

**LIVONIA PUBLIC SCHOOLS  
2013 BOND PROGRAM  
ACCOUNTING AND BID PROCEDURES**

**Section A: REQUEST FOR PROPOSAL (RFP) AND BID PROCESS FOR BOND  
FUND PROJECTS**

1. Any bond purchases for less than the State of Michigan annual competitive bid limit will follow Livonia Public Schools (LPS) Procedures for Purchases at Specified Dollar Amounts published annually by LPS Business Office in the form of a Notice Number.
2. Competitive bids must be taken for construction of a proposed new building; or the addition to, repair or renovation of an existing school building where material and/or labor costs exceed the State of Michigan Limit (\$22,766 for 2014) or board policy. The listed procedures follow the requirements from the State of Michigan (Bulletin for School District Audits of Bonded Construction Funds) and LPS Board of Education (Board) policies. The stricter set of the two guidelines will be applied:
  - a. Plante Moran Cresa (PMC) will prepare a proposed Request for Proposals (RFP)/Bid and a scope of work with input and involvement from LPS administrative staff.
  - b. LPS must advertise bids one time in a newspaper of general circulation in the area where the construction renovation or repair is to take place.
  - c. LPS must post an advertisement for bids for at least two weeks on the Department of Michigan Management and Budget website on a page on the website maintained for this purpose or post on a website maintained by a school organization and designated by the Department of Michigan Management and Budget for this purpose (such as Bid4Michigan or Buy4Michigan).
  - d. LPS will also post the advertisement for bids on [www.livoniapublicschools.org](http://www.livoniapublicschools.org).
3. Advertisement must state the following information and must be reviewed by the Director of Business Services or the Administrator of Finance:
  - a. Date, time and place where all bids must be received.
  - b. The bid shall be accompanied by a sworn and notarized statement disclosing any familial relations that exists between the owner or any employee of the bidder and any member of the Board or the Superintendent.

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- c. The bid shall be accompanied by a sworn and notarized statement disclosing any relationship that exists between the owner or any employee of the bidder, and the country of Iran.
  - d. Time, date, and place at which proposals/bids are due. For construction bids the time, date, and place of the public meeting which all bids will be opened and read aloud by the Board or its designee.
  - e. LPS will not consider or accept a bid and all required documents received after the date and time specified for bid submission.
  - f. Each bidder is required to have a 5% Bid Bond, 100% Performance, 100% Labor and Material (Payment) Bonds.
  - g. LPS's local preference resolution will be followed.
4. The following information must be contained in the RFP/Bid:
    - a. Bid, Performance and Payment Bond requirements.
    - b. Familial Disclosure Statement.
    - c. Iran Disclosure Statement.
    - d. Insurance per the required limits.
  5. All bids are to be received at the LPS Administration Building to the attention of Director of Business Services.
  6. All construction bids will be public bid openings held at the LPS Administration Building. A member of LPS staff must be present.
  7. LPS reserves the right, in its sole and absolute discretion to accept or reject, in whole or in part, any or all proposals with or without cause. LPS further reserves the right to waive any irregularity or informality in this RFP/Bid process, and the right to award the contract to a firm other than the firm submitting the best financial proposal (lowest bidder).
  8. PMC will review, evaluate and recommend all awards to the LPS Board of Education via a written award recommendation letter. The Board of Education approval is required for any bond purchase equal to, or greater than the State of Michigan annual competitive bid limit.

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9. For all vendors which bid services out on behalf of LPS (e.g., construction managers, etc.), the same procedures shall apply.

**Section B: PURCHASE ORDERS / CONTRACTS**

1. Prior to being issued, all purchase orders (PO) will be reviewed by the Director of Business Services to insure that all bidding procedures were followed, appropriate back-up is included and completed, and there are adequate unencumbered funds remaining.
2. Upon Board approval, a copy of the Board resolution with all back up documentation will be provided to the Administrator of Finance, who will be responsible for creating a PO.
3. A copy of the Board resolution, Project Number and PO will be sent to PMC.
4. Upon receipt of a PO, PMC and/or the construction manager(s) will draft a contract to the Board approved vendor. All contracts will be reviewed and approved by LPS's legal counsel prior to being issued.
5. PMC will ensure that the PO number and project number is referenced on all payment applications / invoices submitted to LPS for payment.

**Section C: CHANGE ORDERS**

1. PMC Change Order Process:
  - a. Upon receiving a vendor's change order request for services and goods for an existing PO, PMC will complete the following:
    - i. PMC will review, substantiate, and make a recommendation on the validity of the vendor's change order request, per the governing contract documents.
    - ii. PMC approvals are based on LPS change order process (as outlined below).
2. LPS Change Order Process:
  - a. Any change order request recommended by PMC will be submitted to Director of Business Services for approval and will contain the following detailed support documents:

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Section updated to reflect changes discussed

- i. The vendor's change order with appropriate back-up.
  - ii. The vendor, construction manager(s), architect(s) and PMC signature sign-offs.
  - iii. A recommendation letter from PMC summarizing the reason, cost and schedule implications of the change.
- b. Any change order that will result in an increase to the original Board approved project budget must be approved by the Board of Education.
  - c. Any single change order greater than \$100,000 must be approved by the Board of Education.
  - d. Any single change order \$50,000 to \$100,000 but within the Board approved project contingency amount may be approved by both the Superintendent and Director of Business Services, and will be reported to the Board of Education.
  - e. Any single change order less than \$50,000 but within the Board approved project contingency amount may be approved by either the Superintendent or Director of Business Services.

**Section D: INVOICING**

- 1. Invoices and payments during construction:
  - a. The vendor (construction manager, prime contractor, etc.) will submit invoices broken down by scope of work per project to PMC. For pay applications, which must be certified by the vendor will submit to the architect of record who will certify and then forward to PMC.
  - b. The invoices will be sent to PMC and then provided to LPS with a recommendation for payment or explanation of rejection.
  - c. PMC will review the invoices for accuracy and completeness.
  - d. PMC will review and recommend invoices for payment after certification by the architect (if applicable) including a review of waivers of lien, sworn statements, percent complete, approved change orders and PO balance.
  - e. PMC will make recommendations on any variance for LPS approval.

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- f. LPS will make payment by Electronic Fund Transfer (ETF) or hard check by mail.
  - g. LPS Business Office staff will notify PMC when payment has been made.
  - h. All LPS initiated invoices will be reviewed and processed via LPS's normal payment procedures, and PMC will be copied for record and budget management purposes.
2. Final Payment procedures; follow the procedures above with the following additions:
- a. The construction manager(s) will collect, compile and turn over all closeout documents (such as; O&M manuals, as-built drawings, warranties, etc). to LPS. PMC and LPS will review for completeness.
  - b. PMC will provide recommendation for payment and reference the PO number and indicate as final payment. This will include a review of all final waivers of lien, sworn statements, general releases and a review of the final balance on the PO/contract.
  - c. LPS will also review the final payment to insure the amount does not exceed the balance on the PO/contract.

**Section E: BUDGET RESPONSIBILITY**

- 1. LPS will be responsible for the following budgets:
  - a. Buses.
  - b. Maintenance and operational equipment.
  - c. Loose furniture and instructional equipment.
  - d. Legal fees and bond issuance expense.
  
- 2. PMC will be responsible for the following budgets:
  - a. New construction, remodeling, site work, contingencies, permits, material testing, printing, exterior improvements, abatement, professional fees, and costs and construction manager(s) fees and costs.

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- b. LPS and PMC will meet at a minimum of once per quarter to reconcile budgets, expenses and encumbrances. PMC will provide LPS with an electronic file which includes the budget for each of the categories mentioned that is PMC responsibility. LPS will provide PMC with a transaction journal for all expenditures processed quarterly.

**Section F: CLOSEOUT**

PMC and LPS to discuss and document the Bond Project Closeout procedures at a later date.

**Section G: CASH ACCOUNT**

The following are Livonia Public Schools' 2013 Bond cash procedures:

1. Series I bond proceeds are held in a custodial account at Fifth Third Bank and investments are managed by Stauder Barch Investment Advisors. Any investments are approved by the Director of Business Services.
2. A separate checking account has been established at Fifth Third Bank for the purpose of paying 2013 Bond invoices only. A separate check register for bond invoices is prepared and provided to the Board of Education with the Bills for Payment.
3. Cash from the custodial account is moved to the checking account on occasion when funds are needed to cover invoices. A "Request to Withdraw Funds" is filled out by the Administrator of Finance or Director of Business Services and faxed to Fifth Third Institutional Services to wire transfer cash from the custodial account to the checking account at Fifth Third Bank. Two of the following three signatures are needed to complete this task: Administrator of Finance, Director of Business Services or the Superintendent.
4. Bank statements for both the custodial account and the checking account are received on a monthly basis and bank reconciliations are completed monthly as follows:
  - a. The LPS bookkeeper prepares the bank reconciliation for the checking account. The Administrator of Finance reviews and signs the bank reconciliation.

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- b. The Administrator of Finance prepares the bank reconciliation for the custodial account. The Director of Business Services reviews and signs the bank reconciliation for the custodial account.
  
- c. All custodial fees, bank service charges and investment income are recorded on a monthly basis as part of the bank reconciliation process.

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