

# [DISTRICT] ISD #[ ] Procurement Procedures

## Expense Reimbursements

Employees must have their supervisor's authorization prior to incurring an expense on behalf of [DISTRICT] in order to ensure that acquisition of duplicate or unnecessary items is avoided. Such expenses may include transportation, meals, lodging, registration fees, required materials, parking fees, tips, dues/memberships, and other reasonable and necessary business related expenses.

### Meals

Meal maximums are recommended rates received from the State of Minnesota and have been established by the [DISTRICT] Board of Directors. The maximum meal reimbursement per day, unless otherwise specified by grant guidelines, is listed below:

MN Non-Metro - \$31.00/day

MN Metro - \$35.00/day

Out-of-State – As determined by the IRS per diem rate tables. Reimbursement is not to exceed the daily per diem for meals and incidental expenses.

### Additional Guidelines

- The purpose of our meal reimbursement policy is to reimburse employees for breakfast, lunch, or dinner expenses while traveling and doing business for the agency. It is not to reimburse employees for snacks.
- Total reimbursement shall not exceed the daily meal maximum as specified above.
- The daily meal maximum includes tips (not to exceed 20%) and service/delivery charges.
- Lunches are reimbursable only when on an overnight trip or when travelling more than 30 miles outside of the normal work location or when eating with someone on a business matter that cannot reasonably be conducted at another time.
- Routine lunches on the road while performing typical job duties are not reimbursed.
- Alcoholic beverages are never reimbursable.
- Original itemized receipts must be provided for each expenditure except parking meters and mileage. Meals will only be reimbursed with a proper itemized receipt. The itemized receipt must list the business purpose and the names of the individuals participating in the meeting.
- According to IRS regulations, reimbursements for meal expenses on trips not involving an overnight stay are taxable income. Therefore, when the expenses are paid, federal, state, FICA, and Medicare taxes will be withheld from the employee's pay, and the amount of the expense will be included in wages on the employee's W-2 form.

## Travel Expenses

Travel costs should take into consideration any financial decisions made such as:

- Traveler leaving a day early if a lower airfare is available and the airfare offsets costs of additional hotel or food;
- Traveler staying over a weekend at the traveler's own expense to obtain lower airfare. Additional expenses may be paid related to the reduced airfare providing the expenses do not exceed the amount saved on the lower airfare;
- Other unusual situations which increase or decrease the trip costs;

- Traveler elects to drive a personal vehicle rather than travel by commercial airliner. Reimbursement for personal vehicle use in lieu of airfare is at the lower reimbursement rate and shall not exceed the lowest round-trip coach airfare.
- Inquiries on fares and reservations should be made early enough to take advantage of advance purchase discounts.

Travel insurance coverage purchased by employees is not a reimbursable expense.

Upgrades at the expense of the agency are not permitted. Upgrades are allowed at the traveler's personal expense. Free service upgrades for all domestic air travel are permissible with the lowest available rates. Travelers shall not use their positions to seek or accept an unwarranted privilege of substantial value which is not regularly available to similarly situated individuals.

## Baggage

A traveler will be reimbursed for reasonable checked baggage fees to and from the traveler's flight destination. An excess baggage fee is a fee for baggage deemed by the airline to be overweight or oversized. A traveler will be reimbursed for excess baggage charges only to the extent the traveler is required to have on hand equipment, books, reports, etc., which exceed the normal weight limitations. Personal items lost while traveling on authorized business are not a reimbursable expense.

## Lodging

The lowest government rate available should be secured at a reasonably priced, licensed lodging facility. Staying at the private residence of a relative or friend is not a reimbursable expense. Room charge and tax may be directly billed to [DISTRICT] or paid with a company credit card. Meals that are charged to the room may be paid with a company credit card if an original, itemized receipt is provided. Other miscellaneous charges such as meals with no receipt, telephone calls, movies, etc. must be paid by the traveler to the lodging facility at the time of check-out. Business-related expenses will be reimbursed through the Employee Expense Report process.

## Rental Vehicle

Rental of a vehicle by traveler is authorized only when the type of trip or location of meetings is such that use of local transportation (taxis, airport limousines and airport shuttles, buses) is not practical or is expected to be more expensive. Rental vehicles shall be reserved and rented at the lowest applicable discounted rate possible or available.

The use of compact or mid-size/intermediate rental vehicle categories is recommended except in cases where:

- There are three or more passengers;
- Excess baggage for official business requires a large vehicle, e.g., booth displays, slide presentations, sales items; or
- A larger size vehicle is provided at no extra charge above the compact or midsize rate.

When rental vehicles are used, the traveler is expected to decline rental vehicle insurance because [DISTRICT] has provisions for insuring rental vehicles against damage through the Business Office. Traveler will not be reimbursed for the cost of rental vehicle insurance for travel.

## Out-of-State Travel

All out-of-state travel requires prior approval by the supervising administrator. If the travel will be paid using federal special education funds, prior approval must also be obtained from the MN Department of Education using the Out-of-State Travel Request form. If the travel is approved, MDE will issue an approval code which must be referenced on the purchase order when reimbursing the expenses. The Business

Manager will enter the expenditures on EDRS with the location and dates of travel and email MDE with the line number for the error message to be removed.

## Vehicle and Mileage Reimbursement

[DISTRICT] purchases or leases vehicles for use by staff on [DISTRICT] business. A company vehicle will be assigned to employees that drive an average of at least 1,100 miles per month. Mileage records will be reviewed annually by the Business Office. All staff are encouraged to car pool whenever possible to minimize mileage expenses.

When driving a personal vehicle, staff will be compensated for mileage expenses at the Internal Revenue Service rate. Mileage reimbursement is based on the principle that employees should be reimbursed for official business mileage in their personal vehicle that is beyond the normal round trip mileage incurred from the employee's home to their designated office location and back home again. The distance shall be determined from the employee's designated office location or residence, whichever is less.

Staff cannot use a [DISTRICT] vehicle for personal business. If staff choose to use their personal vehicle when a [DISTRICT] vehicle is available for use, the reimbursement rate is \$.07 less than the federal mileage rate.

## Procedures for Employee Expense Reimbursement

All expenses to be reimbursed must have prior approval by the supervising administrator in order to ensure that acquisition of duplicate or unnecessary items is avoided. To be reimbursed for all authorized expenses, the employee must submit an expense report accompanied by original itemized receipts. Expense reports should be submitted at least monthly to the office assistant. The office assistant will create a purchase order, attach the expense report and itemized receipts, and route the purchase order to the supervisor for approval. The supervisor will review the purchase order and approve or reject the PO for payment. The PO is then routed to the accounting assistant, who will verify that appropriate documentation is attached and expenses are in accordance with board policies. The Business Manager will review the purchase order, check the coding, and approve for payment. All expense reimbursements will be made through the payroll system so that taxes may be withheld, if necessary, and will be direct deposited at the same time as the regular payroll check on either the 15<sup>th</sup> or 31<sup>st</sup> of the month.

## General Procurement Standards

[DISTRICT] procurement standards are established to ensure that the acquisition of duplicate or unnecessary items is avoided. To foster greater economy and efficiency, and to promote cost-effectiveness, the use of shared services through state and local intergovernmental agreements is encouraged. Further, contracts should only be awarded to responsible contractors with the ability to perform the work successfully. [DISTRICT] must maintain records sufficient to detail the history of procurement. These records will include the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. [DISTRICT] may use time and material type contracts only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Financial records, supporting documents, and all other [DISTRICT] records pertinent to a Federal award must be retained for a period of six years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the annual financial report.

## Competition

All procurement transactions must be conducted in a manner providing full and open competition. Situations where competition could be restricted include: 1) Placing unreasonable requirements on firms in order for them to qualify to do business 2) Requiring unnecessary experience or excessive bonding

3) Noncompetitive pricing practices between firms 4) Noncompetitive consultant contracts that are on retainers 5) Organizational conflicts of interest 6) Specifying only “brand name” products instead of allowing “equal” products 7) Any arbitrary action in the procurement process 8) Including state or local geographic preferences. All solicitations should incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Business enterprises owned by women, minority and/or disabled persons should be used as much as possible.

## Methods of Procurement Procedures

**Procurement by Micro-purchase** – the acquisition of supplies or services, the aggregate dollar amount of which does not exceed **\$10,000**; to the extent practicable, [DISTRICT] must distribute micro-purchases equitably among qualified suppliers; competitive quotes are not needed if staff consider the price to be reasonable.

**Procurement by Small Purchase** – the acquisition of supplies or services that cost more than **\$10,000** but less than **\$175,000**; two written quotes are required; office assistants must attach copies of the quotes to the purchase order; staff should attempt to obtain the best price.

**Procurement by sealed bids** (formal advertising) – the acquisition of supplies or services that cost more than **\$175,000**; Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The following requirements apply for sealed bids:

- (1) The invitation for bids will be publicly advertised and bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids;
- (2) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- (3) All bids will be publicly opened at the time and place prescribed in the invitation for bids;
- (4) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder; and
- (5) Any or all bids may be rejected if there is a sound documented reason.
- (6) Each bidder must submit a bid guarantee equivalent to 5% of the bid price such as a bid bond or certified check; or a performance bond or payment bond for 100% of the contract price as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
- (7) A cost or price analysis, including independent estimates must be conducted in connection with every procurement action in excess of **\$175,000**.

**Procurement by competitive proposals** - the acquisition of supplies or services that cost more than **\$175,000**; normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- (1) Requests for proposals must be publicized and identify all evaluation factors and their relative importance.
- (2) Proposals must be solicited from an adequate number of qualified sources;
- (3) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
- (4) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
- (5) [DISTRICT] may only use qualification-based methods, whereby competitors' qualifications are evaluated and the most qualified competitor is selected is the procurement of architectural/engineering professional services.

(6) A cost or price analysis, including independent estimates must be conducted in connection with every procurement action in excess of **\$175,000**.

**Procurement by noncompetitive proposals** – procurement through solicitation of a proposal from only one source. May be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from [DISTRICT]; or
- (4) After solicitation of a number of sources, competition is determined inadequate.

## Grant Performance and Reporting

Unless a grant awarding agency requests a different reporting timeline, annual reports must be submitted within 90 calendar days after the reporting period; and quarterly or semiannual reports must be submitted within 30 calendar days after the reporting period. The final performance report must be submitted within 90 calendar days after the period of performance end date.

## Subrecipient Monitoring and Management

As a pass-through entity for some federal programs, [DISTRICT] must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. If the disbursement is made to a subrecipient (i.e. federal special education flow through dollars), [DISTRICT] must clearly identify to the subrecipient that the payment is a subaward and must provide the following required federal award identification information:

- (i) Subrecipient name (which must match registered name in DUNS);
- (ii) Subrecipient's DUNS number;
- (iii) Federal Award Identification Number (FAIN);
- (iv) Federal Award Date;
- (v) Subaward Period of Performance Start and End Date;
- (vi) Amount of Federal Funds Obligated by this action;
- (vii) Total Amount of Federal Funds Obligated to the subrecipient;
- (viii) Total Amount of the Federal Award;
- (ix) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
- (x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official,
- (xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
- (xii) Identification of whether the award is R&D; and
- (xiii) Indirect cost rate for the Federal award

All requirements imposed by [DISTRICT], including identification of any required financial reports, must be communicated to the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award. In addition, [DISTRICT] must identify to the subrecipient the approved federally recognized indirect cost rate being used and any conditions regarding closeout of the subaward. The subrecipient must permit [DISTRICT] and auditors to have access to the subrecipient's records and financial statements as necessary.

[DISTRICT] will evaluate each subrecipient's risk of noncompliance with Federal regulations, and the terms and conditions of the subaward to determine appropriate subrecipient monitoring, which may include consideration of such factors as:

- (1) The subrecipient's prior experience with the same or similar subawards;
- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

[DISTRICT] subrecipient monitoring tools must include:

- (1) Reviewing financial and programmatic reports required of the subrecipient by [DISTRICT];
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means;
- (3) Issuing a management decision for audit findings pertaining to the Federal award;
- (4) Conducting a risk assessment for the subrecipient and providing additional tools such as training and technical assistance, and on-site reviews.
- (5) Verify that every subrecipient is audited as required
- (6) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to [DISTRICT]'s own records.
- (7) Consider taking enforcement action against noncompliant subrecipients.

With prior written approval from the Federal awarding agency, [DISTRICT] may provide subawards based on fixed amounts up to \$100,000, provided that the subawards meet the requirements for fixed amount awards.

## Closeout of Grant Awards

At the end of grant performance periods after all work has been completed, the following actions must be taken to close out the grant award:

- (1) [DISTRICT] must submit, no later than 90 calendar days after the end of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award.
- (2) [DISTRICT] must liquidate all obligations incurred no later than 90 calendar days after the end date.
- (3) [DISTRICT] must promptly refund any balances of unobligated cash that the Federal awarding agency paid in advance or paid that is not authorized to be retained for use in other projects.
- (4) [DISTRICT] must account for any real and personal property acquired with federal funds or received from the federal government.

## Administrative Salary Direct Costs

The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

- (1) Administrative or clerical services are integral to a project or activity;
- (2) Individuals involved can be specifically identified with the project or activity;
- (3) Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
- (4) The costs are not also recovered as indirect costs.

## Indirect Costs

The indirect cost rates that will be used for all federal grants are the restricted and unrestricted rates that have been calculated by MDE based upon UFARS financial data as reported to the MN Department of Education. The restricted rate is used for federal grants that have regulations preventing federal funds

supplanting local monies and is capped at 8%. The unrestricted rate is used for grants that do not have the supplant language in their guidelines and is negotiated each year.

## Required Certifications

The Business Manager, the official who is authorized to legally bind [DISTRICT], will certify the annual and final fiscal reports or vouchers requesting payment to assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets.

## Special Education Expenditures

All special education purchases require a Special Education Requisition Form to be completed by each staff person making the request. The staff person must route the requisition form to the supervising administrator who ascertains that the purchase is an allowable and excess expenditure based on the needs of the students with disabilities and all other purchasing process requirements are met. If the supervising administrator approves the purchase, he/she will sign the requisition form and route it to the office assistant who will order the item. Once the item and a corresponding invoice are received, the office assistant will prepare a purchase order and attach a copy of the invoice, the signed requisition form, two written quotes (if the cost exceeds **\$10,000**), and the fixed asset form (if applicable). The office assistant will route the purchase order to the supervising administrator. The administrator will approve the purchase order and route it to the business office. The accounting assistant will verify that appropriate documentation is attached and the expenses are in accordance with board policies. The Business Manager will review the purchase order, check the coding, and approve for payment.

## [DISTRICT] Contracting Decision Guidelines (Consultants):

The following guidelines are to be followed when contracting with a consultant:

- The nature of the work to be done must be specifically and clearly defined;
- No [DISTRICT] employees are able or available to perform the work;
- [DISTRICT] must retain control to prescribe, monitor, and evaluate the work of the contractor;
- There must be a time limit on the contract;
- The contract must require documentation of services to be provided and the costs associated;
- The contract must not limit competition or discriminate against minorities, women, persons with disabilities, or veterans;
- The contract must not create an employer-employee relationship;
- No [DISTRICT] employee can engage in the performance of the contract; and
- The contractor can reasonably be expected to match or surpass the value and service levels that [DISTRICT] and its employees provide.

All contracts over \$15,000 require [DISTRICT] Board approval. The contract must include the tax identification number of the contractor. All contracts must be signed by the contractor and the supervising administrator. Services to be provided under the contract should not begin until the written contract is in place. Upon completion of the contracted services and receipt of documentation of services provided, a purchase order will be created and routed electronically to the supervising administrator for approval in order to request payment. The purchase order will then be routed electronically to the accounting assistant to ensure that adequate documentation is provided and payment is allowable in accordance with board policies. The Business Manager will review purchase orders for proper coding and authorize the payment.

## Petty Cash Procedures

Employees who incur a small reimbursable expense, up to \$10, can be reimbursed from the petty cash account at some office locations. An original itemized receipt is required along with employee name, date, purpose of the expenditure, and the budget to which it should be charged. Office assistants who need to replenish petty cash accounts must complete a petty cash reconciliation form to determine the amount of

reimbursement to request. The office assistant will create a purchase order, attach all receipts, and route the purchase order electronically to the supervisor for approval. The supervisor will review the purchase order and approve or reject the PO for payment. The PO is then routed to the accounting assistant, who will verify that appropriate documentation is attached and expenses are in accordance with board policies. The Business Manager will review the purchase order, check the coding, and approve for payment.

## Credit Card Purchasing Procedures

[DISTRICT] allows only certain purchases to be made using the P-card (purchasing credit card). Allowable purchases for business use include supplies, travel (as permitted by the [DISTRICT] travel policy), dues, subscriptions, computer hardware and software, meeting expenses, maintenance contracts, and employment ads. Prohibited purchases include cash advances, wire transfers, or money orders, personal purchases, alcohol, donations, parking tickets, and vehicles maintenance, gas, and oil. The cardholder is responsible for maintaining adequate itemized receipts for goods and services purchased with the P-Card. The cardholder must contact the vendor directly to resolve any discrepancies or incomplete orders. The documentation retained should include original sales receipts and original credit card transaction receipts. Any incorrect charges, duplicate transactions or missing credits must be addressed directly between the cardholder and the vendor. Payment of the P-card balance will be withdrawn from the [DISTRICT] bank account for the monthly transactions on the 3<sup>rd</sup> of each month. By the 10<sup>th</sup> of each month, cardholders must create a purchase order, attach a copy of the credit card statement and all corresponding receipts, and route it to the supervisor for approval. The supervisor will review the purchase order and approve or reject the PO for payment. The PO is then routed to the accounting assistant, who will verify that appropriate documentation is attached and expenses are in accordance with board policies. The Business Manager will review the purchase order, check the coding, and approve for internal processing.

Any questions regarding any of these guidelines and procedures should be directed to the Business Manager.