



# POLICY

Category	Approval
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Series 400: Fiscal Management

Effective	Administration	Board
6/8/2026	5/26/2026	6/8/2026
Revised	For Review	
	2028	

## PURCHASING AND PROCUREMENT USING FEDERAL FUNDS

**MTC 438**

### Applicability of Policy

This policy applies to purchases undertaken with federal funds which are subject to the federal Uniform Grant Guidance (UGG) and other applicable federal law, including but not limited to the Education Department and General Administration Regulations (EDGAR) and the United States Department of Agriculture (USDA) regulations governing school food service programs. In the event this policy conflicts or is otherwise inconsistent with mandatory provisions of the UGG, EDGAR or other applicable federal law, the mandatory provisions of the laws shall control.

All other non-construction purchases will be governed by the Board’s general purchasing policy, which can be found in Board 400 Series Policies. In the event of a conflict between state and federal law, the more stringent requirement shall apply.

### Responsibility for Purchasing

The authority to make purchases shall be governed by the college’s purchasing policy, which can be found elsewhere in Board 400 Series Policies. Except as otherwise provided in the college’s purchasing policy, the acquisition of services, equipment, and supplies shall be centralized in the administration office under the supervision of the President or his/her designee, who shall be responsible for developing and administering the purchasing program of the school college. Purchases or commitments of college funds that are not authorized by this policy will be the responsibility of the person making the commitment.

### Methods of Purchasing

The type of purchase procedures required depends on the cost of the item(s) being purchased.

1. Purchases up to \$10,000 (Micro-Purchases)

Micro-purchase means an individual procurement transaction for supplies or services using simplified acquisition procedures, the annual aggregate amount of which does not exceed \$10,000. Micro-purchases may be made or awarded without soliciting competitive quotations, to the extent college staff determine that the cost of the purchase is reasonable. For purposes of this policy “reasonable” means the purchase is comparable to market prices for the geographic area. To the extent practicable, the college distributes micro-purchases equitably among qualified suppliers. The college will follow its standard policy on purchasing, which can be found earlier in this subsection.

2. Purchases between \$10,000 and \$250,000 (Simplified Acquisition)

Simplified acquisitions are purchases that, in the aggregate amount, is more than \$10,000 and less than \$250,000 annually. For simplified acquisitions, price or rate quotes shall be obtained in advance from a reasonable number of qualified sources as detailed in the college's standard policies on purchasing and on bid letting and contracts which can be found earlier in this subsection.

3. Purchases Over \$250,000

a. Sealed Bids (Formal Advertising)

For purchases over \$250,000, the college will generally follow the bidding process outlined in the board's policy on Bidding for Public Improvements.

b. Contract/Price Analysis

The college performs a cost or price analysis in connection with every procurement action in excess of \$250,000, including contract modifications. The college will make an independent estimate of costs prior to receiving bids or proposals.

4. Noncompetitive Proposals (Sole Sourcing)

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

- i. The procurement transaction can only be fulfilled by a single source.
- ii. The public exigency or emergency for the requirement will not permit a delay resulting from providing public notice of a competitive solicitation.
- iii. The federal awarding agency or pass-through entity expressly authorizes written approval of noncompetitive proposals in response to a written request from the college; or
- iv. After solicitation of a number of sources, competition is determined inadequate.

b. Noncompetitive proposals may only be solicited with the approval of the President or the board. Sufficient and appropriate documentation that justifies the sole sourcing decision must be maintained by the President or his/her designee.

c. A cost or price analysis will be performed for noncompetitive proposals when the price exceeds \$250,000.

Use of Purchase (Debit & Credit) Cards. College use of purchase cards is subject to the policy on credit cards.

Federal Procurement System Standards. The college's procurement transactions will be conducted in a manner providing full and open competition consistent with 2 C.F.R §200.319.

The college will maintain and follow general procurement standards consistent with 2 C.F.R. §200.318.

### **Debarment and Suspension**

The college awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, public policy, compliance, proper classification of employees (see the Fair Labor Standards Act, 29 U.S.C. 201, chapter 8), record of past performance, and financial and technical resources when conducting a procurement transaction.

The college may not subcontract with or award subgrants to any person or company who is debarred or suspended. For all contracts over \$25,000 the college verifies that the vendor with whom the college intends to do business with is not excluded or disqualified. 2 C.F.R. Part 200, Appendix II (1) and 2 C.F.R. §§ 180.220 and 180.300.

The college will verify debarment or suspension by revising the excluded parties list on SAM.gov, collecting a certification through the bidding process, and/or by including a debarment and suspension provision in the bid and contract documents. The President or his/her designee shall be responsible for such verification.

### **Settlements of Issues Arising Out of Procurements**

The college 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. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the college of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

### **Conflict of Interest and Code of Conduct**

Board and staff member conflicts of interest are governed by the college's conflict of interest policies. Purchases covered by this policy are subject to the following additional provisions:

1. Employees, officers, and agents engaged in the selection, award, and/or administration of college contracts which are prohibited from engaging in such actions if a real or apparent conflict of interest is present.
2. 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.
  - a. The board may determine at its discretion that a financial interest is not substantial enough to give rise to a conflict of interest.

### **Favors and Gifts**

An employee, officer, agent, and board member of the college may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, except that this provision does not prohibit the receipt of unsolicited items of nominal value. For purposes of this policy, "nominal value" means a fair market value of \$25 or less.

### **Enforcement**

Disciplinary actions including, but not limited to, counseling, oral reprimand, written reprimand, suspensions without pay, or termination of employment, will be applied for violations of such standards by officers, employees, or agents of the college.

### **Property Classifications**

*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 college for financial statement purposes, or \$5,000.

*Supplies* means all tangible personal property other than those described in §200.33

A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the college for financial statement purposes or \$5,000, regardless of the length of its useful life. 2 C.F.R. §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 C.F.R. §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:

1. Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
2. 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 C.F.R. §200.12.

### **Inventory Procedure**

Newly purchased property shall be received and inspected by the staff member who ordered it to ensure that that it matches the purchase order, invoice, or contract and that it is in acceptable condition.

Equipment, Computing Devices, and Capital Assets must be tagged with a college inventory tag.

### **Inventory Records**

For equipment, computing devices, and capital assets purchased with federal funds, the following information is maintained in the property management system:

1. Serial number
2. College identification number
3. Manufacturer
4. Model
5. Date tagged and individual who tagged it
6. Source of funding for the property
7. Who holds title
8. Acquisition date and cost of the property
9. Percentage of federal participation in the project costs for the federal award under which the property was acquired
10. Location, use and condition of the property
11. Any ultimate disposition data including the date of disposal and sale price of the property.

The inventory list shall be adjusted by the Vice President of Finance & Operations for property that is sold, lost, stolen, cannot be repaired, or that cannot be located.

### **Physical Inventory**

A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. The Vice President of Finance & Operations will ensure that the physical

inventory is performed. The physical inventory will generally occur during the months of June or July but may be conducted during other time periods with the approval of the Vice President of Finance & Operations.

### **Maintenance**

In accordance with 2 C.F.R. 313(d)(4), the college maintains adequate maintenance procedures to ensure that property is kept in good condition.

### **Lost or Stolen Items**

The college maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property. The college will notify the Federal agency or pass-through entity of any loss, damage, or theft of equipment that will have an impact on the program.

### **Use of Equipment**

Equipment must 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, and the college will not encumber the property for any non-federal program use without prior approval of the federal awarding agency and the pass-through entity.

### **Disposal of Equipment**

When it is determined that 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 Vice President of Finance & Operations will contact the awarding agency (or pass-through for a state administered grant) for disposition instructions.

If the item has a current fair market value of \$10,000 or less, it may be retained, sold, or otherwise disposed of with no further obligation to the federal awarding agency or pass-through entity.

### **Equipment Retention**

When included in the terms and conditions of the Federal award, the Federal agency may permit the recipient to retain equipment or authorize a pass-through entity to permit the recipient to retain equipment, with no further obligation to the Federal Government unless prohibited by Federal statute or regulation.

### **Financial Management**

Identification. The college will identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification include, as applicable, the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity.

Financial Reporting. The college will make an accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the financial reporting requirements set forth in the Education Department General Administrative Regulations (EDGAR).

Accounting Records. The college maintains records which adequately identify the source and application of funds provided for federally- assisted activities. These records must contain information pertaining to

grant or subgrant awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

Internal Controls. The President or his/her designee must maintain effective control and accountability for all funds, real and personal property, and other assets through board review and approval of claims, an annual audit of the college's finances pursuant to the applicable federal rules and regulations, and comparison of expenditures and outlays to budgeted amounts. The college adequately safeguards all such property and assures that it is used solely for authorized purposes.

Budget Control. Actual expenditures or outlays will be compared with budgeted amounts for each federal award at least annually and more often as required by law or deemed prudent by the board or administrative staff.

Payment Methods. The college will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the college, in accordance with the Cash Management Improvement Act at 31 CFR Part 205. Generally, the College receives payment from the South Dakota Department of Education on a reimbursement basis. 2 CFR § 200.305. However, if the college receives an advance in federal grant funds, the college will remit interest earned on the advanced payment quarterly to the federal agency. The college may retain interest amounts up to \$500 per year for administrative expenses. 2 CFR § 200.305(b)(9).

Consistent with state and federal requirements, the college will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for the South Dakota Department of Education to review upon request.

Allowability of Costs. Expenditures must be aligned with approved budgeted items. Any changes or variations from the state-approved budget and grant application need prior approval.

When determining how the college will spend its grant funds, the President or his/her designee will review the proposed cost to determine whether it is an allowable use of federal grant funds before obligating and spending those funds on the proposed good or service. All costs supported by federal education funds must meet the standards outlined in EDGAR, 2 CFR Part 3474 and 2 CFR Part.

The President or his/her designee must consider these factors when making an allowability determination. The President or his/her designee will consider Part 200's cost guidelines when federal grant funds are expended. The President or his/her designee will also consider whether all state - and College- level requirements and policies regarding expenditures have been followed.

### **Travel Costs**

All travel expenses paid with federal grant funds shall meet the federal requirements such as:

1. All travel costs must be reasonable and necessary.
2. All travel costs must be consistent with College policy; and
3. All travel costs must be directly related to the grant award.

In addition, all travel expenses funded with federal grant funds must be preapproved by the College's Vice President of Finance & Operations. The state per diem rates for lodging shall be used to determine that maximum amount charged to a federal grant. For reimbursement of meals, the per diem rate and rules set by the State of South Dakota through administrative rule 5:01:02:14 will apply. For reimbursement for mileage of fuel, the State of South Dakota mileage rate will apply. If a College-owned vehicle is available for travel, the college-owned vehicle must be utilized unless preapproved by the Vice

President of Finance & Operations. All expenditures claimed by staff must include receipts and a completed voucher.

### **Required Contract Terms**

The non-Federal entity's contracts must contain the applicable provisions required by section 200.326 and described in Appendix II to Part 200—Contract Provisions for non-Federal Entity Contracts Under Federal Awards.

### **Contracting with Certain Vendors and Buy American**

Pursuant to the standards contained in 2 C.F.R. § 200.321, the college will take all necessary affirmative steps to assure that minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms are used when possible consistent with state law.

The college may deviate from this general requirement only if:

1. The product is not produced or manufactured in the U.S. in sufficient and reasonably available quantities of a satisfactory quality; or
2. Competitive bids reveal the costs of a U.S. product are significantly higher than the nondomestic product.

### **Record Retention**

The college maintains all records that fully show (1) the amount of funds under the grant or subgrant; (2) how the subgrantee uses those funds; (3) the total cost of each project; (4) the share of the total cost of each project provided from other sources; (5) other records to facilitate an effective audit; and (6) other records to show compliance with federal program requirements. 34 C.F.R. §§ 76.730-.731 and §§ 75.730-.731. The college also maintains records of significant project experiences and results. 34 C.F.R. § 75.732. These records and accounts must be retained and made available for a programmatic or financial audit.

The U.S. Department of Education is authorized to recover any federal funds misspent within 5 years before the receipt of a program determination letter.

34 C.F.R. § 81.31(c). However, if any litigation, claim, or audit is started before the expiration of the record retention period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. 2 C.F.R. § 200.333.

Records will be destroyed in compliance with state law and the South Dakota Local Schools Records Retention and Destruction Schedule. This includes the completion of a Records Disposition Report.

### **Maintenance of Procurement Records**

The college must maintain sufficient records to detail the history of all procurements. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price (including a cost or price analysis), and verification that the contractor is not suspended or debarred.

Retention of procurement records shall be in accordance with applicable law and Board policy.

### **Privacy**

The college has protections in place to ensure that the personal information of both students and employees is protected. These include the use of passwords that are changed on a regular basis; staff training on the requirements of the Family Educational Rights and Privacy Act (FERPA) and State confidentiality requirements; and training on identifying whether an individual requesting access to records has the right to the documentation.

Code Reference: Federal Uniform Grant Guidance (UGG), US Education Department and General Administration Regulations (EDGAR), United States Department of Agriculture (USDA) food service regulations.