

TABLE OF CONTENTS
D--FISCAL MANAGEMENT

DA Goals and Objectives

DB Budget Planning

DC Annual Operating Budget

Budget Forms

Priorities

Deadlines and Schedules

Encumbrances

Recommendations

Preliminary Adoption Procedures

Hearings and Reviews

DE.....Fraud Prevention and Investigation

DFAAGrants and other Outside Financial Resources

DFAC.....Federal Fiscal Compliance (See CMA, CN, DFAA, DFAB)

Time and Effort Reporting by Employees

Recordkeeping

Subrecipient Monitoring

Compliance Violations

Accompanying Procedures

DFE.....Investment of Funds

DFK Gifts and Bequests

DFM..... Equipment and Supplies Sales (See KK)

DG..... Bank Depository

DH..... Bonded Employees

DIC Inventories

DJB Petty Cash Accounts

Resolution to Establish Petty Cash Fund

DJE Purchasing

Purchasing Authority

DJEB Quality Control

Specifications

Standardization

Quantity Purchasing

Cost Control

DJED Bids and Quotations Requirements

Bid Specifications

Procedure

Responsible Bidder

Withdrawal of Bids

Rejection of Bids

Multi-State Purchasing Pools

DA Goals and Objectives

DA

The board shall adhere to strict fiscal accounting procedures as outlined in board policies and rules. The board shall make an effort to secure goods and services from responsible merchants and vendors at a price and quality that will enable the staff to fulfill the service center's educational goals.

Approved: 2/21/07

A planned, systematically prepared budget is essential in the management of the interlocal. The board delegates to the director the authority to develop a budget for the board's consideration.

Approved: 2/21/07

The service center budget shall be prepared by the executive director in cooperation with selected service center employees and shall reflect the service center's educational goals.

The executive director shall follow the adopted budget.

The service center shall fund the operating budget according to approved fiscal and budgetary procedures required by the State of Kansas.

Budget Forms

Budget forms used shall be those prepared and recommended by the Kansas State Department of Education. Budget summary documents shall be prepared on forms provided by the Kansas State Department of Education.

Priorities

The board will establish priorities for the service center on a short-term, intermediate, and long-range basis.

Deadlines and Schedules

Deadlines and time schedules shall be established by the board.

Encumbrances

An encumbrance shall be made when a purchase is made or when an approved purchase order is processed. All encumbrances shall be charged to a specific fund. All necessary encumbrances shall be made by the executive director.

Recommendations

Recommendations of the executive director and professional staff concerning the service center's budget allocations will be presented to the board prior to submission of the tentative draft budget.

Hearings and Reviews

The board shall conduct budget hearings according to state law.

Management of District Assets/Accounts

The executive director shall establish and maintain accurate, financial management systems to meet the service center's fiscal obligations, produce useful information for financial reports, and safeguard service center resources. The executive director shall ensure the district's accounting system provides ongoing internal controls. The executive director shall review the accounting system with the board.

KASB Recommendation-7/03; 4/07; 6/07; 6/09; 6/15; 6/18
Keystone Approved: 2/21/07; 6/18; 6/21

DE Fraud Prevention and Investigation

DE

All employees, board members, consultants, vendors, contractors, and other parties maintaining a business relationship with the district shall act with due diligence in duties involving the district's fiscal resources. The superintendent shall develop internal controls that aid in the prevention and detection of fraud, financial impropriety, or irregularity.

Reporting Fraud

An employee who suspects fraud, impropriety, or irregularity shall promptly report those suspicions to the immediate supervisor and/or the superintendent. If the superintendent is the subject of the complaint, reports shall be made to the board president or the board's legal counsel. The superintendent shall generally have primary responsibility for any investigations, in coordination with legal counsel and other internal or external departments and agencies as appropriate. If the superintendent is the subject of the report of fraud, impropriety, or irregularity, the board shall retain control over the investigation or may designate its legal counsel or another investigator to act on behalf of the board in investigating the matter and reporting any findings back to the board.

Whistleblowers

The district encourages complaints, reports, or inquiries about illegal practices or violations of district policies, including illegal or improper conduct by the district, its leadership, or by others on its behalf. Reports may include, but not be limited to, financial improprieties, accounting, or audit matters, ethical violations, or other similar illegal or improper practices or policies. The district prohibits retaliation by or on behalf of the district against staff members who make good faith complaints, reports, or inquiries under this policy or for participations in a review or investigation under this policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. The district reserves the right to discipline persons who make bad faith, knowingly false, or vexatious complaints, reports, or inquiries or who otherwise abuse this policy.

Complaints, reports, or inquiries may be made under this policy on a confidential or anonymous basis. They should describe in detail the specific facts demonstrating the bases for the complaints, reports, or inquiries. They should be directed to the superintendent unless otherwise provided above. If the superintendent is implicated in the complaint, report, or inquiry, it should be directed to the board or its legal counsel. The district will conduct a prompt, review or investigation. The district may be unable to fully evaluate a vague or general complaint, report, or inquiry that is made anonymously.

KASB Recommendation - 6/18
Keystone Approved – 6/18

DFAA Grants and Other Outside Financial Resources

DFAA

The board encourages the director to secure federal, state and private grants, or other alternative funding sources for use in curriculum development, staff development, instructional or activity programs and other areas as directed by the board.

The board shall approve all grant applications in excess of \$10,000 before their submission.

Approved: 2/21/07

DFAC Federal Fiscal Compliance (See CMA, CN, DFAA, and DFAB) DFAC

The board shall ensure federal funds received by the service center are administered in accordance with federal requirements, including but not limited to the federal Uniform Grant Guidance. This policy outlines the service center's responsibilities when federal funding is considered. The board designates the Executive Director as the federal programs coordinator and service center contact for all federal programs and funding.

The Business Manager shall establish and maintain a sound fiscal management system to include internal controls and federal grant management standards covering the receipt of both direct and state-administered federal grants and to track costs and expenditures of funds associated with grant awards. The Executive Director, to assist in the proper administration of federal funds and implementation of this policy, may recommend additional procedures and regulations be adopted to supplement this policy.

The service center's fiscal management system shall be designed with strong internal controls, a high level of transparency and accountability, and documented procedures to ensure that all fiscal management system requirements are met. Fiscal management standards and procedures shall assure that the following responsibilities are fulfilled:

- Identification – The service center must identify, in its accounts, all federal awards received and expended and the federal programs under which they were received.
- Financial Reporting – Accurate, current, and complete disclosure of the financial results of each federal award or program must be made in accordance with the financial reporting requirements of the Education Department General Administrative Regulations (EDGAR).
- Accounting Records – The service center must maintain records which adequately identify the source and application of funds provided for federally-assisted activities.
- Internal Controls – Effective control and accountability must be maintained for all federal funds, real and personal property purchased therewith, and other assets acquired with federal funding. The service center must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

DFAC Federal Fiscal Compliance

DFAC-2

- Budget Control – Actual expenditures or outlays must be compared with budgeted amounts for each federal award. Procedures shall be developed to establish determination for allowability of costs for federal funds.
- Cash Management – The service center shall maintain written procedures to implement the cash management requirements found in EDGAR.
- Allowability of Costs – The service center shall ensure that allowability of all costs charged to each federal award is accurately determined and documented.

Time and Effort Reporting by Employees

All service center employees paid with federal funds shall document the time they expend in work performed in support of each federal program, in accordance with law. Time and effort reporting requirements do not apply to contracted individuals.

Recordkeeping

The service center shall develop and maintain a records management plan and related board policy, administrative regulations, and/or procedures for the retention, retrieval, and disposition of print and electronic records, including emails.

The service center shall ensure the proper maintenance of federal fiscal records documenting:

- Amount of federal funds,
- How funds are used,
- Total cost of each project,
- Share of total cost of each project provided from other sources,
- Other records to facilitate an effective audit,
- Other records to show compliance with federal program requirements, and
- Significant project experiences and results.

All records must be retrievable and available for programmatic or financial audit.

The service center shall provide the federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, the right of access to any documents, papers, or other service center records which are pertinent to the federal award.

The service center shall also permit timely and reasonable access to the service center's personnel for interview and discussion related to such documents.

Records shall be retained for a minimum of three (3) years from the date on which the final Financial Status Report is submitted, or as otherwise specified in federal law or in the requirements of the federal award, unless a written extension is provided by the awarding agency, cognizant agency for audit, oversight agency for audit, or cognizant agency for indirect costs. If any litigation, claim or audit is started before the expiration of the standard record retention period, the records shall be retained until all litigation, claims or audits have been resolved and final action has been taken.

The service center shall ensure that all personally identifiable data protected by statute or regulation is handled in accordance with the requirements of applicable law, regulations, board policy, administrative regulations, and procedures.

Subrecipient Monitoring

If the service center awards subgrants, the service center shall establish procedures to:

- Assess the risk of noncompliance.
- Monitor grant subrecipients to ensure compliance with federal, state, and local laws and board policy, regulations, and procedures.
- Ensure the service center's records are adjusted to cure recordkeeping issues discovered through the subrecipient's audits, on-site reviews, or other monitoring.

Compliance Violations

Employees and contractors involved in federally funded programs and subrecipients shall be made aware that failure to comply with federal law, regulations, or terms and conditions of a federal award may result in the federal awarding agency or pass-through entity imposing additional conditions or terminating the award in whole or in part.

KASB Recommendation – 6/17

Keystone Board Approved—6/2017

DFAC ALLOWABILITY OF COSTS – FEDERAL PROGRAMS

(Procedure)

Allowability of Costs – Federal Programs

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

Delegation of Responsibility

When determining how the school service center will spend its grant funds, the { } *Executive Director* { } *Business Manager* { } *Federal Programs Coordinator* 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.

Allowability Determinations

All costs supported by federal education funds must meet the standards outlined in EDGAR, 2 CFR Part 3474 and 2 CFR Part 200, Subpart E, which are listed below. The { } *Executive Director* { } *Business Manager* { } *Federal Programs Coordinator* must consider these factors when making an allowability determination. A section entitled, *Helpful Questions for Determining Whether Costs are Allowable*, is located at the end of this document.

Part 200 sets forth general cost guidelines that must be considered, as well as rules for specific types of items, both of which must be considered when determining whether a cost is an allowable expenditure of federal funds. The expenditure must also be allowable under the applicable program statute (e.g., Title I of the Elementary and Secondary Education Act (ESEA), or the Carl D. Perkins Career and Technical Education Act (Perkins)), along with accompanying program regulations, nonregulatory guidance, and grant award notifications.

Restrictions in state and local rules or policy also must be considered. For example, travel and other job-related expenses incurred by employees are not allowable unless they also are in compliance with board policy GAN, administrative regulations, and related procedures.

Whichever allowability requirements are stricter will govern whether a cost is allowable.

General allowability determination factors include the following:

1. **Be Necessary and Reasonable for the performance of the federal award.** A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, **reasonable** means that sound business practices were followed, and purchases were comparable to market prices.

When determining reasonableness of a cost, consideration must be given to:

- Whether the cost is a type generally recognized as ordinary and necessary for the operation of the service center or the proper and efficient performance of the federal award.
- The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state and other laws and regulations; and terms and conditions of the federal award.

- Market prices for comparable goods or services for the geographic area.
- Whether the individual incurring the cost acted with prudence in the circumstances considering responsibilities to the service center, its employees, its students, the public at large, and the federal government.
- Whether the service center significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost. (2 CFR Sec. 200.404)

Whether a cost is **necessary** will be determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the service center can demonstrate that the cost addresses an existing need, and can prove it. For example, the school entity may deem a language skills software program necessary for a limited English proficiency program.

When determining whether a cost is necessary, consideration may be given to:

- Whether the cost is needed for the proper and efficient performance of the federal award program.
 - Whether the cost is identified in the approved budget or application.
 - Whether there is an educational benefit associated with the cost.
 - Whether the cost aligns with identified needs based on results and findings from a needs assessment.
 - Whether the cost addresses program goals and objectives and is based on program data.
2. **Allocable to the federal award.** A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. (2 CFR Sec. 200.405)

For example, if fifty percent (50%) of a teacher's salary is paid with grant funds, then that teacher must spend at least fifty percent (50%) of his/her time on the grant program.

3. **Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the school entity.**
4. **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.**
5. **Consistent treatment.** A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
6. **Adequately documented.** All expenditures must be properly documented.
7. **Be calculated in accordance with generally accepted accounting principles (GAAP), unless provided otherwise in Part 200.**

8. **Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.** Some federal program statutes require the nonfederal entity to contribute a certain amount of nonfederal resources to be eligible for the federal program.
9. **Be the net of all applicable credits.** The term “applicable credits” refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the state relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. (2 CFR Sec. 200.406)

Selected Items of Cost

Subpart E of Part 200 sets forth principles to be applied in establishing the allowability of fifty-five (55) specific cost items (commonly referred to as Selected Items of Cost), at 2 CFR Sec. 200.420-200.475. These specific cost items are listed in the chart below along with the citation to the section of Subpart E addressing the allowability of that item. These principles are in addition to the other general allowability standards, and apply whether or not a particular item of cost is properly treated as direct cost or indirect (F&A) cost. Meeting the specific criteria for a listed item does not by itself mean the cost is allowable, as it may be unallowable under other standards or for other reasons, such as restrictions contained in the terms and conditions of a particular grant or restrictions established by the state or in Board policy. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

School service center employees responsible for spending federal grant funds and for determining allowability must be familiar with and refer to the Part 200 selected items of cost section. These rules must be followed when charging these specific expenditures to a federal grant. When applicable, employees must check costs against the selected items of cost requirements to ensure the cost is allowable and also check state, service center, and program-specific rules.

The selected item of cost addressed in Part 200 includes the following (in alphabetical order):

Item of Cost	Citation of Allowability Rule
Advertising and public relations costs	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427
Collection of improper payments	2 CFR § 200.428
Commencement and convocation costs	2 CFR § 200.429
Compensation – personal services	2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437
Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439

Exchange rates	2 CFR § 200.440
Fines, penalties, damages and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444
Goods and services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459
Proposal costs	2 CFR § 200.460
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463
Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465
Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Termination costs	2 CFR § 200.471
Training and education costs	2 CFR § 200.472
Transportation costs	2 CFR § 200.473
Travel costs	2 CFR § 200.474
Trustees	2 CFR § 200.475

Helpful Questions for Determining Whether Costs are Allowable -

In addition to applying the cost principles and standards described above, service center staff involved in expending federal funds should ask the following questions when assessing the allowability of a particular cost:

1. Is the proposed cost allowable under the relevant program?
2. Is the proposed cost consistent with an approved program plan and budget?
3. Is the proposed cost consistent with program specific fiscal rules? For example, the school entity may be required to use federal funds only to supplement the amount of funds available from nonfederal

(and possibly other federal) sources, or only as a match for funds from nonfederal sources.

4. Is the proposed cost consistent with EDGAR?
5. Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?
6. Is the proposed cost consistent with the underlying needs of the program? For example, program funds must benefit the appropriate population of students for which they are allocated. This means that, for instance, funds allocated under Title III of the Elementary and Secondary Education Act (ESEA) governing language instruction programs for Limited English Proficient (LEP) students must only be spent on LEP students and cannot be used to benefit non-LEP students.
7. Will the cost be targeted at addressing specific areas of weakness that are the focus of the program, as indicated by available data?

Any questions related to specific costs should be forwarded to the { } *Executive Director* { } *Business Manager* { } *Federal Programs Coordinator* who shall consult with the board's legal counsel for clarification as appropriate.

DFAC CASH MANAGEMENT – FEDERAL PROGRAMS

(Procedure)

Cash Management – Federal Programs

Generally, the school service center receives payment of federal funds from the Kansas State Department of Education (KSDE) on a reimbursement basis. In some circumstances, the service center may receive an advance of federal grant funds. This procedure addresses responsibilities of the service center and service center staff under those alternative payment methods. In either case, the service center shall maintain accounting methods and internal controls and procedures that assure those responsibilities are met when dealing with federal funding.

Payment Methods

Reimbursements -

The school service center will initially charge federal grant expenditures to nonfederal funds.

The { } *Executive Director* { } *Business Manager* { } *Federal Programs Coordinator* will request reimbursement for actual expenditures incurred under the federal grants { } *monthly* { } *quarterly*. Such requests shall be submitted with appropriate documentation and signed by the requestor.

Requests for reimbursements will be approved by the { } *Executive Director* { } *Business Manager* { } *Federal Programs Coordinator*.

Reimbursement will be submitted on the appropriate form to the KSDE portal. All reimbursements are based on actual disbursements, not on obligations. KSDE will process reimbursement requests within the timeframes required for disbursement.

Consistent with state and federal requirements, the school service center will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for KSDE to review upon request.

Reimbursements of actual expenditures do not involve interest calculations.

Advances -

When the service center receives advance payments of federal grant funds, it must minimize the time elapsing between the transfer of funds to the service center and the expenditure of those funds on allowable costs of the applicable federal program. (2 CFR Sec. 200.305(b)) The service center shall attempt to expend all advances of federal funds within seventy-two (72) hours of receipt.

When applicable, the service center shall use existing resources available within a program before requesting additional advances. Such resources include program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds. (2 CFR Sec. 305(b)(5))

The service center shall hold federal advance payments in insured, interest-bearing accounts.

The service center is permitted to retain for administrative expense up to \$500 per year of interest earned on federal grant cash balances. Regardless of the federal awarding agency, interest earnings exceeding \$500 per year shall be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. (2 CFR Sec. 200.305(b)(9))

Pursuant to federal guidelines, interest earnings shall be calculated from the date that the federal funds are drawn down from the G5 system until the date on which those funds are disbursed by the service center. Consistent with state guidelines, interest accruing on total federal grant cash balances shall be calculated on cash balances per grant and applying the actual or average interest rate earned.

Remittance of interest shall be responsibility of the { } *Executive Director* { } *Business Manager* { } *Federal Programs Coordinator*.

DFAC PROCUREMENT – FEDERAL PROGRAM

Grant Subrecipient Monitoring Procedures – Federal Programs

In the event the service center disperses federal funds received through a federal award to other entities and assigns responsibilities to the outside entity to conduct a portion of the work, the service center shall be responsible for determining, on a case-by-case basis, whether the agreement with such entity places the outside entity in the role of a subrecipient receiving a subaward of federal funding, or the role of a contractor.

If the service center grants subawards of federal funding to other entities as subrecipients, the service center shall be responsible for:

1. Evaluating the entity for risk of noncompliance to determine appropriate monitoring practices.
2. Monitoring the subrecipient entity’s implementation to ensure compliance with federal, state, and local laws, conditions of the federal funding award, and board policy and procedures.
3. Notifying the subrecipient entity of identified deficiencies found during the monitoring process and ensuring that identified deficiencies are corrected.
4. Documenting and retaining records on subrecipient identification, notification, evaluation, monitoring, and corrective actions taken.

Definitions

For purposes of policies and procedures related to federal programs, the following definitions shall apply:

Contract – 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 here does not include a legal instrument, even if the entity considers it a contract, when the substance of the transaction meets the definition of a federal program award or subaward. (2 CFR 200.22)

Contractor – an entity that receives a contract, as defined in law and regulations, by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award. (2 CFR 200.23)

Pass-through entity – a non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program. The service center serves as the pass-through entity in cases where it awards federal funding to a subrecipient as defined in this procedure. (2 CFR 200.74)

Subaward – an award provided by a pass-through entity to a subrecipient in order to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract. (2 CFR 200.92)

Subrecipient – a non-federal entity that receives a subaward to carry out part of a federal program; but does not include an individual that is a beneficiary of such program. (A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.) (2 CFR 200.93)

Subrecipient Versus Contractor

The service center must determine, on a case-by-case basis, whether an entity receiving funds from the service center as part of a federal funding program serves in a role of subrecipient or contractor. (2 CFR 200.330)

The { } *Executive Director* { } *Federal Programs Coordinator* { } *Business Manager* { } *other* _____ shall be responsible for analyzing the criteria listed in the chart below and evaluating the relationship with the entity based on the substance of the legal agreement, rather than the form of the agreement. The _____ may consult with the board’s legal counsel or other qualified counsel in making such determination.

Subrecipient	Contractor
Creates a Federal assistance relationship	Purpose is to obtain goods and services for the non-Federal entity’s own use and creates a procurement relationship
Determines who is eligible to receive what Federal	Provides the goods and services within normal

DFAC PROCUREMENT – FEDERAL PROGRAM

assistance	business operations
Has its performance measured in relation to whether objectives of a Federal program were met	Provides similar goods or services to many different purchasers
Has responsibility for programmatic decision making	Normally operates in a competitive environment
Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and	Provides goods or services that are ancillary to the operation of the Federal program; and
In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity (PTE)	Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons

*chart provided by © American Institute of CPAs (AICPA)

The service center shall notify subrecipients that they have been identified as a subrecipient and that the funding qualifies as a subaward. The service center shall provide the subrecipient with the following information as specified at 2 CFR Sec. 200.331(a) regarding the federal funding award, and any subsequent changes:

1. Federal Award Identification information, including:
 - (i) Subrecipient name (which must match the name associated with its unique entity identifier);
 - (ii) Subrecipient's unique entity identifier;
 - (iii) Federal Award Identification Number (FAIN);
 - (iv) Federal Award Date (see §200.39 federal award date) of award to the recipient by the federal agency;
 - (v) Subaward Period of Performance Start and End Date;
 - (vi) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
 - (vii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation;
 - (viii) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
 - (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 of the pass-through entity;
 - (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 (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs).

DFAC PROCUREMENT – FEDERAL PROGRAM

2. All requirements imposed by the pass-through entity on the subrecipient so that the federal award is used in accordance with federal statutes, regulations and the terms and conditions of the federal award;
3. Any additional requirements that the pass-through entity imposes on the subrecipient for the pass-through entity to meet its own responsibility to the federal awarding agency including identification of any required financial and performance reports;
4. An approved federally recognized indirect cost rate negotiated between the subrecipient and the federal government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in §200.414 Indirect (F&A) costs, paragraph (f);
5. A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and
6. Appropriate terms and conditions concerning closeout of the subaward.

Evaluation of Risk

The service center shall evaluate each subrecipient's risk of noncompliance with law, regulations and the terms and conditions of the subaward to determine appropriate monitoring practices. (2 CFR 200.331)

The { } *Executive Director* { } *Federal Programs Coordinator* { } *Business Manager* { } *other* _____ or designee shall be responsible for evaluating risk based on the following factors:

1. The subrecipient's prior experience with the same or similar subawards;
2. The results of previous audits, including whether the subrecipient receives a single audit and the extent to which the same or similar subaward has been audited;
3. Whether the subrecipient has new personnel, or new or substantially changed systems and processes;
4. The extent and results of any federal award agency's monitoring of the subrecipient.

The _____ or designee shall request adequate documentation from the subrecipient to conduct the evaluation of risk; such documentation may include, but may not be limited to { } *audit reports* { } *financial reports* { } *policies and procedures* { } *detailed descriptions or users' guides of current systems and processes*.

The service center shall evaluate subrecipients for risk of noncompliance { } *annually* { } *as specified in the legal agreement or contract*.

Based on the results of the risk evaluation, the service center may consider imposing specific conditions on implementation of the subaward, in accordance with applicable law and regulations. (2 CFR 200.207, 200.331)

Monitoring

The service center shall monitor the implementation and activities of each subrecipient as necessary to ensure that the subaward is used for authorized purposes, in accordance with law, regulations and the terms and conditions of the subaward. The service center shall notify subrecipients of monitoring requirements, and may provide technical assistance to subrecipients in complying with monitoring requirements.

As part of the monitoring process, the service center shall complete the following steps: (2 CFR 200.331)

1. Review financial and performance reports required by the service center.
2. Follow-up and ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the subaward detected during monitoring through audits, on-site reviews and other

DFAC PROCUREMENT – FEDERAL PROGRAM

means.

3. Issue a management decision for audit findings pertaining to the subaward provided to the subrecipient, in accordance with applicable law and regulations. (2 CFR 200.521)

Monitoring –

The { } Executive Director { } Federal Programs Coordinator { } Business Manager { } other _____ or designee shall be responsible for monitoring of subrecipients. Monitoring activities may include, but shall not be limited to:

1. Review of progress reports, financial reports and data quality.
2. On-site visits.
3. Review of federal or state debarment lists.
4. Review of other agreed-upon procedures specified in the legal agreement or contract. (2 CFR 200.425)

The service center shall verify that subrecipients are audited as required by applicable law and regulations. (2 CFR 200.331, 2 CFR 200.500-200.521)

Follow-Up Actions –

The _____ or designee shall provide subrecipients with written documentation detailing their monitoring results and listing any identified deficiencies. The service center shall consider whether the results of monitoring indicate the need to revise existing service center policy and procedures. (2 CFR 200.331)

The service center shall require subrecipients to take immediate action on issues involving ineligible or illegal use of federal funding, and notify the service center of corrective action taken.

The service center shall require subrecipients to develop a corrective action plan to address other identified deficiencies or noncompliance issues; such plan shall be submitted to the service center { } within 60 days { } as soon as possible { } as specified in the agreed-upon procedures, and the service center shall evaluate and monitor the activities taken by the subrecipient under the corrective action plan. The service center may provide technical assistance and/or training to subrecipients in complying with corrective action requirements.

The _____ or designee shall maintain all documentation on monitoring of subrecipients and corrective action taken during the monitoring process.

The service center shall report issues of noncompliance to the appropriate federal agency where required by law, regulations, or requirements of the federal funding program.

Remedies for Noncompliance –

When monitoring activities identify issues of noncompliance that are not addressed through corrective action, the service center may take the following actions: (2 CFR 200.331, 200.338)

1. Impose specific conditions on the subrecipient, in accordance with applicable law and regulations. (2 CFR 200.207)
2. Temporarily withhold cash payments, in accordance with applicable law and regulations.
3. Disallow or deny use of funds for all or part of the cost of the activity or action not in compliance.
4. Wholly or partially suspend or terminate the agreement for the federal award.
5. Recommend that the federal agency initiate suspension and debarment proceedings.
6. Withhold further awards or agreements for the project or program.

DFAC PROCUREMENT – FEDERAL PROGRAM

7. Take other remedies legally available, in consultation with the school solicitor or other qualified counsel.

Record Retention

The { } Executive Director { } Federal Programs Coordinator { } Business Manager { } other _____ shall ensure that all documentation regarding subrecipient identification, notification, evaluation, monitoring activities, and corrective action is maintained in accordance with board policy and regulations.

Records shall be retained in accordance with applicable law, regulations, specific requirements of the federal program, and the service center’s policies and regulations. (2 CFR 200.333-200.337)

Procurement – Federal Programs

This document is intended to integrate standard service center purchasing procedures with additional requirements applicable to procurements that are subject to the federal Uniform Grant Guidance regulations concerning the use of federal funds and/or U.S. Department of Agriculture (USDA) regulations governing school food service programs. The service center maintains the following purchasing procedures, in accordance with federal and state laws, regulations, and board policy to aid in making purchases with federal funds. (2 CFR 200.318-200.325; 7 CFR 210.16, 210.19, 210.21, 215.14a, 220.16; K.S.A. 72-1151; board policies DFAB, DFAC, DJE, DJEB, DJED, DJEE, DJEF, DJEG, DJEJ, DJFA, and DJFAB)

2017 Procurement Thresholds		
Kansas Bid Threshold	\$20,000	For construction, reconstruction or remodeling or for the purchase of materials, goods or wares
Federal Micro-Purchase Threshold	\$10,000	Adjusted periodically and published in Federal Register (48 CFR Subpart 2.1)
Federal Simplified Acquisition Threshold	\$250,000	Adjusted periodically and published in Federal Register (48 CFR Subpart 2.1)

*Please review this Procurement attachment annually and update amounts accordingly

Responsibility for Purchasing

The board has outlined standard service center purchasing responsibility, methods of purchasing, price quotations and bid, requirements in the following board policies and their accompanying administrative regulations and/or procedures:

- DFAB: Standard of Conduct for Federally Funded Contracts
- DFAC: Federal Fiscal Compliance
- DJE: Purchasing
- DJEB: Quality Control
- DJED: Bids and Quotations Requirements
- DJEE: Local Purchasing
- DJEF: Requisitions
- DJEG: Purchase Orders and Contracts
- DJEJ: Payment Procedures
- DJFA: Purchasing Authority
- DJFAB: Administrative Leeway

Purchase Methods

When a request for expenses for construction, reconstruction, or remodeling or for the purchase of materials, goods, or wares has been submitted and approved as outlined below, the procurement method to be used will be determined based on the type of purchase and the total cost of the purchase as further outlined below. This

DFAC PROCUREMENT – FEDERAL PROGRAM

procedure outlines how the cost thresholds for determining when the quote or formal bidding procedures that are required by state law as reflected in Policy DJED must be modified when making purchases for federally funded purposes to which the Uniform Grant Guidance or USDA regulations apply to comply with both state and federal requirements. At each point where requirements for food service-related procurement under USDA regulations differ, a note will refer to the Food Service Program Notes at the end of this procedure. Final determination of which purchasing procedures are to be applied is delegated to the { } *Purchasing Agent* { } *Executive Director* { } *Business Manager* under the authority of the Board.

Standard Procurement Documents and Purchase Request Process

The service center shall use { } *purchase orders* { } *requisitions* for purchase requests in accordance with the applicable purchase method.

The service center shall use { } *paper* { } *electronic* purchasing records, which are pre-numbered and are accessible to designated purchasing staff in { } *the service center office* { } *the business office* { } *Purchasing Agent's office* { } *Other* _____.

Purchase requests by an employee must be submitted to the building administrator or immediate supervisor. Purchase of all budgeted items or items approved by an administrator or supervisor must be initiated by use of a purchase order or requisition submitted to the purchasing agent.

Purchase orders and requisitions shall contain information including, but not necessarily limited to:

1. Description of the services to be performed or goods to be purchased;
2. Location of where services will be performed or goods will be delivered;
3. Appropriate dates of service or delivery;
4. { } Other (describe) _____.

Documentation on purchase orders and requisitions shall be maintained in accordance with the service center's Public Records policy (CN) and Federal Fiscal Compliance policy (DFAC).

Contracts shall be reviewed by the { } *Board Clerk* { } *Business Manager* { } *Executive Director* { } *Board's Attorney* prior to submission to the board for approval.

Contracts to which the Uniform Grant Guidance apply shall contain the clauses specified in Appendix II to 2 CFR Part 200 (Contract Provisions for Non-Federal Entity Contracts Under Federal Awards), when applicable.

[See Food Service Program Notes below for specific clauses required by USDA regulations to be included in cost reimbursable procurement contracts.]

Micro-Purchases Not Requiring Quotes or Bidding

For purposes of this procedure, **micro-purchase** means a purchase of supplies or services for use in federally funded programs using simplified acquisition procedures, the aggregate amount of which does not exceed a base amount of \$10,000. The micro-purchase dollar threshold is adjusted periodically by the federal government, and the threshold most recently established and published in the Federal Register shall apply if other than \$10,000.(48 CFR Subpart 2.1)

Note: The micro-purchase maximum for federal purposes is lower than the amount below which the Policy DJED allows purchase for nonfederal purposes to be made without using formal competitive bidding.

DFAC PROCUREMENT – FEDERAL PROGRAM

The micro-purchase method is used to expedite the completion of its lowest dollar small purchase transactions and minimize the associated administrative burden and cost. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.

To the extent practicable, the service center distributes micro-purchases equitably among qualified suppliers when the same or materially interchangeable products are identified and such suppliers offer effectively equivalent rates, prices, and other terms. The { } *Executive Director* { } *Business Manager* { } *Purchasing Agent* { } *Board Clerk* { } *Board Treasurer* will be responsible to determine the equitable distribution of micro-purchases.

Micro-purchases may be awarded without soliciting competitive quotations if the service center considers the price to be reasonable. The service center will maintain evidence of this reasonableness in the records of all micro-purchases. **Reasonable** means that sound business practices were followed, and the purchase is comparable to market prices for the geographic area. Such determinations of reasonableness may include comparison of the price to previous purchases of the same item or comparison of the price of items similar to the item being purchased.

Even if the cost of a purchase qualifies it as a micro-purchase, bidding or small purchase procedures may be used optionally when those procedures may result in cost savings.

Small Purchase Procedures

For purposes of this procedure, **small purchase procedures** are those relatively simple and informal procurement methods for securing materials, goods, or wares or for completing construction, reconstruction, or remodeling that cost more than the amount qualifying as a micro-purchase and do not cost \$20,000 or more, or in the case of services other than construction, reconstruction or remodeling, where the total cost does not exceed the \$250,000 federal Simplified Acquisition Threshold at which formal competitive bidding or competitive proposals are required. Small purchase procedures cannot be used for construction, reconstruction or remodeling costing \$20,000 or more or for the purchase of materials, goods or wares costing \$20,000 or more because the board policy and Kansas law requires formal competitive bidding at that level of cost.

The base amount at which bidding is required under state law for construction, reconstruction or remodeling or for the purchase of materials, goods or wares is \$20,000. (K.S.A. 72-1151)

The federal Simplified Acquisition Threshold at which competitive bidding or competitive proposals are required is adjusted periodically by the federal government, and the threshold most recently established and published in the Federal Register shall apply if other than \$250,000. (48 CFR Subpart 2.1)

Because state law does not require **competitive** bidding for the purchase of services other than for construction, reconstruction or remodeling with a cost in excess of \$20,000, small purchase procedures, including a request for proposal (RFP) procedure, may be used for procurement of such other services except when the estimated total cost will be at or over the federal threshold at which formal competitive bidding or competitive proposals are required (\$250,000).

[See Food Service Program Notes below for exemption from bidding for purchases of perishable food items costing less than \$250,000.]

Formal Competitive Bidding

Publicly Solicited Sealed Competitive Bids:

For construction, reconstruction, or remodeling or for the purchase of materials, goods or

DFAC PROCUREMENT – FEDERAL PROGRAM

wares, sealed competitive bids are publicly solicited and awarded to the lowest responsible bidder as provided in Policy DJED when the total cost is estimated to be \$20,000 or more.

Note: The amount at which formal competitive bidding or competitive proposals are required by federal regulations is much higher than the base amount at which the policy and state law requires competitive bidding. Therefore, the lower base amount specified by Policy DJED will be used for purchases of equipment or supplies, or for obtaining services for construction, reconstruction or remodeling costing \$20,000 or more.

State law does not require bidding for the purchase of services other than for construction, reconstruction or remodeling regardless of total cost. For procurement of such other services for federally funded purposes to which the Uniform Grant Guidance applies, formal competitive bidding or competitive proposals will be used when the estimated total cost will be at or over the federal threshold of \$250,000.

The federal Simplified Acquisition Threshold at which competitive bidding or competitive proposals are required is adjusted periodically by the federal government, and the threshold most recently established and published in the Federal Register shall apply if other than \$250,000. (48 CFR Subpart 2.1)

For procurement of services costing at or over the \$250,000 federal threshold other than for construction, reconstruction or remodeling, the use of competitive sealed bidding is considered feasible and appropriate when:

1. A complete, adequate, and realistic specification or purchase description is available;
2. Two (2) or more responsible bidders are willing and able to compete effectively for the business; and
3. The procurement lends itself to a firm fixed-price contract, and the selection of the successful bidder can be made principally on the basis of price.

Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Any or all bids may be rejected if there is a sound documented reason.

[See Food Service Program Notes below for reference to state requirements regarding contracts with food service management companies and contractors of pre-plated meals.]

Competitive Proposals

State law does not require public school entities to solicit competitive bids for services other than for construction, reconstruction or remodeling, for which competitive bidding is required if the cost will be a base amount of \$20,000 or more.

Federal regulations allow the use of competitive proposals as an alternative to formal competitive bidding when conditions are not appropriate for the use of sealed bids.

In the case of services other than for construction, reconstruction or remodeling costing less than that threshold, the service center may use small purchase procedures or micro-purchase procedures as applicable based on total cost. A request for proposal (RFP) process can also meet or exceed the small purchase competition requirements under state law and Policy DJED for the acquisition of services other than for construction, reconstruction or remodeling, and can be used if the total cost will be less than \$250,000.

When permitted, the technique of competitive proposals is normally conducted with more than one (1) source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. Competitors' qualifications are evaluated, and the most qualified competitor is selected, subject to negotiation of fair and

DFAC PROCUREMENT – FEDERAL PROGRAM

reasonable compensation. The service center shall comply with other applicable state and federal law and regulations, board policy and administrative regulations or procedures regarding purchasing; the service center may consult with the school solicitor or other qualified counsel in determining the required process for purchasing through competitive proposals when necessary.

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. Any response to publicized requests for proposals must be considered to the maximum extent practical.
2. Proposals must be solicited from an adequate number of qualified sources.
3. There must be 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.
5. Competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified is selected, subject to negotiation of fair and reasonable compensation, are allowed. The method where price is not used as a selection factor can only be used in procurement of A/E professional services and cannot be used to purchase other services through A/E firms.

Competitive proposals shall be evaluated by the { } *Executive Director* { } *Business Manager* { } *Federal Programs Coordinator* based on factors including but not limited to:

1. Cost.

{ } *Experience of contractor.*

{ } *Availability.*

{ } *Personnel qualifications.*

{ } *Financial stability.*

{ } *Minority business, women's business enterprise, or labor surplus area firm status.*

{ } *Project management expertise.*

{ } *Understanding of service center needs.*

{ } *Other* _____.

Evaluations shall be completed in a timely manner, documented and shall be reviewed by the { } *Board* { } *Executive Director* { } *Business Manager* { } *Federal Programs Coordinator* { } *school solicitor.*

Contract/Price Analysis

The service center performs a cost or price analysis in connection with every procurement action in excess of \$250,000, including contract modifications. (2 CFR Sec. 200.323(a)).

DFAC PROCUREMENT – FEDERAL PROGRAM

A **cost analysis** generally means evaluating the separate cost elements that make up the total price, while a **price analysis** means evaluating the total price, without looking at the individual cost elements.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the { } *Executive Director* { } *Business Manager* { } *Federal Programs Coordinator* must come to an independent estimate prior to receiving bids or proposals. (2 CFR Sec. 200.323(a)). As part of the analysis, the _____ will enact established business practices which may include evaluation of similar prior procurements and a review process.

Negotiated Profit

In any procurement in which there has been no price competition, or in which a cost-analysis is performed, profit must be negotiated separately as an element of price. Accordingly, solicitations of bids, proposals or quotes shall require that bids, proposals or quotes be limited to costs other than profit, and exclude profit.

To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. (2 CFR Sec. 200.323(b)).

When profit must be negotiated as a separate element of the total price, it shall be negotiated by the { } *Executive Director* { } *Business Manager* { } *Federal Programs Coordinator*.

Noncompetitive Proposals (Sole Sourcing)

Procurement by noncompetitive proposals means procurement through solicitation of a proposal from only one (1) source and 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. An **emergency** exists whenever the time required for the board to act in accordance with regular procedures would endanger life or property or threaten continuance of existing school classes.
3. The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the service center.
4. After solicitation of a number of sources, the service center determines the competition is inadequate.

In addition to standard procurement policy and procedures, the service center will document the grounds for using the noncompetitive method in lieu of an otherwise required competitive method of procurement, which may include written confirmation from the contractor as the sole source of the item. Documentation must be submitted to and maintained by the service center office.

All noncompetitive proposals will ultimately be approved by the board. The service center may utilize legal advice regarding noncompetitive proposals.

Profit must be negotiated separately for noncompetitive proposals, and a cost or price analysis will also be performed for noncompetitive proposals when the price exceeds \$250,000.

DFAC PROCUREMENT – FEDERAL PROGRAM

Purchase Cards

The service center approves the use of procurement cards for permissible purchases by designated employees to improve the efficiency of purchasing activities, reduce processing expenses, improve controls for small-dollar purchases, and streamline contractor payment.

Procurement cards may be used for purchases under federal programs.

Full and Open Competition

All procurement transactions must be conducted in a manner providing full and open competition consistent with 2 CFR Sec. 200.319. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

1. Placing unreasonable requirements on firms in order for them to qualify to do business.
2. Requiring unnecessary experience and excessive bonding.
3. Noncompetitive pricing practices between firms or between affiliated companies.
4. Noncompetitive contracts to consultants that are on retainer contracts.
5. Organizational conflicts of interest.
6. Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement.
7. Any arbitrary action in the procurement process.

Minority Businesses, Women’s Business Enterprises, Labor Surplus Area Firms

The service center must take necessary affirmative steps to assure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible. Affirmative steps must include: (2 CFR Sec. 200.321)

1. Placing qualified small and minority business and women’s business enterprises on solicitation lists.
2. Assuring that small and minority businesses, and women’s business enterprises are solicited whenever they are potential sources.
3. Dividing total purchasing requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business and women’s business enterprises.
4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses and women’s business enterprises.
5. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
6. Requiring the prime contractor, if subcontracts are let, to take the affirmative steps listed above.

DFAC PROCUREMENT – FEDERAL PROGRAM

Geographical Preferences Prohibited

The service center must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals for purchases made with federal funds, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

[See Food Service Program Notes below for permissibility of geographic preferences and “Buy American” practices in purchasing certain food products]

Prequalified Lists

The service center 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 service center must not preclude potential bidders from qualifying during the solicitation period.

[See Food Service Program Notes below for reference to state requirements regarding contracts with food service management companies and contractors of pre-plated meals.]

Solicitation Language

The service center must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

Avoiding Acquisition of Unnecessary or Duplicative Items

The service center must avoid the acquisition of unnecessary or duplicative items. Additionally, consideration must be given to consolidating or breaking out procurements to obtain a more economical purchase; and, where appropriate, an analysis must be made of leases versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

These considerations are given as part of the process to determine the allowability of each purchase made with federal funds. Such considerations are accessible in the procedure to Policy DFAC: Allowability of Costs – Federal Programs.

Use of Intergovernmental Agreements and Cooperative Purchasing

To foster greater economy and efficiency, the service center enters into state and local intergovernmental agreements where appropriate for cooperative purchasing or use of common or shared goods and services, as permitted by the Intergovernmental Cooperation Act.

When procuring supplies or services for federally funded purposes to which the Uniform Grant Guidance applies, the service center shall verify that the organization conducting the procurement pursuant to such agreements complies with the applicable procurement methods, requirements, and standards of the Uniform Grant Guidance as outlined in this procedure.

DFAC PROCUREMENT – FEDERAL PROGRAM

Use of Federal Excess and Surplus Property

The service center considers the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

Debarment and Suspension

The service center 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, compliance with public policy, record of past performance, and financial and technical resources.

[See Food Service Program Notes below for reference to state requirements regarding contracts with food service management companies and contractors of pre-plated meals.]

The service center may not subcontract with or award subgrants to any person or company who is debarred or suspended. For all contracts over \$25,000 the service center verifies that the contractor with whom the service center intends to do business is not excluded or disqualified. (2 CFR Part 200, Appendix II, and 2 CFR Sec. 180.220 and 180.300).

All successful contractors must provide written certification that they have not been suspended or debarred from federal projects. The { } *Business Manager* { } *Federal Programs Coordinator* will be responsible for verification. Such verification may include accessing the online federal System for Award Management (SAM) to determine whether any relevant party is subject to any suspension or debarment restrictions.

Maintenance of Procurement Records

The service center 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.

Maintenance of records of procurement will be governed by board Policies CN and DFAC.

Time and Materials Contracts

The service center may use a time and materials type contract only: (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk.

Time and materials type contract means a contract whose cost to the service center is the sum of: the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the service center must assert a high degree of oversight to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Settlements of Issues Arising Out of Procurements

The service center 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 service center of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

DFAC PROCUREMENT – FEDERAL PROGRAM

Protest Procedures to Resolve Dispute

The service center maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency. Protest procedures will be acted on in accordance with current state law and regulations, board policy and administrative regulations and procedures, and the advice of the board's legal counsel.

Food Service Program Notes:

Exemption from Bidding for Perishable Food Items -

Kansas law exempts purchases of food and foodstuffs necessary for the implementation or operation of any child nutrition program from bidding requirements. Bidding for such items is required only if the cost would be at or over the federal threshold at which formal competitive bidding is required (\$250,000). Small purchase procedures may be used for purchases below \$250,000, or micro-purchase procedures for purchases below \$10,000. Use of bidding should be considered as an option if it is feasible and likely to result in cost savings.

Geographic Preferences -

The service center is permitted to apply a geographic preference when procuring unprocessed, locally grown or locally raised agricultural products. When a geographic preference is applied, the service center has discretion to determine the local area to which the geographic preference option will be applied.

Unprocessed locally grown or locally raised agricultural products means only those agricultural products that retain their inherent character. The effects of the following food handling and preservation techniques shall not be considered as changing an agricultural product into a product of a different kind or character: cooling; refrigerating; freezing; size adjustment made by peeling, slicing, dicing, cutting, chopping, shucking, and grinding; forming ground products into patties without any additives or fillers; drying/dehydration; washing; packaging (such as placing eggs in cartons), vacuum packing and bagging (such as placing vegetables in bags or combining two (2) or more types of vegetables or fruits in a single package); the addition of ascorbic acid or other preservatives to prevent oxidation of produce; butchering livestock and poultry; cleaning fish; and the pasteurization of milk. (7 CFR Sec. 210.21, 215.14a, 220.16)

Buy American -

The service center shall purchase, to the maximum extent practicable, domestic commodities or products for food service purposes. The term **domestic commodity or product** means: (7 CFR Sec. 210.21, 220.16)

1. An agricultural commodity that is produced in the United States; and
2. A food product that is processed in the United States substantially using agricultural commodities that are produced in the United States.

Mandatory Contract Clauses -

The following provisions shall be included in all cost reimbursable contracts for food services purchases, including contracts with cost reimbursable provisions, and in solicitation documents prepared to obtain offers for such contracts: (7 CFR Sec. 210.21, 215.14a, 220.16)

1. Allowable costs will be paid from the nonprofit school food service account to the contractor net of all discounts, rebates and other applicable credits accruing to or received by the contractor or any assignee under the contract, to the extent those credits are allocable to the allowable portion of the costs billed to the school food authority;

DFAC PROCUREMENT – FEDERAL PROGRAM

2. (a) The contractor must separately identify for each cost submitted for payment to the school food authority the amount of that cost that is allowable (can be paid from the nonprofit school food service account) and the amount that is unallowable (cannot be paid from the nonprofit school food service account); or

(b) The contractor must exclude all unallowable costs from its billing documents and certify that only allowable costs are submitted for payment and records have been established that maintain the visibility of unallowable costs, including directly associated costs in a manner suitable for contract cost determination and verification;
3. The contractor's determination of its allowable costs must be made in compliance with the applicable departmental and program regulations and Office of Management and Budget cost circulars;
4. The contractor must identify the amount of each discount, rebate and other applicable credit on bills and invoices presented to the school food authority for payment and individually identify the amount as a discount, rebate, or in the case of other applicable credits, the nature of the credit. If approved by the state agency, the school food authority may permit the contractor to report this information on a less frequent basis than monthly, but no less frequently than annually;
5. The contractor must identify the method by which it will report discounts, rebates and other applicable credits allocable to the contract that are not reported prior to conclusion of the contract; and
6. The contractor must maintain documentation of costs and discounts, rebates and other applicable credits, and must furnish such documentation upon request to the school food authority, the state agency, or the department.
- 7.

Contracts with Food Service Management Companies -

Procedures for selecting and contracting with a food service management company (FSMC) shall comply with guidance provided by the Kansas State Department of Education, Division of Child Nutrition and Wellness, including standard forms, procedures and timelines for solicitation, selection and approval of proposals and contracts. (7 CFR Sec. 210.16, 210.19, 210.21, 215.14a, 220.16)

Pre-Plated Meals -

Procedures for selecting and contracting with contractors of pre-plated meals shall comply with guidance provided by the Kansas State Department of Education, Division of Child Nutrition and Wellness, including standard forms, procedures and timelines for solicitation, selection and approval of proposals and contracts. (7 CFR Sec. 210.16, 210.19, 210.21, 220.16)

DFAC Type of Costs, Obligations and Property Management – Federal Programs—PROCEDURE

The service center establishes and maintains board policies, administrative regulations, and administrative procedures on administration of federal funds in federal programs as required by the Uniform Grant Guidance and other federal, state, and local laws, regulations, and requirements. The service center's fiscal management system includes internal controls and grant management standards in the following areas when federal funds are involved.

Direct and Indirect Costs

Direct costs – costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

Indirect costs – costs incurred for a common or joint purpose benefiting more than one (1) cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.

Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. (2 CFR Sec. 200.405, 200.413)

Identification with the federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs.

Direct and indirect costs shall be determined in accordance with law, regulations, the terms and conditions of the federal award, and the service center's negotiated indirect cost rate.

The service center shall develop an indirect cost rate proposal and cost allocation plan in accordance with law, regulations, and the terms and conditions of the federal award.

Timely Obligation of Funds

Obligations – orders placed for property and services, contracts, and subawards made and similar transactions during a given period that require payment by the service center during the same or a future period.

The following table illustrates when funds must be obligated under federal regulations:

Obligation is for:	Obligation is made:
Acquisition of property	On the date on which the service center makes a binding written commitment to acquire the property
Personal services by a service center employee	When the services are performed
Personal services by a contractor who is not a service center employee	On the date on which the service center makes a binding written commitment to obtain the services
Public utility services	When the service center receives the services
Travel	When the travel occurs
Rental of property	When the service center uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR Part 200, Subpart E - Cost Principles	On the first day of the project period

34 CFR §75.707; 34 CFR §76.707

All obligations must occur between the beginning and ending dates of the federal award project, which is known as the period of performance. The period of performance is dictated by law and regulations and will be indicated in the federal award. Specific requirements for carryover funds may be specified in the federal award and must be adhered to by the service center. (2 CFR Sec. 200.77, 200.309)

The service center will handle obligations and carry over of state-administered and direct grants in accordance with state and federal law and regulations and the terms and conditions of the federal award. Carryover will be calculated and documented by the { } *Executive Director* { } *Business Manager* { } *Federal Programs Coordinator*.

The service center may exercise an extension of the period of performance under a direct grant in accordance with law, regulations, and the terms and conditions of the federal award when written notice is provided to the federal awarding agency at least ten (10) calendar days prior to the end of the period of performance. (2 CFR Sec. 200.308(d)(2))

The { } *Executive Director* { } *Business Manager* { } *Federal Programs Coordinator* will decide when an extension of the period of performance is necessary and will recommend that the board approve this process.

The { } *Executive Director* { } *Business Manager* { } *Federal Programs Coordinator* will develop the required written notice, including the reasons for the extension and revised period of performance; the notice will be issued no later than ten (10) calendar days prior to the end of the currently documented period of performance in the federal award.

The service center must seek approval from the federal awarding agency for an extension of the period of performance when the extension is not contrary to federal law or regulations, and the following conditions apply:

1. The terms and conditions of the federal award prohibit the extension;
2. The extension requires additional federal funds; or
3. The extension involves any change in the approved objectives or scope of the project. (2 CFR Sec. §200.308)

The { } *Executive Director* { } *Business Manager* { } *Federal Programs Coordinator* will determine when an extension must be requested for approval by the federal awarding agency, draft the written request and notify the { } *Board* { } *Executive Director* { } *Business Manager* { } *Federal Programs Coordinator* of the requested extension.

Management of Property Acquired With Federal Funds

Contract and Purchasing Administration -

The service center maintains internal controls, administrative regulations, and procedures to ensure that contractors deliver goods and services in accordance with the terms, conditions, and specifications of the designated contract, purchase order, or requisition.

Property Classifications -

Property shall be classified as **real or personal property** as defined and specified in accordance with law and regulations.

Inventory Control/Management -

All personal property, other than intangible property, which is purchased with federal funds, regardless of cost, will be inventoried as a safeguard.

Inventory will be received by the department or program requesting the item; designated staff will inspect the property, compare it to the applicable purchase order or requisition, and ensure it is appropriately logged and tagged in the service center's property management system.

Items acquired will be physically labeled by source of funding and acquisition date.

Inventory records of equipment and computing devices must be current and available for review and audit, and include the following information:

1. Description of the item, including any manufacturer's model number.
2. Manufacturer's serial number or other identification number.
3. Identification of funding source.
4. Acquisition date and unit cost.
5. Source of items, such as company name.
6. Percentage of federal funds used in the purchase.
7. Present location, use, condition of item, and date information was reported.
8. Pertinent information on the ultimate transfer, replacement or disposition of the item and sale price of the property.

Inventory will be updated as items are sold, lost, stolen, or cannot be repaired and new items are purchased.

Physical Inventory -

Physical inventory of property will be completed by designated service center staff in accordance with applicable federal law and regulation and board policy DIC.

The physical inventory of items will be conducted annually, and the results will be reconciled with the inventory records and reported to the federal awarding agency.

Maintenance -

The service center establishes adequate maintenance procedures to ensure that property is maintained in good condition in accordance with law, regulation, and board policy.

Safeguards -

The service center ensures that adequate safeguards are in place to prevent loss, damage, or theft of property:

1. Any loss, damage or theft will be reported to the { } Executive Director { } Business Manager { } Federal Programs Coordinator, investigated and fully documented, and may be reported to local law enforcement.
2. If stolen items are not recovered, the service center will submit copies of the investigative report and insurance claim to the federal awarding agency.

3. The service center may be responsible for replacing or repairing lost, damaged, destroyed, or stolen items.
4. Replaced equipment is property of the originally funded program and should be inventoried accordingly.
5. Service center property may only be loaned in accordance with board policy KGA and administrative regulations and procedures.

Disposition of Property Acquired with Federal Funds –

When the service center determines that real property, including land, land improvements, structures, and accessories thereto, acquired under a federal award is no longer needed for the originally authorized purpose, the service center must obtain disposition instructions from the federal awarding agency or pass-through entity administering the program, in accordance with applicable law and regulations. (2 CFR Sec. 200.311)

When the service center determines that equipment or supplies acquired under a federal award are no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the { } Executive Director { } Business Manager { } Federal Programs Coordinator will contact the federal awarding agency or pass-through entity administering the program to obtain disposition instructions, based on the fair market value of the equipment or supplies.

Generally, items with a fair market value of \$5,000 or less that are no longer effective may be retained, sold, purged, or transferred to the service center. For items with a fair market value greater than \$5,000, the federal awarding agency is entitled to the federal share of the current market value or sales proceeds.

If the service center will be replacing the equipment or supplies, the service center may use the existing equipment or supplies as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

The { } Executive Director { } Business Manager { } Federal Programs Coordinator will be responsible for contacting the federal awarding agency and determining the process for disposition of equipment or supplies.

The service center may use the following methods in disposing of unnecessary equipment or supplies acquired with federal funds:

{ } Public auction and/or online sale – generally conducted by a licensed auctioneer.

{ } Salvage – scrap sold to local dealers.

{ } Negotiated sale – normally used when disposing of items of substantial value.

{ } Sealed bid – normally used for items of substantial value or unique qualities.

{ } Pre-priced sale – large quantities of obsolete or surplus equipment or supplies may be sold by this method.

{ } Donation to charitable organizations, for equipment or supplies with little to no value.

{ } Disposition to trash for equipment or supplies with no value.

The { } Executive Director { } Business Manager { } Federal Programs Coordinator will be responsible for maintaining records of obsolete and surplus property disposed of, and will report to the federal awarding agency when required.

TRAVEL REIMBURSEMENT – FEDERAL PROGRAMS PROCEDURE

The board shall reimburse employees and school board for travel costs incurred in the course of performing services related to official business as a federal grant recipient. School board members must have prior written approval from the federal awarding agency or pass-through entity to get reimbursement for expenses specifically related to a federal award.

For purposes of this procedure, travel costs shall mean the expenses for transportation, lodging, subsistence, and related items incurred by employees and/or board members who are in travel status on official business as a federal grant recipient.

Board members and service center employees shall comply with applicable board policies established for reimbursement of travel and other expenses.

The validity of payments for travel costs for all service center employees shall be determined by the Executive Director or designee.

Travel costs shall be reimbursed on a mileage basis for travel using an employee's or board member's personal vehicle and on an actual cost basis for meals, lodging and other allowable expenses, consistent with those normally allowed in like circumstances in the service center's nonfederally funded activities, and in accordance with the service center's travel expenses policy GAN.

Mileage reimbursements shall be at the rate approved by the board for other service center travel reimbursements. Actual costs for meals, lodging, and other allowable expenses shall be reimbursed only to the extent they are reasonable and do not exceed the per diem limits established by the **{board/the federal General Services Administration for federal employees for locale where incurred.}**

All travel costs must be presented with an itemized, verified statement prior to reimbursement.

In addition, if these costs are charged directly to the federal award, documentation must be maintained that justifies that:

Participation of the individual is necessary to the federal award, and

The costs are reasonable and consistent with the service center's established policy.

The investment of service center monies shall be the responsibility of the executive director, business manager, and/or the treasurer.

Any monies not immediately required for the purposes for which the monies were collected or received, may be invested as provided by current statute.

Posting Securities

All investments of service center monies shall be secured to 100% of the amount of service center monies by F.D.I.C. coverage, a pledge of direct federal obligations or direct guaranteed federal agency deposits in accordance with requirements of state law. Exceptions to the required posting of securities shall be only as provided by law and approval of the board.

All offerings of monies for investment shall state the amount to be invested and the maturity date of each investment.

All banks and savings and loan associations (hereafter “financial institution(s)”) with main or branch offices located within the district and the county or counties in which part of the service center is located shall be given an opportunity to respond to requests for proposals on monies offered for investment. All responses shall be directed to the executive director and shall be specified on the basis of simple interest.

Distribution of monies for investment shall be as follows:

The treasurer or other person designated by the board shall inform each eligible financial institution of the total amount of money to be invested on a specified date and the maturity date of the investment. Each financial institution responding shall submit a single proposal of the rate of interest it would pay on all or part of the funds to be invested.

Monies shall be invested with the financial institution offering the highest interest rate in such amount as the financial institution will accept, and any remaining amounts shall be invested with the financial institution(s) offering the next highest interest rates in such amounts as it will accept until all funds offered for investment are invested. No financial institution shall be eligible to receive any funds in the same offering at a rate lower than its proposal rate.

No proposal less than the most recently determined investment rate as defined in K.S.A. 12-1675a shall be accepted unless otherwise authorized by K.S.A. 12-1675. No funds will be invested for maturities of more than two years.

Any monies not otherwise invested in eligible financial institutions located in the service center area due to their inability, for whatever reason, to accept the funds, shall be invested in secured deposits in financial institutions which have offices located in counties in which a part of the service center is located.

Any monies not invested in financial institutions in the district or located in counties in which a part of the school district is located may be invested as authorized by Kansas law.

Monies available for reinvestment as a result of maturities may be reinvested with the financial institution holding such monies provided the financial institution agrees to pay the same or higher rate as that offered by the highest proposal at the time the requests for proposals were accepted.

In the event of identical high proposals, the allocation of monies to be invested between the financial institutions offering the high proposals shall be at the discretion of the director.

DFE Investment of Funds

DFE-3

The treasurer shall record the following information: the date of each request for proposal; the name of each financial institution notified; the name of the officer notified; the proposal; the amount of monies the financial institution is willing to accept at the rate proposed.

To be eligible to receive invested funds or deposits from the district, any otherwise eligible financial institution shall have on file in the office of the district treasurer a letter requesting its inclusion in any request for proposal and providing proper assurance of compliance with requirements of applicable laws and board policy relating to maintenance of proper security and assurance of its membership in good standing consistent with current federal regulations. The superintendent shall report monthly to the board on the district's investments.

Approved:

KASB Recommendation: 6/06; 4/07; 6/18; 12/19; 6/20

Keystone Approved: 6/18; 6/20

DFK

Gifts and Bequests

DFK

Income derived from gifts and bequests will be credited, if possible, to the fund or program requested by the donor. If the request of the donor cannot be fulfilled, the gift or bequest will be deposited in the general fund of the Interlocal or any other fund specified by the board.

The Northeast Kansas Education Service Center Board of Education must receive and approve all gifts.

Approved: 2/21/07

DFM **Equipment and Supplies Sales** (See KK)

DFM

Excess or unusable interlocal-owned equipment and supplies will be disposed of at the discretion of the board.

When an employee is terminated, resigns or retires, all interlocal owned equipment employee used will be returned to the interlocal unless approved by the Northeast Kansas Education Service Center Board of Education.

Approved: 2/21/07

DG Bank Depository

DG

Each year, at the regular July meeting, the board shall name the official depositories for the school year. The services will be reviewed annually. At the direction of the board, proposals for their services may be selected from local banking institutions.

Approved: 2/21/07

DH Bonded Employees

DH

The board shall purchase a blanket fidelity bond for Service Center employees. The amount of the bond shall be determined by the board.

A position bond in the amount of \$100,000 is required for the treasurer, clerk of the board, business manager, payroll clerk and executive director. A position bond may be purchased by the board for other Service Center employees as follows:

- _____
- Other employees as the board may direct.

Approved: 2/21/07

DIC Inventories

DIC

An accounting will be made annually for all service center-owned personal property.

An inventory record system shall be developed by the executive director or designated representative. All inventory records shall be annually updated showing deletions and additions, the estimated value, original cost (where available), date of purchase, serial numbers (where available) and location and condition of each piece of service center owned personal property.

Each employee shall complete an annual inventory of service center owned personal property under the direction of the assistant director. Inventory forms shall be developed by the business manager. One copy of each inventory taken in an attendance center shall be filed in that building, and one copy shall be filed in the central office.

KASB Recommendation-4/01
Keystone Approved- 2/21/07; 6/18

DJB **Petty Cash Accounts**

DJB

The board may establish petty cash accounts by resolution. An annual report of all petty cash funds shall be included in the board's regular July agenda. The board shall also receive monthly reports.

Approved: 2/21/07

[RESOLUTION TO ESTABLISH PETTY CASH FUND]

RESOLUTION

WHEREAS, the Board of Northeast Kansas Educational Service Center #608, Jefferson County, Kansas, has determined that the creation of a petty cash fund is an efficient method to pay expenses for cooperative purposes in emergencies.

WHEREAS, Kansas law authorizes the establishment of petty cash funds;

NOW THEREFORE, BE IT RESOLVED, by the Board of Northeast Kansas Educational Service Center #608, Jefferson County, Kansas that a petty cash fund designated as the _____ Building Petty Cash Fund is created for the purpose of receiving and expending funds for needed cooperative expenditures in an emergency. The fund shall be in the amount of \$ _____.*

The fund shall be administered by _____. The business manager shall keep a record of all receipts and expenditures of the fund and shall prepare and file with the Board a statement showing all receipts, expenditures and balance at the end of each month and at the end of each school year. An itemized receipt shall be maintained for each expenditure. Any person authorized to administer a petty cash fund shall be bonded by the cooperative.

Upon proper report to the board, the petty cash fund shall be replenished by payment from the appropriate fund of the service center.

The petty cash fund shall not be loaned or advanced against the salary of any employee.

Funds in the petty cash fund shall remain cooperative funds but shall not be considered school money for purposes of K.S.A. 72-1136 and the provisions of K.S.A. 12-105-(b)- shall not apply.

ADOPTED by the Board of Northeast Kansas Educational Service Center #608, Jefferson County, Kansas, the ____ day of _____, 20 ____.

[NOTE: A separate resolution must be adopted for each petty cash fund.]

- Not to Exceed \$1500.00

DJE **Purchasing**

DJE

The purchasing, receiving, storing and distribution of supplies, equipment and services for use in the service center shall be managed efficiently and economically. Employees are not allowed to purchase personal items from vendors using district accounts.

Purchasing Authority

The board shall appoint a purchasing agent for the service center.

KASB Recommendation – 4/07; 12/21
Keystone Board Approved - 2/07; 1/22

The board reserves the right to establish the specifications for and quality of goods or services purchased by the service center.

Specifications

It is the responsibility of the originator of a purchase request to see that all specifications requested are complete.

Standardization

Whenever possible, standard lists of supplies and equipment shall be developed in all budget areas.

Quantity Purchasing

Quantity purchasing is encouraged.

Cost Control

The board reserves the right to maintain cost control authority over any goods or services.

Approved: 2/21/07

DJED **Bids and Quotations Requirements**

DJED

All purchases requiring competitive bids shall be made in accordance with current statutes.

The purchasing agent shall develop and maintain lists of potential suppliers. Bid lists shall be used to notify potential bidders.

Any supplier may be included in the list upon request. All bid lists shall be reviewed annually by the purchasing agent.

A copy of this policy shall be given to all bidders upon request.

All bids and supporting documentation shall be retained in the district office with the clerk for a period of three years after bids have been opened.

Bid Specifications

All bid specifications shall be written by the district's purchasing agent and shall include required characteristics and quality standards. Specifications shall include, when necessary: required performance, surety, bid, and statutory bond information; compliance with preferential bid law; financial statements; the board's right to reject any or all bids; compliance with all federal, state, and local laws, ordinances and regulations; the date, time, and place for the opening of bids; and other items as the board directs.

The board shall avoid negotiation of bid specifications after bids have been accepted and shall correct specifications if they are inadequately written and request new bids. If an error is discovered in the bid specifications, all bids shall be returned unopened, and the project shall be rebid using corrected and/or amended specifications.

Procedure

All bids must be submitted to the clerk in sealed envelopes with the name of the bidder and the date of the bid opening plainly marked in the lower left-hand corner of the envelope. All bids shall be opened publicly on the stated date and time. All bidders and other interested persons may be present when the bids are opened.

Bids may be opened by the purchasing agent or other person designated by the board, and such opening shall be witnessed by one other district employee. The bids shall then be arranged in order from low to high before they are presented to the board for action.

Responsible Bidder

All bids shall be awarded to the lowest responsible bidder. The board remains the sole judge of whether a bidder is "responsible." Criteria that may be used to judge whether the bidder is responsible by way of illustration and not limitation, are: financial standing, reputation, experience, prior working relationship with the service center, resources, facilities, judgment, and efficiency.

The board may investigate whether the bidder is responsible by using information at hand to form an intelligent judgment, such as, but not necessarily limited to, the district's architect, previous clients of the bidder, their own investigation, or an outside investigation agency.

Withdrawal of Bids

Any bid may be withdrawn and/or corrected prior to the scheduled time for opening of bids and no later than two days after the bids have been opened if a non-judgmental error has been made.

Any bid received after the publicized date and time shall not be considered by the board.

Rejection of Bids

The board reserves the right to reject any and all bids and to ask for new bids. This reservation shall be specified in the publication or notification of bid letting.

The board reserves the right to waive any informalities in, or reject any parts of a bid.

Multi-State Purchasing Pools

The board may participate in multi-state purchasing pools.

KASB Recommendation: 7/03; 4/07/ 6/18

Keystone Approved: 2/21/07; 6/18

The purchasing agent shall develop a requisition form to be used by staff members requesting that certain goods be purchased for the service center.

All requisitions shall be submitted to the purchasing agent by the designated deadline. After a purchase order has been issued, the number of the purchase order shall be recorded on the requisition, and the number of the requisition shall be recorded on the purchase order. After processing, the original copy of the requisition shall be filed in the office of the purchasing agent in numerical sequence.

The service center entity shall not be used to order or purchase supplies, goods, or wares for the personal use of employees. Use of the “service center entity” in this manner would include, but may not be limited to, the use of the service center’s name, letterhead, purchase order, fund, credit card, and/or check.

KASB Recommendation –4/07; 6/16; 6/18
Keystone Approved: 2/21/07; 6/18

DJEG **Purchase Orders and Contracts** (DJEJ and DJFAB)

DJEG

The executive director or designee shall develop an order form compatible with the requisition form to be used in purchasing goods, and shall be authorized to sign all purchase orders.

Approved: 2/21/07

DJEG-R **Purchase Orders and Contracts**

DJEG-R

Each purchase order shall include:

A specification of the item which adequately describes the characteristics and the quality standards; a quoted, firm, net, delivered price, whenever possible, and prices shown both per unit and as extended; clear delivery instructions which include time and place; a signature of the executive director or designee and budget account code number; and the appropriate address and telephone number.

All purchase orders shall be numbered in sequence; sufficient copies will be made to meet distribution requirements.

A verbal order, subject to subsequent confirmation by a written purchase order, may be issued only in cases where a bona fide emergency exists. Whenever possible, a purchase order number should be given to the supplier. A confirming requisition/purchase order shall be issued immediately thereafter and clearly marked as such.

Approved: 2/21/07

DJEJ **Payment Procedures** (DJ EG and DJFAB)

DJEJ

The executive director shall recommend payment to vendors and suppliers for goods and services upon satisfactory receipt of all goods or completion of all services and for which there is a interlocal purchase order number issued as provided for in board policy. (See DJEG)

The board shall consider payment of bills recommended for payment at regular board meetings except as provided for in policy. (See DJFAB)

The board may designate one or more employees to pay bills in advance of any board meeting in order to avoid a penalty for late payment or to take advantage of any early payment discount.

Approved: 2/21/07

DJFA Purchasing Authority

DJFA

The executive director is authorized to execute contracts on behalf of the service center for the purchase of goods and services if the amount is less than \$10,000. The board shall receive reports on these contracts.

Approved: 2/21/07

DJFAB **Administrative Leeway** (See CMA, CMB, DJEG and DJ EJ)

DJFAB

In the event of an emergency situation such as a power failure, severe cold weather or other such natural disasters, the executive director shall have the authority to purchase capital equipment needed to keep the schools of the interlocal open or to reopen the schools. Any such purchase shall be ratified by the board at a special or regular meeting as soon after the purchase is made as possible.

Approved: 2/21/07

DK Student Activity Fund Management

DK

Activity Fund Management

All payments from student activity funds shall be approved by the John Dewey Learning Academy principal and a representative from the Northeast Kansas Educational Service Center #608 administration.

Receipts shall be kept for all revenue deposited into the activity fund of each attendance center. All payments from the activity fund shall be by checks provided for that purpose.

The executive director or designee will review this account at least annually.

Approved: 2/21/07

[RESOLUTION TO ESTABLISH ACTIVITY FUND]

RESOLUTION

WHEREAS, Board of Northeast Kansas Educational Service Center #608, Jefferson County, Kansas, has determined that the creation of an activity fund is an efficient method to pay expenses for student activities; and

WHEREAS, Kansas law authorizes the establishment of school activity funds;

NOW THEREFORE, BE IT RESOLVED, by Board of Northeast Kansas Educational Service Center #608, Jefferson County, Kansas, that an activity fund designated as the _____ fund is created for the purpose of receiving and expending funds for student activities, including athletics, music, forensics, dramatics and other board approved student extra-curricular activities.

The fund shall be administered by _____. The _____ shall keep a record of all receipts and expenditures of the fund and shall prepare and file with the Board a statement showing all receipts, expenditures and balance at the end of each _____ and at the end of each school year. Any person authorized to administer an activity fund shall be bonded by the school district.

Funds in the activity fund shall remain district funds but shall not be considered school money for purposes of K.S.A. 72-8202(d) and the provisions of K.S.A. 12-105(b) shall not apply.

ADOPTED by Board of Northeast Kansas Educational Service Center #608, Jefferson County, Kansas, the ____ day of _____, 20 ____.

[NOTE: A separate resolution must be adopted for each activity fund.]

DO Property Acquisition and Disposition

DO

All real property acquired by the Interlocal shall be taken in the name of the interlocal. If any real property is sold while this agreement is in effect, the proceeds of any property sales shall be paid into the appropriate Interlocal account and may be expended in any lawful manner as directed by the Interlocal board of directors.

The interlocal shall not purchase or otherwise acquire any real property without the Service Center board's approval. Prior to the purchase or acquisition of any real property, a thirty-day notice shall be provided to the boards of education of all Interlocal members.

Approved: 2/21/07