



PROCUREMENTS USING FEDERAL GRANT AWARDS

Policy No. 2270
December 22, 2017

POLICY

Standard

1. Authority

RMC 2.04.060 authorizes the City Manager to issue rules or administrative regulations not inconsistent with general law, the Charter or ordinances of the City, outlining the general procedure for the administration of City activities under the City Manager's jurisdiction.

2. Policy

The City of Richland will follow the Uniform Guidance, the Local Agency Guidelines (LAG) distributed by the Washington State Department of Transportation (WSDOT) and Government Accountability Office Standards for Internal Control in the Federal Government (Green Book). The City also follows the procurement threshold exceptions to 2 CFR 200 allowed by Memorandum M-18-18 issued by the Office of Management and Budget (OMB) on June 20, 2018.

3. Purpose

The purpose of this policy is to establish and maintain internal controls that provide reasonable assurance that Federal awards are being procured and managed in compliance with all Federal regulations and with the terms and conditions of the award.

4. Application

This policy applies to all departments and becomes effective for new and continuation grant awards issued on or after December 26, 2017. Increased procurement threshold exceptions allowed by Memorandum M-18-18 becomes effective for new grant awards issued on or after January 1, 2019.

Practice

1. Internal Controls

The City of Richland will maintain effective internal control over the Federal award providing reasonable assurance that the City of Richland is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. The City shall:

- a. Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

PROCUREMENTS USING FEDERAL GRANT AWARDS

Policy No. 2270

- b. Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive.

2. Certification

To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which reads as follows:

By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.

3. Advance Payments and Reimbursements

Payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the City of Richland, whether the payment is made by electronic funds transfer or issuance or redemption of checks, warrants, or payment by other means.

- a. Advanced payments must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the City of Richland to carry out the purpose of the approved program or project. Any advanced payments must be consolidated to cover anticipated cash needs.
- b. The City of Richland shall minimize the time elapsed between receipt of Federal aid funds and subsequent payment of incurred costs.

4. Cost Sharing or Matching

- a. For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all the criteria outlined in 2 CFR § 200.306 (b), as now enacted or hereafter amended.
- b. If the purpose of the Federal award is to assist the non-Federal entity in the acquisition of equipment, buildings or land, the aggregate value of the donated property may be claimed as cost sharing or matching.

5. Allowable Costs

Federal awards will meet the following general criteria in order to be allowable, except where otherwise authorized by statute:

- a. Be necessary and reasonable for the performance of the Federal award; and
- b. Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items; and
- c. Be consistent with policies and procedures that apply uniformly to both Federally-financed and other activities of the City of Richland; and
- d. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost; and
- e. Be determined in accordance with generally accepted accounting principles (GAAP); and
- f. Not be included as cost or used to meet cost sharing or matching requirements of any other Federally-financed program in either the current or a prior period; and
- g. Be adequately documented.

6. Procurement

- a. Departments will be responsible for maintaining all documentation related to informal solicitation procurements. This documentation shall be used during audits to comply with the procurement process.
- b. When soliciting procurements under a Federal award, the City of Richland will take all necessary affirmative steps to assure minority businesses, women's business enterprises and labor surplus area firms are used when possible pursuant to 2 CFR §200.321 as now enacted or hereafter amended.
- c. Contracts for more than the simplified acquisition threshold currently set at \$150,000 must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
- d. Contracts and sub-grants of amounts in excess of \$150,000 require the City of Richland to comply with all applicable standards, orders or regulations issued pursuant to the Federal Clean Air Act and the Federal Water Pollution Control Act.
- e. The City of Richland will monitor procurements to avoid duplicative purchases. When possible, the City will also continue to enter into inter-entity agreements to realize cost savings for shared goods and services.
- f. The City of Richland will verify and document that vendors are not suspended or debarred from doing business with the Federal government.

ATTACHMENT K: CITY OF RICHLAND PROCUREMENT POLICY

PROCUREMENTS USING FEDERAL GRANT AWARDS Policy No. 2270

- g. When procuring property and services under a Federal award, the City of Richland will follow either 2 CFR § 200.318 - General Procurement Standards through 2 CFR § 200.326 - Contract Provisions, as now enacted or hereafter amended, or City of Richland purchasing policies and procedures, whichever is more restrictive. The following table outlines procurement requirements when using Federal funds.

Procurement Method	Goods	Services (Non-A&E)
<p>Micro-Purchase – 2 CFR §200.67 and OMB M-18-18 \$10,000 or less</p> <p>*\$0 to \$3,000 Micro-purchases may be awarded without soliciting competitive quotes.</p>	<p>Must use more restrictive Federal threshold/process</p> <ul style="list-style-type: none"> If the department considers the costs to be reasonable, may be awarded without obtaining quotes Department must, to the extent practical, distribute equitably among suppliers. 	<p>Must use more restrictive Federal threshold/process</p> <ul style="list-style-type: none"> If the department considers the costs to be reasonable, may be awarded without obtaining quotes Department must, to the extent practical, distribute equitably among suppliers.
<p>Simplified Acquisition / Small Purchase Procedures (Informal) OMB M-18-18 \$10,001 – \$250,000</p> <p>*\$3,001 to \$150,000 – must obtain 3 written quotes</p>	<p style="text-align: center;"><u>\$10,001 - \$50,000</u></p> <ul style="list-style-type: none"> Must obtain at least 3 written quotes (<i>Federal</i>) Department must, to the extent practical, distribute equitably among suppliers. <p style="text-align: center;"><u>\$50,001 - \$250,000</u></p> <ul style="list-style-type: none"> Must use more restrictive City process; formal sealed bid required National and State cooperative contracts, may be used. <p>Note: Not all cooperative contracts meet the new Federal procurement standards. Check cooperative contract and check with granting agency. Must also meet Richland's requirements.</p>	<p style="text-align: center;"><u>\$10,001 - \$50,000</u></p> <ul style="list-style-type: none"> Must obtain at least 3 written quotes (<i>Federal</i>) Department must, to the extent practical, distribute equitably among suppliers. <p style="text-align: center;"><u>\$50,001 - \$250,000</u></p> <ul style="list-style-type: none"> Must use more restrictive City process; formal sealed proposals required National and State cooperative contracts may be used. <p>Note: Not all cooperative contracts meet the new Federal procurement standards. Check cooperative contract and check with granting agency. Must also meet Richland's requirements.</p>
<p>Sealed Bids / Competitive Proposal Bids (Formal) \$250,001 and greater</p> <p>*\$150,001 and over – written specifications are necessary and require a sealed bidding process using a "Request for Proposal" or "Competitive Bid." Competitive bidding must be advertised for at least 14 business days with opening on 15th.</p>	<ul style="list-style-type: none"> Must use a formal sealed bid process (<i>Federal and City</i>) Must perform a cost or price analysis, including amendments and change orders (<i>Federal</i>). <p>Sample cost and price analysis forms are found at the end of this document.</p>	<ul style="list-style-type: none"> Must use a formal sealed proposal process (<i>Federal and City</i>) Must perform a cost or price analysis, including amendments and change orders (<i>Federal</i>). <p>Sample cost and price analysis forms are found at the end of this document.</p>

*HUD has lower dollar thresholds for procurement than the standard City of Richland Policy. Where differences occur between the City and HUD, the stricter of the two will be adhered to.

ATTACHMENT K: CITY OF RICHLAND PROCUREMENT POLICY

PROCUREMENTS USING FEDERAL GRANT AWARDS Policy No. 2270

Procurement Method	A & E Services (\$50,000 or less)	A & E Services (\$50,001 and greater)
Must follow both Federal and City processes	<ul style="list-style-type: none"> • Department must document evaluation criteria used (<i>City and Federal</i>) • Must obtain minimum of 3 statements of qualifications from City's A&E Roster (<i>Federal and City</i>) • Department must follow RCW 39.80 to determine most qualified and enter into negotiations (<i>City</i>) • Must perform a cost or price analysis, including amendments and change orders (<i>Federal</i>) 	<ul style="list-style-type: none"> • Must use formal sealed request for qualifications process (<i>City</i>) • Department must document evaluation criteria used (<i>City and Federal</i>) • Department must follow RCW 39.80 to determine most qualified and enter into negotiations (<i>City</i>) <li style="text-align: center;"><u>\$150,001 and greater</u> • Department must negotiate profit as separate element of the price (<i>Federal</i>)
Procurement Method	Small Works (\$300,000 or less)	
Micro-Purchase – <u>\$2,000 or less</u> Must follow both Federal and City processes	<ul style="list-style-type: none"> • Must use more restrictive Federal threshold/process. • Department must obtain minimum of 3 written quotes from City's Small Works Roster. (<i>Federal</i>) • Davis Bacon wage requirements apply. (<i>Federal</i>) 	
Procurement Method	Small Works (\$300,000 or less)	
Simplified Acquisition / Small Purchase Procedures (Informal) \$3,501 - \$150,000	<p>Must use more restrictive City and Federal threshold / process up to \$45,000 / \$90,000 threshold</p> <ul style="list-style-type: none"> • Department must obtain minimum of 3 written quotes from City's Small Works Roster. (<i>City and Federal</i>) • Davis Bacon wage requirements apply. (<i>Federal</i>) 	<p>Greater than \$45,000/\$90,000 up to \$150,000</p> <p>Must use more restrictive <i>City</i> process</p> <ul style="list-style-type: none"> • Must use City's Small Works Roster • Must invite all contractors within the specific work category(ies).
Sealed Bids / Competitive Proposal Bids (Formal) \$150,001 and greater	<p>Greater than \$150,000 up to \$300,000 must use more restrictive <i>Federal</i> process</p> <ul style="list-style-type: none"> • Formal advertised sealed bid process • Davis Bacon wage requirements apply. (<i>Federal</i>) 	<ul style="list-style-type: none"> • Greater than \$300,000 must follow both Federal and City process • Formal advertised sealed bid process • Davis Bacon wage requirements apply. (<i>Federal</i>)

PROCUREMENTS USING FEDERAL GRANT AWARDS
Policy No. 2270

Procurement Method	Single Source / Sole Source
Non-competitive proposals	Appropriate only when: <ul style="list-style-type: none"> • Available only from a single source • Public emergency for the requirement will not permit a delay resulting from competitive solicitation • Expressly authorized by Federal awarding (or pass-through agency) in response to written request from the City of Richland • After soliciting a number of sources, competition is deemed inadequate.

7. Single Audit Act

The City of Richland, as a recipient of Federal funds, shall adhere to the Federal regulations outlined in 2 CFR § 200.501, as well as all applicable Federal and State statutes and regulations, as now enacted or hereafter amended.

8. Closure

A project agreement end date will be established in accordance with 2 CFR § 200.309, as now enacted or hereafter amended. Any costs incurred after the project agreement end date that are outside of the project agreement or approved change orders are not eligible for Federal reimbursement.

9. Ethical Considerations

- a. Consistent with Chapter 2.26 RMC, Chapter 42.23 RCW, 2 CFR § 200.112, 2 CFR § 200.318, and other applicable Federal and State standards, regulations and laws currently enacted or as hereafter amended, no elected official, employee or agent of the City of Richland shall participate in the selection, award or administration of a contract supported by Federal grant funds if a conflict of interest, real or apparent, would be involved.
- b. A real or apparent conflict of interest would arise when the involved 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 these parties has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.
- c. Elected officials, employees and agents of the City of Richland shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors or subcontractors.

PROCUREMENTS USING FEDERAL GRANT AWARDS Policy No. 2270

- d. Any potential conflict of interest will be disclosed in writing to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.
- e. A violation of the ethical considerations described herein may result in penalties, sanctions or other disciplinary action consistent with local, State and Federal law.

Responsibilities

The **City Manager**, in coordination and cooperation with the **Purchasing Manager** and the **Administrative Services Director**, is responsible for overall compliance with this policy.

Guide

Consistent with the City's core values of teamwork, integrity and excellence, this policy is intended to ensure compliance with Federal requirements related to procurements using Federal grant awards.

Approval



City Manager

December 18, 2018

Date

Responsible Administrator: Administrative Services Director

Revision History:

December 22, 2017 (created)

December 18, 2018 (amended)