



STATE OF ALABAMA
DEPARTMENT OF EDUCATION



Eric G. Mackey, Ed.D.
State Superintendent of Education

September 12, 2018

Alabama
State Board
of Education

MEMORANDUM

Governor Kay Ivey
President

TO: City and County Superintendents of Education

Jackie Zeigler
District I

FROM: Eric G. Mackey *EGM*
State Superintendent of Education

Betty Peters
District II

SUBJECT: Procurement Changes for Federal Programs

Stephanie Bell
District III

Most of the federal funds received by local boards of education (including Child Nutrition Program Funds) are now subject to the requirements of the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements-Part 200 ("Part 200"). The Office of Federal Financial Management recently issued a memorandum that provides exceptions to the procurement thresholds contained in the Part 200 requirements that are currently applicable to Alabama school boards. The federal micro-purchase threshold is increased from \$3,500 to \$10,000 and the simplified acquisition threshold is increased from \$150,000 to \$250,000.

Yvette M. Richardson, Ed.D.
District IV

Part 200 contains requirements that school boards must have written policies to document certain procedures that will be followed for federal program funds. If your school board's procurement policies include the federal threshold amounts, then these written policies will need to be changed before using the higher federal procurement thresholds. The example written policies that we provided to school boards on July 18, 2016, included the simplified acquisition threshold amount of \$150,000. (See enclosure.)

Ella B. Bell
District V

Cynthia McCarty, Ph.D.
District VI
Vice President

If you have questions about the implementation of these Part 200 requirements, please contact Mr. Dennis Heard [(334) 694-4831 or dheard@alsde.edu] or Mrs. Sonja Peaspanen [(334) 694-4832 or speaspanen@alsde.edu].

Jeff Newman
District VII
President Pro Tem

EGM/AC/DWH

Mary Scott Hunter, J.D.
District VIII

Enclosure

Eric G. Mackey, Ed.D.
Secretary and
Executive Officer

cc: Chief School Financial Officers
Child Nutrition Directors
Federal Program Directors

FY18-3054



STATE OF ALABAMA
DEPARTMENT OF EDUCATION



Philip C. Cleveland, Ed.D.
Interim State Superintendent
of Education

July 18, 2016

MEMORANDUM

TO: City and County Superintendents of Education

FROM: Andy Craig *AC*
Deputy State Superintendent
Administrative and Financial Services

RE: PART 200- Uniform Guidance for Federal Programs

Most of the federal funds received by local boards of education (including Child Nutrition Program Funds) are now subject to the requirements of the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements-Part 200 ("Part 200"). The U. S. Department of Education and the U. S. Department of Agriculture have implemented Part 200 requirements that are now applicable to Alabama school boards. Part 200 contains requirements that school boards must have written policies to document certain procedures that will be followed for federal program funds. Enclosed are examples of written policies to assist you in developing the policies for your school board.

Although federal programs and child nutrition programs are subject to the same procurement requirements of state laws governing school board funds, Part 200 contains some additional purchasing requirements for purchases with federal and child nutrition program funds. Procurement transactions that are not subject to the state procurement laws (see example written policies), but exceed the aggregate amount of the federal micro-purchase threshold (currently \$3500), will need price or rate quotes from two or more qualified sources. Additionally, a school board utilizing the national purchasing cooperatives authorized under state law for federal program and child nutrition program purchases should obtain documents that show the Part 200 competitive bid requirements were met.

If you have questions about the implementation of these Part 200 requirements contact Mr. Dennis Heard [(334) 242-9747 or dheard@alsde.edu] or Mrs. Sonja Peaspanen [(334) 353-9886 or speaspanen@alsde.edu].

AC/DWH

Enclosure

cc: Chief School Financial Officers
Child Nutrition Directors
Federal Program Directors

Alabama
State Board
of Education

Governor
Robert Bentley
President

Matthew S. Brown, J.D.
District I

Betty Peters
District II

Stephanie Bell
District III

Yvette M.
Richardson, Ed.D.
District IV
Vice President

Ella B. Bell
District V

Cynthia McCarty, Ph.D.
District VI

Jeff Newman
District VII

Mary Scott Hunter, J.D.
District VIII
President Pro Tem

Philip C. Cleveland, Ed.D.
Interim Secretary and
Executive Officer

PART 200 - Uniform Administrative Requirements for Written Policies and Procedures

1. Written procedures to minimize the time elapsing between pass-through entity (or the U.S. Treasury) and the disbursement by the local education agency. Advance payments must be limited to minimum amounts needed and be timed to be in accordance with the actual, immediate cash required.
2. Written procedures to determine allowability of costs.
3. Written travel reimbursement policies.
4. Written standards of conduct covering conflicts of interest and governing the performance of employees engaged in the selection, award, and administration of the contracts.
5. Written procedures for procurement transactions.
6. Written method of conducting technical evaluations of competitive proposals and selection (not conducted by sealed bids).

Cash Management for Federal Funds

The Board will minimize the time between the receipt of federal funds from the United States Treasury, the Alabama Department of Education, or other pass-through entity, and the disbursement of those federal funds. Federal funds will only be requested to meet immediate cash needs for reimbursement not covered by prior receipts and anticipated disbursements that are generally fixed, such as monthly program salaries and benefits. Disbursements will be made within in twenty business days after receipt of funds.

The Chief School Financial Officer will maintain financial records that account for the receipt, obligation, and expenditure of each federal program fund. Cash balances for each federal program fund and for the aggregate of all federal program funds will be monitored daily by the Chief School Financial Officer or designee.

Board procedures to minimize the cash balances in federal program funds are expected to prevent the aggregate cash balances of federal program funds from earning \$500 or more for the fiscal year if maintained in interest-bearing accounts. The federal program funds, with the exception of Child Nutrition Program funds, will not be maintained in an interest-bearing bank account if the Chief School Financial Officer determines that banking requirements for minimum or average balances are so high that an interest-bearing account would not be feasible. Federal program funds will be maintained in insured checking accounts that are subject to the state requirements for public deposits under the SAFE program.

Determination of Allowable Costs

Before instituting a financial transaction that will require the expenditure of federal funds the federal program director and the Chief School Financial Officer or designee will determine that the proposed transaction meets the requirements for allowable costs for the federal program. Actions to determine allowable costs will assure that:

- The proposed expenditure is included in the federal program budget;
- The proposed expenditure is reasonable and necessary for the federal program;
- The proposed expenditure is consistent with procedures for financial transactions of the board including:
 - Purchase order approval procedures;
 - Contract review and approval procedures;
 - Applicable competitive purchasing procedures and;
 - Documentation supports allowability of transaction.

Before payments are made from federal funds the federal program director and the Chief School Financial Officer or designee will determine that the federal program expenditure complies with generally accepted accounting principles and complies with state, local, and federal laws, rules, and regulations.

Travel Policy

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by board employees who are in travel status on official business of the board. The board's travel policy provides for reimbursement and payments for travel costs of employees paid from federal funds that is consistent with the travel costs for board employees paid from state or local funds.

Procurement Policy

The board will follow state laws for the procurement of property and services. The primary state procurement laws for Alabama school boards are:

- *Alabama Competitive Bid Laws (Chapter 13B of Title 16, Code of Alabama 1975);*
- *Joint Information Technology Purchasing Agreement (Chapter 13B of Title 16, Code of Alabama 1975); and,*
- *Public Works Law (Title 39, Code of Alabama 1975).*

To the extent allowed by state laws, the board will utilize state, local, regional, and national purchasing agreements where appropriate for the procurement or use of goods and services. All procurement transactions are subject to the board's *Conflict of Interest Policy* and the procurement decisions of the board will:

- Avoid acquisition of unnecessary or duplicative goods and services;
- Use the most economical and efficient approach for acquisitions;
- Award acquisition contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement;
- Consider contractor integrity, compliance with public policy, record of past performance, and financial and technical resources prior to awarding procurement contracts;
- Maintain records sufficient to document the history of the procurement; and,
- Conduct procurement transactions in a manner that provides full and open competition.

Procurement transactions for federal programs and child nutrition programs that are not subject to the state procurement laws, but exceed the aggregate amount of the federal micro-purchase threshold, will be obtained by utilizing price or rate quotes from two or more qualified sources. State procurement laws include requirements that comply with the other Uniform Administrative Requirements for procurement of property and services.

The board will request proposals for those professional service contracts (excluding architectural and engineering services) that are exempt under state procurement laws if the contracts exceed \$150,000 and will be paid from federal or child nutrition program funds. The board will utilize a team of three or more qualified individuals to conduct a technical evaluation of proposals received and for selecting recipients. As a part of the evaluation, the individuals on the evaluation team will sign an assurance that each of the individuals is in compliance with the board's conflict of interest policy.