

Lamoille North Supervisory Union General Grant Purchase Procedures

Detailed documentation of expenses is a critical element of accounting for any charges made to a grant. If there is no way to account for costs being allowable it could result in repayment of grant funds for all grants, LNSU wide, not just to an individual school.

IF IT ISN'T DOCUMENTED, IT DIDN'T HAPPEN!

With that in mind please be aware of the following procedures:

Grant Purchases General – Page 2

Purchase Order Requirements - Page

Contracted Services – Page 3

Professional Development – Page 4 & 5

Equipment and Supply Purchases - Page 6

Personnel Costs & Stipends – Page 8

Intellectual Property – Page 9

Grant Purchases - General

Purchases cannot be made prior to approval from the granting agency. A grant award is sent to LNSU central office with a very specific award date. Purchases dated, prior to that award date may be disallowed. The only exception is food service purchases that fall under \$15,000 or if the grant specifically allows for prior date purchases.

Purchases cannot be made using the schools petty cash accounts.

All purchases **MUST** begin with the creation of a purchase order.

If the purchase is outside of the scope of work or strategy already approved by the VT DOE, then an amendment is needed. Contact the person responsible for writing the grant.

No tobacco, alcohol or any illegal substance purchases, dependent costs or sales tax will be allowed.

Purchases must follow the LNSU Allowability of Cost Procedures and meet the Procurement Procedures.

Grant Purchases - General

Purchase Orders:

- 1) The school should enter a requisition detailing the purchase. In the body of the requisition please detail the service, supply or equipment being purchased. If for a conference or workshop, detail the training specifically how it relates to the grant, the dates of training, location and who is attending.
- 2) In the notes section of the requisition please include the rationale for vendor selection, strategy # if one has been assigned and all other pertinent information required for the Grants Manager to verify it complies with the approved strategy. The general ledger code should match the grant expense code.
- 3) In the notes section a method of procurement must be entered - see attachment Methods of Procurement for description of 5 allowable methods of procurement.
- 4) The requisition is submitted for approval. The Grants Manager reviews the requisition for accuracy, compliance to the approved strategy and necessary and reasonableness of the purchase. The Grants Manager will also verify the vendor has not been suspended or debarred. If approved, it moves on to the Principal for final review and approval. If returned, there will be a note from the Grants Manager and/or Principal as to what needs to be changed/amended/adjusted.
- 5) If there are any attachments (contracts, conference descriptions, etc), please attach to the PO or forward to the Grants Manager so he/she can attach to the PO.
- 6) Food Service (fund 500 & 311) ONLY – PO's are expected to be created at the beginning of the fiscal year to encumber all estimated food purchases, which will be considered micro purchases.

PURCHASES MADE PRIOR TO THE ABOVE PROCESS PUT YOU AT RISK OF NOT BEING ABLE TO USE GRANT MONIES FOR THIS PURCHASE. Very few exceptions will be made at the discretion of the finance coordinator and never for more than \$3,500.

This process will save a lot of headaches down the road if there are issues with the vendor, purpose of the purchase or gl account coding before a purchase is made.

Grant Funded Contracted Services Procedures

Contracts are necessary for purchased services, which include hiring vendors/contractors for professional development or performing any service in our schools, PRIOR to the work being completed. Contracts must be clear in the scope of work, dates of service and amount payable to the vendor. The Grants Manager is required to do an online search at the System of Award Management to verify the vendor/contractor chosen has not been disbarred from receiving federal or state awards.

Per the LNSU purchasing principals and protocol:

All Grant procurements of \$3,500 or more but less than \$15,000 requires the solicitation of quotes with documentation from at least three sources. Procurements \$15,000 or more require a formal bid process.

Sole Provider:

A sole source procurement is a procurement without competition and must meet one of the following criteria:

- 1. The item is available from only one source;*
- 2. Public exigency or emergency will not permit a delay resulting from a competitive procurement; or*
- 3. After solicitation from a number of sources, competition is determined to be inadequate.*
- 4. The grantee must maintain justification, as listed in Federal Grant Financial Guidelines, for all non-competitive procurements.*
- 5. The grantee must request approval from the Commissioner of Education for a non-competitive procurement over \$15,000 prior to incurring the expense*

As in any other purchase this contracted service must begin with a requisition/purchase order and the contract should be forwarded to the Grants Manager for attachment to the PO. Please refer to page 2.

Before payment is made, there should be a sign-off that the contracted work was performed as stated in the contract.

Grant Funded Professional Development Procedures

Professional development can be performed in two different ways, a contractor/vendor is hired to train staff at the school level or the staff may attend conferences or workshops in a different venue.

Contracted Vendors:

Vendors/outside contractors are paid to work with staff in the school setting. A contract is necessary to pay this vendor PRIOR to work being completed. (Please review page 3 regarding contracted services for more details).

If the staff is expected to work outside of their contracted days /contracted hours then stipends will be necessary in order to compensate them for their time. IF THIS WORK IS DURING SCHOOL HOURS OR ON AN INSERVICE DAY, ADDITIONAL COMPENSATION IS NOT ALLOWED. Supplemental pay forms must be submitted BEFORE work begins if paying for work beyond the regular contract with grant funds. Documentation should state the work expectations and payment provisions. Make sure the description of the work is detailed enough to tie into the grant objectives.

An attendance sign in sheet must be submitted – NOT a listing of names. Please forward to the Grants Manager for his/her files.

Before payment is made, there should be a sign-off that the contracted work was performed as stated in the contract.

Training/Professional Development outside of the school setting:

Staff sometimes travel to professional development opportunities. When entering in the requisition for the event, please attach an agenda or brochure indentifying the content of the training and the dates of the training. Forward to the Grants Manager to attach if you cannot do so on your own.

A Certificate of attendance is needed for each staff person attending this PD. If the conference does not provide one, then please bring a LNSU certificate of attendance that can be found on the LNSU website www.lnsu.org.

Travel costs include the expense of transportation, lodging, and food and should be coded to object code 580. Travel reimbursement must be processed within 90 days of the trip. The cost of lodging and food must be considered reasonable and necessary. Dependents are never reimbursable. Alcohol purchases and sales tax are never reimbursable; however, rooms & meals tax are allowable. Mileage: if traveling by private vehicle, mileage to the event will be reimbursed at the current IRS reimbursement rate and is subject to the LNSU Mileage Reimbursement Procedures. **Reimbursement should be forwarded for payment by 60 days per IRS regulations or will be subject to tax.**

Transportation and accommodations: Airfare and hotel accommodation costs must be the basic and least expensive, whenever possible. Circuitous airline routing or travel requiring excessive prolonged travel or at unreasonable hours can be used to allow for additional costs for a flight. Also additional

Grant Funded Professional Development Procedures

expenses can be allowed for accommodations if the basic ones are not reasonably adequate for the participants needs for the conference/workshop they are attending. Again, requisitions must be created prior to air line tickets or hotel reservations being made.

Food/subsistence: in order to be reimbursed for food purchases, receipts must be original, itemized, readable and dated. Per LNSU policy, in no event will alcohol purchases be reimbursable. Lost receipt forms will NOT be allowed for grant funded reimbursement. If an employee is requesting reimbursement, expense reimbursement forms must be completed, attaching all of the original invoices and referencing the approved PO before reimbursement will be processed. All reimbursement requests should be processed as soon as possible after the conference, but in no event will reimbursement be made after 90 days with grant funds. Again, requisitions must be created, estimating the cost for meals.

When staff is traveling for a conference/workshop a daily stipend may be allowed depending on whether or not the conference happens during a normal school day, in-service day or during a non school day. If allowed please refer to paragraph 3 on the previous page.

All travel for conferences and workshops, as with all grant purchases, must meet the definition of being reasonable and necessary. This means the cost is necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles. Reasonable costs are determine if in its nature and amount the cost does not exceed that which would be incurred by a prudent person under the same circumstances at the time the decision was made to incur the cost. When in doubt, please contact the Grants Manager.

Equipment and Supply Procedures

Equipment purchases are subject to different procedures than supply purchases. Goods purchased or received with grant funds are property of the school district.

As with contracts, Per the LNSU purchasing principals and protocol:

All Grant procurements of \$3,500 or more but less than \$15,000 requires the solicitation of quotes with documentation from at least three sources. Procurements \$15,000 or more require a formal bid process.

Sole Provider:

A sole source procurement is a procurement without competition and must meet one of the following criteria:

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Supplies:

Supplies require a requisition/purchase order PRIOR to purchasing and should use an object code of 6??. Supplies can include, but are not limited to, resource materials, computer equipment under \$5,000, books and micro purchases of small items. Micro purchases are defined as any purchase of \$3,500 or less and no solicitation of quotes is needed.

Grant funds cannot be used for food/meal expenses, with the exception of the 21st Century grant if the food purchases are being used for cooking classes, the Parental Involvement grant where meals can be used to entice parents to attend after school/evening trainings/enrichment and for reimbursement to staff attending professional development outside of the school where it is reasonable and necessary (as described in pages 4-5).

Invoices or receipts for supplies must be dated, original and itemized. If an employee is requesting reimbursement, expense reimbursement forms must be completed, attaching all of the original invoices and referencing the approved PO before reimbursement will be processed.

Packing slips need to be provided when received with the purchase. Every attempt should be made to use a school account when making purchases. Under no circumstances should personal accounts be used for purchases through Amazon. All deliveries need to be made to the school NOT to an employee's home.

Equipment and Supply Procedures

Equipment:

Equipment requires a requisition/purchase order PRIOR to purchasing and should use object code 730, 731 or 732.

All equipment purchase with grant funds MUST be tracked and only used for the grant purpose. Once the procurement has taken place, the output review employee at LNSU will forward a tracking tag that must be secured to the item and the item must be used by and for the purpose of the grant. Inventory will be taken on all equipment purchases using grant funds at least every two years.

Equipment, purchased with grant funds, cannot be sold, scrapped or returned without proper documentation at the LNSU, federal and/or state level. Please contact the Grants Manager PRIOR to disposing of equipment purchased with grant funds.

In some cases, sale of items may require reimbursement to the grantor.

Grant Funded Employee Pay and Stipends

There are two different ways employees can be funded with grant monies, as a supplement pay in the form of a stipend and as part of their regular biweekly pay.

Stipend supplementals:

Extra duty pay must begin with a supplemental pay form PRIOR to the employee completing the services. Stipends are only allowed if the work being completed is above and beyond their normal work day and duties. Typically you will fill out Option #2 on the supplemental pay form, making sure ALL sections are complete for verification to the approved grant strategy. Only after this work has been completed, will payment be allowed. Professional development pay is detailed on page 4. It is important to remember that Teacher Mentoring, must start with a supplemental pay form and must take place outside of a teachers "normal" day.

Grant funded positions:

When grant funding pays for a portion or all of a staff's salary and benefits, documentation is necessary to verify the employees duties line up with the grant strategy. The Finance Coordinator will provide either a Personal Activity Report (PAR) or a semiannual certification as determined by the employee's job duties and grant strategies cost objectives. These forms are due monthly to meet federal requirements. PARs are used for employees working on multiple cost objectives. Time Certifications are for employees working 100% of their time on one cost objective.

Grant Funded Intellectual Property

All intellectual property created as a result of grant and tax funds shall be the property of the school district.

Lamoille North Supervisory Union

Federal Procurement Procedures

Purpose

The purpose of this procedure is to ensure that all expenditures from federal grants other than salaries and benefits are made in an open and competitive manner and in compliance with federal regulations.

General Standards Include (2 CFR §200.318)

- Avoid the acquisition of unnecessary or duplicative items
- Consider consolidation or breaking out procurements to obtain a more economical purchase
- Consider lease vs purchase
- Consider state and local intergovernmental purchasing agreements.
- Consider use of excess and surplus property
- Situations that restrict competition
 - Specifying a brand name only, instead of allowing “an equal”
 - State or local preference except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference
 - Conflicts of interest
 - Unreasonable requirements on vendors to qualify to do business
 - Requiring unnecessary experience or excessive bonding
 - Noncompetitive pricing practices
 - Noncompetitive awards to consultants on retainer
 - Any arbitrary action in the procurement process

Procurement Steps

Step 1: Identify a need for a non-salary and benefit purchase

Step 2: Determine method of procurement.

There are 5 allowable methods of procurement:

Micro-purchase— The acquisition of supplies or services, the aggregate dollar amount of which does not exceed the Micro-Purchase Threshold as set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 currently \$3,500 (\$2,000 if Davis-Bacon Act applies).

- To the extent practicable, purchases must be distributed among qualified suppliers

Lamoille North Supervisory Union

Federal Procurement Procedures

- Purchases exceeding the threshold cannot be divided solely to meet this threshold

Small Purchase- The acquisition of services, supplies, or other property, the aggregate dollar amount of which does not exceed the Simplified Acquisition Threshold as set by LNSU is \$14,999.99.

- Must obtain two or more prices and document the reason vendor was selected
 - Vendor/costs may be identified through internet research, telephone calls, advertisement, email or written requests for information
- Purchases subject to Vermont bid Law (16 V.S.A. §559) must meet both VT Statutes and federal standards

Sealed Bids—Formal advertising when a complete, adequate and realistic specification or purchase description is available.

- Bids must be solicited from an adequate number of sources
- Sufficient time must be allowed for potential vendors to submit bids
- Invitation for bids will be publically advertised and include any specifications for the bidder to properly respond
- All bids will be publicly opened at the time and place determined by the invitation to bid
- A firm fixed price contract will be awarded to the lowest responsive and responsible bidder
- Any or all bids may be rejected if there is a sound documented reason
- May be subject to Vermont bid Law (16 V.S.A. §559) must meet both VT Statutes and federal standards

Competitive Proposals—Formal advertising when a sealed bid is not appropriate.

- Proposals must be solicited from an adequate number of sources
- Requests for proposals must be publicized and identify all evaluation factors and their relative importance
- A written method for conducting technical evaluations must be established
- A contract will be awarded to the vendor whose proposal is most advantageous to the program, with price and other factors considered
- May be subject to Vermont bid Law (16 V.S.A. §559) must meet both VT Statutes and federal standards

Lamoille North Supervisory Union

Federal Procurement Procedures

Non-Competitive Proposals— Procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- The item is available only from a single source
- A public emergency
- The Federal awarding agency or pass-through entity expressly authorizes the noncompetitive proposals in response to a written request. Naming a vendor in a grant application, strategy, investment, or award does not constitute a sole source approval. A separate written request and approval are both still required.
- After solicitation of a number of sources, competition is determined inadequate
- May be subject to Vermont bid Law (16 V.S.A. §559) must meet both VT Statutes and federal standards

Step 3: Use the method selected in Step 2 to select a vendor

Step 4: The Finance Coordinator will check for vendor suspension or debarment at

www.sam.gov

- Suspended or Debarred vendors may not be selected.
- (Retain a copy of search results for Step 5)

Step 5: Document procurement process. Please enter into the notes section of the requisition/PO which method was used for vendor selection and the rationale for vendor selection.* Please attach to the PO: solicitation method (advertisement, invitation, internet research, etc.)* and all vendor proposals (print-outs of internet research, phone conversation notes, bids, etc.)*. The Finance Coordinator will maintain a separate binder with SAM results.

*does not apply when using Micro-purchase method

Step 6: Prepare for a purchase order and or contract

A purchase order or contract must include the following:

- Accurate and detailed description of goods or services as approved in grant investment.
- Clear definition of unit cost or rate of pay
- Invoice requirements, clear billing information and break down of charges (Note for contracted services only payment cannot be made until after services have been provided.)

Lamoille North Supervisory Union

Federal Procurement Procedures

- Signature by authorized individual as per local procedures
- Contracts must be signed dated by both parties prior to start of work
- Contracts in excess of \$10,000 must address termination for cause and convenience.
- Allowable cost only (sales tax, alcohol, donations, entertainment, lobbying, gift cards...are not allowable)

Step 7: You have now completed the additional steps necessary for federal procurement and may proceed based on your District's / SU's purchasing process.

Step 8: Prepare to pay the invoice.

- Do not pay an invoice for contracted services in advance of the work being completed
- Verify work billed on invoice for contracted services was completed satisfactorily and per contracted terms and matches the deliverables in the contract (i.e. invoice signed and dated by grant manager)*
- Verification of receipt of goods (i.e. signed packing slip or other documentation of receipt)*
- Verify proof of attendance where applicable (i.e. sign-in sheet and agenda)*
- Unit on invoice is consistent with the contract (i.e. if contract is based on a daily rate then billing is based on a daily rate)
- If invoice contains charges for non-federal work or multiple federal programs, the invoice must be clearly written to be able to separate the charges
- Verify the expenditure is within the grant period
- Verify the expenditure is allowable (sales tax, alcohol, donations, entertainment, lobbying, gift cards...are not allowable)

*maintain documentation with expenditure packet

Lamoille North Supervisory Union

Allowability of Cost Procedure

Obligation of Federal Funds require the SU/SD must determine the allowability of costs in accordance with Subpart E cost principals (2 CFR §200.400) and the terms and conditions of the award. The cost must be:

- Reasonable
- Necessary
- Allocable
- Consistent treatment of Direct and Indirect costs (2 CFR §200.412-§200.415)
- Meets the conditions of Selected Items of Cost (2 CFR §200.420-§200.475)

Task	Title of Responsible Party	Stage of Process (requisition, PO, Contract, Invoice)
Determines the cost is necessary	Administrator & Finance Coordinator	requisition
Determines the cost is reasonable	Administrator & Finance Coordinator	requisition
Determines the cost is included in the grant	Administrator & Finance Coordinator	requisition
Verifies the cost is within the grant period	Administrator & Finance Coordinator	requisition & invoice
Determines the cost is allocable	Administrator & Finance Coordinator	requisition & invoice
Determines the cost is correctly treated as a direct cost or indirect admin	Finance Coordinator	PO
Determines the cost is allowed as a selected item of cost (ex. sales tax, entertainment...are not allowable)	Finance Coordinator	invoice
Verifies adequate documentation is on file to support the invoice (ex. Packing slip for supplies, proof of attendance for conferences...)	Administrative Personnel & Finance Coordinator	invoice
Verifies the cost is covered by a contract and that procurement procedures/ conflict of interest procedures have been followed	Finance Coordinator & Business Manager	requisition
Verifies suspension and debarment has been checked	Finance Coordinator	requisition

Lamoille North Supervisory Union
Allowability of Cost Procedure

Verifies contract administration procedures have been followed	Finance Coordinator & Business Manager	requisition
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