3004.1
Fiscal Management for Purchasing and Procurement Using Federal Funds

Applicability of Procedure. This procedure applies only to non-construction related purchases undertaken with federal funds which are subject to the federal Uniform Grant Guidance (UGG) and other applicable federal law, including but not limited to the Education Department and General Administration Regulations (EDGAR) and the United States Department of Agriculture (USDA) regulations governing school food service programs. In the event this procedure conflicts or is otherwise inconsistent with mandatory provisions of the UGG, EDGAR or other applicable federal law, the mandatory provisions of the laws shall control.

All other non-construction purchases will be governed by the Board's general purchasing procedure, which can be found earlier in this subsection. In the event of a conflict between state and federal law, the more stringent requirement shall apply.

This procurement procedure shall govern all purchasing activities that relate to any aspect of the National School Lunch and Breakfast Programs. The district's goal is to fully implement all required procurement rules, regulations and policies set forth in 2 CFR 200, 7 CFR parts 210, 3016 and 3019, and by the South Dakota Department of Education.

Responsibility for Purchasing. The authority to make purchases shall be governed by the district's purchasing procedure, which can be found elsewhere in this section. Except as otherwise provided in the district's purchasing procedure, the acquisition of services, equipment, and supplies shall be centralized in the administration office under the supervision of the superintendent of schools, who shall be responsible for developing and administering the purchasing program of the school district. Purchases or commitments of district funds that are not authorized by this procedure will be the responsibility of the person making the commitment.

Methods of Purchasing. The type of purchase procedures required depends on the cost of the item(s) being purchased.

1. Purchases up to $10,000 (Micro-Purchases)

Micro-purchase means an individual procurement transaction for supplies or services using simplified acquisition procedures, the annual aggregate amount of which does not exceed $10,000. Micro-purchases may be made or awarded without soliciting competitive quotations, to the extent district staff determine that the cost of the purchase is reasonable. For purposes of this procedure "reasonable" means the purchase is comparable to market prices for the geographic area.

To the extent practicable, the district distributes micro-purchases equitably among qualified suppliers. The district will follow its standard procedure on purchasing, which can be found earlier in this subsection.

Micro-Purchase Procedures Table

	Justification (Justification for using this vendor)	**Duration/** **Frequency** (Weekly, Monthly, Yearly, Per Purchase)
Small Town Grocery Store – Fresh Produce	We can buy what we need, when we need it and product is fresh. Can't order small enough quantities from vendors who deliver. Only grocery store in town. Next closest is 31 miles away.	Weekly
Cash-Wa	Provides what we need at the time we need it. Price is competitive.	weekly
Eastside Jersey Dairy	Provides the milk we need at the time we need it.	weekly
US Foods	Provides what we need a the time we need it. Price is competitive.	weekly
KeVee's	Provides what we need when short on an item or need something fresh. Local grocery store and next closest is 15 miles	Twice a month
SD Department of Education	Must pay for the processing of commodities	monthly
Hillyard	Provides garbage can liners at a competitive price. Can deliver when needed	Three times per year
Infinite Campus	The software we use for meal counting and for families to make payments online. This company fits in with the same software used for student records	annually
Nutrikids	They provide the program for menu planning and production records. They were able to fulfill the needs at the price we wanted.	annually

2. Purchases between $10,000 and $250,000 (Simplified Acquisition)

Simplified acquisitions are purchases that, in the aggregate amount, is more than $10,000 and less than $250,000 annually. For simplified acquisitions, price or rate quotes shall be obtained in advance from a reasonable number of qualified sources as detailed in the district's standard policies on purchasing and on bid letting and contracts which can be found earlier in this subsection.

3. Purchases Over $250,000

a) Sealed Bids (Formal Advertising)

For purchases over $250,000, the district will generally follow the bidding process outlined in the board's policy on Bidding for Public Improvements.

b) Contract/Price Analysis

The district performs a cost or price analysis in connection with every procurement action in excess of $250,000, including contract modifications. The district will make an independent estimate of costs prior to receiving bids or proposals.

4. Noncompetitive Proposals (Sole Sourcing)

a) Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

1) The procurement transaction can only be fulfilled by a single source.

2) The public exigency or emergency for the requirement will not permit a delay resulting from providing public notice of a competitive solicitation.

3) The federal awarding agency or pass-through entity expressly authorizes written approval of noncompetitive proposals in response to a written request from the district; or

4) After solicitation of a number of sources, competition is determined inadequate.

b) Noncompetitive proposals may only be solicited with the approval of the superintendent or the board. Sufficient and appropriate documentation that justifies the sole sourcing decision must be maintained by the superintendent or designee.

c) A cost or price analysis will be performed for noncompetitive proposals when the price exceeds $250,000.

Use of Purchase (Debit & Credit) Cards. District use of purchase cards is subject to the policy on credit cards.

Federal Procurement System Standards. The district's procurement transactions will be conducted in a manner providing full and open competition consistent with 2 C.F.R §200.319.

The district will maintain and follow general procurement standards consistent with 2 C.F.R. §200.318.

Debarment and Suspension. The district awards 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, public policy, compliance, proper classification of employees (see the Fair Labor Standards Act, 29 U.S.C. 201, chapter 8), record of past performance, and financial and technical resources when conducting a procurement transaction.

The district may not subcontract with or award subgrants to any person or company who is debarred or suspended. For all contracts over $25,000 the district verifies that the vendor with whom the district intends to do business with is not excluded or disqualified. 2 C.F.R. Part 200, Appendix II (1) and 2 C.F.R. §§ 180.220 and 180.300.

The district will verify debarment or suspension by revising the excluded parties list on SAM.gov, collecting a certification through the bidding process, and/or by including a debarment and suspension provision in the bid and contract documents. The Superintendent or his/her designee shall be responsible for such verification.

Settlements of Issues Arising Out of Procurements. The district alone is 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 district of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

Conflict of Interest and Code of Conduct. Board and staff member conflicts of interest are governed by the district's conflict of interest policies. Purchases covered by this procedure are subject to the following additional provisions:

1. Employees, officers, and agents engaged in the selection, award, and/or administration of district contracts which are prohibited from engaging in such actions if a real or apparent conflict of interest is present.

2. 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.

3. The board may determine at its discretion that a financial interest is not substantial enough to give rise to a conflict of interest.

Favors and Gifts. An employee, officer, agent, and board member of the district may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, except that this provision does not prohibit the receipt of unsolicited items of

nominal value. For purposes of this procedure, “nominal value” means a fair market value of $25 or less.

Enforcement. Disciplinary Actions including, but not limited to, counseling, oral reprimand, written reprimand, suspensions without pay, or termination of employment, will be applied for violations of such standards by officers, employees, or agents of the district.

Property Classifications. Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the district for financial statement purposes, or $5,000.

Supplies means all tangible personal property other than those described in §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the district for financial statement purposes or $5,000, regardless of the length of its useful life. 2 C.F.R. §200.94.

Computing Devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. 2 C.F.R. §200.20.

Capital Assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

1. Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and

2. Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). 2 C.F.R. §200.12.

Inventory Procedure. Newly purchased property shall be received and inspected by the staff member who ordered it to ensure that that it matches the purchase order, invoice, or contract and that it is in acceptable condition.

Equipment, Computing Devices, and Capital Assets must be tagged with an identification number, manufacturer, model, name of individual who tagged the item, and date tagged).

Inventory Records. For equipment, computing devices, and capital assets purchased with federal funds, the following information is maintained in the property management system:

1. Serial number; 2. District identification number; 3. Manufacturer; 4. Model; 5. Date tagged and individual who tagged it; 6. Source of funding for the property; 7. Who holds title; 8. Acquisition date and cost of the property; 9. Percentage of federal participation in the project costs for the federal award under which the property was acquired; 10. Location, use and condition of the property; and 11. Any ultimate disposition data including the date of disposal and sale price of the property.

The inventory list shall be adjusted by the superintendent of schools or his/her designee for property that is sold, lost, stolen, cannot be repaired, or that cannot be located.

Physical Inventory. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. The Superintendent or his/her designee will ensure that the physical inventory is performed. The physical inventory will generally occur during the months of June or July, but may be conducted during other time periods with the approval of the superintendent.

Maintenance. In accordance with 2 C.F.R. 313(d)(4), the district maintains adequate maintenance procedures to ensure that property is kept in good condition.

Lost or Stolen Items. The district maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property. The district will notify the Federal agency or pass-through entity of any loss, damage, or theft of equipment that will have an impact on the program.

Use of Equipment. Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award, and the district will not encumber the property for any non-federal program use without prior approval of the federal awarding agency and the pass-through entity.

Disposal of Equipment. When it is determined that equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the Superintendent or his/her designee will contact the awarding agency (or pass-through for a state-administered grant) for disposition instructions.

If the item has a current fair market value of $10,000 or less, it may be retained, sold, or otherwise disposed of with no further obligation to the federal awarding agency or pass-through entity.

Equipment Retention. When included in the terms and conditions of the Federal award, the Federal agency may permit the recipient to retain equipment, or authorize a pass-through entity to permit the recipient to retain equipment, with no further obligation to the Federal Government unless prohibited by Federal statute or regulation.

Financial Management.

Identification. The district will identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification include, as applicable, the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity.

Financial Reporting. The district will make an accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the financial reporting requirements set forth in the Education Department General Administrative Regulations (EDGAR).

Accounting Records. The district maintains records which adequately identify the source and application of funds provided for federallyassisted activities. These records must contain information pertaining to grant or subgrant awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

Internal Controls. The Superintendent or his/her designee must maintain effective control and accountability for all funds, real and personal property, and other assets through board review and approval of claims, an annual audit of the district's finances pursuant to the applicable federal rules and regulations, and comparison of expenditures and outlays to budgeted amounts. The district adequately safeguards all such property and assures that it is used solely for authorized purposes.

Budget Control. Actual expenditures or outlays will be compared with budgeted amounts for each federal award at least annually and more often as required by law or deemed prudent by the board or administrative staff.

Payment Methods. The district will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the district, in accordance with the Cash Management Improvement Act at 31 CFR Part 205. Generally, the District receives payment from the South Dakota Department of Education on a reimbursement basis. 2 CFR § 200.305. However, if the district receives an advance in federal grant funds, the district will remit interest earned on the advanced payment quarterly to the federal agency. The district may retain interest amounts up to $500 per year for administrative expenses. 2 CFR § 200.305(b)(9).

Consistent with state and federal requirements, the district will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for the South Dakota Department of Education to review upon request.

Allowability of Costs. Expenditures must be aligned with approved budgeted items. Any changes or variations from the state-approved budget and grant application need prior approval.

When determining how the district will spend its grant funds, the Superintendent or his/her designee will review the proposed cost to determine whether it is an allowable use of federal grant funds before obligating and spending those funds on the proposed good or service. All costs supported by federal education funds must meet the standards outlined in EDGAR, 2 CFR Part 3474 and 2 CFR Part.

The Superintendent or his/her designee must consider these factors when making an allowability determination. The Superintendent or his/her designee will consider Part 200's cost guidelines when federal grant funds are expended. The Superintendent or his/her designee will also consider whether all state - and Districtlevel requirements and policies regarding expenditures have been followed.

Travel Costs. All travel expenses paid with federal grant funds shall meet the federal requirements such as: 1. All travel costs must be reasonable and necessary; 2. All travel costs must be consistent with District policy; and 3. All travel costs must be directly related to the grant award.

In addition, all travel expenses funded with federal grant funds must be preapproved by the District's Business Manager. The state per diem rates for lodging shall be used to determine that maximum amount charged to a federal grant. For reimbursement of meals, the per diem rate and rules set by the State of South Dakota through administrative rule 5:01:02:14 will apply. There will be no reimbursement for breakfast if the staff member's lodging provides continental breakfast at

no cost. For reimbursement for mileage of fuel, the State of South Dakota mileage rate will apply. If a District-owned vehicle is available for travel, the district-owned vehicle must be utilized unless preapproved by the Business Manager. All expenditures claimed by staff must include receipts and a completed voucher.

Required Contract Terms. The non-Federal entity's contracts must contain the applicable provisions required by section 200.326 and described in Appendix II to Part 200—Contract Provisions for non-Federal Entity Contracts Under Federal Awards.

Contracting with Certain Vendors and Buy American. Pursuant to the standards contained in 2 C.F.R. § 200.321, the district will take all necessary affirmative steps to assure that minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms are used when possible consistent with state law.

Buy American. The district participates in the National School Lunch Program and School Breakfast Program and is required to use the nonprofit food service funds, to the maximum extent practicable, to buy domestic commodities or products for Program meals. A "domestic commodity or product" is defined as one that is either produced in the U.S. or is processed in the U.S. substantially using agricultural commodities that are produced in the U.S. as provided in 7 CFR 210.21(d).

The district may deviate from this general requirement only if: • The product is not produced or manufactured in the U.S. in sufficient and reasonably available quantities of a satisfactory quality; or • Competitive bids reveal the costs of a U.S. product are significantly higher than the non-domestic product.

Record Retention. The district maintains all records that fully show (1) the amount of funds under the grant or subgrant; (2) how the subgrantee uses those funds; (3) the total cost of each project; (4) the share of the total cost of each project provided from other sources; (5) other records to facilitate an effective audit; and (6) other records to show compliance with federal program requirements. 34 C.F.R. §§ 76.730-.731 and §§ 75.730-.731. The district also maintains records of significant project experiences and results. 34 C.F.R. § 75.732. These records and accounts must be retained and made available for programmatic or financial audit.

The U.S. Department of Education is authorized to recover any federal funds misspent within 5 years before the receipt of a program determination letter. 34 C.F.R. § 81.31(c). However, if any litigation, claim, or audit is started before the expiration of the record retention period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. 2 C.F.R. § 200.333.

Records will be destroyed in compliance with state law and the South Dakota Local Schools Records Retention and Destruction Schedule. This includes the completion of a Records Disposition Report.

Maintenance of Procurement Records. The district must maintain records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection

or rejection, the basis for the contract price (including a cost or price analysis), and verification that the contractor is not suspended or debarred.

Retention of procurement records shall be in accordance with applicable law and Board policy.

Privacy. The district has protections in place to ensure that the personal information of both students and employees is protected. These include the use of passwords that are changed on a regular basis; staff training on the requirements of the Family Educational Rights and Privacy Act (FERPA) and State confidentiality requirements; and training on identifying whether an individual requesting access to records has the right to the documentation.

Adopted on: November 15, 2024