



Grant Policies and Procedures

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**City of Beaumont
Grant Policies and Procedures**

[Administrative Services Department](#)

SECTION 1: DEFINITION AND PURPOSE

The definition of a grant for purposes of this policy is as follows: An award of financial assistance in the form of money or property by a funding source including the federal government, state government, other local governments, non-profit agencies, and private businesses and citizens that the City can accept or reject.

The purpose of the grant procedures outlined in this document is:

1. To ensure proper oversight of all funds awarded to the City.
2. To minimize the City's risk of losing funding due to non-compliance with grant requirements.
3. To ensure proper administration and accounting of all grants.

SECTION 2: SCOPE

This policy is applicable to any City of Beaumont program, department, or fund division preparing and submitting grant applications to agencies outside the City government for funds, materials, or equipment to be received and administered by the City or by an entity for which the City acts as fiscal agent. The goals and objectives of the City departments should be established early in the planning process and should not change based on changes in the availability of different funding sources sought and received. If grant policies and regulations conflict with regulations and policies of the City, the federal and state regulations will prevail unless they are less restrictive than City policies where City policy prevails.

No grant will be accepted that will incur management reporting costs greater than the grant amount. Such costs include, but are not limited to, indirect costs, overhead and any other items needed to administer the grant.

SECTION 3:**CENTRAL RESPONSIBILITY**

The City Council authorizes the Administrative Services Director and Finance Director to promulgate any procedures and controls that minimize the City's risk for non-compliance with grant requirements and the Administrative Services Director or their assigned designee for providing support to requesting agencies. The Administrative Services Department will maintain the back-up file for all grants in order to facilitate management, reporting and overall monitoring. The required central grant file will be maintained by the department seeking grant funds and must be retained in accordance with City of Beaumont retention policy.

For Federal Grants, the Department applying for the grant and the Finance Department should ensure compliance with the Federal Office of Management and Budget (OMB) general requirements and any other state and/or federal requirements specified in the grant conditions. The Administrative Services Department and Finance Department will review expenditures for obvious non-compliance and will act as liaison with independent auditors. All City programs, departments, and fund divisions shall submit any/all grant information required by the Administrative Services Department to carry out its oversight responsibilities.

SECTION 4:**GRANT APPLICATION PROCEDURES**

- 4.1 The City program, department, or fund division desiring to submit a grant application soliciting funds will prepare the request as outlined by the grantor's requirements. Grant applications will be reviewed by the department(s) seeking grant(s) in order to make an independent assessment of all financial aspects of the application to ensure funds availability. The department director should sign the grant application as approval that funds are available and that they are supportive of the fiscal impacts to their department. The department applying for the grant should make every effort to project all initial and ongoing costs associated with the grant program including but not limited to staff support, needed assistance for computer systems, office space, utilities, systems furniture, vehicles, office equipment, office supplies, computer software and hardware, and/or telephone charges.

- 4.2 Upon the department completing its financial assessment, they shall prepare and submit a Grant Processing Request Form (Appendix A) to the Administrative Services Department with the original grant application, along with any required assurances and conditions prior to submitting the application to the grantor entity for approval. This Form must be approved by the City Manager prior to the grant application being submitted. The purpose of this form

notification to Administration is to eliminate duplication of submissions by City departments for the same grant, to allow Administrative Services to maintain a comprehensive list of pending grant applications as well as active grants, to provide assistance as appropriate to departments in the preparation and administration of grants, and to ensure availability of matching funds, where applicable. The Administrative Services department will obtain the City Manager's approval and notify the department that the application has been approved. Administrative Services will also send a Memorandum of Understanding, if necessary, on the grant's requirements to the department applying for the grant and will assist departments on inquiries concerning compliance issues.

- 4.3 The Administrative Services Department will request additional information or revised submittals if needed. The Administrative Services and Finance Departments will work with the departments to ensure the availability of funds. For those grant applications where a Grant Processing Request Form has not been submitted within a reasonable time, Administrative Services will follow up with the applicable department to see that the proper procedures are followed. Grant applications shall not be submitted to the grantor entity prior to the Administrative Services Department receiving and the City Manager approving the Grant Process Request Form. In some cases, the grant application shall not be submitted until approved by the City Council.
- 4.4 Any grant pertaining to technology will be required to complete a Technology Service Request (Appendix B) Form and forward it to the Administrative Services Department before applying for the grant. City of Beaumont's Software/Hardware standards and IT staffing must be considered for any software/hardware purchases. IT staff must make assurances that any equipment/software purchased will be technologically compatible and can be supported in years to come.
- 4.5 If the grant is incorporated into the Adopted City of Beaumont Budget and appropriated, then no additional Board approval is required for the application and acceptance of the grant, unless otherwise required by individual grant requirements. However, supporting documentation to assist in monitoring of the grant shall be forwarded to the Administrative Services Department for their records.
- 4.6 All grant award acceptances must have approval from the City Manager and/or the City Council,

under the provisions of the limits established in the City of Beaumont Purchasing Policy. This action may involve preparation of a City Council agenda item for inclusion on the next regular meeting agenda for consideration. In order for an item to be considered at a board meeting, the department must forward the required staff report and any necessary documentation to the City Clerk's office in accordance with the City's agenda procedures. Please refer to the City Council calendar or consult with the City Clerk's office for additional information on the agenda deadlines. In the event that a grant cannot be presented at City Council due to a short timeline, staff is required to bring the grant to city Council at the first available meeting for ratification.

- 4.7 If a grant application is denied by the grantor, a copy of the letter of denial shall be forwarded to the Administrative Services Department for their records. In addition to the letter of denial, the department which submitted the grant shall draft and submit a summary of the denial to the Administrative Services Department for their records.

SECTION 5: GRANT ACCEPTANCE PROCEDURES

- 5.1 Whenever possible, all requests for acceptance of grants of a recurring nature should be submitted to the Finance Department through the normal budget process that must be approved by the City Council.
- 5.2 The grant award letter/acceptance agreement (notification received detailing the amount of the grant awarded, grant assurances and special conditions, and the guidelines that must be followed to comply with the grant requirements) will be forwarded to the Administrative Services Department, who will review the grant award for reporting requirements, special conditions, and deadlines related to administering the grant.
- 5.3 If deemed necessary by Administrative Services Director and time permits, the Administrative Services Department may forward the grant award letter/agreement to the City Attorney for legal review of any clauses or grant special conditions to ensure compliance with Federal or state laws.
- 5.4 In order for expenditures to be processed against a grant, a budget appropriation must be established using procedures and limits set forth in the City of Beaumont Financial Management Policy. The department requesting a grant will work with the Finance Department to prepare a City Council agenda item requesting appropriation of grant funds, unless the grant

has already been approved by the City Council as part of the adopted annual budget process.

- 5.5 Upon obtaining a copy of the Council action approving a grant, the Finance Department will assign an account code to the grant and the applicable department will be notified of the account code. For reimbursable grants, all reimbursement requests should be copied and forwarded to Administrative Services and Finance Departments, noting the applicable account code for the receipting of the funds. The Finance Department will notify the departments of such anticipated receipts of revenue for those reimbursements made to the City. The Finance Department will track receipts for reporting with annual audits.
- 5.6 Departments should notify the Administrative Services and Finance Departments if:
 - A. There is a subsequent alteration in the funding configuration.
 - B. There is a subsequent alteration in the City's financial obligation.
 - C. Grant funds will be carried forward into the next fiscal year.
 - D. There is any notification that the grant will be terminated.
- 5.7 Departments shall process Personnel action/status forms at year end for those grants that have new account numbers each year, to eliminate necessary future adjustments.
- 5.8 Departments are responsible for ensuring that all funds are expended or encumbered prior to the end of the grant period, for funds to be used adequately and not lost in future award periods.

SECTION 6: GRANT MASTER FILE AND FISCAL FILE

6.1 Grant Master File

The program manager is required to maintain a grant master file in order to document all major actions from the grant award through closeout. The master file should include the following documents:

- A. Grant Application: Funding opportunity announcement and the original grant application that was submitted to the awarding agency.

- B. Grant Award Documents: Grant award, terms and conditions, assurances, award modifications, and approved Request for Council Action (RCA) for the acceptance of the award. Also include subrecipient agreement if portion of the award was transferred to a subrecipient.
- C. Financial Documents: Approved budget and budget amendments.
- D. Grant Reports: Periodic and Final Financial and/or Performance reports including any communications regarding these reports.
- E. Grant Reimbursement/Payment Requests: Reimbursement/Payment Request form, supporting documents including copy of invoices, copy of transmittal letter, copy of check payment or EFT notification, and copy of Deposit Transmittal Form (DTF).
- F. General Communications: Internal or external communications pertaining to the grant.

6.2 Fiscal File

To assist in administering the grant, the Administrative Services Department should also maintain a fiscal file. The fiscal file contains all documentation related to the financial history of the grant. To ensure the creation of the fiscal file, the program manager should provide the following documents to Administrative Services:

- A. Executed copy of the grant Award and approved RCA
- B. Terms & Conditions
- C. Award modifications
- D. Approved grant budget
- E. Budget modifications
- F. Financial Reports
- G. Reimbursement/Payment Requests and supporting documentation

Grant files must be retained in accordance with the City of Beaumont's file retention policy or, for federal awards, the retention requirements for records per 2 CFR 200-333 whichever is more restrictive.

SECTION 7: GRANT MONITORING AND REPORTING

7.1 Monitoring of Grants

- 7.1.1 Departments are responsible for continuous monitoring of the financial status of grants. The Finance Department will provide departments with regular access of monthly financial

reports for such monitoring. This report will include information, such as money already expended, remaining funding, budget to actual analysis, payments already received, grant receivable or advance payment balance, and if applicable, matching funds already provided. Departments must review the monthly financial reports and notify the Administrative Services and Finance Departments promptly of any discrepancies noted and/or any additional reports needed.

- 7.1.2 Line-item budget amendments must be approved prior to grant expenditures being made in order to avoid loss of funding or denial of reimbursement. Line-item adjustments must be completed in accordance with the awarding agency's policies and procedures. Line items can go negative, as long as the grant account is not negative in total if the granting entity allows it, but the department should remember that expenditures must be reported to the grantor by line item and must be allowable in the line item reported and spent.
- 7.1.3 Departments must also monitor grants for compliance with all applicable federal, state, and local regulations and ensure that grant expenditures remain in compliance with grant procurement policies and procedures. For example, equipment procured with grant funds must be disposed of in accordance with the terms of the grant and OMB Circular A-87 requires payroll costs to be supported properly based on the percentage worked on the grant. Federal grants must meet requirements set out in OMB Circulars A-87, A-102, and A-133 or the Uniform Grant Guidance, as applicable. Departments should contact Administrative Services and/or Finance if assistance is needed with compliance issues.
- 7.1.4 Departments shall require Sub-recipients of grant funds to prepare and submit progress reports to the City. Departments shall notify all sub-recipients of the grant's compliance requirements, reporting requirements, and cost principles. Departments shall establish periodic monitoring meetings with sub-recipients to ensure grant compliance. Sub-recipients shall provide a written acknowledgement that they have received and agree to the items detailed above and any other requirements explained by the City.

7.2 Grant Reporting

- 7.2.1 The requesting department is responsible for providing performance and financial reports to grantors. If it is determined that the report preparation is to be handled by the Administrative Services or Finance Department, this must be indicated on the Grant Processing Request Form. In some cases, grantors may prohibit the same individual from

submitting both performance and financial reports. If the program manager identifies this scenario, or something similar they shall notify the Administrative Services Department who will designate a different party to perform the financial report.

7.2.2 Departments handling grant reporting are responsible for complying by the due dates with all reporting requirements of the grant including financial reporting and reimbursement requests. All reimbursement requests should be copied and forwarded to Administrative Services and Finance for review and monitoring of timeliness of revenue reimbursements.

7.2.3 Timely requests for reimbursements are crucial to maximize the financial benefits of the grants to the City. Grant reimbursements should be completed timely and in accordance with the requirements of the specific grant.

SECTION 8: INDIRECT COSTS

Grant applicants may request indirect costs if the application guidelines do not require a federally approved indirect cost rate and indirect cost are allowed in the grant. Departments should contact the Finance Department for assistance with identifying and calculating indirect costs for inclusion in grant applications. These funds may be used by the Finance Department to offset costs in overseeing the grant including staff time, external auditor expenditures, etc.

SECTION 9: PERSONNEL

9.1 Any new personnel positions to be created as a result of grant funding must be approved by the City Manager and City Council, and properly classified by Human Resources. Departments are to promptly notify Payroll each year of coding changes needed for those persons being charged to grants since project/grant codes may change each year. (Coding changes are noted on personnel action/status forms and turned into Human Resources by the applicable departments.) The Department applying for a grant that will create a new position(s) shall prepare a staffing plan and submit such plan to the Administrative Services Department. The staffing plan should include the duration of the position(s) (temporary or permanent), detail the work to be performed by the new position(s), and describe how the position(s) will be funded upon the expiration of the grant funding.

9.2 Where employees are 100% federally funded by a grant, salaries and wages will be supported

by quarterly certifications stating that the employee worked solely on that program for the period covered by the certification. The certification must be signed by the supervisory official having firsthand knowledge of the work performed by the employee. Where employees are partially federally funded, their daily tasks must be listed on Daily Activity Logs if provided by the grantor to support the percentage of time spent working on the grant. Distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards. For example, someone working 75% out of federal funding and 25% out of local funding must complete the daily activity log to substantiate the percentages.

- 9.3 Any employee whose salary is paid in part by a grant must develop an activity log that will allow him/her to track actual times and effort performed for the grant. When completing the required bi-weekly timesheet, the employee must itemize time by activity, indicating the account number and for each activity. The program manager will review/sign the timesheet ensuring the following: (1) total hours allocated to the grant based on actual hours recorded in the employee's activity log; and (2) the account numbers and project account codes being used are correct ensuring proper distribution of wages. Once review, the program manager will forward the timesheet to the department head for approval/signature. Once approved by the department head, it will go to Administrative Services Department to the attention of the payroll technician for processing. Personnel costs that are to be funded using Grant funds may not be used for compensatory time.

SECTION 10: GRANT-RELATED PROCUREMENT AND POLICY ISSUES

10.1 Procurement Using Grant Funds

When submitting purchase requisitions with the intention of using grant funds, the department head or program manager must clearly indicate the source of funding for the procurement. The department head or program manager must also communicate to the Finance Department the applicable procurement standards for the grant preferably via e-mail. The Finance Department must review the grant procurement standards and incorporates them, if necessary, in the procurement process.

10.2 Procurement Using Federal Grant Funds

- 10.2.1 The Finance Department must be notified that federal funds are involved for all purchases with federally funded grants, regardless of the dollar amount involved.

All purchases, of any amount, made with federal grant funds must comply with the following requirements detailed in Section 14 below.

- 10.2.2 If federal funding is involved, the department head, program manager and Finance Department must ensure the procurement standards outlined in 2 CFR 200-320 and the required suspension and debarment testing- 2 CFR 200-213 - for covered transactions are met. Covered transactions include procurement of goods and services that equal or exceed \$25,000, non-procurement transactions as defined in 2 CFR 180.970 and subcontracts/sub awards that equal or exceed \$25,000.
- 10.2.3 List of debarred or excluded vendors can be found in the System for Award Management web page and can be accessed at the following address: <http://www.sam.gov>. From there, go to Search Records at the top left of the page, and search for your vendor by name. You will receive a message showing whether your vendor is excluded or not. If excluded, you shall not purchase from that source. If there are no records matching the search request, you may purchase from that vendor, assuming all other purchasing and grant requirements have been met. In either case, please print out the pages for your grant file, to show compliance with this requirement.
- 10.2.4 A copy of the required certification related to the suspension and disbarment of the vendor **MUST** be obtained before any funds are spent. The program manager must document the result of the sam.gov search in the grant Master file and fiscal file and be made available to the department head, Administrative Services Department, Finance Department and/or external auditors upon request.
- 10.2.5 In some cases, the City of Beaumont's procurement standards may be more restrictive than the grant's procurement standards. For example, 2 CFR 200-320 allows the use of procurement by small purchase method when acquiring goods or services that do not cost more than the simplified acquisition threshold (currently at \$150,000). In this method of procurement, informal solicitation of price or rate quotes from adequate number of sources is acceptable. However, the City of Beaumont's procurement policy (BMC; Chapter 3) requires an informal competitive bid for purchases between \$45,000 and \$175,000. In such a circumstance, the program manager must follow the City of Beaumont's procurement standards because it is more restrictive.
- 10.2.6 The Finance Department also needs to be notified so that assets acquired using Federal funds can be properly identified. Equipment items purchased with federal funds that cost

\$5,000 or more are to be tagged when purchased so that proper disposal procedures can be followed when items are sold or sent to surplus. Federal equipment should be inventoried at least every two years in order to be properly safeguarded against theft, damage, or loss. Inventory records should be maintained in accordance with State Library Regulations. Also, land purchases made with grant funds often have land use restrictions which will be discussed with the City Attorney's office to ensure restriction compliance. When assets acquired with Federal funds are no longer used in the grant program (i.e., grant has expired, asset was lost, stolen, or damaged, or asset became idle) the grantor must be notified. The Federal Government may be due a portion of the proceeds for equipment items with a book value of \$5,000 or more at the time of disposition. If the federal entity is compensated for the current fair market value of the item, the equipment may be retained by the entity.

10.2.7 Grantees should follow the City's and/or grantor's policies and procedures for all practices including procurement for the selection of contractors and vendors. If grant applications have special conditions, a copy of such must be given to the Administrative Services and Finance Departments for assistance in compliance monitoring. If grant guidelines require grantees to abide by different procurement procedures other than those adopted by the City, the grantee should resolve the situation with the Finance Department prior to submitting the application. As a rule, the federal and state regulations prevail unless less restrictive than City policies-where City policy prevails.

SECTION 11: CLASSIFICATION OF GRANT REVENUE

All federal, state and local grant revenue should be receipted as revenue as opposed to as expenditure refunds in order to remain in compliance with approved grant policies and GAAP revenue recognitions requirements. Budgets of expenditures for revenues received are obtained through the City of Beaumont Financial Management Policy and as previously described in above paragraphs.

SECTION 12: YEAR-END PROCEDURES

12.1 Indicate clearly on the June and July invoices which fiscal year (prior or current) they are to be posted. Only goods and services received prior to July 1st can be posted back to the prior year. Receipts received in July and August for prior year expenditures should be reconciled promptly.

12.2 Ensure all funds are expended or encumbered prior to the end of the grant period so that funds will be used adequately and not lost in future award periods.

SECTION 13: GRANT CLOSEOUT

13.1 A grant is considered completed when all work funded by the grant is completed or the grant's period of performance ends. If work cannot be completed within the specified period of performance, the program manager is responsible of ensuring that a continuation or no-cost extension is requested in a timely manner. All continuation or no-cost extension requests should be submitted to the Administrative Services Department for review and approval prior to submitting the request to the grantor.

13.2 Each grant has specific closeout procedures to which the City must adhere to. The closeout documentation and the due dates for submission of required final reports and final payment request are stated in the terms and conditions of the award. The program manager must see to it that all the required work for the grant is completed, no further expenditures are incurred after the grant's period of performance and all invoices are paid and posted to the accounting software before finalizing the final financial report and the final payment request.

13.3 To ensure accuracy of the final financial report and final payment request, the program manager must obtain a final grant recap from the Finance Department and an account summary report covering the grant's period of performance. These reports must be reviewed and reconciled. Once the final financial report and final payment request have been prepared, it will be submitted to the department head or appropriate City management personnel for review to ensure they are mathematically accurate and supporting documentation agrees to the final financial report/final payment request. The department head or City management personnel will send the program manager an email indicating review and approval of the prepared final financial report/final payment request.

13.4 The program manager is responsible for complying with the due dates specified in the award terms and conditions.

SECTION 14: DETAILED FEDERAL GRANT PROCUREMENT POLICY

14.1 Purpose

The City of Beaumont is a potential recipient of Federal Grant Funds and as such, is required to confirm with Federal laws and standards identified in 2 CFR 200.318-326. Therefore,

procurements in which federal funds are contemplated or used must be conducted in accordance with federal procurement requirements. This policy explains the City Procurement Policy with respect to federally funded procurements by providing a cross-reference between federal procurement regulations, explains the applicable City procurement policy and how it conforms to federal requirements.

CFR Reference: 2CFR 200.318(a)

14.2 Procedures

City staff shall consult this policy when dealing with any procurements in which federal funds are contemplated or used. This document will be updated as needed to reflect changes in federal regulations. All procurements in which federal funds are contemplated or used must be conducted in accordance with federal procurement requirements. This policy explains the applicable City procurement policy and how it conforms to federal requirements. Note, certain grants will have additional procurement requirements, i.e. Buy America. In those instances, all procurement requirements identified in the circular shall also apply.

14.3 Policy

GENERAL PROCUREMENT STANDARDS

CFR Reference: 2CFR 200.318

14.3.1 Goal

All purchasing functions are to be conducted with the highest ethical standard. Department directors, division managers and employees must remain constantly aware of their responsibilities when spending public funds. The Finance Department will provide a purchasing process that implements and maintains the requirements of the City Municipal Code Chapter 3.0 and provide a centralized purchasing system to:

- A. Establish a purchasing program providing for competitive bidding in the open market and obtaining the greatest possible advantage to the City.
- B. Provide a cost-effective purchasing process utilizing high ethical standards.
- C. Obtain the appropriate quality of materials and services at the lowest ultimate cost and in a timely manner
- D. Provide a system to purchase, using effective fiscal controls that ensure adherence

to budget, expenditures, and encumbrances. Obtain appropriate levels of approval as established herein.

- E. Award purchases to the lowest responsive and most responsible vendors meeting specifications and city requirements.
- F. Promote and maintain good relationship with vendors. City staff shall deal in a professional manner and promote equal opportunity, fairness and courtesy in all vendor relations.

14.3.2 Staff Responsibilities

It is the responsibility of all City of Beaumont staff assigned to purchase materials, equipment, supplies and services for all City functions to follow the established Procurement Process. These purchasing activities shall be conducted in the most economical and efficient manner.

14.3.3 Responsibilities of the Finance Department

Pursuant to the City Municipal Code the Finance Director is responsible for administration of purchases for all City departments. The City Municipal Code provides for the delegation of some or all the purchasing responsibilities to the department director and to his/her designee. With the promulgation of this provision, department directors are responsible for ensuring their department purchases are made in accordance with the Purchasing Guidelines and the approved Annual budget. The Finance Director is responsible for oversight of the various departments and to ensure adherence to the rules and regulations of the City Municipal Code Chapter 3. The Finance Director will assist department directors/designees to comply with the requirements of the purchasing guidelines.

The Department director may delegate the authority of procurement to staff member(s) within his/her department and division. The designated staff carries the full responsibility for the purchasing processes designated to them.

14.3.4 Code of Ethics

- A. Regard public service as a sacred trust, giving primary consideration to the interests of the City.
- B. Purchase the best value obtainable, securing the maximum benefit for each tax

dollar expended.

- C. Allow for full and open competition and not participate in uniform bidding.
- D. Know and respect their obligations to the public, private sector and using agencies.
- E. Accord vendor representatives' courteous treatment remembering that they are important sources of information and assistance in purchasing decisions.
- F. Avoid all appearances of unethical or compromising acts during interaction with vendors.
- G. Ensure that all vendors have the opportunity to participate in the bidding procedure.
- H. Strive constantly for greater knowledge of purchasing methods and of the goods and services to be procured.
- I. Conduct one-self with fairness and dignity, and demand honesty in buying and selling.
- J. Remember that their conduct reflects on the City.

14.3.5 Conflict of Interest

No officer or employee of the City having any supervisory authority to purchase any specific goods, services or construction for the City shall engaged in the selection, award and administration of contracts. 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.

14.3.6 Gratuities

The Finance Director and all other officers and employees of the City are prohibited from accepting directly or indirectly from any person to whom any purchase order or contract is, or might be, awarded, any rebate, kickback, gift, money or other unlawful consideration. The offer of such gratuity to an official or employee by any supplier or contractor shall be cause for declaring such individual to be an irresponsible bidder and for preventing such supplier or contractor from bidding. The City may elect to audit any supplier or contractor documents as it pertains to this section.

14.3.7 Pre-Solicitation

- A. The Finance Director and all other officers and employees of the City procuring with federal funds must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical purchase.

CFR Reference: 2CFR 200.318(d)

- B. Where advantageous for the City, when competitively bid and awarded and to foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the City is encouraging staff to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.

CFR Reference: 2CFR 200.318(e)

- C. The City is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

CFR Reference: 2CFR 200.318(g)

14.3.8 Post-Solicitation

- A. The City must award 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, compliance with public policy, record of past performance, and financial and technical resources. See also §200.213 Suspension and debarment.

CFR Reference: 2CFR 200.318(h)

- B. The City must maintain records sufficient to detail the history of procurement. 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, and the basis for the contract price.

CFR Reference: 2CFR 200.318(i)

- C. The City may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to a non-federal entity is the sum of:
- (i) The actual cost of materials; and
 - (ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

In addition, since time-and-material type contract 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. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, City staff must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls

CFR Reference: 2CFR 200.318(j)

- D. The City alone must be 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 City of any contractual responsibilities under its contracts. The federal awarding agency will not substitute its judgment for that of City staff unless the matter is primarily a federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

CFR Reference: 2CFR 200.318(k)

14.4 Competition

CFR Reference: 2CFR 200.319

- 14.4.1 All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. To ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests

for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- A. Placing unreasonable requirements on firms for them to qualify to do business.
- B. Requiring unnecessary experience and excessive bonding.
- C. Noncompetitive pricing practices between firms or between affiliated companies.
- D. Noncompetitive contracts to consultants that are on retainer contracts.
- E. Organizational conflicts of interest.
- F. 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 procurement; and
- G. Any arbitrary action in the procurement process.

14.4.2 City staff must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. 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 its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

14.4.3 City staff must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

- A. Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must 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, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if 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 procurement. The specific features of the named brand which must be met by offers must be clearly stated; and

- B. Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

14.4.3 City Staff working on each grant must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, staff must not preclude potential bidders from qualifying during the solicitation period.

14.5 Methods of Procurement to be Followed

CFR Reference: 2CFR 200.320

City staff must use one of the following methods of procurement.

- A. Procurement by **micro-purchases**. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed **\$3,000** (as currently defined in CFR Reference: 2 CFR 200.67 or \$2,000 in the case of acquisitions for construction subject to the Davis-Bacon Act). Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold to the extent practicable, City staff must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if City staff considers the price to be reasonable.
- B. Procurement by **small purchase** procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold of **\$150,000** (as currently defined in CFR Reference: 2 CFR 200.88). If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

C. Procurement by sealed bids (**formal procurement**). is the acquisition of supplies or services, the aggregate dollar amount of which **exceed \$150,000** Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with 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 conditions in paragraph (c)(1) of this section apply.

1. In order for sealed bidding to be feasible, the following conditions should be present:
 - (a). A complete, adequate, and realistic specification or purchase description is available.
 - (b). Two or more responsible bidders are willing and able to compete effectively for the business; and
 - (c). The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
2. If sealed bids are used, the following requirements apply:
 - (a) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised.
 - (b) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services for the bidder to properly respond.
 - (c) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly.
 - (d) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of;

and

- (e) Any or all bids may be rejected if there is a sound documented reason.

D. Procurement by competitive proposals (RFP)

The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

1. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical.
2. Proposals must be solicited from an adequate number of qualified sources.
3. City staff must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.
4. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
5. City staff 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, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

E. [Reserved by Code of Federal Regulations]

F. **Procurement by noncompetitive proposals (Sole/Single Source).**

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:

1. The item is available only from a single source.
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.

3. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from City staff; or
4. After solicitation of several sources, competition is determined inadequate.

14.6 Contracting with Small and Minority Businesses, Women's Business Enterprises, and Labor Surplus Area Firms

CFR Reference: 2CFR 200.321

- A. City staff must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.
- B. Affirmative steps must include:
 1. Placing qualified small and minority businesses and women's business enterprises on solicitation lists.
 2. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources.
 3. 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.
 4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises.
 5. 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
 6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.

14.7 Procurement of Recovered Materials

CFR Reference: 2CFR 200.322

Contracts must contain a clause stating contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of

the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

14.8 Contract Cost and Price

CFR Reference: 2CFR 200.323

- 14.8.1 City staff must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold (\$150,000) including contract modifications. The method and degree of analysis is dependent on the facts surrounding the procurement situation, but as a starting point, City staff must make independent estimates before receiving bids or proposals.
- 14.8.2 City staff must negotiate profit as a separate element of the price for each contract in which there is no price competition and, in all cases, where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.
- 14.8.3 Costs or prices based on estimated costs for contracts under the federal award are allowable only to the extent that costs incurred, or cost estimates included in negotiated prices would be allowable for City staff under Subpart E—Cost Principles of this part. City staff may reference its own cost principles that comply with the federal cost principles.
- 14.8.4 The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

14.9 Federal Awarding Agency or Pass-Through Entity Review

CFR Reference: 2CFR 200.324

- 14.9.1 City staff must make available, upon request of the federal awarding agency or pass-through entity, technical specifications on proposed procurements where the federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if City staff desires to have the review accomplished after a solicitation has been developed, the federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.
- 14.9.2 City staff must make available upon request, for the federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:
- A. City staff's procurement procedures or operation fails to comply with the procurement standards in this part;
 - B. The procurement is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;
 - C. The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;
 - D. The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or
 - E. A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.
- 14.9.3 City staff is exempt from the pre-procurement review in paragraph (b) of this section if the federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.
- A. City staff may request that its procurement system be reviewed by the federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third-party

contracts are awarded on a regular basis;

- B. City staff may self-certify its procurement system. Such self-certification must not limit the federal awarding agency's right to survey the system. Under a self-certification procedure, the federal awarding agency may rely on written assurances from City staff that it is complying with these standards. City staff must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

14.10 Bonding Requirements

CFR Reference: 2CFR 200.325

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold (\$150,000 as currently defined in CFR Reference: 2 CFR 200.88), the federal awarding agency or pass-through entity may accept the bonding policy and requirements of City staff provided that the federal awarding agency or pass-through entity has made a determination that the federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

- A. A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

(To be submitted with the bidding documents)

- B. A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(To be submitted at time of contract award)

- C. A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

(To be submitted at time of contract award)

14.11 Contract Provisions

CFR Reference: 2CFR 200.326

City staff's contracts must contain the applicable provisions described in Appendix II to Part 200—Contract Provisions for non-Federal Entity Contracts under Federal Awards.

SECTION 15: CITY MANAGER EXEMPTION

The City Manager may exempt any grants from this policy at his/her sole discretion.

Appendix A

GRANT PROCESSING REQUEST FORM

Department of Administrative Services

DATE :				
DEPARTMENT:				
GRANT PROGRAM:				
GRANTING ENTITY:		ENTITY CONTACT:		ENTITY PHONE NO:
IF FEDERAL GRANT... CFDA #			EXAMPLE OF NUMBER Dept: Department of Education (Entity No.) 84.XXX (Grant Program No.)	
PROGRAM TITLE:				
FUNDING REQUEST:				
FEDERAL	STATE	LOCAL MATCH	OTHER	TOTAL REQUEST
IF LOCAL MATCH IS REQUIRED, ARE FUNDS AVAILABLE IN DEPARTMENT BUDGET? Y/N				
ACCOUNT TO WHICH THE MATCH WILL BECODED:				
INDIRECT COSTS? Y/N			AMOUNT	
REIMBURSEMENT GRANT? Y/N				
FINANCIAL & PROGRESS REPORTS PREPARED BY:			REQUEST FOR FUNDS SUBMITTED BY:	
Department		Finance	Department	
			Finance	
PROJECT DIRECTOR:				
PHONE:			EMAIL:	

DEPT. DIRECTOR OR THEIR DESIGNEE APPROVING SUBMISSION:	SIGNATURE:	DATE:

REVIEWED & APPROVED BY FINANCE:	SIGNATURE:	DATE:

REVIEWED & APPROVED BY CITY ADMINISTRATION:	SIGNATURE:	DATE:

Appendix B

TECHNOLOGY SERVICE REQUEST FORM

Department of Administrative Services

DATE :	
DEPARTMENT:	
GRANT PROGRAM:	
PROGRAM TITLE:	
AMOUNT OF GRANT (\$):	ONGOING IT COSTS? Y/N (\$) /YR
WILL PROFESSIONAL IT SERVICES BE NEEDED FOR INSTALLATION OR MAINTENANCE? Yes / No ? If Yes, please describe.	
ARE PROFESSIONAL SERVICES OR MAINTENANCE COVERED BY GRANT? Yes / No ? If Yes, please describe.	
LIST ALL EQUIPMENT AND/OR SOFTWARE TO BE ACQUIRED THROUGH THE GRANT? (Include Lifecycle for each item listed. See attachment A)	
Item	Lifecycle
PROJECT MANAGER:	
PHONE:	EMAIL:

REVIEWED & APPROVED BY INFORMATION TECHNOLOGY:	SIGNATURE:	DATE:
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REVIEWED & APPROVED BY CITY ADMINISTRATION:	SIGNATURE:	DATE:
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ATTACHMENT A

Device	Replacement Period
Personal Computers	4-5 years depending upon function and Warranty
Cell Phones	2-3 years
Tablets and Ipads	3-5 years
Copiers/Printers	5-7 years
Servers	5 years
Networking Infrastructure	5-7 years
AV Equipment	5-7 Years
Peripherals	As needed