

# NEW CHARTER TRAINING

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June, 2024



ARIZONA DEPARTMENT OF  
**EDUCATION**

# Agenda



Grant Guidance Regulations



Procurement



Policy and Procedures



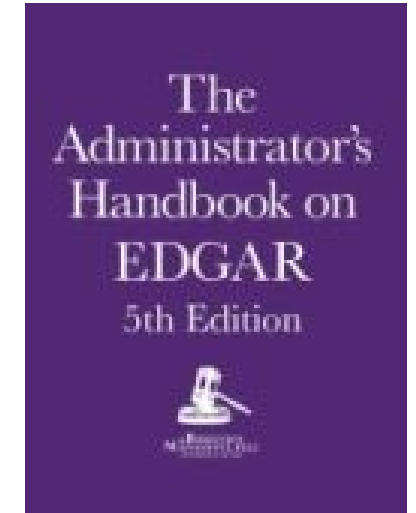
# GRANT GUIDANCE REGULATIONS

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# EDGAR and the UGG

- The Education Department General Administrative Regulations (EDGAR) consists of various grants management rules applicable to all federal awards issued by the U.S. Department of Education (ED).
- The Uniform Grant Guidance (UGG) are federal grants management rules that apply to all awards issued by all federal awarding agencies.
  - Created and amended by the Office of Management and Budget
- EDGAR incorporated the UGG in 2014
  - 2 CFR Part 200



<https://bruman.com/publications/>

# Additional Considerations

## Federal Rules

- Program statute
- Program Regulations
- 2 CFR Part 200
- Guidance Documents



## State and Local Rules

- State statute
- State regulations
- State policies
- Local rule
- Policies and procedures

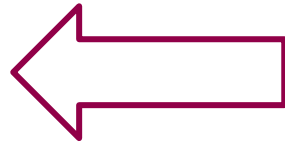


# True or False

The UGG is a cross-cutting set of federal regulations that govern how recipients spend federal funds?



True



False



# Test Your Memory

In addition to the UGG, which rules can govern federal grant requirements?



Program Statutes



State Law



Local Rules



All the Above



# PROCUREMENT

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2 CFR 200.317 – 200.327



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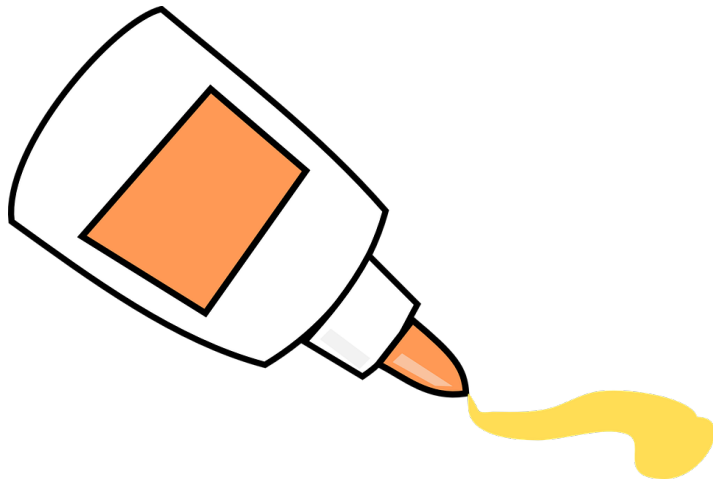
# Internal Controls

2 CFR 200.303(a) The non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.



# Ensure Your Directives are Carried Out

Internal controls are the glue to make sure you achieve your policies and procedures.



## **What → Policies**

- These are the rules.

## **How → Procedures**

- These are the step-by-step processes.

## **Check → Verification**

- This how you know the procedures were followed.



# Procurement Standards

## 2 CFR 200.318(a)

All nonfederal entities must have documented **procurement procedures** which reflect applicable Federal, State, and local laws and regulations.



# Procurement Policies and Procedures



Your LEA's procurement policy should include:

- A conflict of interest policy
- Procurement thresholds
- A process for checking [sam.gov](https://sam.gov) for vendors for *Suspension and Debarment* when spending 25K or more



# Conflict of Interest & Mandatory Disclosure

## **2 CFR 200.318(C)**

A conflict of interest arises when any of the following has a financial or other interest in the firm selected for award:

- Employee, officer or agent
- Any member of that person's immediate family or that person's partner
- An organization which employs, or is about to employ, any of the above or has a financial interest in the firm selected for award

## **2 CFR 200.112**

All non-federal entities must establish conflict of interest policies and disclose in writing any potential conflict to federal awarding agency in accordance with applicable Federal awarding agency policy.

## **2 CFR 200.113**

Must disclose to federal or pass pass-through agency "all violation of federal criminal law involving fraud, bribery or gratuity violations potentially affecting the federal award."

# Methods of Procurement

Grantee must have and use documented procurement procedures for the following methods:

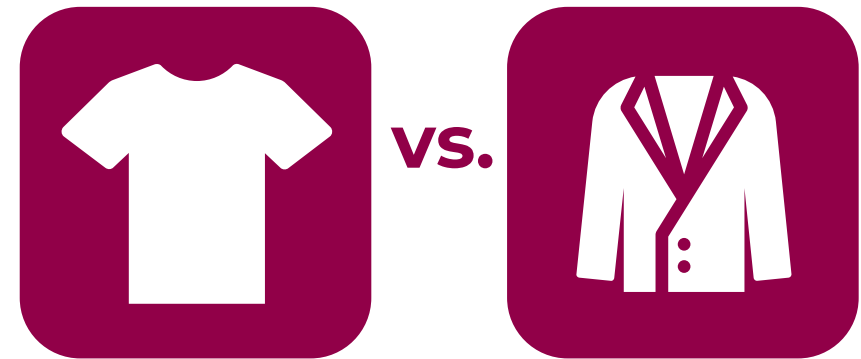
**a) Informal procurement methods**

- Micro-purchase
- Small purchase procedures

**b) Formal procurement methods**

- Competitive sealed bids
- Competitive proposals

**c) Noncompetitive proposals**



# Rate Yourself 1-5

How comfortable are you with the methods of procurement?



# State Procurement Laws Exception

- The Procurement Laws Exception Amendment Request is used by the Arizona State Board for Charter Schools (ASBCS) to grant, a charter holder an exception from the state procurement requirements identified in A.R.S. §§15-213 and 15-189.02.
- If granted, this exception applies to purchases made using **non-federal funds**. As a condition of the receipt of certain federal funds, federal procurement requirements still apply.





# Polling Question

By show of hands how many of you represent a charter school currently exempt from state procurement regulations?



# Informal Procurement

## 2 CFR 200.320(a)

- Distribution. “To the maximum extent practicable, the non-federal entity should distribute ... among qualified suppliers.”
- Awards. May be awarded without price or rate quotes if non-federal entity “considers the price to be reasonable based on research, experience, purchase history or other information and documents its files accordingly.”



# Micro-Purchases

## 2 CFR 200.320(a)(1)

- Distribution
  - “To the maximum extent practicable, the non-federal entity should distribute ... among qualified suppliers.”
- Awards
  - May be awarded without price or rate quotes if non-federal entity “considers the price to be reasonable based on research, experience, purchase history or other information and documents its files accordingly.”



# Micro-Purchase Threshold

The dollar amount at or below which a non-Federal entity may purchase property or services using micro-purchase procedures (see [§ 200.320](#)).

Generally, the micro-purchase threshold for procurement activities administered under Federal awards is not to exceed the amount set by the FAR at [48 CFR part 2, subpart 2.1](#), (\$10,000) unless a higher threshold is requested by the non-Federal entity and approved by the cognizant agency for indirect costs (ADE).

# Increasing the Micro-Purchase Threshold

- Non-Federal entities can self-certify a higher micro-purchase threshold (up to \$50,000).
- Self-certifications are completed annually, and the Non-Federal entity is required to maintain documentation to support the certification.
- The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:
  - (A) A qualification as a low-risk auditee, in accordance with the criteria in [§ 200.520](#) for the most recent audit;
  - (B) An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,
  - (C) For public institutions, a higher threshold consistent with State law.



# Small Purchases

## 2 CFR 200.320(a)(2)

- Used for purchases greater than micro-purchase threshold, but less than simplified acquisition threshold (\$250,000).
- Price or rate quotations from “adequate number of qualified sources” **as determined appropriate by non-federal entity.**
- Thresholds
  - Established based on internal controls, risk and procedures, and documented. Cannot exceed the threshold in FAR (\$250,000) but may be lowered.



# Formal Procurement

## 2 CFR 200.320(b)

- Used for purchases that exceed small purchase threshold (\$250,000, or lower, if set by the non-federal entity)
  - Require documented procedures
  - Require public advertising
- Two options:
  1. Sealed bids
  2. Proposals



# Two Options

## Sealed Bids

Used when:

1. A complete, adequate, and realistic specification or purchase description is available
2. Two or more responsible bidders are willing and able to compete effectively
3. The procurement lends itself to a firm, fixed-price contract and selection is principally based on cost.

## Proposals

Used when:

- Conditions are not appropriate for the use of sealed bids.
  1. Must have a written method for conducting technical evaluations of proposals and making selections.
  2. Contract is awarded to offeror whose proposal is most advantageous considering price and other factors.





# Noncompetitive Proposals

## 2 CFR 200.320(c)

Appropriate only when:

- Micro-purchases
- The item is only available from a single source;
- There is a public emergency for the requirement that will not permit delay resulting from publicizing a competitive solicitation;
- The Federal awarding agency or pass-through expressly authorizes noncompetitive procurement in response to a written request from non-Federal entity; or
- After soliciting a number of sources, competition is determined inadequate.



# Procurement History

## **2 CFR 200.318(i)**

The non-Federal entity must maintain records sufficient to detail the history of procurement. 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.



# Sole Source

Sole source procurement is a procurement method that involves selecting a single vendor for a product or service without competition. This may be done when only one source is available, compatible, or capable of fulfilling the requirements.

**Sole source procurement must be justified in writing and follow the applicable laws and regulations.**

- The LEA must be able to show the History of Procurement here just as all other methods.
- The LEA would still reach out to multiple vendors to try to obtain quotes that would include the services they provide and cost.
- Keep all documents from the procurement stage to be able to provide the History of Procurement.



# Sole Source Vendor Selection

## **Justification for vendor selection is a must and consists of the following:**

- Vendor solicitation/quotes – attempt at a minimum
- Justification letter dated at the time of the purchase not present time when the monitoring is happening
- Clear documentation of 1 of the 5 allowable reasonings per 2 CFR 200.320 (c)
- Cost price analysis used to determine if the contract price is reasonable

## **If the recipient determines that competition is not necessary**

- Documentation of the uniqueness of the services sought and the lack of other providers
- Specific experience of the vendor selected (body of knowledge).

# Cooperative Purchasing Agreements (Co-Ops)

## **2 CFR 200.318(e)**

To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is 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. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.



# Co-Ops Due Diligence

- When purchasing from a cooperative purchasing agreement, nonexempt charter schools are responsible for ensuring that procurements are done in accordance with School District Procurement Rules.
- Charter schools must use their judgment in determining the appropriate amount and complexity of due diligence required for each procuring entity with which they participate.
- Due diligence, at a minimum, should include verification that the cooperative contract was awarded through a competitive process.
- For audit purposes, schools should retain documentation of the due diligence performed and the results.



# Suspension and Debarment

## 2 CFR 214

For contracts over \$25,000 (*covered transaction* 2 CFR 3485.220), you must verify that the person with who you intend to do business is not excluded or disqualified.

- This MUST be done by either:
  - a. Checking [SAM.gov](https://sam.gov); or
  - b. Collecting a certification from that person; or
  - c. Adding a clause or condition to the covered transaction with that person.



# Check Your Understanding

In addition to the UGG, the standards for procurement systems include:



Documented procurement procedures



Written standards of conduct governing conflicts of interest



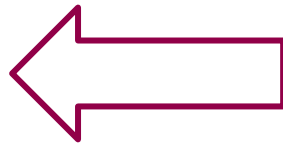
Contract administration system



Open and full competition



All the above



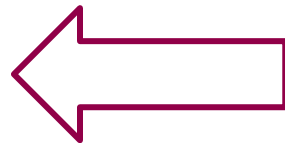


# Thumbs Up or Down

Those who have a real or apparent conflict cannot participate in the selection, award, or administration of a contract supported by federal award?



True



False



# Revisiting Required Procurement Policy and Procedures

- ✓ A conflict of interest policy
- ✓ Procurement thresholds
- ✓ A process for checking sam.gov for vendors for suspension and debarment when spending 25K or more

## 2 CFR 200.318(a)

All nonfederal entities must have documented **procurement procedures** which reflect applicable Federal, State, and local laws and regulations.



# Avoid Common Policy Pitfalls

- LEA does not have an internal policy
- LEA's internal policy is not aligned with state and/or federal requirements
- LEA's policy is missing key information
- LEA does not follow internal policy



# Examples of Common Policy Issues

## No Internal Policy

LEA did not provide evidence of a policy on procurement.

## Missing Key Information

Submitted procurement policy does not contain a process for checking vendors for suspension and debarment on sam.gov when spending 25k or more.

## Not Aligned to State/Federal Standards

Evidence provided did not demonstrate federal methods of procurement were followed.

## Internal Policy Not Followed

Internal policy states 3 quotes will be obtained for purchases over 25K (under 250K). Only 2 quotes were obtained for 36K purchase.



# Getting Started

- Determine the Goal
- Create a Team
- Identify Big Buckets
- Assign Subjects
- Determine a Timeline
- Review and Collect Documentation



# Policies and Procedures Best Practices



- Ensure alignment with Federal and state regulations.
- Consider daily operations, reporting, and compliance.
- Document policies, procedures, and documentation standards.
- Provide routine training and communication to staff.
- Implement and then test them to if you need to re-evaluate.



# QUESTIONS

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# Contact Us

**ADE Helpdesk:** <https://helpdesk.azed.gov> (ADE) <https://helpdeskexternal.azed.gov> (LEA)

**GM Website:** [www.azed.gov/grants-management](http://www.azed.gov/grants-management)

**GM Upcoming Trainings:** <https://bit.ly/40M0rQK>

**GM Hotline:** 602-542-3901

Grants Technology	Grants Training	Fiscal Processing	Fiscal Monitoring
<b>Option 1</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>
<ul style="list-style-type: none"><li><input type="checkbox"/> GME System Support</li><li><input type="checkbox"/> GME System Updates &amp; Enhancements</li><li><input type="checkbox"/> GSA &amp; Self-Assessment</li></ul>	<ul style="list-style-type: none"><li><input type="checkbox"/> Training and Professional Development</li><li><input type="checkbox"/> Training Resources &amp; Materials</li></ul>	<ul style="list-style-type: none"><li><input type="checkbox"/> Reimbursement Requests</li><li><input type="checkbox"/> Completion Reports</li><li><input type="checkbox"/> Title I Maintenance of Effort</li><li><input type="checkbox"/> Indirect Cost</li></ul>	<ul style="list-style-type: none"><li><input type="checkbox"/> Single Audits</li><li><input type="checkbox"/> Fiscal Monitoring</li><li><input type="checkbox"/> Corrective Action Plan Support</li></ul>