

Federal Grant Funds and Procurement

Overview

- Recipients of Federal grants funds must develop and use their own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and standards under 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- Applicable State regulations can be found under 6A-1.012 Purchasing Policies F.A.C.
- Charter schools must not only ensure to develop appropriate purchasing policies and procedures but also that those same policies and procedures are followed for each and every procurement.
- Failure to maintain and/or follow appropriate purchasing policies and procedures can lead to possible consequences:
 - Lack of internal controls could allow staff to misappropriate assets.
 - Significant and/or Material deficiencies in internal controls identified by the school's auditor(s).
 - Disallowance of Federal grant reimbursement funds.

Procurement for Federal Awards 2 CFR 200

2 CFR 200.318 - General Procurement Standards

- Recipients of Federal grants funds must develop and use their own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and standards.
- Must maintain oversight to ensure contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
- Maintain written standards of conduct covering conflicts of interest and actions of employees responsible for the selection, award, and administration of contracts. The standards must provide for disciplinary actions to be applied for violations of said standards.
- The procedures must avoid acquisition of unnecessary or duplicative items and consideration should be given to consolidating or breaking out procurements to obtain more economical purchases.
- Charter schools are encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.

General Standards Continued

- Contracts must only be awarded to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration must be to such matters as:
 - Contractor integrity
 - Compliance with public policy
 - Record of past performance
 - Financial and technical resources
- Charter schools are required to maintain sufficient records to detail the history of procurement. These records include but are not limited to the following:
 - Purchase Orders
 - Method of Procurement and Procurement Documents(Quotes, Sealed Bids, RFP, Sole-Source, etc.)
 - Justification for contractor/vendor selection
 - Copies of contracts and/or invoices
 - Copies of cancelled check(s) and/or evidence of wire transfer(s)
 - Packing slip(s) or other proof of receipt
 - Conflict of Interest form(s)

Competition

2 CFR 200.319 – Competition

- All procurement transactions must be conducted in a manner providing full and open competition.
- The charter school must have written procedures for procurement transactions including competitive proposals, the procedures must ensure the following:
 - Incorporate clear and accurate description of the technical requirements for the material, product, or service. The description must not contain features which unduly restrict competition.
 - Identify all requirements that prospective vendors must fulfill and other factors to be used in evaluating bids or proposals.

Methods of Procurement

2 CFR 200.320 – Methods of Procurement

- The following methods must be used for procurement.
 - Micro-purchases
 - Small Purchase Procedures
 - Procurement by Sealed Bids (Formal Advertising)
 - Procurement by Competitive Proposals
 - Procurement by Noncompetitive Proposals
- Each method, including the associated monetary threshold, will be discussed in detail on the following slides.

Methods of Procurement Continued

2 CFR 200.320 – Methods of Procurement: Micro-purchases

- Procurement by **Micro-purchases**
 - Acquisition of supplies or services in which the aggregate dollar amount does not exceed the “Micro-purchase threshold”.
 - The Micro-purchase threshold has increased from \$3,500 to \$10,000
 - As practicable the charter school must distribute the purchases equitably among qualified suppliers.
 - Micro-purchases may be awarded without soliciting competitive quotations if the school considers the price reasonable.
 - Remember the school must follow its board approved purchasing policies and procedures. If said policies and procedures have a lower threshold, the school must follow that policy. (i.e. The school’s policy states quotes and/or bids must be obtained for purchases exceeding \$5,000)

Methods of Procurement Continued

2 CFR 200.320 – Methods of Procurement: Small Purchase Procedures

- Procurement by **Small Purchase Procedures**
 - Small purchase procedures are simple and informal procurement methods for securing services, supplies, or other property that does not cost more than the Simplified Acquisition threshold.
 - Price or rate quotations must be obtained from an adequate number of qualified sources. (Minimum of 3)
 - The threshold for Small Purchase Procedures is any purchase over the Micro-purchase threshold (\$10,000) but less than the Simplified Acquisition threshold (\$250,000)
 - Again, the school must follow its board approved purchasing policies and procedures. If said policies and procedures have lower thresholds, the school must follow those policies. (i.e. The school's policy states quotes and/or bids must be obtained for purchases exceeding \$5,000)

Methods of Procurement Continued

2 CFR 200.320 – Methods of Procurement: Other Methods

- Procurement Methods for Purchases which exceed the Simplified Acquisition threshold (\$250,000)
 - Sealed Bids (Formal Advertising – Bids are publicly solicited from vendors)
 - Competitive Proposals
 - Noncompetitive Proposals (i.e. Sole-source, Bid-exempt, etc.)

Methods of Procurement Continued

2 CFR 200.320 – Methods of Procurement: Other Methods

- Procurement via **Sealed Bids**
 - Bids are publicly solicited and fixed price contract is awarded to the responsible bidder that met all material terms and conditions and is lowest in price.
 - There are certain requirements that apply if sealed bids are used.
 - Bids must be solicited from a adequate number of known suppliers and providing sufficient response time prior to the date set to open the bids.
 - Invitation for bids, which includes any specifications and pertinent attachments, must define the items or services in order for bidders to properly respond.
 - All bids will be opened at the time and place prescribed in the invitation to bid.
 - The contract will be awarded in writing to the lowest responsive and responsible bidder. Discounts, transportation costs, and life cycle costs must be considered when determining which bid is lowest.
 - Any or all bids may be rejected if there is sound documented reason(s)

Methods of Procurement Continued

2 CFR 200.320 – Methods of Procurement: Other Methods

- Procurement via **Competitive Proposals (RFP's)**
 - Generally used when conditions are not appropriate for the use of sealed bids.
 - Requests for Proposals must be publicized and identify all evaluation factors and their relative importance.
 - Any and all responses to requests for proposals must be considered.
 - Must be solicited from an adequate number of qualified sources.
 - The school must have written method(s) for conducting technical evaluations of proposals and selecting recipients.
 - Contracts must be awarded to the responsible vendor whose proposal was most advantageous to the program, with price and other factors considered.

Methods of Procurement Continued

2 CFR 200.320 – Methods of Procurement: Other Methods

- Procurement via **Noncompetitive Proposals (Sole-source, Bid-exempt, etc.)**
 - Solicitation of a proposal from only one source and may only be used under very limited circumstances.
 - ❖ Item is only available from a single source. (Sole-source)
 - ❖ Public emergency will not permit a delay resulting from competitive solicitation.
 - ❖ Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the charter school.
 - ❖ After solicitation from a number of sources, competition is determined inadequate.

Purchasing Policies – State Rules

6A-1.012 Purchasing Policies – Florida Administrative Code

- Each District and Charter School Board shall establish purchasing rules which shall include the following:
 - The superintendent/charter school head administrator may be authorized to purchase commodities or contractual services where the total amount does not exceed a threshold established by the board and does not exceed the applicable budget appropriation.
 - Subordinates may be authorized to perform purchasing tasks.
 - No person, unless authorized to do so under the rules of the governing board, may make any purchase or enter into any contract involving the use of school funds.
 - In lieu of obtaining quotes or requesting competitive solicitations, charter schools may “piggy-back” on contracts awarded by other special, local, county, state, or federal government agencies.
 - ❖ The vendor must agree, in writing, to allow the charter school to piggy-back on the contract.
 - ❖ The terms and conditions must remain the same, however prices may be the same or below such prices.

Purchasing Policies – State Rules

6A-1.012 Purchasing Policies – Florida Administrative Code

- Charter schools may not divide the procurement of commodities or services so as to avoid monetary threshold requirements.
- The governing board has the authority to reject any or all proposals submitted in response to competitive solicitation and request new proposals.
- Primary contracts may be awarded to the lowest responsible vendor and the next lowest responsible vendor(s) may be awarded as alternates if the primary vendor was unable to provide all the commodities or services during the term of the contract.
- The requirement for requesting competitive solicitations or obtaining quotes is not required for the purchase of certain commodities or contracted services, per 1010.04(4)(a) F.S. (**Bid-exempt**)

Purchasing Policies – State Rules

6A-1.012 Purchasing Policies – Florida Administrative Code

- **Bid-exempt**
- Purchase of professional services, which include the following:
 - Artistic services
 - Academic program reviews
 - Lectures by individuals
 - Auditing services not subject to 218.391 F.S.
 - Legal services (attorney, paralegal, expert witness, court reporting, appraisal or mediator services)
 - Health services (examination, diagnosis, treatment, prevention, medical consultation or administration)

Purchasing Policies – State Rules

6A-1.012 Purchasing Policies – Florida Administrative Code

- **Bid-exempt**
- Purchase of educational services and any type of copyrighted materials including:
 - Educational tests
 - Textbooks
 - Printed instructional materials
 - Computer software
 - Films/Filmstrips
 - Videotapes, dvd's, disc or tape recordings
 - Digital recordings or similar audio-visual materials
 - Library, reference books, and printed library cards
- Such materials must be purchased directly from the producer/publisher, owner of the copyright, exclusive agent within the state, governmental agency, or a recognized educational institution.

Purchasing Policies – State Rules

6A-1.012 Purchasing Policies – Florida Administrative Code

- **Additional exemptions to requirement for requesting competitive solicitations or obtaining quotes:**
- Competitive solicitations were requested and no valid or firm proposal was received within the time period.
 - The school may enter into negotiations with vendors of such commodities or services if the governing board determines it is in the best interest of the school.