

Anchor Bay School District

Federal Awards Policy and Procedures

Introduction

This manual sets forth the policies and procedures used by Anchor Bay School District, hereinafter “the District”, to administer federal funds. The manual contains the internal controls and grant management standards used by the District to ensure that all federal funds are lawfully expended. It describes in detail the District’s financial management system, including cash management procedures, procurement policies; inventory management protocols; procedures for determining the allowability of expenditures; time and effort reporting; record retention; and sub-recipient monitoring responsibilities. New employees of the District, as well as incumbent employees, are expected to review this manual to gain familiarity and understanding of the District’s rules and practices.

I. Financial Management System

The District maintains a proper financial management system in order to receive both direct and state-administered grants and to expend funds associated with a grant award. Certain fiscal controls and procedures must be in place to ensure that all financial management system requirements are met. Failure to meet a requirement may result in return of funds or termination of the award.

A. Financial Management Standards

The standards for financial management systems are found at 2 C.F.R. § 200.302. The required standards include:

Identification

The District must identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification must include, as applicable, the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity. The District also uses the applicable grant code, as mandated by the Michigan Department of Education in its School Accounting Manual (Bulletin 1022), to specifically identify and track state and federal grants.

Financial Reporting

Accurate, current, and complete disclosure of the financial results of each federal award or programs must be made in accordance with the financial reporting requirements set forth in the Education Department General Administrative Regulations (EDGAR).

Accounting Records

The District must maintain records which adequately identify the source and application of funds provided for federally-assisted activities. These records must contain information pertaining to grant or subgrant awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

Internal Controls

Effective control and accountability must be maintained for all funds, real and personal property, and other assets. The District must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

“Internal controls” are tools to help program and financial managers achieve results and safeguard the integrity of their program. Internal controls should be designed to provide reasonable assurance that the following objectives are achieved:

- Effectiveness and efficiency of operations;
- Adequate safeguarding of property;
- Assurance property and money is spent in accordance with grant program and to further the selected objectives; and
- Compliance with applicable laws and regulations.

Budget Control

Actual expenditures or outlays must be compared with budgeted amounts for each federal award.

Cash Management

The District must maintain written procedures to implement the cash management requirements found in EDGAR. The cash management procedures can be found herein on page 2 of these policies and procedures.

Allowable Costs

The District must maintain written procedures for determining allowability of costs in accordance with EDGAR. The written allowability procedures can be found herein on page 4 of these policies and procedures.

B. Overview of the Financial Management & Accounting System

The District utilizes the AS400 as its accounting system. The AS400 has several modules within the financial management and accounting system including, but not limited to: Budget and Finance, Accounts Payable, Purchasing, Accounts Receivable, and Payroll. Fixed assets are tracked and updated annually.

Annual Budgets are entered into the AS400 in June of the preceding fiscal year as mandated by the Uniform Budget and Accounting Act (“UBAA”). The budgets are amended as needed throughout the year. In a typical year the budgets are amended initially in February and then again in June.

The AS400 uses a string-based account code, the (ASN) is an abbreviated form that aligns with the MDE Bulletin 1022, School Accounting Manual. Grants are recorded separately and coded by grant responsibility based on the three- or four-digit grant responsibility code.

The AS400 produces a check register detail report in edit format which is reviewed prior to the final approval of the check issuance process. The detailed check register report is reviewed weekly by the Accounting Supervisor and/or the Director of Business Services to ensure that all grant expenditures are recorded to the proper grant ASN. The revenue and expenditure reports are also reviewed as a comparison of expenditures to budget by grant responsibility. Those reports are produced and reviewed prior to requests for reimbursement and reviewed to ensure that expenditures are properly recorded in the correct grant and in the correct period. Any variances are investigated and any transactions posted in error are corrected at that time. These reports are reviewed by the Accounting Supervisor and the Director of Business Services.

C. Accounting Records

The business office is responsible for maintaining all accounting records. The accounting records are stored in physical form. The records are kept in accordance with the Records Retention and Disposal Schedule for Michigan Public Schools.

D. Federal Cash Management Policy/Procedures

The District will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the District, in accordance with the Anchor Bay School District Board Policy 5003 and federal regulation. Predominately, the District receives payment from the Michigan Department of Education on a reimbursement basis. 2 C.F.R. § 200.305. However, if the District receives an advance in federal grant funds, the District will remit interest earned on the advanced payment quarterly to the federal agency consistent with 2 C.F.R. § 200.305(b)(9).

According to guidance from the U.S. Department of Education, when calculating the interest earned on federal grant funds, regardless of the date of obligation, interest is calculated from the date that the federal funds are drawn down until the date on which those funds are disbursed by the LEA. Interest would not accrue if the LEA uses nonfederal funds to pay the vendor and/or employees prior to the funds being drawn down, commonly known as a reimbursement.

In the case of reimbursement payments from the Michigan Department of Education, the District will initially pay federal grant expenditures with nonfederal funds. The Accounting Supervisor, after review by the Director of Business Services will request reimbursement for actual expenditures incurred under the federal grants as needed. Cash draws will be initiated by the Accounting Supervisor who will determine the appropriate draw amount. Documentation of how this amount was determined will be retained. Payments and travel costs will be handled in a manner consistent with the Districts policies and in accordance with §200.305 (payments) and §200.474 (travel costs) of the Uniform Guidance. Supporting documentation or a copy of the cash draw paperwork will be filed along with the approved paperwork described above and retained for audit purposes.

Reimbursement requests are submitted electronically to the Michigan Department of Education utilizing the Michigan Department of Treasury Cash Management System (“CMS”). All reimbursements are based on actual cash disbursements, not on obligations. The Michigan Department of Education will process reimbursement requests within 3-5 business days.

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

Reimbursements of actual expenditures do not require interest calculations.

To the extent the District receives advance payments of federal grant funds, the District will strive to expend the federal funds on allowable expenditures as expeditiously as possible. Specifically, the District attempts to expend all drawn downs of federal funds within 72 hours of receipt.

The District will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The District will begin to calculate interest earned on cash balances once funds are deposited into the District’s account.

Interest will be calculated on the total federal grant cash balances per grant applying the District’s actual interest rate. The District will remit interest earned on grant funds annually to the U.S. Department of Health and Human Services Payment Management System (regardless of the federal awarding agency for the grant) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. 2 C.F.R. § 200.305(b)(9). The District may retain up to \$500 of interest earned per year.

The control objective is to provide reasonable assurance that the (1) drawdown of Federal cash is only for immediate needs, (2) reimbursement is requested only after costs have been incurred.

Control Activities include:

- Budget Revenue and Expenditure reports are generated and reviewed by the Accounting Supervisor and the Director of Business Services for a consistent level of service and timely requests for reimbursement of expenditures.
- The Accounting Supervisor creates the reimbursement requests after reviewing the Budget Revenue and Expense reports by grant responsibility and comparing such against the approved grant budget, the reimbursement requests are also reviewed and approved by the Director of Business Services prior to the request for reimbursement. The Business Services department retains such along with other documentation supporting the amount of the reimbursement request.
- The district operates on strictly a reimbursement basis and accordingly there is no time lapse between draw down and disbursements and there are no interest earnings to be considered for repayment.

E. Federal Grant Cost Allowability Policy/Procedures

The requirements for allowable costs/cost principles are contained in Anchor Bay School District Board Policy 5003 and are consistent/compliant with the Uniform Guidance, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Expenditures 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 if the variation is greater than 10% of the budgetary line item.

When determining how the District will spend its grant funds, business office will review the proposed cost to determine whether it is an allowable use of federal grant funds before obligating and spending those funds on the proposed good or service. All costs supported by federal education funds must meet the standards outlined in EDGAR, 2 C.F.R. Part 3474 and 2 C.F.R. Part 200, Subpart E, which are provided in the bulleted list below. The business department and program directors must consider these factors when making an allowability determination.

- I. **Be Necessary and Reasonable for the performance of the federal award.** District staff must consider these elements when determining the reasonableness of a cost. 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 District 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 individuals concerned acted with prudence in the circumstances considering their responsibilities to the District, its employees, its students, the public at large, and the federal government.
 - Whether the district significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost. 2 C.F.R. §200.404

While 2 C.F.R. §200.404 does not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, necessary is 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 district can demonstrate that the cost addresses an existing need, and can prove it. For

example, the district 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 grant 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.

II. **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 C.F.R. §200.405. For example, if 50% of a teacher’s salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program.

- Consistent with policies and procedures that apply uniformly to both federally financed and other activities of the District.
- Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.
- 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.
- Adequately documented. All expenditures must be properly documented.
- Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.
- 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 non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.
- 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 C.F.R. §200.406.

District personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. The District must follow these rules when charging these specific expenditures to a federal grant. When applicable, District staff must check costs against the selected items of cost requirements to

ensure the cost is allowable. In addition, State, District and program-specific rules may deem a cost as unallowable and District personnel must follow those non-federal rules as well.

Likewise, it is possible for the State and/or District to put additional requirements on a specific item of cost. Under such circumstances, the stricter requirements must be met for a cost to be allowable. Accordingly, employees must consult federal, State and District requirements when spending federal funds.

In order for a cost to be allowable, 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, non-regulatory guidance and grant award notifications.

In addition to the cost principles and standards described above, the business office and the program director can refer to this section for a useful framework when performing an allowability analysis. In order to determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:

- Is the proposed cost allowable under the relevant program?
- Is the proposed cost consistent with an approved program plan and budget?
- Is the proposed cost consistent with program specific fiscal rules?
 - o For example, the District may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources.
- Is the proposed cost consistent with EDGAR?
- Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?

The control objective is to provide reasonable assurance that Federal awards are expended only for allowable activities and that the costs of goods and services charged to the Federal awards are allowable.

Control Activities include:

- The Program Directors, the Accounting Supervisor, the Director of Business Services, and the Assistant Superintendent meet initially for grant planning objectives in addition to periodic reviews of the approved federal grant application budgets to ensure that expenditures are consistent with the budget.
- The program directors are required to review and approve all expenditures charged to their federal grants as purchase requisitions are initiated within their departments.
- For all purchases the purchase initiator is required to complete a purchase requisition. All purchase requisitions are approved by the Accounting Supervisor and/or the Director of Business Services after examining the purchase order for necessity, reasonability and allowability. After thorough review and approval, the goods or services are ordered.
- Upon receipt of the goods or services the invoice or reimbursable receipt is sent to the program director for his/her approval. Upon approval, the invoice is matched to

the purchase order and reviewed any variances are investigated and resolved prior to payment.

- The Accounting Supervisor and the Director of Business Services review all expenditures prior to submission for reimbursement to MDE by comparing costs to the approved grant budget and comparing the expenditures to the Compliance Supplement to ensure allowability.
- Upon determination of an unallowable cost, the Accounting Supervisor or other business office employee would reclassify the expenditure to an appropriate account, outside of the grant and discuss the expenditure with the program director to clarify the initial allowability assessment.

- III. **Period of Performance of Federal Funds** All obligations must occur on or between the beginning and ending dates of the grant project. 2 C.F.R. § 200.309. This period of time is known as the period of performance. 2 C.F.R. § 200.77. The period of performance is dictated by statute and will be indicated in the Grant Award Notification (“GAN”). Further, certain grants have specific requirements for carryover funds that must be adhered to.

State-Administered Grants: As a general rule, state-administered federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, for many federal education grants, the period of availability is 15 months. Federal education grant funds are typically awarded on July 1 of each year. The District will always plan to spend all current grant funds within the year the grant was appropriated.

Direct Grants: In general, the period of availability for funds authorized under direct grants is identified in the GAN.

For both state-administered and direct grants, regardless of the period of availability, the District must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period unless an extension is authorized. 2 C.F.R. § 200.343(b). Any funds not obligated within the period of availability or liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency. 2 C.F.R. § 200.343(d). Consequently, the District closely monitors grant spending throughout the grant cycle.

Carryover of State-Administered Grants: the Tydings Amendment extends the period of availability for applicable state-administered program funds. Essentially, it permits recipients to “carryover” any funds left over at the end of the initial 15-month period into the next year. If the carryover amount is greater than 15% of the award, the District must request a waiver for Title I funding. No waiver is required for all other grant funding. These leftover funds are typically referred to as carryover funds and continue to be available for obligation for an additional 12 months. 34 C.F.R. § 76.709. Accordingly, the District may have multiple years of grant funds available under the same program at the same time.

The control objective is to provide reasonable assurance that Federal awards are expended only during the authorized period of availability.

Control Activities include:

- The program directors, Accounting Supervisor, and the Director of Business Services review all grant applications approved by the awarding agency to identify the funding period. This information is communicated with appropriate staff to promote use of funds throughout the period of availability. The Assistant Superintendent and Director of Business Services work collaboratively to review all expenditures to ensure the expenditure was incurred within the proper funding period. The Accounting Supervisor maintains a grant summary for all grants identifying the responsible program director, grant name, grant allocation, grant funds expended, encumbrances, balance remaining, percentage unspent, amount received and deferred, process to request funds, and notes relevant to the grant for specific time periods.
- Within the AS400 all grant related expenditures are coded with a grant code relative to the grant responsibility code. Carryover of grant funds are coded in a separate grant responsibility which clearly and descriptively identifies the grant carryover from the original grant.
- The Accounting Supervisor reviews open purchase orders just prior to the end of the period of availability. Open purchase orders as of the final date of availability are cancelled and liquidated.

F. Travel Expenditure Policy and Procedure

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the District in its regular operations as described in Administrative Regulation 5012. In addition, if these costs are charged directly to the federal award, documentation must be maintained that justifies that (1) participation of the individual is necessary to the federal award; and (2) the costs are reasonable and consistent with the District's established policy. 2 C.F.R §200.474(b).

Travel costs include expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. Such costs are charged on an actual cost basis. In the case of mileage, it is paid based on the mileage rate prescribed by the IRS in lieu of actual costs incurred and results in charges consistent with those normally allowed in like circumstances in the recipient's non-federally funded activities and in accordance with the recipient's written travel reimbursement policies. 2 C.F.R §200.474(a).

The control objective is to provide reasonable assurance that Federal awards expended for allowable travel expenses that are reasonable and necessary to the accomplishment of the grant objectives.

Control Activities include:

- In the case of travel for a conference or training, the employee must complete a conference authorization form that it is approved by their supervisor prior to travel to ensure that the travel is allowable, reasonable and necessary.

- All travel related expenditures must be submitted with original receipts and all mileage must be presented on the mileage reimbursement form. Those expenses are approved by the program director before being charged to any federal or state grant.
- The Accounting Supervisor and/or the Director of Business Services will compare the expenditures charged to the state or federal grant to the approved grant application budget to ensure that the expenditures were approved by MDE.

G. Procurement, Suspension & Debarment

I. Responsibility for Purchasing

In compliance with Anchor Bay School District Board Policy 5003. The Assistant Superintendent of Business Services or his/her designee has authority to initiate purchases under their authority, generally such designees are program directors. Under this circumstance the program directors would be responsible for processing purchase orders within their respective departments.

II. Suspension & Debarment

The district will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the procurement. All purchasing decisions shall be made in the best interests of the District and shall seek to obtain the maximum value for each dollar expended. While considering purchases and making purchasing decisions the District shall take into consideration such factors as (1) contractor integrity; (2) compliance with public policy; (3) record of past performance; and (4) financial and technical resources.

The Superintendent shall have the authority to suspend or debar a person/corporation for cause, from consideration or award of contracts. The District shall not subcontract with or award subcontracts to any person or company who is debarred or suspended.

The Business Services department diligently searches the federal excluded contractor/parties' database at www.sam.gov. Any potential match would be followed-up on immediately. A listing of the vendors search and the date of the procedures would be retained. If a vendor is found to be suspended or debarred, the District will immediately cease to do business with this vendor.

Purchase Methods

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

Micro-purchase means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed \$10,000. The micro-purchase method is used in order 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 District will distribute micro-purchases equitably among qualified suppliers. District administration responsible for purchasing will monitor their micro-purchases and will to the extent possible equitably distribute purchases among qualified vendors.

Micro-purchases may be awarded without soliciting competitive quotations if the District considers the price to be reasonable. To affect a micro-purchase of less than \$100, authorized personnel may simply purchase the goods or services without prior authorization. Micro-purchases above \$100 must be initiated by creating a purchase requisition within FAS. The purchase order is then reviewed by the district business office to ensure that the purchase is necessary and reasonable, within budget, properly coded and within the proper period of performance. If any of these qualities just described are deficient, the purchase requisition is returned to the initiating employee. If the purchase requisition is sufficient, the purchase requisition is approved and a sequentially numbered purchase order is created. The business office will typically place the order with the vendor and give the requesting purchaser a yellow copy of the purchase order letting them know that the order has been approved and placed. The business office also maintains a copy of the purchase order that will be reconciled with the invoice and shipping manifest prior to payment.

ii. **Purchases between \$10,000 and the amount prescribed under the Michigan Revised School Code Sections 623a and 1274 (e.g. \$25,288 FY2021)**

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$10,000. If small purchase procedures are used, the District encourages, but does not require, District personnel authorized to make small purchases to seek price or rate quotations from an adequate number of qualified sources.

To affect a small purchases authorized District personnel must create a purchase requisition within the AS400. The purchase order is then reviewed by the district Accounting Supervisor and/or the Director of Business Services to ensure that the purchase is necessary and reasonable, within budget, properly coded and within the proper period of performance. If any of the qualities just described are deficient, the purchase requisition is returned to the initiating employee. If the purchase requisition is sufficient, the purchase requisition is approved and a sequentially numbered purchase order is created. The program department (e.g. Curriculum) will typically place the order with the vendor and give the requesting purchaser a yellow copy of the purchase order letting them know that the order has been approved and placed. The business office also maintains a copy of the purchase order that will be reconciled with the invoice and shipping manifest prior to payment.

iii. **Purchases over the MDE Competitive Bid Threshold for Sections 1267 and 1274 of the Michigan Revised School Code (MCL 380.1267 & MCL 380.1274).**

Purchases for construction and repair of school buildings are required to follow board policy 6321 and MCL 380.1267. Generally, the policy and the statute state that before commencing construction of new school building, or addition to or repair or renovation of an existing school building, except in emergency situation, the school district shall obtain sealed, competitive bids on all material and labor to complete construction costing more than the annually adjusted MDE Competitive Bid Threshold.

Specific Requirements for Bidding Procedures, Include:

- Advertise once in local newspaper
- Post advertisement on State website for at least 2 weeks
- Advertisement must specify requirements for sealed bids:
 - Date and Time bids are due
 - School district will not accept or consider late bids
 - Date, time and place where bids will be opened and read aloud
 - Each bid shall be accompanied by sworn and notarized familial affidavit
 - Will not accept bid that does not include sworn and notarized familial affidavit
 - Iranian Linked Business Affidavit
 - Board approval to make the purchase
- A Bid Bond (5% of bid amount) is required in cash or check and must be filed with the Board
- Performance and payment bonds are required
 - Applies if contract amount is greater than \$50,000
 - Bond must be at least 25% of the entire contract
 - Must be issued through a licensed surety

Purchases for supplies and equipment greater than the annually adjusted MDE competitive bid threshold are required to follow board policy 6320 and abide by MCL 380.1274. Generally, the policy and the statute state that before commencing the purchase of supplies or equipment greater than the annually adjusted MDE Competitive Bid Threshold must solicit competitive bids before making the purchase.

Specific Requirements for Bidding Procedures, Include:

- Solicit at least 3 bids from vendors known to deal with particular classes of supplies and or equipment
- Iranian Linked Business Affidavit
- Board approval to make the purchase
- Do not split purchases to avoid this requirement

iv. Federal Purchases Over \$150,000

For purchases over \$150,000, bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method for procuring construction requires:

- Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for state, local, and tribal governments, the invitation for bids must be publicly advertised;
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

- All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
- A firm fixed price contract award must be made in writing to the lowest qualified
- The Board reserves the right to reject any or all bids.

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.

H. Settlements of Issues Arising Out of Procurements

The District alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the District of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

I. Procedures for Evaluation of Sealed Bids

1. The superintendent or a designated staff determines an estimated cost of needed items that are expected to exceed the annually adjusted MDE Competitive Bid Threshold.
2. The School Board authorizes, the superintendent or his/her designee, through board resolution, to begin the competitive bidding/proposal process.
3. Invitation for bids is advertised in the local newspaper(s) and solicited from an adequate number of known suppliers, providing at least ten days or other sufficient response time as needed prior to the date set for opening the bids;
4. The invitation for bids includes any specifications and pertinent attachments, and defines items or services in order for the bidder to properly respond;
5. All bids will be publicly opened at the time and place prescribed in the invitation of bids. The Superintendent or authorized designee and at least one witness is required to be present, and all bidders are welcomed.
6. All bids are written on a bid sheet for comparison. A discussion and review of all bids is completed by the Superintendent or designee and Board. The lowest bid is generally accepted if all specifications are met. The District reserves the right to reject any and all bids if there is a sound documented reason. A recommendation is made to the Board for approval.
7. Upon approval, the School Board and all involved parties enter into a firm and fixed price agreement in the form of a written contract.

The only exception of the above is when there is a state approved contract from which purchases are allowed.