



DISTRICT FINANCIAL SERVICES INSIGHTS

DO YOU KNOW EDGAR?

Federal Regulations for Purchasing Effective July 1, 2015

Although the following regulations were passed in 2014 and became effective in July 2015, not many districts are familiar with the requirements. Due to increased auditing on the purchasing (procurement) side, it is important that all districts and charter schools become familiar with the requirements.

The Education Department of General Administrative Regulations (EDGAR) are the federal regulations that govern all federal grants awarded by the U.S. Department of Education on or after Dec. 26, 2014, to local districts and charters, including state-administered programs.

These programs include but are not limited to:

- Title I through Title VIII
- Every Student Succeeds Act (ESSA)
- ESEA Flexibility
- Workforce Innovation and Opportunity
- CTE/ROP/Perkins Act
- National School Lunch Program
- U.S. Department of Defense construction grants

For a comprehensive list of federal grants, visit the [U.S. Department of Education website](http://www.ed.gov).

REQUIREMENTS:

Micro Purchases – Not More Than \$3,500

- Agency determines the item and quantity to be purchased based on the grant award.

- To the extent practicable, micro-purchases shall be distributed equitably among qualified suppliers.
- Agency identifies and contacts the vendor/supplier to complete the purchase.
- Agency may also obtain quotes (orally or written), but it is not required.
- Agency must determine the price paid is reasonable. Price reasonableness normally will be based on a comparison with historical prices paid for the item, commercial catalog prices, or other offers.
- Agency must keep documentation to support the method of purchase, basis for vendor selection and reasonableness of price.
- If competitive quotes were solicited and award was made to a firm other than the one with the lowest quote, documentation should include identification of solicited vendors and the reason for award decision.

Small Purchases – Between \$3,500 and \$88,300*

- Provide written specifications/scope of work.
- Obtain price quotes from an adequate number of qualified sources (at least two vendors).
- Evaluate bidders' responses to your specifications.
- Determine most responsive and responsible bidder at lowest price and award contract.
- Local educational agencies may have more restrictive limits.
- Managing the contract is a requirement.
- Some certifications are required.

*The federal formal bid limit is \$150,000; however, districts and charters schools are to follow a lower limit when that limit is more restrictive than the federal limit. California's current bid limit is \$88,300. The limit is adjusted annually by the California superintendent of public instruction.

IMPORTANT / UPCOMING DATES AND DEADLINES

WORKSHOPS and DEADLINES

Dec. 15, 2017 First Interim Reports due to SDCOE
Jan. 8, 2018 P-1 attendance reports due to SDCOE

FUTURE DEADLINES - PROPOSITION 39:

June 30, 2018 LEAs final encumbrance
Aug. 1, 2018 Final Expenditure Plan submission
June 30, 2020 Final date all projects must be complete

Formal Purchases – More Than \$88,300

- A complete, adequate, and realistic specification or purchase description is available.
- Two or more responsible bidders are willing and able to compete effectively for the business.
- The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
- The purchase was advertised and solicited from an adequate number of suppliers.
- The bidding process was publicly opened.
- A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life-cycle costs must be considered to determine the lowest bid.
- Requests for competitive proposals may be used for purchases supporting the child nutrition program, effective Jan. 1, 2018.
- Bids and requests for proposals (RFPs) must be publicized and identify all evaluation factors and their relative importance. Any response to bids or RFPs must be considered to the maximum extent practical.
- Responses must be solicited from an adequate number of qualified sources.
- The non-federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.
- Negotiating profit levels for contracts above the bid limit is required (requiring the recipient to perform a cost or price analysis - 2 CFR §§ 200.317 – 200.326).
- State bond requirements may be used in lieu of federal bond requirements. (Public Works - CFR §200.325)

Travel

- Written travel policy is required.
- Per diem in lieu of actual cost for meals is not allowed.
- Lodging may not exceed federal allowable rates.
- Justification is required as to why the travel is necessary.

Districts that pay meal per diems need to ensure that reimbursement with federal funds do not exceed the actual cost of the meal and that receipts are submitted with the reimbursement request.

P-Cards/Credit Cards

- An original itemized receipt is required for each credit card purchase.
- Items must be recorded in proper object code.
- Purchases must comply with micro-purchase and small-purchase requirements.

Inventory Control

- A physical inventory must be conducted at least every two years.
- The inventory record must contain the information required under federal guidelines.
- Equipment purchased with federal funds must be identified by program.

Records Retention

- Financial records, supporting documents, statistical records, and all other non-federal entity records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-federal entities. (CFR 200.333)

Policies

The policies and procedures were to be completed by July 1, 2016. Regarding the approval and adoption process for the required policies and/or procedures, the district/charter is to follow its local process and policy for approval of administrative policies and procedures when seeking approval of the required EDGAR policies and procedures. The district's/charter's policies and procedures are not official until this approval process has been completed. (CFR § 200.318)

Districts and charter schools must have written policies and procedures as noted below:

- Purchasing process
- Food defense (child nutrition programs only)
- Code of conduct
- Conflict of interest
- Inventory control
- Records retention

This is a very quick look at EDGAR. A workshop was held Nov. 15. A copy of the PowerPoint and handout is available on the [North County Educational Purchasing Consortium website](#).