

Adopted: June 29, 2017

District 4074

Revised: _____

721 UNIFORM GRANT GUIDANCE POLICY REGARDING FEDERAL REVENUE SOURCES

I. PURPOSE

The purpose of this policy is to establish procedures for carrying out purchasing, procurement and contracting functions of the charter school and to provide efficient management of public monies and ensure compliance with all applicable state and federal laws including requirements when using federal funds to make purchases under the Federal Grant Program and the Uniform Grant Guidance.

II. DEFINITIONS

A. Grants

1. “State-administered grants” are those grants that pass through a state agency such as the Minnesota Department of Education (MDE).
2. “Direct grants” are those grants that do not pass through another agency such as MDE and are awarded directly by the federal awarding agency to the grantee organization. These grants are usually discretionary grants that are awarded by the U.S. Department of Education (DOE) or by another federal awarding agency.

[Note: All of the requirements outlined in this policy apply to both direct grants and state-administered grants.]

- B. “Non-federal entity” means a state, local government, Indian tribe, institution of higher education, or nonprofit organization that carries out a federal award as a recipient or subrecipient.
- C. “Federal award” has the meaning, depending on the context, in either paragraph 1. or 2. of this definition:
 1. a. The federal financial assistance that a non-federal entity receives directly from a federal awarding agency or indirectly from a pass-through entity, as described in 2 C.F.R. § 200.101 (Applicability); or
 - b. The cost-reimbursement contract under the federal Acquisition Regulations that a non-federal entity receives directly from a

federal awarding agency or indirectly from a pass-through entity, as described in 2 C.F.R. § 200.101 (Applicability).

2. The instrument setting forth the terms and conditions. The instrument is the grant agreement, cooperative agreement, other agreement for assistance covered in paragraph (b) of 2 C.F.R. § 200.40 (Federal Financial Assistance), or the cost-reimbursement contract awarded under the federal Acquisition Regulations.
3. “Federal award” does not include other contracts that a federal agency uses to buy goods or services from a contractor or a contract to operate federal-government-owned, contractor-operated facilities.

D. “Contract” means a legal instrument by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award. The term, as used in 2 C.F.R. Part 200, does not include a legal instrument, even if the non-federal entity considers it a contract, when the substance of the transaction meets the definition of a federal award or subaward.

E. Procurement Methods

1. “**Micro Purchases** of supplies and services \$3,000 or less (\$2,000 for purchases subject to Davis-Bacon) do NOT require quotes to be received and effort should be made to distribute evenly these purchases to qualified suppliers.
2. “**Small Purchases** from supplies or other property and services in excess of \$3,000 and do not exceed \$100,000 do require quotes but NO pricing analysis. If used, price or rate quotations must be obtained from an adequate number of qualified sources. The \$100,000 threshold is inflation adjusted periodically and could change in the future.
3. “**Sealed Bids** are required for purchases of \$100,000 or greater. Firm fixed price is awarded and must include at least two responsible bidders. Bids will be opened publicly and award is usually to lowest bidder (based on fixed price). Sealed bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest price. If the District chooses a bid that was not the lowest, the District needs to document why that bid was selected.
4. “**Competitive Proposals**: a procurement in excess of the small purchase threshold (**more than \$100,000**) may not be inappropriately broken up into smaller components solely to qualify for the less complicated

procedures followed under the “small purchases” approach.

5. **“Noncompetitive proposals/sole source procurement:** Noncompetitive negotiations may be utilized only under very limited circumstances. The subgrantee must show that another method of procurement was infeasible because; the item or service was only available from a single source, a public emergency, or competition was determined to be inadequate.

III. CONFLICT OF INTEREST

Employee Conflict of Interest. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The employees, officers, and agents of AFSA High School may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, AFSA High School may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by employees, officers, or agents of AFSA High School.

- A. Organizational Conflicts of Interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, AFSA High School is unable or appears to be unable to be impartial in conducting a procurement action involving the related organization (non-profit organizations).
- B. Disclosing Conflicts of Interest. AFSA High School must disclose in writing any potential conflict of interest to MDE in accordance with applicable federal awarding agency policy.

IV. ACCEPTABLE METHODS OF PROCUREMENT

- A. General Procurement Standards. The school district must use its own documented procurement procedures which reflect applicable state laws, provided that the procurements conform to the applicable federal law and the standards identified in the Uniform Grant Guidance.
- B. AFSA’s High School procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase.

- C. AFSA must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
- D. AFSA must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement; selection of the contract type; contractor selection or rejection; and the basis for the contract price.
- E. AFSA alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the school district of any contractual responsibilities under its contracts.
- F. AFSA must take all necessary affirmative steps to assure that minority business, women's business enterprises, and labor surplus area firms are used when possible.
- G. Methods of Procurement. AFSA must use one of the following methods of procurement:
 - 1. Procurement by micro-purchases. To the extent practicable, the school district must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the school district considers the price to be reasonable.
 - 2. Procurement by small purchase procedures. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.
 - 3. Procurement by sealed bids (formal advertising).
 - 4. Procurement by competitive proposals.
 - 5. Procurement by noncompetitive proposals.
- H. AFSA must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the school district must not preclude potential bidders from qualifying during the solicitation period.
- I. Non-federal entities are prohibited from contracting with or making subawards under "covered transactions" to parties that are suspended or debarred or whose

principals are suspended or debarred. “Covered transactions” include procurement contracts for goods and services awarded under a grant or cooperative agreement that are expected to equal or exceed \$25,000.

- J. All nonprocurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 C.F.R. § 180.215.

V. **MANAGING EQUIPMENT AND SAFEGUARDING ASSETS**

- A. Property Standards. AFSA must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with federal funds as provided to property owned by the non-federal entity. Federally owned property need not be insured unless required by the terms and conditions of the federal award.

AFSA must adhere to the requirements concerning real property, equipment, supplies, and intangible property set forth in 2 C.F.R. §§ 200.311, 200.314, and 200.315.

VI. **FINANCIAL MANAGEMENT REQUIREMENTS**

- A. Financial Management. AFSA’s financial management systems, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award. Insure all purchase orders (and contracts) are signed by authorized official (s) of the subgrantee.
- B. Payment. Determine the adequacy of contractor performance establish reasonable payment schedules defining amount and timing of funds to be paid (recommendation: payment after services rendered). Insure times delivered and paid for are consistent with the purchase order and/or contract for the goods of services. Provide that timely payment to vendors occurs once the order is delivered, inspected, accepted and payment authorized.
- C. Internal Controls. AFSA must establish and maintain effective internal control over the federal award that provides reasonable assurance that the school district is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government,” issued by the Comptroller General of the United States, or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

AFSA must comply with federal statutes, regulations, and the terms and conditions of the federal award.

AFSA must also evaluate and monitor the school district's compliance with statutes, regulations, and the terms and conditions of the federal award.

AFSA must also take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

AFSA must take reasonable measures to safeguard protected personally identifiable information considered sensitive consistent with applicable federal and state laws regarding privacy and obligations of confidentiality.

- Legal References:***
- 2 C.F.R. § 200.12 (Capital Assets)
 - 2 C.F.R. § 200.112 (Conflict of Interest)
 - 2 C.F.R. § 200.113 (Mandatory Disclosures)
 - 2 C.F.R. § 200.205(d) (Federal Awarding Agency Review of Risk Posed by Applicants)
 - 2 C.F.R. § 200.212 (Suspension and Debarment)
 - 2 C.F.R. § 200.300(b) (Statutory and National Policy Requirements)
 - 2 C.F.R. § 200.302 (Financial Management)
 - 2 C.F.R. § 200.303 (Internal Controls)
 - 2 C.F.R. § 200.305(b)(1) (Payment)
 - 2 C.F.R. § 200.310 (Insurance Coverage)
 - 2 C.F.R. § 200.311 (Real Property)
 - 2 C.F.R. § 200.313(d) (Equipment)
 - 2 C.F.R. § 200.314 (Supplies)
 - 2 C.F.R. § 200.315 (Intangible Property)
 - 2 C.F.R. § 200.318 (General Procurement Standards)
 - 2 C.F.R. § 200.319(c) (Competition)
 - 2 C.F.R. § 200.320 (Methods of Procurement to be Followed)
 - 2 C.F.R. § 200.321 (Contracting with Small and Minority Businesses, Women's Business Enterprises, and Labor Surplus Area Firms)
 - 2 C.F.R. § 200.328 (Monitoring and Reporting Program Performance)
 - 2 C.F.R. § 200.338 (Remedies for Noncompliance)
 - 2 C.F.R. § 200.403(c) (Factors Affecting Allowability of Costs)
 - 2 C.F.R. § 200.430 (Compensation – Personal Services)
 - 2 C.F.R. § 200.431 (Compensation – Fringe Benefits)
 - 2 C.F.R. § 200.447 (Insurance and Indemnification)
 - 2 C.F.R. § 200.463 (Recruiting Costs)
 - 2 C.F.R. § 200.464 (Relocation Costs of Employees)
 - 2 C.F.R. § 200.473 (Transportation Costs)
 - 2 C.F.R. § 200.474 (Travel Costs)

