

Allowable Costs Property & Equipment Procurement

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**BASED ON THE REGULATIONS UNDER
THE UNIFORM GRANT GUIDANCE
2 CFR, PART 200**

**FOR EDUCATION GRANTS, REPLACES
THE REGULATIONS UNDER
OMB CIRCULAR A-87 AND EDGAR PART 80**

Wisconsin Department of Public Instruction

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ALLOWABILITY OF COSTS

§200.302

**Financial
Management**

(b)(7)

Written procedures for determining
the allowability of costs prior to
claiming grant fund

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ALLOWABILITY OF COSTS

Required written procedures must address how the subrecipient is ensuring that costs on the federal grant, and ultimately claimed, are allowed under the individual Federal program *and* in accordance with the cost principles established in the Uniform Grant Guidance

- This includes how charges made to the grant for personnel are determined

Uniform Grant Guidance

Subpart E – Cost Principles

- Addresses 55 “items of cost” that receive clarification regarding allowability, *in general*, for using federal funds
- Is not an exhaustive or minutely detailed list, so...
- Provides guidance on “Basic Considerations” to apply to all costs, listed or not listed

Fundamental Premise

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- Subrecipient has in place sound management practices.
- Subrecipient will follow the terms and conditions of the specific federal award.
- Subrecipient will determine, based on its own unique combination of staff, facilities, and experience how to assure proper and efficient administration of the federal funds.

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Factors affecting allowability of costs



Necessary

- A cost is “necessary” if it meets an important program objective - it must address an existing need

Reasonable

- “Prudent Person” Standard (2 CFR §200.404)

REASONABLE AND NECESSARY **2 CFR §200.403(a)**

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Factors affecting allowability of costs

- Cost principles (Uniform Grant Guidance)
- Cross cutting federal statutes/regulations
 - ✦ EDGAR
- Program statute and regulations
 - ✦ IDEA, ESEA, etc.
- Terms and conditions of the federal award
 - ✦ Grant subaward
- Other governing regulations
 - ✦ State statutes
 - ✦ District policies

CONFORM TO LIMITATIONS OR EXCLUSIONS 2 CFR §200.403(b)

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Factors affecting allowability of costs

The cost must be consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities of the subrecipient.

- Subrecipients cannot apply different rules for allowable costs based on funding source.



CONSISTENT WITH POLICIES & PROCEDURES 2 CFR §200.403(c)

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CONSISTENT WITH POLICIES AND PROCEDURES

2 CFR §200.403(c)

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EXAMPLE



If the per-diem rate for employees whose salary and travel are paid from state/local funds is one amount, then there cannot be a separate, higher amount for employees paid from federal funds

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CONSISTENT WITH POLICIES AND PROCEDURES

2 CFR §200.403(c)

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EXAMPLE

If the subrecipient's policy does not reimburse employees for professional association memberships, an exception cannot be made to reimburse the same costs because federal funds are available

**MEMBERSHIP
RENEWAL**
Annual Dues

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Membership / Organizational Dues Nuance

Treated consistently does not mean all or nothing...

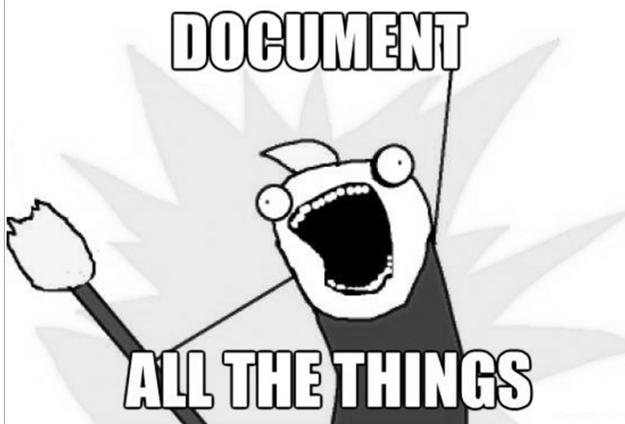
A subrecipient may have a policy to pay only for the organizational dues of its Speech / Language pathologist, but no other positions.

As long as the subrecipient pays for organizational dues of all Speech / Language pathologists regardless of how the individual is funded, then the cost can be charged to the grant because it is being treated consistently between local and Federal funding.

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Factors affecting allowability of costs

Documentation rules are defined in 2 CFR §200.300 through 2 CFR §200.309



ADEQUATELY DOCUMENTED
2 CFR §200.403(g)

ONCE THE COST HAS BEEN DETERMINED TO BE ALLOWED...IT MUST BE ALLOCABLE

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A cost is allocable to a particular Federal award if the goods/services involved are assignable to that Federal award in accordance with relative benefits received.

- To what extent are the expenditures charged to a particular grant program benefiting the program?
 - ✦ When an LEA charges 100 percent of an expenditure to a federal program, the LEA must ensure that the program is receiving the entire benefit of these costs.

ALLOCABLE TO FEDERAL AWARDS

2 CFR §200.405(a)

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ALLOCABLE TO FEDERAL AWARDS

2 CFR §200.405(a)

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EXAMPLE 1

- A teacher spends 25% of her time on the federal award, therefore 25% of the teacher's salary is charged to the federal award.

Allocable with supporting
Time and Effort records

EXAMPLE 2

- Grant funded staff use the Internet, so the LEA charges 3% of the network costs to the federal award.

Not Allocable

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ALLOCABLE TO FEDERAL AWARDS

2 CFR §200.405(c)

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A cost may not be charged to a Federal award to overcome deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons.

EXAMPLE

Instructional media purchased for the Title I program may NOT be paid for with IDEA funds simply because the LEA's Title I funds have run out and unobligated funds remain in the IDEA grant.

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Written Procedure Requirement

NEW

Procedures cannot simply restate the Uniform Grant Guidance regulation.

Written procedures must explain the process used throughout the grant development, budget and claiming process.

- Training tool and guide for employees

Procedures to Determine Allowable Costs 2 CFR §200.302(b)(7)

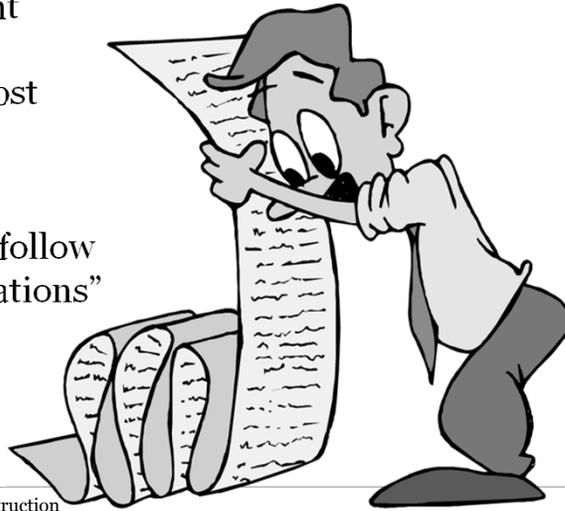
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General Provisions for Selected Items of Cost

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The Uniform Grant Guidance has 55 specific items of cost

- Not all inclusive
- Items not listed follow “Basic Considerations”



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ADVERTISING



Advertising and Public Relations

2 CFR § 200.421

Typically not allowed unless the advertising meets a programmatic purpose.

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Advertising and Public Relations Examples

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Allowed

- Charging advertising costs for staff recruitment to IDEA is allowed.
- A Title I Schoolwide program using TI funds to print flyers advertising the dates of the Academic Parent Teacher Team meetings is allowed.

Not Allowed

- An LEA would not be allowed to use federal funds to promote their school during open enrollment.
- Using federal funds to provide all parents coffee mugs displaying the school's logo is not allowed.

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Contributions and donations

2 CFR § 200.434

- Never allowed, no matter how good or worthy the cause.
- This includes such things as cash to students / families in need or creating scholarships when it is not part of the federal program.

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Conferences

2 CFR § 200.432

Conference is defined as a meeting, retreat, seminar, workshop, or event for the purpose of disseminating technical information and is reasonable for successful performance under the federal award.

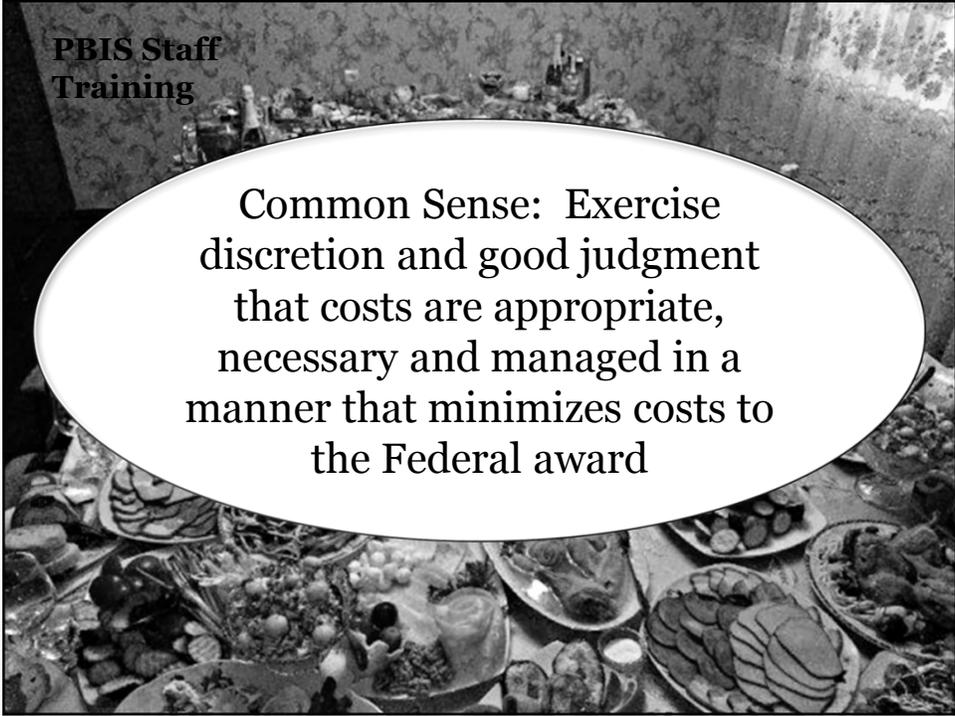


Conference / Workshop Costs - Allowed

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Allowable costs include:

- ✦ Rental of facilities, speakers fees, meals, and refreshments, and transportation, **unless restricted by the federal award.**
- ✦ Be aware of the federal program's rules, as they are currently different.



Common Sense: Exercise discretion and good judgment that costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award



Entertainment

2 CFR § 200.438

Entertainment, diversion, and social activities are **ONLY** allowed when the entertainment has a programmatic purpose and are authorized in the approved budget for the Federal award.

Entertainment Costs Examples

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Allowed

A Title I school operating a schoolwide program may use funds to pay an author to read and facilitate activities for the school's literacy night.

Not Allowed

A school may NOT use Title I funds to pay for a fieldtrip to a water park.

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Entertainment Costs Examples

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Allowed

A district could use IDEA funds to pay for students with disabilities to go to the movies or a baseball game as part of the life skills curriculum.

Not Allowed

A district could not use IDEA funds to pay for the staff to attend a Broadway musical while at a conference on autism.

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General costs of government - Unallowable

2 CFR § 200.444

Salaries and other expenses of the chief executive of a local government or local governmental body

- Superintendents
- School Boards



Materials and supplies costs, including costs of computing devices

2 CFR § 200.453

- A major gap in the former circulars was the lack of reference to computers – are they considered equipment or not?
 - Individually do not meet the threshold for equipment, and are thus subject to the less burdensome administrative requirements of supplies; BUT
 - All assets must be safeguarded in compliance with the law

Travel

2 CFR § 200.474



Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business

- ✦ May be charged on actual, per diem, or mileage basis (or a combination)
- ✦ Travel costs must be reasonable and consistent with the LEA's written travel reimbursement policies
- ✦ Subrecipient must retain documentation that an individual's travel costs charged to the Federal grant are necessary for the performance of the program

Obligating and Liquidating Travel

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The Fiscal Year Split – Conference is in August 2016

§ 76.707 (EDGAR)

Contracted Service - on the date of the contract

Travel - when the travel is taken

Conference Registration
--Contracted Service

Paid for in June;
Claimed in September
Charged to the 2015-16 grant

Flight and Hotel
--Travel

Booked in June;
Claimed in September
Charged to the 2016-17 grant

Compensation – Personnel Services

2 CFR § 200.430

- Uniform Grant Guidance addresses appropriate internal controls to support grant charges.

- ESEA and IDEA law require some staff to be “highly qualified”
 - ✦ Certain positions within the budget software require staff license numbers to verify the individual is licensed in the area budgeted
 - ✦ Not necessary for all staff



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§200.430

Standards for Documentation of Personnel Expenses

(i)

Charges to Federal awards must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

- Be incorporated into the official records of the subrecipient.

§200.430

Standards for Documentation of Personnel Expenses

(i)

- **Reasonably** reflect the total activity for which the employee is compensated by the subrecipient, not exceeding 100% of compensated activities.
- Include all activities of the employee, both federally and non-federally funded.
- Comply with the subrecipient's established accounting policies and practices.

§200.430

Standards for Documentation of Personnel Expenses

(i)

- Support the distribution of the employee's salary among cost objectives if the employee works on multiple, unrelated activities (per grant guidelines)
 - *How*, for employees not working on a single cost objective, will the subrecipient determine what amount gets charged to the grant?
 - **THIS** is what will be monitored.
 - Not any less restrictive than old rule, but now subrecipient determines process.

§200.430**Standards for
Documentation
of Personnel
Expenses****(i)**

- Budget estimates do not qualify as supporting documentation, but may be used for interim accounting purposes, if:
 - The system for establishing the estimates has a proven track record that budgeted amounts are close to actual amounts.

§200.430**Standards for
Documentation
of Personnel
Expenses****(i)**

- Documentation records should be adjusted in a timely manner if there are significant changes in the employee's work activity.
- Short-term (such as one or two months) fluctuation between workload categories need not be addressed as long as the distribution of salaries is reasonable over the longer term.

§200.430**Standards for
Documentation
of Personnel
Expenses****(i)**

- The subrecipient's system of internal controls must include processes to review after-the-fact interim charges made to a Federal award based on budget estimates.
- All necessary adjustments must be made such that the final amount charged to the Federal award is ACCURATE, ALLOWABLE, and PROPERLY ALLOCATED.

Procedures / Personnel Costs

- Subrecipient develops the procedures.
- Use same procedure for all federal grants, as it must be incorporated into the official documents.
- Identify "single cost objective" staff per grant – meaning 100% of the person's time could be charged to a particular grant (based on the grant's objectives).
- For all others, determine how the business office will know the accurate amount to claim.

Procedures / Personnel Costs

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Existing semi-annual / PARs (Personnel Activity Report) systems meet this new requirement; however

- Is your system a reliable one?
- Are there written procedures, and are they being followed?
- Are the supporting documents part of the LEA's official records?
- Is the process overly complicated, and could it be simplified under these more flexible requirements?

Procedures / Personnel Costs

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Now that the cumbersome detailed requirements have been removed, the pass-through entity (DPI) can focus on actual allowable costs.

- Monitoring will likely focus on positions that are typically considered “multiple cost objectives”
- If there is no reliable, reasonable supporting documentation, the statement: “I spend at least 25% of my time working on *fill in program area*” is not acceptable

Procedures / Personnel Costs

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Determine if the time necessary maintaining supporting documentation is worth charging as a direct cost onto a Federal grant:

- EASY! – Set schedule outlining a staff person's work (special education in the morning / behavioral interventions for all students in the afternoon)
- EASY! – Time sheets for substitute teachers
- HARD! – Bookkeeper works on 4 different Federal grants plus local budgeting. Individual would need to keep time on each funding type to determine allowable grant charge

Monitoring Results

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- Unsupported costs will need to be returned to DPI (and in most situations put back into subrecipient's available funds).
- Future claims for the salaries of individuals with multiple cost objectives will be monitored by requiring supporting documentation.



Written Procedures / Allowable Costs

Sample questions to ask when writing procedures:

- Who, for each Federal program, creates the budget?
- Who enters the budget for the Federal program?
- Who verifies the budget aligns with the ledger?
- How is this communicated between areas?
- Who verifies allowability of each cost under the Federal program and the Uniform Grant Guidance?

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Written Procedures / Allowable Costs

- For each Federal program, who is the informed contact for DPI questions?
- When cost changes occur within the program, who is notified? (*changes to business or program needs*)
- When cost changes are identified, what is the timeline for submitting budget amendments?
- How is this communicated between areas?
- Who verifies allowability of each amended cost under the Federal program and Uniform Grant Guidance?

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Written Procedures / Allowable Costs

Additional Considerations:

- Who is responsible for generating documentation demonstrating a cost is reasonable, necessary or allocable if part of a cost's allowability?
- Where is this documentation kept?
- Where is correspondence regarding budget reviews by DPI kept for each of the Federal grants?
- How is this communicated between areas?

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Written Procedures / Allowable Costs

Sample questions to ask when writing procedures determining staff salary charges to grant:

- Who identifies each staff person with a status of single cost objective or multiple cost objective?
- How is this status determined?
- How often is this information reviewed and updated?
- Where is this information stored?
- How is this communicated between areas?

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Written Procedures / Allowable Costs

For staff with multiple cost objectives:

- How is the amount of staff person's time budgeted on the grant determined?
- What documentation or process is used to support the amount budgeted?
- How often is this information reviewed and updated?
- Where is this information stored?
- Who verifies charged amounts against supporting documentation prior to a claim being made?
- How is this communicated between areas?

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Written Procedures / Allowable Costs

For short-term work such as substitute staffing, extended school year, stipends, etc.:

- Does the time sheet identify the Federal funding source or cost objective?
- Who verifies the short-term work is an allowable cost under the Federal program?
- Who verifies the short-term work is completed by licensed individuals (if required)?
- Who verifies the work was completed prior to submitting a claim?
- How is this communicated between areas?

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Property

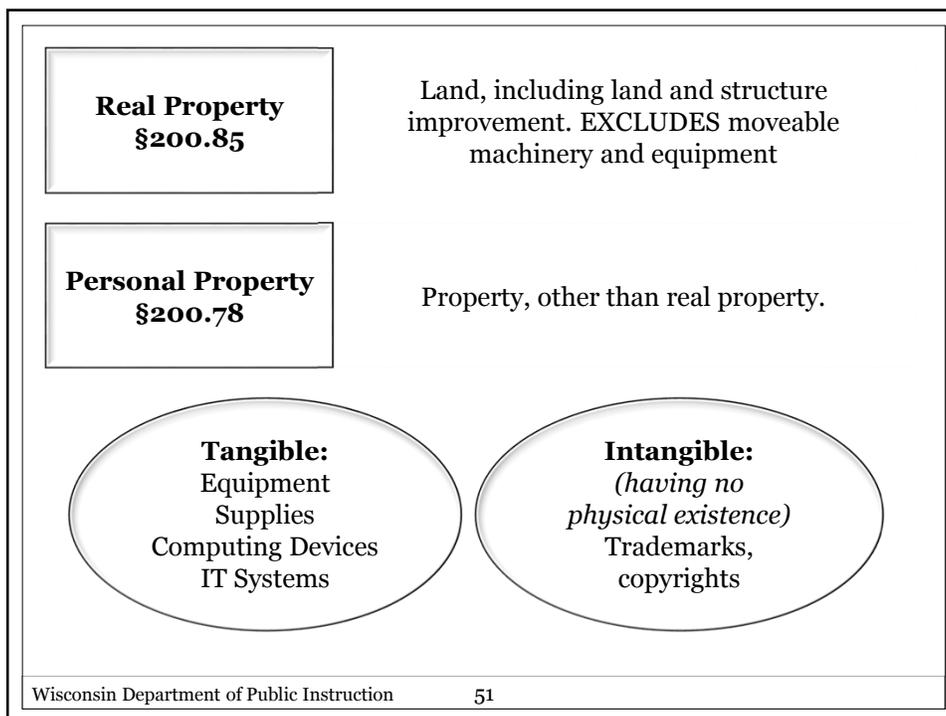
The previous OMB Circulars, A-102 and A-87, identified what was allowed and not allowed using federal funds and applied rules for supplies versus equipment.

The circulars had not been revised since the early 1990s.

Since the last revision to the circulars, the world has seen cell phones, wireless networks, hand-held tablets, SMART boards, laptops, touch pads, camcorders, portable printers, and the list goes on, and no one knew how to classify these items...

Definitions

Different levels of administrative burden based on classification – so very important to know



Uniform Grant Guidance Definitions



Equipment (§ 200.33):
Tangible personal property (including IT systems) having a useful life of more than one year and a per-unit cost equal or greater to the capitalization level established by the sub-recipient; or \$5,000.

Acquisition cost (§200.2) –
Freight, installation, accessories, auxiliary apparatus to make the equipment usable is included in the threshold cost of equipment.

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Equipment Threshold Example

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Subrecipient's capitalization threshold is \$3,000

Purchase of a SMARTboard for \$2,500; freight, installation and wall-mounting brings the price to **\$3,100**

EQUIPMENT

NOT EQUIPMENT

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Equipment Threshold Example

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Subrecipient's capitalization threshold is \$6,000

Purchase of a SMARTboard for \$2,500; freight, installation and wall-mounting brings the price to **\$3,100**

EQUIPMENT

NOT EQUIPMENT

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Equipment Threshold Example

55

Subrecipient's capitalization threshold is \$6,000

Purchase of playground equipment for \$3,500; freight and installation brings the price to **\$5,100**

EQUIPMENT

NOT EQUIPMENT

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Equipment Use Defined

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§200.313

- The equipment must be used only for the authorized purpose of the project until funding for the project ceases or until the equipment is no longer needed for the purposes of the project.
- When no longer needed for the original program, the equipment may be used in other activities supported by the Federal awarding agency, in the following priority order:

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Use of Equipment Priority List

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§200.313(c)(1)(i-ii)

- 1) **Activities funded by the same Federal agency, but different award**
 - A vehicle purchased with IDEA funds can be used by Title I when no longer needed by the special education program

- 2) **Activities funded by a different Federal agency**
 - A vehicle purchased with IDEA funds can be used by Food Service when no longer needed by the special education program and the Title I program does not need it

Replacement Equipment

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§200.313(c)(4)

When the equipment is no longer usable for the program, the subrecipient may trade-in or sell the item and use the proceeds to offset the cost of the replacement

- The subrecipient can sell a 6-seat van used for special education and use the proceeds to offset the cost of a 12-seat bus to be used for special education.

Equipment “Administrative Burden”

59

§200.313(d) Management requirements

These requirements apply to:

- Any items meeting the definition of equipment (either \$5,000 or sub-recipient’s threshold if less)
- Equipment purchased in whole or in part with Federal funds
- Includes replacement equipment if Federally-paid for equipment proceeds were used

Equipment Management Requirements

60

1) Property Records must exist and include:

- A description of the property
- A serial number or other identification number
- The source of funding – including the Federal Award Identification Number (FAIN), which can be found on the grant award document
- Who holds the title
- Acquisition date

Equipment Management Requirements

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(Property Records continued)

- Cost of the equipment
- Percentage of Federal funds used for the equipment
- Location, use and condition of the property
- Any ultimate date of disposal
 - ✦ Date of disposal
 - ✦ Sale price of the equipment

Equipment Management Requirements

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2) Physical inventory

- Must be conducted and the results reconciled with the property records at least once every two years

3) Control system

- Ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage or theft must be investigated.

Equipment Management Requirements

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4) Maintenance

- Procedures must be developed to keep the property in good condition

5) Disposition

- Proper sales procedures must be established to ensure the highest possible return

Name a Piece of Equipment

64

- Besides a vehicle, can you think of a piece of equipment that costs more than \$5,000 that is used solely for a federally-supported program area?
- If the subrecipient's capitalization threshold is less than \$5,000, in some cases less than \$1,000, can the federal equipment management requirements be met?

Uniform Grant Guidance Definitions

65

Supplies (§200.94) -

Tangible personal property that does not fit the definition of equipment – now solely based on the financial threshold and not on “length of useful life”

Computing Devices (§200.20) –

Machines used to acquire, store, analyze, process and publish data electronically and any accessory used in conjunction (printers, servers, routers, etc.)

Laptops are Supplies

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A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. (§200.94)

Hot Topic: Computing Devices

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If computers, laptops, tablets, handheld devices, touch screens – all items that are highly desirable and easy to walk off – considered supplies, are they now disposable?

NO – However, the stringent requirements of the Equipment Management system would do little to prevent theft or misuse but would instead create an administrative burden outweighing any perceived benefits

Internal Control over Compliance Requirements

68

§200.62

All subrecipients of Federal funds must have an implemented process designed to provide reasonable assurance that (c) Funds, property, and other assets are SAFEGUARDED against loss from unauthorized use or disposition.

Subrecipient determines how computing devices will be tracked, used, and disposed of in accordance with the Federal grant program.

Laptops are Supplies

69

A computing device is a supply if the acquisition cost is **less than the lesser of the capitalization level established by the non-Federal entity for financial statement** purposes or \$5,000, regardless of the length of its useful life. (§200.94)

If your threshold is low enough to capitalize laptops and computers, then those items MUST be inventoried according to the Uniform Grant Guidance...

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Private Schools & Equipment / Supplies

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Education Department's General Administrative Regulations still dictate –

§ 76.651(3)

- The LEA will maintain administrative direction and control over funds and property that benefit students enrolled in private schools.

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Private Schools & Equipment / Supplies

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§ 76.658(a)

- The LEA may not use Federal funds to finance the existing level of instruction in a private school or to otherwise benefit the private school.

§ 76.658(b)

- The LEA will use Federal funds for specific needs of students rather than the needs of the private school or the general needs of students enrolled in private schools.

Private Schools & Equipment / Supplies

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§ 76.661 Equipment and Supplies may be placed in a private school for the period needed for the project

The LEA must insure that the equipment or supplies placed in a private school:

- Are used only for the purposes of the project; and
- The equipment or supplies shall be removed if they are no longer needed for the purposes of the project or the removal is necessary to avoid the use of the equipment or supplies for other than project purposes

Written Procedures / Equipment

Sample questions to ask when writing procedures:

- Who determines the equipment is being used by the federal program? How often is this reviewed?
- If equipment is stolen or damaged, what is the process for reporting and documenting?
- Who makes the determination that equipment is no longer needed by the program?
- Who needs to know when equipment is no longer needed by the program?

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Written Procedures / Equipment

- Do the property records include:
 - Description of the property
 - Serial number or other identification number
 - Source of funding (including FAIN)
 - Who holds title
 - Acquisition date
 - Cost of the property
 - Percentage of equipment paid with Federal funds
 - The location, use and condition of the property
 - Disposition data (date and sale price)

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Written Procedures / Equipment

- Who will do the physical inventory of the property every two years and reconcile results with property records?
- What steps will be taken if equipment cannot be located?
- What maintenance procedures are in place to keep the property in good condition? How is this documented?
- What sales procedures have been established to ensure the highest possible return?

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Procurement

EDGAR Part 80 placed many additional requirements onto the OMB Circular A-87 regulations.

The Uniform Grant Guidelines has now replaced EDGAR Part 80 in whole

Introduction



77

What is procurement?

- The complete process of obtaining goods and services (purchasing).

- Purchasing Process
 - ✦ Requesting
 - ✦ Receiving
 - ✦ Paying

- General Rule: A good purchasing system ensures that goods or services are obtained in a way that **maximizes the value** of funds.

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§200.318

General Procurement Standards

The subrecipient must use its own documented procurement procedures which reflect applicable State and local regulations, provided that the procurements conform to applicable Federal laws and the Uniform Grant Guidance.

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General Standards

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- Maintain oversight to ensure contractors perform the work as specified in the contract (§200.318(b))
- Maintain written standards for “Conflict of Interest” (§200.318(b))
- Only contract with reliable vendors (§200.318(h))
- Sub-recipient is responsible for all contract disputes and cannot defer to the Federal agency in such cases (§200.318(k))

General Standards

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The subrecipient must maintain records sufficient to detail the history of procurement. Records must include, but not limited to: (§200.318(i))

- Rationale for the method of procurement
- Selection of contract type
- Contractor selection or rejection
- The basis for the contract price

§200.319(c)**Competition
guidance
for all
procurement
methods****“Full & Open”**

The following are considered
“anti-competitive”

- Placing unreasonable requirements on vendors to qualify for business
- Requiring unnecessary experience
- Noncompetitive pricing practices between firms
- Noncompetitive contracts to consultants that are on retainer contracts

§200.319(c)**Competition
guidance
for all
procurement
methods****“Full & Open”**

The following are considered
“anti-competitive”

- Organizational conflicts of interest
- Specifying a “brand name” product instead of allowing an “equal” product to be offered
- Cannot be bound by state or local geographical preferences in the evaluation of bids or proposals

Micro Purchase

- Supplies or services, aggregate cost of purchase is less than \$3,000
 - Unlike equipment, not a “per item” amount, but bulk purchase amount
- No need to solicit competitive quotes if the subrecipient considers the price to be reasonable

Small Purchase

- Supplies or services, aggregate cost of purchase is less than the Simplified Acquisition Threshold
 - Between \$3,000 and \$150,000
- Gather quotes from an adequate number of qualified sources
 - Adequate not defined

“Simplified Acquisition Threshold”

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For all projects or services which will cost more than \$150,000, the subrecipient must (§200.323)

- Perform a cost analysis and determine an estimate *before* receiving bids or proposals
- Must negotiate a fair and reasonable profit as a separate element from cost
 - Consider complexity of the work performed
 - Risk borne by the vendor
 - The amount of vendor sub-contracting
 - Vendor’s past record of performance
 - Industry profit rates in the geographical area

Sealed Bids

- Preferred procurement method for services with a cost over \$150,000
- Lump sum contract through formal advertising for the lowest responsible bidder who meets the material terms and conditions of the bid invitation
- Several steps to be completed per §200.320(c)

Competitive Proposal

- Use when sealed bids (the preferred method) is not feasible
- Fixed price or cost reimbursement
- Formal advertising and all evaluation factors identified
- Subrecipient must have a *written method* for vendor selection

Non-Competitive Proposal

- Proposal from only one source, under these conditions:
- The item is only available from one source (but remember – cannot be based on “Name Brand”)
 - Public emergency makes a sealed or competitive bid process unrealistic
 - The pass-through entity expressly authorizes in response to a written request by subrecipient
 - Contracts with CESA / CCDEB
 - After solicitation of a number of sources, competition is determined inadequate

Additional Contracting Requirements

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Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms. (§200.321)

- 1) Take affirmative steps to place these business types on qualified vendor lists
- 2) Solicit these groups whenever they are potential sources
- 3) Divide large projects into smaller pieces to allow for these businesses to participate

Additional Contracting Requirements

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- 4) Establish delivery schedules, where permitted, that encourage participation by these businesses
- 5) Utilize the services of Small Business Administration and the Minority Business Development Agency of the Department of Commerce
- 6) Require the prime contractor, if sub-contracting, to also take affirmative steps of 1 through 5

And Finally...Contract Provisions (§200.326)

89

All contracts using Federal funds must contain the applicable provisions set forth in the Uniform Grant Guidelines, Appendix II – “Contract Provisions for non-Federal Entity Contracts Under Federal Award”

- There are 11 possible provisions, and include
 - Termination for cause and for convenience
 - Equal Employment Opportunity
 - Davis Bacon Act
 - Contract Work Hours and Safety Standards Act

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WRITTEN PROCEDURES

The subrecipient must use its own documented procurement procedures which reflect applicable State and local regulations, provided that the procurements conform to applicable Federal laws and the Uniform Grant Guidance.

The subrecipient must have written procedures regarding solicitations to ensure that all procurement transactions are conducted in a manner providing full and open competition

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Written Procedures

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These written standards must ensure that all solicitations:

- 1) Incorporate a clear and accurate description of the technical requirement.
 - Description cannot contain features which unduly restrict competition (such as unnecessary experience or specifying only “brand name” products)
- 2) Identify all requirements which the vendor must fulfill and all other factors to be used in evaluating bids or proposals.

Written Procedures / Procurement

Sample questions to ask when writing procedures:

- Where are instructions outlining the solicitation requirements (200.319(c)) available for staff?
- Prior to releasing a solicitation, who has reviewed and ensured that the solicitation requirements have been included?
- Who verifies that prequalified lists of persons, firms, or products are current and include enough qualified sources to ensure maximum open and free competition?

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CONFLICT OF INTEREST

The LEA must maintain written standards of conduct covering conflict of interest and governing the actions of its employees engaged in the selection, award and administration of contracts paid with Federal funds.

Written Procedures / COI

Sample questions to ask when writing procedures:

- Where are the written standards of conduct required by the Uniform Grant Guidance available for staff?
- Has the subrecipient set a standard for situations in which the gift is an unsolicited item of nominal value?
- Has the subrecipient established a point in the procurement process in which a potential or actual conflict of interest needs to be reported to DPI?
- Who will report potential or actual conflict of interest to DPI? How will this be communicated?