and Logistics commits to purchasing a good or service without following DPS procedures; and

WHEREAS, invoices for an unauthorized goods and services that are purchased or received without a valid purchase order or an executed contract will not be honored or paid; and

WHEREAS, the allowance of unauthorized commitments or good and services is a serious offense that circumvents established policy; and

WHEREAS, it is imperative that all District employees and vendors understand that deviation from established policy and procedure will not be tolerated; and

WHEREAS, any person who lacks knowledge or understanding of the District's policies and procedures relating to procurement including contracting and purchasing can avail themselves of the District's website and or directly contact the Office of Procurement and Logistics at 313-873-6026. .

IT IS HEREBY ORDERED THAT:

1. Any employee who is found to have engaged in an unauthorized commitment or pre-commitment for goods and services is subject to disciplinary action up to an including termination.
2. Suppliers, vendors or contractors who provide goods and services without an executed contract or a written and signed purchase order from the Office of Procurement and Logistics are subject to non-payment and may face elimination from the District's supply base.

This Order may be amended, modified, repealed or terminated by any subsequent Order issued by the Emergency Manager.

Dated: October 1, 2011

By:

Roy S. Roberts

Emergency Manager

School District of the City of Detroit

EXHIBIT G

**ORDER
GRANTING CHIEF PROCUREMENT AND
LOGISTICS OFFICER WITH AUTHORITY TO ENTER
INTO CONTRACTS WITH A CUMULATIVE VALUE
OF ONE MILLION DOLLARS**

2011-EMRR 24

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER
FOR THE SCHOOL DISTRICT OF THE CITY OF DETROIT, MICHIGAN
("EMERGENCY MANAGER") PURSUANT TO MICHIGAN'S
PUBLIC ACT 4 OF 2011, THE LOCAL GOVERNMENT AND SCHOOL DISTRICT
FISCAL ACCOUNTABILITY ACT, ("LGSDFA" and or "PA 4");
ROY S. ROBERTS, THE EMERGENCY MANAGER,
ISSUES THE FOLLOWING ORDER:

IT IS HEREBY ORDERED:

1. That the Chief Procurement and Logistics Officer, consistent with state, local and federal law and the School District of the City of Detroit ("District") policies, procedures and best practices shall have authority to enter into contracts on behalf of the District with a cumulative value of \$1,000,000.00 (One Million Dollars).
2. That all contracts and expenditures with a cumulative value over \$1,000,000.00 (One Million Dollars) have to be approved in writing by the Emergency Manager.
3. That the Chief Procurement and Logistics Officer shall prepare and submit to the Emergency Manager a comprehensive monthly report on all contracts entered into on behalf of the District.

This Order may be amended, modified, repealed or terminated by any subsequent Order issued by the Emergency Manager.

Dated: October 1, 2011

By:
Roy S. Roberts
Emergency Manager
School District of the City of Detroit