

# **FLAGSTAFF UNIFIED SCHOOL DISTRICT #1**

## **FEDERAL PROCUREMENT COMPLIANCE PROCESS**

This document outlines requirements and best practices related to procurement involving federal funds. The District's objective is to purchase the best products, materials, and services at the lowest practical prices within relevant state and local laws and regulations (including USFR, ARS 15-213, and AAC Title 7, Chapter 2, Articles 10 & 11) while conforming to applicable Federal law and standards (including 2 CFR Part 200.318-326) for procuring goods and services with federal funds. It is important to acquire goods and services for the best price through fair and open competition to protect the interest of the local, state, and federal government while still maintaining the desired quality and minimizing exposure to misuse of funds.

### **2 CFR 200.318(c)(1) Standards of Conduct**

All District employees and Governing Board members are required to submit an annual conflict of interest disclosure. In addition to the state requirements pertaining to standards of conduct and avoiding conflict of interest, the District's standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of federal contracts include the following federal standards.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The officers, employees, and agents of the District may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value.

The following common standards of ethics shall govern the conduct of District employees involved in the purchasing function:

1. It is a breach of ethics to attempt to realize personal gain through public employment with a school district by any conduct inconsistent with the proper discharge of the employee's duties.
2. It is a breach of ethics to attempt to influence any public employee of a school district to breach the standards of ethical conduct set forth in this code.
3. It is a breach of ethics for any employee of a school district to participate directly or indirectly in a procurement when the employee knows that:
  - The employee or any member of the employee's immediate family has a financial interest pertaining to the procurement;
  - A business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement; or
  - Any other person, business or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.
4. Gratuities: It is a breach of ethics to offer, give or agree to give any employee or former employee of a school district, or for any employee or former employee of a school district to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination,

claim or controversy, or other particular matter pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefore pending before this government. Acceptance of gratuities may be construed as a criminal offense. In addition, Arizona law makes a gift with a value of more than \$300 a class 6 felony, while a gift with a value of less than \$300 a class 1 misdemeanor if the employee is someone who exercises some influence in the purchasing process of the governmental body.

5. Kickbacks: It is a breach of ethics for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor for any contract of a school district, or any person associated therewith, as an inducement for the award of a subcontract or order.
6. Contract Clause: The prohibition against gratuities is set forth in each solicitation and in the District's Purchase Order Terms and Conditions.

The District will impose appropriate sanctions or disciplinary actions, including but not limited to termination and/or prosecution, for any employee or officer who violates any of these requirements related to standards of conduct and conflict of interest.

### **2 CFR 200.112 Conflict of Interest Disclosure**

Upon discovery of any potential conflict, the District will disclose in writing the potential conflict to the Arizona Department of Education (ADE) or other federal awarding agency if required by applicable ADE or other federal awarding agency policy.

### **2 CFR 200.113 Mandatory Disclosure**

In addition, the District will disclose, in a timely manner, in writing to ADE or other federal awarding agency, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. Failure to make disclosures can result in any of the remedies described in 2 CFR 200.338, Remedies for Noncompliance, including Debarment and Suspension.

### **2 CFR 200.318(b) Oversight of Contractors**

The end user is responsible to maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of the contract or purchase order. The end user can reach out to the Purchasing Department at any time for assistance if a contractor is not performing in accordance with the contract or purchase order. Vendor Performance Report Forms are available on the District website for use by the end users to report positive vendor performance, or deficiencies in vendor performance. Additionally, the end user is responsible for signing off on service invoices only after work has been completed in accordance with the contract or purchase order.

### **2 CFR 200.318(d) Avoiding Acquisition of Unnecessary or Duplicative Items**

User departments are responsible for monitoring their requests to avoid the acquisition of unnecessary or duplicative items. Additionally, the District considers consolidating or breaking out procurements to obtain a more economical purchase and, where appropriate, the District makes an analysis of lease versus purchase alternatives, and other appropriate analyses to determine the most economical approach.

### **2 CFR 200.318(e) Use of Intergovernmental Agreements**

To foster greater economy and efficiency, the District enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods or services. This includes cooperative purchasing agreements where practical and beneficial.

## **2 CFR 200.318(f) Use of Federal Excess and Surplus Property**

When feasible, the District uses surplus property in lieu of purchasing new equipment and property to reduce costs.

## **2 CFR 200.318(h) Awarding Contracts to Responsible Contractors**

The District awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. The District considers such matters as contractor integrity and business ethics, compliance with public policy, ability to complete the project on time and in accordance with specifications, record of past performance, and the contractor's financial and technical resources. The District will check references where possible to ensure that there are no outstanding complaints against the contractor.

The District will award a contract to a contractor who has the appropriate experience, expertise, qualifications, and any required licenses or certifications, necessary to perform the work. Contractors should also have the financial resources to sustain the project while the initial work is being completed and during each service period until he or she submits invoices for payment to the District as work is completed. Contractors should have the proper equipment or the capability to subcontract for the proper equipment necessary to complete the contracted work.

## **2 CFR 200.318(j) Time and Materials Contracts**

Time and materials contracts are a hybrid of fixed-price and cost-reimbursement contracts. They present the highest risk to the government and the lowest risk to the contractor. Therefore, they are the least desirable for the federal or state government and are rarely awarded.

Time and materials type contract means a contract whose cost to the District is the sum of: the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. In other words, the contractor is saying it will work until the task is completed, but it has no idea how long it will take, nor how much money it will cost. This obviously can be very cost prohibitive and can encourage fraudulent behavior by some unscrupulous contractors. Therefore, federal regulations permit the use of a time and materials contract only after a determination is made that no other contract is suitable and only if the contract includes a ceiling price that the contractor exceeds at its own risk. Further, the District must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

The District will only use a time and materials type contract paid with federal funds in accordance with the above and only (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk.

## **2 CFR 200.318(k) 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 made with federal funds. These issues include, but are not limited to, source evaluation (i.e., analyzing information sources in order to assess their credibility), 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. The Purchasing Administrator or designee in the District is the primary office responsible for handling and coordinating the settlement of any contractual and administrative issues arising out of procurements.

## **2 CFR 180.220; 180.300 and Appendix II(H) to 2 CFR Part 200 Debarment and Suspension**

The District will not contract with any person or company who is debarred or suspended from receiving federal funds. All solicitations and PO Terms and Conditions include language certifying that the vendor has not been debarred or suspended from receiving federal funds. The Purchasing Department will check for excluded parties at the System for Award Management (SAM) website before any contract award that exceeds \$25,000. This list is located at: <http://www.sam.gov/>

## **2 CFR 200.319(a) Full and Open Competition**

All procurement transactions paid with federal funds are conducted in a manner providing full and open competition consistent with 2 CFR 200.319. In an environment of full and open competition, no proposer or bidder has a competitive advantage over another. All potential proposers and bidders are provided the same information and have the same opportunity to submit a bid or proposal.

In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors who develop or draft specifications, requirements, statements of work, or invitations for bid or requests for proposals are excluded from competing for such procurements. The District does not engage in the following situations that may restrict full and open competition, including but not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business;
- Requiring unnecessary experience and excessive bonding;
- Noncompetitive pricing practices between firms or between affiliated companies;
- Noncompetitive contracts to consultants that are on retainer contracts;
- Organizational conflicts of interest;
- Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurements; and
- Any arbitrary action in the procurement process.

## **2 CFR 200.319(b) Geographical Preferences Prohibited**

The District conducts federal procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. Accordingly, the District does not give preference to a contractor/vendor which is located in Arizona or the local or surrounding community simply due to the location. Nothing in this section preempts state licensing laws.

When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided an appropriate number of qualified firms, given the nature and size of the project, are left to compete for the contract.

## **2 CFR 200.319(c) Solicitation Language**

All solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description will not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, will set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications will be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of the procurement. The specific features of the named brand that must be met by offers will be clearly stated. The solicitation will identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

## **2 CFR 200.319(d) Prequalified Lists**

The District ensures that all prequalified lists of persons, firms or products that are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. The District utilizes AZPurchasing.org for its solicitation registry. The District’s solicitations are publicized by posting them on AZPurchasing.org. The District’s public website directs all interested public parties to register at AZPurchasing.org to be notified of bid opportunities. Vendors registered on AZPurchasing.org are notified anytime the District releases a solicitation in a commodity for which the vendor is registered. In the event there are fewer than 4 registered vendors for a particular commodity, the District also advertises the solicitation in the official newspaper of the county. Additionally, in the event the solicitation is for services, the District advertises the solicitation in the official newspaper of the county.

## **2 CFR 200.321 Contracting with Small & Minority Businesses, Women’s Business Enterprises and Other Labor Surplus Area Firms**

The District takes affirmative steps to assure that historically underutilized businesses (HUBs), including minority businesses and women’s business enterprises, and labor surplus area firms are used when possible. To accomplish this, The District uses the following required affirmative steps:

- Directing small and minority businesses and women’s business enterprises to AZPurchasing.org to register on the District’s solicitation list;
- Ensuring that small and minority businesses, and women’s business enterprises are solicited through AZPurchasing.org whenever they are registered;
- Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women’s business enterprises;
- Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women’s business enterprises;
- Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above.
- Attending local reverse trade shows to provide outreach to small and minority businesses, and women’s business enterprises,

## **Appendix II to 2 CFR Part 200 Contract Provisions for Non-Federal Entity Contracts Under Federal Awards**

In addition to other provisions required by the Federal agency or District, all federally funded contracts include the following federal provisions, as applicable:

1. All contracts greater than \$150,000 address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms and provide for such sanctions and penalties as appropriate.
2. All contracts greater than \$10,000 address termination for cause and for convenience.
3. All construction contracts include the Equal Employment Opportunity clause.
4. All prime construction contracts in excess of \$2,000 include a provision for compliance with the Davis-Bacon Act and its implementing regulations, as well as compliance with the Copeland Anti-Kickback Act.

5. All contracts in excess of \$100,000 that involve the employment of mechanics or laborers include a provision for compliance with the Contract Work Hours and Safety Standards Act and its implementing regulations.
6. All contracts that meet the definition of “funding agreement” and where the District wishes to enter into a contract with a small business firm or nonprofit organization include a provision for compliance with the Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements.
7. All contracts and sub grants greater than \$150,000 contain a provision for compliance with the Clean Air Act and the Federal Water Pollution Control Act and their implementing regulations.
8. All contracts include compliance with the Energy Policy and Conservation Act pertaining to mandatory standards and policies relating to energy efficiency contained in the state energy conservation plan.
9. A contract or subcontract is not made to any party that is debarred or suspended from receiving federal funds.
10. Lobbying Certification and Disclosure of Lobbying (Byrd Anti-Lobbying Amendment) – All contractors who apply or bid for an award of \$100,000 or more must file the required Lobbying Certification to verify that it has not and will not use any federal funds to lobby. If *non*-federal funds are used to lobby, the contractor must complete the Disclosure of Lobbying and forward the disclosure to the next tier, which must forward it through each tier to the federal awarding agency.
11. All contracts greater than \$10,000 include compliance with Section 6002 of the Solid Waste Disposal Act and its implementing regulations.

## **2 CFR 200.320 Methods of Procurement**

The District follows the procurement guidelines of the Uniform System of Financial Records and Arizona School District Procurement Rules unless the federal requirements are more restrictive, in which case the District follows the Federal guidelines under 2 CFR 200.318-326, or Federal Memo M-18-18 (see Appendix A).

Three methods of procurement are used based on the aggregate dollar amount of supplies or services being purchased as outlined in 2 CFR 200.318-326. The following methods are utilized:

### **Micro-Purchases – User’s/Buyer’s Choice (Purchases up to \$10,000)**

Federal methods provide for procurement by *micro-purchase*. *Micro-purchase* is defined in 2 CFR § 200.320(a) as 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.

In accordance with federal requirements, micro-purchases may be awarded without soliciting competitive quotations if the District considers the price to be reasonable. Also, when using federal funds, to the extent practicable, the District distributes micro-purchases equitably among qualified suppliers. The department overseeing the federal grant is responsible for determining the equitable distribution of micro-purchases among qualified suppliers.

### **Small Purchases - Quotes (Purchases between \$10,001 and \$99,999)**

The *federal* threshold for *small purchase procedures* is \$150,000. 2 CFR § 200.320(b). However, the *state* threshold for all school district contracts that do not require competitive bidding is less than \$100,000 in the aggregate. Therefore, the more restrictive *state* threshold of less than \$100,000 will be followed.

The District obtains competitive price quotes from at least 3 vendors for all purchases between \$10,001 and \$99,999, unless the purchase is being made through a formally awarded contract. Quotes are either be obtained by the end user, or by the Buyers, depending upon the situation. Documentation of quotes are electronically attached to the purchase requisition.

### **Formal Solicitations – Invitations for Bid or Requests for Proposals (Purchases \$100,000 or More)**

One of the three following methods are used, depending on the circumstances described below, when purchasing with federal funds: invitations for bid; requests for proposals; or noncompetitive proposals (sole source).



### *Invitations for Bid*

Bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) or market basket contract is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the following conditions apply:

- 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; and
- The procurement lends itself to a firm fixed-price contract and the selection of the successful bidder can be made primarily on price.

If sealed bids are used, the following requirements apply:

- Bids are solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids. The invitation for bids is publicized by posting it on AZPurchasing.org. In the event there are 4 or fewer registered vendors and/or if the bid is for services, the invitation for bids is be advertised in the official newspaper of the county.
- The invitation for bids, which includes any specifications and pertinent attachments, defines the items or services in order for the bidder to properly respond.
- All bids are opened at the time and place prescribed in the invitation for bids. The bids are opened publicly.
- A firm fixed-price contract award is 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 are considered in determining which bid is lowest. Payment discounts are only 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.

### *Requests for Proposals*

A competitive proposal is normally used with more than one source submitting an offer, and either a *fixed price* or a *cost-reimbursement* contract is awarded. (A *cost-reimbursement contract* reimburses the contractor for actual costs incurred to carry out the contract.) Competitive proposals are generally used when conditions are not appropriate for the use of sealed bids.

If this method is used, the following requirements apply:

- Requests for proposals are publicized by posting them on AZPurchasing.org. In the event there are 4 or fewer registered vendors and/or if the bid is for services, the requests for proposals are also advertised in the official newspaper of the county.
- Requests for proposals identify all evaluation factors and their relative importance.
- All responses to requests for proposals are considered to the maximum extent practical.
- Proposals are solicited from an adequate number of qualified sources.
- The District has a written method for conducting technical evaluations of the proposals received and for selecting recipients.
- Contracts are awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

When using federal funds, the District may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, will only be used in procurement of A/E professional services. It will not be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

### *Noncompetitive Proposals (Sole Sourcing)*

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used when using federal funds only when one or more of the following circumstances apply:

- Documentation shows that the item is available only from a single source.
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
- ADE (or other federal awarding agency) expressly authorizes noncompetitive proposals in response to a written request from the District.
- After solicitation of a number of sources, competition is determined inadequate.

If it is necessary to make a one-time emergency procurement to continue service or obtain goods, the purchase is made, and a record of all such purchases is maintained by the Purchasing Department. The following emergency procedures are followed. All emergency procurements are approved by the Governing Board and are not extended beyond the period of time the emergency response is required and normal procurement practices can be conducted. At a minimum, the following emergency procurement procedures are documented:

1. Item name
2. Dollar amount
3. Vendor/contractor, and
4. Reason for emergency
5. Type of competitive process conducted when single source was determined or competition was determined inadequate.

Arizona School District Federal Procurement Basics	
❖ Procurement Thresholds	
➤ Micro-Purchases up to \$10,000	<ul style="list-style-type: none"><li>▪ Must Rotate Vendors Throughout Fiscal Year for Like Purchases</li><li>▪ If Obtaining 3 quotes, Rotation Requirement Does Not Apply</li><li>▪ Awarded Vendors Must Acknowledge Certain EDGAR Federal Clauses (EDGAR Micro/Small Purchase Clauses Attached)</li></ul>
➤ Small Purchases from \$10,000 to \$100,000	<ul style="list-style-type: none"><li>▪ 3 Quotes Needed</li><li>▪ Awarded Vendors Must Acknowledge Certain EDGAR Federal Clauses (EDGAR Micro/Small Purchase Clauses Attached)</li><li>▪ For Purchases Above \$25,000 Annually, Vendor Must be Verified Through SAM.gov</li></ul>
➤ Formal Procurement Methods Above \$100,000	<ul style="list-style-type: none"><li>▪ Bids and RFP's</li><li>▪ ALL EDGAR Clauses Must Be Included in Contract and Cost Must be Number 1 Evaluation Factor in the RFP (EDGAR Clauses Attached)</li><li>▪ If using a Cooperative Contract, ALL EDGAR Clauses Must Be Included in Contract and Cost Must be Number 1 Evaluation Factor in the RFP (EDGAR Clauses Attached)</li></ul>
❖ Cooperative Contracts	
➤ ALL Cooperative Contract Purchases Regardless of Amount Are Considered Formal Purchases	<ul style="list-style-type: none"><li>▪ If Using a Cooperative Contract, ALL EDGAR Clauses Must Be Included in Contract and Cost Must Be the Number 1 Evaluation Factor in the RFP (EDGAR Clauses Attached)</li><li>▪ If EDGAR Clauses are NOT Included in Cooperative Contract, Contract Could Be Amended to Included Clauses But ONLY If Price is the Number 1 Evaluation Factor</li><li>▪ If Price is NOT the Number 1 Evaluation Factor, The Cooperative Contract Is NOT Compliant for Federal Purchases</li></ul>



- Written Determination for Rationale/Justification for Selection of Contractor Required

❖ Procurement Exemptions

➤ Non-Competitive Procurements

- (1) The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold
- (2) The item is available only from a single source;
- (3) The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
- (4) The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or
- (5) After solicitation of a number of sources, competition is determined inadequate.

➤ The Procurement Exemptions in R7-2-1002(C) (Attached) Do NOT Apply to Federal Purchases

- Some of the Exemptions in R7-2-1002(C) May Qualify as “Single Source” Under Federal Requirements/Follow Our Sole Source Procedures
- Recommend Journal Entries Not Be Made from M & O/Capital/Bond to Federal Funds Unless Federal Procurement Requirements Have Been Verified

## **2 CFR 200.323(a) Cost/Price Analysis for Federal Procurements in Excess of \$100,000**

In accordance with the requirements in 2 CFR § 200.323, the District makes independent estimates of the goods or services being procured *before* receiving bids or proposals to get an estimate of how much the goods and services are valued in the current market.

After bids and proposals are received, but before awarding a contract, the District conducts either a price analysis or a cost analysis, depending upon whether it was a competitive procurement or not, in connection with every procurement with federal funds in excess of \$100,000. The method and degree of analysis depends on the facts surrounding the particular procurement situation; however, the District establishes an independent estimate prior to receiving bids or proposals. The cost analysis or price analysis, as appropriate for the particular situation, is retained in the procurement file.

## **FEDERAL PROPERTY MANAGEMENT COMPLIANCE PROCESS**

### **Property Classifications**

The following property classifications are found in federal law. The District includes all relevant property definitions to ensure that property classifications are also in accordance with state and local law. For example, school districts are authorized to alter the definition of equipment as long as the revised definition includes all of the property included within the federal definition.

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the District for financial statement purposes, or \$5,000. 2 CFR § 200.33. The District’s capitalization level is \$5,000.00. Equipment between \$1,000.00 and \$4,999.99 is tracked on the District’s stewardship list.

Supplies means all tangible personal property other than those described in §200.33 Equipment. A *computing device* is a supply if the acquisition cost is less than the lesser of the capitalization level established by the District for financial statement purposes or \$5,000, regardless of the length of its useful life. 2 CFR § 200.94.

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. 2 CFR § 200.20.

Capital assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). 2 CFR § 200.12.

### **Inventory Procedure**

All stewardship and capital equipment items are tagged and tracked by the Fixed Assets Technician in the District's accounting system. Technology items less than the stewardship threshold may be tracked by the Technology Department in a separate database.

Throughout the year if an item is transferred from its current location, the Fixed Assets Technician is notified through a Request for Transfer Form completed by the department or campus that had oversight of the item. The Fixed Assets Technician updates the location of the item in the accounting system.

### **Inventory Records**

For each equipment and stewardship item purchased with federal funds, the following information is maintained:

- Description of property
- Serial number or other identification number
- Source of funding for the property
- Acquisition date
- Cost
- Percentage of federal participation in the project costs for the federal award under which the property was acquired
- Location, use, and condition of the property, and
- Ultimate disposition data including the date of disposal and sale price of the property.

### **Depreciation**

The District uses the straight-line method of depreciation for all buildings, building improvements, land improvements, and equipment that have an acquisition cost of \$5,000 or more.

### **Physical Inventory Procedure**

A District-wide inventory of stewardship and capital equipment items is conducted a minimum of every two years. The Fixed Assets Technician visits each school site and scans all of their tagged items. The accounting system is updated with the inventory dates of all items found through the physical inventory process. A listing of items not found during the physical inventory process are sent to the department or campus for them to locate the missing items. All items located through the second pass are updated in the accounting system. The District retires any items not found for more than 2 consecutive physical inventories.

### **Equipment Insurance and Maintenance of Equipment**

The District insures equipment acquired or improved with federal funds at the same levels and in accordance with the same policies as provided to equipment purchased with state or local funds unless required to be insured by terms and conditions of the federal grant. 2 CFR § 200.310.

In accordance with 2 CFR § 200.313(d) (4), the District maintains adequate maintenance procedures to ensure that property is kept in good condition. End users are responsible to ensure property is properly secured and stored to safeguard it as well as lengthen its useful life.

### **Lost or Stolen Items**

The District maintains a control system that ensures that adequate safeguards are in place to prevent loss, damage, or theft of the property. Any loss, damage, or theft is investigated in accordance with the following procedures. 2 CFR § 200.313(d) (3)

Equipment insurance is maintained by the District and is updated each year. Each department/campus is responsible for ensuring that property is maintained and in good condition. Restrictions are placed on the use of equipment and/or computing devices by management as a whole and by each department/campus administrator. If an item appears to be broken or not working, the department/campus secretary is contacted to do a work order for regular items or to contact the Help Desk for technology items or issues.

Maintenance and Operations staff, as well as Technology staff, access the equipment to determine the necessary repairs. All repairs that can be done in-house are done by those departments. A Purchase Order is required before a vendor provides any repair services. If an item is not repairable, a Request for Disposal Form is completed for proper disposal of the property per AAC R7-2-1131.

### **Use of Equipment**

Equipment will be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award. The District will not encumber the property without prior approval of ADE and the federal awarding agency.

When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority: (1) activities under a federal award from the federal awarding agency which funded the original program or project; then (2) activities under federal awards from other federal awarding agencies.

During the time equipment is used on the project or program for which it was acquired, the equipment will also be made available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the federal awarding agency that financed the equipment. Second preference is given to programs or projects under federal awards from other federal awarding agencies. Use for non-federally funded programs or projects is also permissible. However, the original purchase of any equipment to be used in other programs will be properly allocated (i.e., prorated) among the applicable funding sources.

### **Disposal of Equipment**

In accordance with 2 CFR §200.313(e), when it is determined that original or replacement equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the Fixed Assets Technician will route the Disposal Form to the Grants Administrator. The Grants Administrator is responsible for verifying proper disposal of the obsolete item, including contacting ADE or other awarding agency for disposition instructions. The Grants Administrator's signature on the Disposal Form verifies that the item can be disposed of through auction or other standard disposal procedures.

Generally, disposition of equipment is dependent on its fair market value (FMV) at the time of disposition.

- An item that has a current FMV of **\$5,000 or less**, may be retained, sold, or otherwise disposed of with no further obligation to ADE or other federal awarding agency. However, ADE must still approve disposition in accordance with specified procedures.

- If an item has a current FMV of **more than \$5,000**, ADE or other federal awarding agency is entitled to the federal share of the current market value or sales proceeds. Pursuant to the provisions in 2 CFR § 200.313(d) (5), the District uses procedures to ensure the highest possible return. ADE must approve the disposition.

If acquiring replacement equipment, the District may use the equipment to be replaced as a trade-in or sell the property through public auction and use the proceeds to offset the cost of the replacement property. Disposition of equipment will be properly recorded in the fixed asset inventory.

### **Supplies**

Supplies are all tangible property other than equipment. This includes computing devices. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program, and the supplies are not needed for any other federal award, the District will compensate the federal government for its fair share in accordance with procedures established by ADE. The Grants Administrator will contact the ADE Chief Grants Administrator or other awarding agency for disposition instructions of supplies. 2 CFR § 200.314



**FEDERAL FUNDS COMPLIANCE CERTIFICATIONS  
FOR CONTRACT FUNDED BY U.S. FEDERAL GRANT**

The following certifications and provisions are required and apply when Flagstaff Unified School District (the District) expends federal funds for any contract. **Accordingly, the parties agree that the following terms and conditions apply to the Contract between the District and \_\_\_\_\_ (“Vendor”) in all situations where Vendor has been paid or will be paid with federal funds:**

Please initial below to indicate agreement/compliance.

Initial	
	<p><b><u>AFFORDABLE CARE ACT</u></b>  The bidder understands and agrees that it shall be solely responsible for compliance with the patient Protection and Affordable Care Act, Public Law 111-148 and the Health Care and Education Reconciliation Act, Public Law 111-152 (collectively the Affordable Care Act “ACA”). The bidder shall bear sole responsibility for providing health care benefits for its employees who provide services to the District as required by State or Federal law.</p>
	<p><b><u>CERTIFICATION REGARDING LOBBYING</u></b>  Pursuant to 31 USC 1352, the bidder must submit a certification regarding lobbying which conforms in substance with the language provided in 2CFR Part 200.450. No appropriated funds may be expended by the recipient of a Federal contract, grant, loan, or cooperative Agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions.</p>
	<p><b><u>NON-COLLUSION</u></b>  Vendor warrants that this bid is genuine and not sham or collusive, nor made in the interest of, or behalf of, any persons not herein named, and that the Offeror has not directly or indirectly induced or solicited any other Offeror to put in a sham Bid, or any other person, firm or corporation to refrain from submitting a Bid, and that the Offeror has not in any manner sought by collusion to secure for itself an advantage over any other Offeror.</p>
	<p><b><u>RECORD RETENTION REQUIREMENTS FOR CONTRACTS INVOLVING FEDERAL FUNDS</u></b>  The books and records of the bidder pertaining to operations under this Agreement shall be available to the District at any reasonable time. These records are subject to inspection or audit by representatives of the District, State Agency, the US Department of Agriculture (for food/nutrition only), and the US General Accounting Office at any reasonable time and place. The District shall maintain such records, for a period of not less than five (5) years after the final day of the contract, or longer if required for audit resolution (A.R.S §35-214). 7CFR§210.23 and 2 CFR Part 200.318(i).</p>
	<p><b><u>CERTIFICATION OF ACCESS TO RECORDS – 2 C.F.R. § 200.336</u></b>  Vendor agrees that the District’s duly authorized representatives shall have access to any books, documents, papers and records of Vendor that are directly pertinent to Vendor’s discharge of its obligations under the Contract for the purpose of making audits, examinations, excerpts, and transcriptions. The right also includes timely and reasonable access to Vendor’s personnel for the purpose of interview and discussion relating to such documents.</p>
	<p><b><u>TERMINATION FOR CAUSE OR CONVENIENCE</u></b>  The District reserves the right to immediately terminate any agreement in the event of a breach or default of the agreement by Vendor in the event Vendor fails to: (1) meet schedules, deadlines, and/or delivery dates within the time specified in the procurement solicitation, contract, and/or a purchase order; (2) make any payments owed; or (3) otherwise perform in accordance with the contract and/or the procurement solicitation. District also reserves the right to terminate the contract immediately, with written notice to vendor, for convenience, if District believes, in its sole discretion that it is in the best interest of District to do so. Vendor will be compensated for work performed and accepted and goods accepted by District as of the termination date if the contract is terminated for convenience of District.</p>
	<p><b><u>DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION</u></b>  By signing the Bid &amp; Acceptance form, the bidder certifies that they have not been debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs under executive order 12549 and 12689. The bidder shall comply with regulations implementing Office of Management and Budget Guidance in Non-procurement Debarment and Suspension codified at 2 CFR Part 180 and 2 CFR Part 417. These regulations restrict transactions with certain parties that are debarred, suspended or otherwise excluded from, or ineligible for, participation in Federal assistance programs or activities.</p>

	<p><b><u>EQUAL EMPLOYMENT OPPORTUNITY</u></b> The bidder shall comply with Executive Order 11246 of September 24, 1965, entitled “Equal Employment Opportunity,” as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapters 60).</p>
	<p><b><u>E-VERIFY REQUIREMENT</u></b> The bidder warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with A.R.S. § 23-214, Subsection A. (That subsection reads: After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the E-Verify program.)</p>
	<p><b><u>TERMINATION CLAUSE</u></b> The District may terminate for cause and for convenience the contract. Appendix II to 2 CFR Part 200.</p>
	<p><b><u>CLEAN AIR ACT, CLEAN WATER ACT, AND ENVIRONMENTAL PROTECTION AGENCY REGULATIONS</u></b> The bidder will comply with all applicable standards, orders or requirements issued under Section 306 of the Clean Air Act, Section 508 of the Clean Water Act, Executive Order 11738 and Environmental Protection Agency regulations which prohibit the use, under nonexempt federal contracts, grants or loans to facilities included on the EPA List of Violating Facilities.</p>
	<p><b><u>ENERGY POLICY AND CONSERVATION ACT</u></b> The bidder shall meet the mandatory standards and policies relating to energy efficiency which are contained in the State Energy Conservation Plan issued in compliance with the Energy Policy and Conservation Act. (Pub. L. 94-163, 89 Stat.871.)</p>
	<p><b><u>SOLID WASTE DISPOSAL ACT</u></b> The bidder shall comply with Section 6002 of the Solid Waste Act and its implementing regulations.</p>
	<p><b><u>BUY AMERICAN PROVISION</u></b> The bidder will purchase, to the maximum extent practicable, domestic commodities or products in accordance with 7CFR§210.21(d) and 7CFR§220.16(d). The bidder shall purchase, to the maximum extent practicable, domestic agricultural commodities or products substantially processed in the United States. “Substantially” means the final processed product contains over 51% domestically grown agricultural commodities. This provision applies to all food purchases paid from the nonprofit school food services account. There are limited exceptions to this provision which allow for the purchase of products not meeting the “domestic” standard as described above (“non-domestic”) in circumstances when use of domestic products is truly not practicable. However, before utilizing an exception, alternatives to purchasing non-domestic food products should be considered.</p>
	<p><b><u>DISCLOSURE OF LOBBYING ACTIVITIES</u></b> Pursuant to Byrd Anti-Lobbying Amendment 31 USC 1352, the bidder must disclose lobbying activities in connection with school nutrition programs. If there are material changes after the initial filing, updated reports must be submitted on a quarterly basis. 7CFR§3018.100 (Only applies to contracts over \$100,000)</p>
	<p><b><u>CIVIL RIGHTS COMPLIANCE</u></b> In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, sex, disability, age, or reprisal or retaliation for prior civil rights activity in any program or activity conducted or funded by USDA. Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the Agency (State or local) where they applied for benefits. Individuals who are deaf, hard of hearing or have speech disabilities may contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English. To file a program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, AD-3027, found on line at <a href="http://www.ascr.usda.gov/complaint_filing_cust.html">www.ascr.usda.gov/complaint_filing_cust.html</a>, and at any USDA office, or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: <a href="mailto:program.intake@usda.gov">program.intake@usda.gov</a>.</p>
	<p><b><u>INVOICING</u></b> The bidder fully discloses all discounts, rebates, allowances and incentives received by the bidder from its suppliers. If the bidder receives a discount, rebate, allowance, or incentive from any supplier, the bidder must disclose and return to the District the full amount of the discount, rebate, or applicable credit that is received based on the purchases made on behalf of the District. The bidder must identify the amount of</p>





**FEDERAL FUNDS COMPLIANCE CERTIFICATIONS  
FOR CONTRACT FUNDED BY U.S. FEDERAL GRANT**

	each discount, rebate and other applicable credit on bills and invoices presented to the school food authority for payment and individually identify the amount as a discount, rebate, or in the case of other applicable credits, the nature of the credit. 7CFR§210.21(f)(1)(iv). No expenditure may be made from the nonprofit school food service account for any cost resulting from a cost-reimbursable contract that fails to include the requirements of 7CFR§210.21, nor may any expenditure be made from the nonprofit school food service account that permits or results in the bidder receiving payments in excess of the bidder's actual, net allowable costs. 7CFR§210.21 (f)(2). The return of purchase incentives, discounts, rebates, and credits will be to the Sponsor's non-profit Child Nutrition account.
	<b><u>PROGRAM REGULATION</u></b> Bidder shall be in conformance with applicable portions of the School Food Authority's (SFA) agreement under the program. Bidder will conduct program operations in accordance with 7 CFR Parts 210, 215, 220, 225, and 250. Bidder shall provide products that meet Public Law 111-296, the Healthy Hunger-Free Kids Act of 2010 (HHFKA). bidder's products shall meet grade level caloric, sodium, saturated fat, and trans fat requirements.
	<b><u>COPELAND ANTI-KICKBACK ACT AND DAVIS-BACON ACT</u></b> a. Copeland "Anti-Kickback" Act - All contracts and sub grants in excess of \$2000 for construction or repair awarded by recipients and sub recipients shall include a provision for compliance with the Copeland "Anti-Kickback" Act.  b. Davis-Bacon Act - The bidder shall comply with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR Part 5).
	<b><u>RIGHTS TO INVENTION MADE UNDER A CONTRACT OR AGREEMENT:</u></b> If the Federal award meets the definition of "funding agreement" under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401,"Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

Vendor agrees to comply with all applicable Federal, State, and local laws, rules, regulations and ordinances. By signing below, I certify that the above is true, complete and accurate and that I am authorized by my company to make this certification.

_____ Name of Firm or Individual	_____ Authorized Signature	_____ Date
_____ Address	_____ Telephone/Fax Number	
_____ City, State, Zip	_____ Email Address	