

**PURCHASING GUIDE**

**Policy 220**

This guide instructs employees and school representatives how to follow the purchasing policy at Lakes International Language Academy. It contains the policy and shows how to use forms, including Purchase Orders (POs), Request for Check forms, and the Certificate of Exemption (ST3). All who buy goods and services for the school are responsible for following these guidelines. Examples of completed forms are attached.

- I. Lakes International Purchasing Policy
- II. Purchase Order Use
- III. Request for Check
- IV. Sales Tax Exemption: The Certificate of Exemption (ST3)

**I. LAKES INTERNATIONAL PURCHASING POLICY**

- A. A Purchase Order (PO) is issued. The PO number and name of requester is recorded with accounts payable.
- B. The Director will approve and sign the PO if it fits in the budget.
- C. The order is placed and the PO number is referenced. A copy of the PO is given to the vendor (if they require it), accounts payable and ordering department.
- D. The requester or designee receives the order and makes sure it is complete. The receiver checks in each ordered item and initials and dates the receiving documents. The receiving documents are then given to accounts payable.
- E. When the invoice is received, the person who opens the mail dates and initials the envelope and then gives the invoice to accounts payable.
- F. The invoice is compared to the PO. Seeing that the PO was approved, accounts payable pays bill.

Special instructions, such as payment terms or assigning the expense to a specific grant, can be written on the PO. The original packing slips are attached to the invoice. It is suggested that the ordering department make a copy of the packing slips to place with its copy of the PO.

**II. PURCHASE ORDER USE**

- A. Complete the vendor name, address, and phone number.
- B. Complete the shipping address or write in “pick up by (name),” if you are picking up the order.
- C. Record what you are ordering. Include the quantity, description, unit price, and extended price. For classroom items, please note whether it is for kindergarten or elementary, or a specific program such as Musica, Deportes, Basic Skills, etc.
- D. Record the total order cost, including shipping. The school does not pay sales tax; LILA is a tax-exempt organization.
- E. Record your name in the “Ordered by” box. Accounts payable will contact you if there is a question with the order or invoice.
- F. Get an approval signature and date from the School Director or program director (e.g. Amigos Director or Director of Special Services).

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- G. Place the order, record the date and the order confirmation number. If ordering online, print the order confirmation and attach to PO. Inform the vendor that you are ordering on behalf of a sales tax exempt organization. If the vendor does not have the school's ST3 form on file, one can be sent. Get the name and fax number of the person it should be sent to. If you do not do this at the time the order is placed and the school is charged sales tax on the invoice, accounts payable will ask you to correct the charge.
- H. Make a copy of your PO and order documents for your files and give the originals to accounts payable. Do not wait for the order to arrive before submitting your PO and order documents.

**III. REQUEST FOR CHECK**

This form is used when vendors do not offer the option of billing the school. Forms are in the mailroom and in accounts payable. A purchase order should be completed with the Request for Check form.

**A. Pre-purchase**

- a. Complete your name, department (such as K teacher, elem. teacher, administration, technology, school board, etc.), date needed, description of item(s) and price.
- b. Circle "Check Request."
- c. Fill in "Date Needed By:" if you need the check by a certain date.
- d. Sign form and attach PO.
- e. Give the Request for Check form to the Director to sign and date.
- f. Give forms to accounts payable to process. You will get a check for the amount approved. You can then complete the purchase.
- g. Give the purchase receipt to accounts payable.

**B. Reimbursements**

- a. Complete your name, department (such as K teacher, elem. teacher, administration, technology, school board, etc.), date needed, description of item(s) and price.
- b. Circle "Reimbursement."
- c. Sign and date the form.
- d. Attach the original receipt(s).
- e. When the request is approved, a check is written.
- f. *At time of purchase, provide vendor with a completed ST3 form, to avoid sales tax charges. Requests for reimbursement of sales tax will be denied.*

**C. Leave shaded areas on form blank.**

**IV. CERTIFICATE OF EXEMPTION (ST3 FORM)**

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- A. ST3 forms are available in the mailroom and from the school finance office. Complete the seller/vendor information and describe the items you are purchasing.
- B. ST3 forms can also be obtained online at [www.taxes.state.mn.us](http://www.taxes.state.mn.us), click on “Forms and Instructions,” then select ST3. It requires Acrobat to download and display.
- C. Record the school name, address and state tax ID number (6744526). State of issue is Minnesota.
- D. Complete the seller/vendor name and address.
- E. Under “Describe the nature of your organization...” write “charter school.”
- F. Describe the items you are purchasing.
- G. The exemption reason code is “C” (exempt organization). Our ES# is 40954.
- H. Sign and print your name, phone number and date.
- I. Once a vendor has the school’s ST3 form on file, the above process does not have to be repeated. However, when placing another order, please confirm that the vendor/seller is not charging tax.



SAMPLE

# LAKES INTERNATIONAL LANGUAGE ACADEMY REQUEST FOR CHECK

Use this form to request a reimbursement for a school expense or to request a check for the payment of a vendor that does not offer the option of billing the school. Fill in your name (payee) and the department or program for which the item was purchased (Math, Admin, Charter Stars, etc.). Then, fill in a detailed description of the item(s) and the amount paid. Finally, sign the form and submit it to your direct supervisor for approval. *Forms received by the business office before 5PM on Wednesdays will be processed and checks will be available at 3PM on Fridays.*

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Payee Name:	Department/Program:
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★ Circle One:

Check Request

Reimbursement

Check #:	Check Date:
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★ Date Check Needed:

Description of Expense	Fund	Ty	Org	Prog	Crs	Fin	Src	Amount

For Mileage Reimbursements			
Purpose of Travel	Date of Travel	Miles Traveled	Total Requested

Total Expense and Mileage Reimbursement Requested:  ★

sign + date

→ Requested By: \_\_\_\_\_ Date: \_\_\_\_\_  
 Approved By: \_\_\_\_\_ Date: \_\_\_\_\_

Smartfin Entry			
Batch Name	Batch Type	Posting Date	Data Entry Initials/Date

# Certificate of Exemption

**Purchaser:** Complete this certificate and give it to the seller.

**Seller:** If this certificate is not fully completed, you must charge sales tax. Keep this certificate as part of your records.

This is a blanket certificate, unless one of the boxes below is checked, and remains in force as long as the purchaser continues making purchases, or until otherwise cancelled by the purchaser.

Check if this certificate is for a single purchase and enter the related invoice/purchase order # \_\_\_\_\_.

If you are a contractor and have a purchasing agent agreement with an exempt organization, check the box to make multiple purchases for a specific job. Enter the exempt entity name and specific project:

Exempt entity name \_\_\_\_\_ Project description \_\_\_\_\_

Please print	Name of purchaser <b>LAKES INTERNATIONAL LANGUAGE ACADEMY</b>				
	Business address <b>246 11TH AVENUE SE</b>		City <b>FOREST LAKE</b>	State <b>MN</b>	Zip code <b>55025</b>
	Purchaser's tax ID number <b>6744526</b>		State of issue <b>MINNESOTA</b>	Country of issue <b>WASHINGTON</b>	
	If no tax ID number, enter one of the following:	FEIN <b>20-0393839</b>	Driver's license number/State issued ID number		
	Name of seller from whom you are purchasing, leasing or renting <b>VENDOR NAME HERE</b>				
	Seller's address	City	State	Zip code	

**Type of business.** Circle the number that describes your business.

Type of business	01 Accommodation and food services	11 Transportation and warehousing
	02 Agricultural, forestry, fishing, hunting	12 Utilities
	03 Construction	13 Wholesale trade
	04 Finance and insurance	14 Business services
	05 Information, publishing and communications	15 Professional services
	06 Manufacturing	16 <u>Education</u> and health-care services
	07 Mining	17 Nonprofit organization
	08 Real estate	18 Government
	09 Rental and leasing	19 Not a business (explain) _____
	10 Retail trade	20 Other (explain) _____

**Reason for exemption.** Circle the letter that identifies the reason for the exemption.

Reason for exemption	A Federal government (department) _____	I Industrial production/manufacturing
	B Specific government exemption (from list on back) _____	J Direct pay permit # _____
	C Tribal government (name) _____	K <del>MPU exemption is no longer valid, repealed March 8, 2008</del> (enter number from back page, or describe electronically)
	D Foreign diplomat # _____	L Direct mail
	E Charitable organization # _____	M Other (enter number from back page) _____
	F Religious or <u>educational organization</u> # <u>40954</u>	N Percentage exemption
	G Resale	<input type="checkbox"/> Advertising (enter percentage) _____ %
	H Agricultural production	<input type="checkbox"/> Utilities (enter percentage) _____ %

**Sign here** I declare that the information on this certificate is correct and complete to the best of my knowledge and belief. (PENALTY: If you try to evade paying sales tax by using an exemption certificate for items or services that will be used for purposes other than those being claimed, you may be fined \$100 under Minnesota law for each transaction for which the certificate is used.)

Signature of authorized purchaser 	Print name here <b>SHANNON PETERSON</b>	Title <b>ASST. DIRECTOR</b>	Date <b>3/16/10</b>
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Stock No. 2100036 (Rev. 7/09) Forms and fact sheets are available on our website at [www.taxes.state.mn.us](http://www.taxes.state.mn.us)