



Addison Central School District

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Annual Micro and Small Purchase Decision Procedure

Annually, the Supervisory Union/School District (SU/SD) as the "non-federal entity" must determine its threshold for both micro-purchases and small purchases. These determinations must be based on criteria set by the Federal regulations and must be documented. The SU/SD must document its determination on an annual basis, even if the SU/SD determines to stay at the currently established thresholds and does not change the SU/SD's annual thresholds.

The micro-purchase threshold may be increased up to a limit of \$ 50,000. Federal regulations list the bases of that determination as being internal controls, evaluation of risk, and documented procurement procedures. Additionally, the threshold must be authorized or not prohibited under state, local or tribal laws or regulations. It is possible to increase this threshold beyond \$ 50,000 but approval by the VT Agency of Education (AOE) as the "cognizant agency for indirect costs" is required.

The small purchase threshold may be set at a level below the threshold set in the Federal Acquisition Regulations (FAR), currently \$ 250,000. Federal regulations list the bases of that determination as being internal controls, evaluation of risk, and documented procurement procedures.

These thresholds apply SU/SD-wide to all types of purchases from all Federal sources. The VT state bid law for certain purchases above \$40,000 applies to federal purchases and the SU/SD or supervisory union should take that into consideration when determining these thresholds. It is possible in some circumstances that a micro-purchase procurement threshold over \$40,000 may cause an inconsistency between Federal procurement regulations and VT law. As a result, SU/SD's may want to consider \$40,000 as the maximum micro-purchase threshold.

Print the information below on your SU/SD letterhead and retain with your other Federal grants management documents. Please note, the below documentation form works if you are establishing a micro-purchase threshold \$50,000 or less. To establish a micro-purchase threshold greater than \$50,000, consult the AOE.

Annual Federal Procurement Threshold Self-Certification

For the period of July 1, 2022 through June 30, 2023.

The micro-purchase threshold is set at \$ 40,000.

The small purchase threshold is set at \$ 250,000.

The above thresholds are based on an analysis of internal controls, an evaluation of risk, and our documented procurement procedures.

[Handwritten signature]

Business-Manager Signature

7/26/22

Date:

Applicable Federal regulations are as follows:

Micro-purchase: 2 CFR 200.320(a)(1)(iii)-(v)

(iii) Micro-purchase thresholds. The non-Federal entity is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. The micro-purchase threshold used by the non-Federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations. Non-Federal entities may establish a threshold higher than the Federal threshold established in the Federal Acquisition Regulations (FAR) in accordance with paragraphs (a)(1)(iv) and (v) of this section.

(iv) Non-Federal entity increase to the micro-purchase threshold up to \$50,000. Non-Federal entities may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements of this section. The non-Federal entity may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the Federal awarding agency and auditors in accordance with §200.334. The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:

(A) A qualification as a low-risk auditee, in accordance with the criteria in §200.520 for the most recent audit;

(B) An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,

(C) For public institutions, a higher threshold consistent with State law.

(v) Non-Federal entity increase to the micro-purchase threshold over \$50,000. Micro-purchase thresholds higher than \$50,000 must be approved by the cognizant agency for indirect costs. The non-federal entity must submit a request with the requirements included in paragraph (a)(1)(iv) of this section. The increased threshold is valid until there is a change in status in which the justification was approved.

Small Purchase 2 CFR 200.320(a)(2)(ii)

(ii) Simplified acquisition thresholds. The non-Federal entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and its documented procurement procedures which must not exceed the threshold established in the FAR. When applicable, a lower simplified acquisition threshold used by the non-Federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Addison Central School District
Middlebury, Vermont

Report on Compliance for Each Major Federal Program

We have audited Addison Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Addison Central School District's major federal programs for the year ended June 30, 2021. Addison Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to each of its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Addison Central School District's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Addison Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Addison Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Addison Central School District, complied in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Addison Central School District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Addison Central School District internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Addison Central School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency or combination of deficiencies, in internal control over compliance requirements of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine

Vermont Registration No. 092.0000697

February 23, 2022