



Newsletter
February 2026

Policy 721 Update

Procurement Policy

In the past two years, Minnesota Department of Education (MDE) audits raised questions about Model Policy 721. Specifically, these audits maintained that Model Policy 721 needed additional provisions regarding conflict of interest, subrecipient monitoring, and other matters. In response, MSBA worked with MDE's General Counsel to resolve differing interpretations of whether federal law truly required *policy* language and, if so, whether current MSBA model policies sufficiently fulfilled these needs.

Recently, MDE completed a review an updated version of Policy 721 regarding conflict-of-interest requirements and mandatory disclosure. MSBA and MDE share an understanding of the choices that school boards can make on this provision (please see Article X).

As discussions with MDE occurred, MSBA decided to restructure Model Policy 721 to improve readability and use. These improvements include:

1. A clearer model policy title;
2. Replacement of broad legal terms (such as 'non-federal entity') with school-specific terms;
3. Updated references to federal laws and regulations;
4. New sections on Employee Purchase Thresholds (Art. III. H), Procurement Methods When Using State Funds (Art. V), and Subrecipient Monitoring (Art. X);
5. Alignment of allowable cost categories (Art. VIII) with current federal regulations; and
6. A new Resources section

One-Meeting Adoption

Updates 3 through 5 above draw directly from federal or Minnesota law. Updates 1, 2, and 6 are not substantive changes to the model policy. Therefore, a school board may choose to adopt updates in a single meeting pursuant to MSBA Model Policy 208. School boards may contact MSBA if questions arise regarding revisions.

Instructions to access Model Policy 721:

1. Please visit www.mnmsba.org
2. Go to the **Resources** tab and select **Policies**
3. Log into the Members area (access is limited to Policy Services subscribers) and select either *District Policies* or *Charter Policies*

These materials are for informational use only and are not to be construed as legal advice. If legal advice is needed, the school district's legal counsel should be contacted. While current at the time it was created, this document may be later superseded by legislative or other action.

4. Go to the 700 Series and click on Model Policy 721
5. A clean version and a redlined version can be found at the bottom of the policy page, below the Legal References, Cross References, and Resources section.

If you experience trouble viewing the **redlined** version, please go to the **Review** tab on Microsoft Word and ensure that "**All Markup**" is clicked in the Tracking section. If the "Simple Markup" box is checked, one cannot see the redlined changes.

If you have questions about Policy Services, how to navigate the online Policy Manual, or the content of the model policies, please contact Terry Morrow at (507) 934-8126 or (800) 324-4459 or by email at tmorrow@mnmsba.org

Jaymyson Sillman (jsillman@mnmsba.org) can assist if technological issues arise related to accessing the model policies or the revisions.

