

# Request for Board of Commissioners' Action

From: Faye Hughes, County Administrator Date: July 2, 2020

Subject: Grant Management Procedures Item Number: VIII-D

In recent audits we have had findings related to Federal awards due to the absence of written **procedures**. Although, we have purchasing policies, etc. Those policies did not include written **procedures**.

The CFR - Code of Federal Regulations requires recipients of federal awards to have certain written procedures in some of the compliance areas.

Listed below are the 12 types of compliance requirements for federal awards which are described in the Compliance Supplement.

- Activities Allowed or Unallowed
- Allowable Costs & Cost Principles
- Cash Management
- Eligibility
- Equipment and Real Property Management
- Matching, Level of Effort, Earmarking
- Period of Performance of Federal Funds
- Procurement, Suspension, and Debarment
- Program Income
- Reporting
- Subrecipient Monitoring
- Special Tests and Provisions

2017 and 2019 versions of the compliance supplement can be found at the following addresses both of these documents are 1667 pages. I have not provided a copy for that reason.

[https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A133/2017/Compliance\\_Supplement\\_2017.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A133/2017/Compliance_Supplement_2017.pdf)

[https://www.whitehouse.gov/wp-content/uploads/2019/09/2-CFR\\_Part-200\\_Appendix-XI\\_Compliance-Supplement\\_August-2019\\_FINAL\\_v2\\_09.19.19.pdf](https://www.whitehouse.gov/wp-content/uploads/2019/09/2-CFR_Part-200_Appendix-XI_Compliance-Supplement_August-2019_FINAL_v2_09.19.19.pdf)

The attached documents are considered **procedures** determined by and for the use of management to help ensure the county meets compliance requirements of federal awards including the requirements to have written procedures. They are **not** considered **policies** requiring governing board approval. However, in order for future Boards and Management to better find the requirements, I am asking the Board to adopt the procedures in order to have them documented in the minutes for historical purposes and future audits.

Motion made by \_\_\_\_\_

Second made by \_\_\_\_\_

Any discussion: \_\_\_\_\_

Votes \_\_\_\_\_ yes \_\_\_\_\_ no Motion carried/ failed

## Allowable Costs/Cost Principles

The requirements for allowable costs/cost principles are contained in 2 CFR part 200, subpart E, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

The cost principles in 2 CFR part 200, subpart E (Cost Principles), prescribe the cost accounting requirements associated with the administration of Federal awards by local governments.

As provided in 2 CFR section 200.101, the cost principles requirements apply to all Federal awards with the exception of grant agreements and cooperative agreements providing food commodities; agreements for loans, loan guarantees, interest subsidies, insurance; and programs listed in 2 CFR section 200.101(d) (see Appendix I of this Supplement). Federal awards administered by publicly owned hospitals and other providers of medical care are exempt from 2 CFR part 200, subpart E, but are subject to the requirements 45 CFR part 75, Appendix IX, the Department of Health and Human Services (HHS) implementation of 2 CFR part 200. The cost principles applicable to a non-Federal entity apply to all Federal awards received by the entity, regardless of whether the awards are received directly from the Federal awarding agency or indirectly through a pass-through entity. For this purpose, Federal awards include cost-reimbursement contracts under the Federal Acquisition Regulation (FAR). The cost principles do not apply to Federal awards under which a non-Federal entity is not required to account to the Federal awarding agency or pass-through entity for actual costs incurred.

To provide reasonable assurance that the costs of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles:

- Accountability for authorization is fixed in **GRANTS MANAGER** or an individual designated by **GRANTS MANAGER** who is knowledgeable of the requirements for determining activities allowed and allowable costs and **GRANTS MANAGER** is the final authorization of reimbursement requests.
- On an annual basis and for each new award as it is granted, **GRANTS MANAGER** will review Appendix XI to Part 200—Compliance Supplement by reviewing the Supplement and the provisions of the grant award agreement for each of the awards that apply to the **County** that year and for each new award as it is granted.
- When determining how the **County** will spend its grant funds, **GRANTS MANAGER** 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 each federal award must meet the standards outlined in 2 CFR Part 200, Subpart E - Cost Principles. The list below includes basic considerations described in the cost principles. **GRANTS MANAGER** will consider these factors when making an allowability determination.
  - Be Necessary and Reasonable for the performance of the federal award. **GRANTS MANAGER** must consider these elements when determining the reasonableness of a cost. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration must be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the **COUNTY** or the proper and efficient performance of the Federal award.
- The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state and other laws and regulations; and terms and conditions of the Federal award.
- Market prices for comparable goods or services for the geographic area.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the **COUNTY**, its employees, where applicable its students or membership, the public at large, and the Federal government.
- Whether the **COUNTY** significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

While 2 C.F.R. §200.404 does not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, necessary is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the **COUNTY** can demonstrate that the cost addresses an existing need, and can prove it. When determining whether a cost is necessary, consideration may be given to:

- Whether the cost is needed for the proper and efficient performance of the grant program.
  - Whether the cost is identified in the approved budget or application.
  - Whether there is a benefit associated with the cost.
  - Whether the cost aligns with identified needs based on results and findings from a needs assessment.
  - Whether the cost addresses program goals and objectives and is based on program data.
- Be allocable to the federal award. A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 C.F.R. §200.405.
  - Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.
  - Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

- Be accorded consistent treatment. A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
  - Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.
  - Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such. Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.
  - Adequately documented. All expenditures must be properly documented.
  - Be the net of all applicable credits. The term “applicable credits” refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the **COUNTY** relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. 2 C.F.R. §200.406.
- **GRANTS MANAGER** will ensure **COUNTY** personnel responsible for spending federal grant funds and for determining allowability are familiar with the Part 200 selected items of cost section. **GRANTS MANAGER** will ensure the **COUNTY** follows these rules when charging these specific expenditures to a federal grant. 2 CFR sections 200.420 through 200.475 provide the principles to be applied in establishing the allowability of certain items of cost, in addition to the basic considerations identified above. The principles apply whether or not a particular item of cost is treated as a direct cost or indirect (F&A) cost. A particular item of cost absent from the list is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment provided for similar or related items of cost and the principles described in 2 CFR sections 200.402 through 200.411. In addition, State and program-specific rules may deem a cost as unallowable and **COUNTY** personnel must follow those non-federal rules as well. The following table provides a listing of selected items of cost contained in the cost principles in 2 CFR part 200, subpart E.

<b>Selected Item of Cost</b>	<b>Reference</b>
Advertising and public relations costs	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427
Collection of improper payments	2 CFR § 200.428
Commencement and convocation costs	2 CFR § 200.429

Compensation – personal services	2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437
Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439
Exchange rates	2 CFR § 200.440
Fines, penalties, damages and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444
Goods and services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459
Proposal costs	2 CFR § 200.460
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463
Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465
Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Termination costs	2 CFR § 200.471
Training and education costs	2 CFR § 200.472
Transportation costs	2 CFR § 200.473
Travel costs	2 CFR § 200.474

Trustees	2 CFR § 200.475
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- When applicable, to ensure the cost is allowable, **GRANTS MANAGER** will check costs against: (1) the selected items of cost above; (2) the list of allowable and unallowable expenditures provided in the Supplement for the program, if applicable; and (3) the terms and conditions of the award.
- **GRANTS MANAGER** will review all expenditures prior to being submitted for reimbursement by comparing supporting documentation to: (1) the selected items of cost above; (2) the list of allowable and unallowable expenditures provided in the Supplement for the program, if applicable; and (3) the terms and conditions of the award.
- **GRANTS MANAGER** will update procedures for changes in activities allowed and cost principles.
- **GRANTS MANAGER** will ensure computations are checked for accuracy, allowable costs are recorded in the appropriate general ledger accounts and/or subsidiary ledger, and the balances are mathematically accurate.
- **GRANTS MANAGER** will make adjustment for unallowable costs where appropriate and take follow-up action to determine the cause. Upon determination of an unallowable cost, **GRANTS MANAGER** will reclassify the expenditure to an appropriate account; notify the agency, if required; and discuss the purchase with **COUNTY** personnel to gain understanding of the initial allowability assessment.

## Activities Allowed or Unallowed

The requirements for activities allowed or unallowed are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

The specific requirements for activities allowed or unallowed are unique to each Federal program and are found in the Federal statutes, regulations, and the terms and conditions of the Federal award pertaining to the program. For programs listed in 2 CFR Part 200, Appendix XI - Compliance Supplement, the specific requirements of the governing statutes and regulations are included in Part 4, "Agency Program Requirements" or Part 5, "Clusters of Programs," as applicable. This type of compliance requirement specifies the activities that can or cannot be funded under a specific program.

To provide reasonable assurance that Federal awards are expended only for allowable activities:

1. On an annual basis and for each new award as it is granted, **GRANTS MANAGER** will review Appendix XI to Part 200—Compliance Supplement by reviewing the Supplement and the provisions of the grant award agreement for each of the awards that apply to the County that year and for each new award as it is granted.
2. Accountability for authorization is fixed in **GRANTS MANAGER** who is knowledgeable of the requirements for determining activities allowed.
3. It is the responsibility of **GRANTS MANAGER** to identify the types of activities which are either specifically allowed or prohibited by Federal statutes, regulations, and the terms and conditions of the Federal award pertaining to the program.
4. Prior to submission, **GRANTS MANAGER** will review reimbursement request to determine whether Federal awards will be expended only for allowable activities.
5. **GRANTS MANAGER** will review individual transactions accumulated into activity totals to verify they are properly classified and are for allowable activities.

## Procurement and Suspension and Debarment

The requirements that apply to procurement under grants and cooperative agreements are contained in 2 CFR sections 200.317 through 200.326, program legislation, Federal awarding agency regulations, and the terms and conditions of the award. The requirements that apply to procurement under cost-reimbursement contracts under the FAR are contained in 48 CFR parts 03, 15, 44 and the clauses at 48 CFR sections 52.244-2, 52.244-5, 52.203-13, 52.203-16, and 52.215-12; agency FAR Supplements; and the terms and conditions of the contract.

The requirements for nonprocurement suspension and debarment are contained in OMB guidance in 2 CFR part 180, which implements Executive Orders 12549 and 12689, "Debarment and Suspension;" Federal awarding agency regulations in Title 2 of the CFR adopting/implementing the OMB guidance in 2 CFR part 180; program legislation; and the terms and conditions of the award. Government-wide requirements related to suspension and debarment and doing business with suspended or debarred subcontractors under cost reimbursement contracts under the FAR are contained in 48 CFR section 9.405-2(b) and the clause at 48 CFR section 52.209-6.

Non-Federal entities other than States, including those operating Federal programs as subrecipients of States, must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal statutes and the procurement requirements identified in 2 CFR part 200. **A non-Federal entity must:**

1. Meet the general procurement standards in 2 CFR section 200.318, which include oversight of contractors' performance, maintaining written standards of conduct for employees involved in contracting, awarding contracts only to responsible contractors, and maintaining records to document history of procurements.
2. Conduct all procurement transactions in a manner providing full and open competition, in accordance with 2 CFR section 200.319.
3. Use the micro-purchase and small purchase methods only for procurements that meet the applicable criteria under 2 CFR sections 200.320(a) and (b). Small purchase procedures are used for purchases that exceed the micro-purchase amount but do not exceed the simplified acquisition threshold. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable (2 CFR section 200.320(a)). If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources (2 CFR section 200.320(b)).
4. For acquisitions exceeding the simplified acquisition threshold, the non-Federal entity must use one of the following procurement methods: the **sealed bid method** if the acquisition meets the criteria in 2 CFR section 200.320(c); the competitive proposals method under the conditions specified in 2 CFR section 200.320(d); or the noncompetitive proposals method (i.e., solicit a proposal from only one source) but only when one or more of four circumstances are met, in accordance with 2 CFR section 200.320(f).
5. Perform a cost or price analysis in connection with every procurement action in excess of the simplified acquisition threshold, including contract modifications (2 CFR section 200.323(a)). The



cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used (2 CFR section 200.323(d)).

6. Ensure that every purchase order or other contract includes applicable provisions required by 2 CFR section 200.326. These provisions are described in Appendix II to 2 CFR part 200, "Contract Provisions for Non-Federal Entity Contracts Under Federal Awards."

When awarding subcontracts, non-Federal entities receiving cost-reimbursement contracts under the FAR must comply with the clauses at 48 CFR section 52.244-2 (consent to subcontract), 52.244-5 (competition), 52.203-13 (code of business ethics), 52.203-16 (conflicts of interest), and 52.215.12 (cost or pricing data); and the terms and conditions of the contract. The FAR defines "subcontracts" as a contract, i.e., a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them, entered into by a subcontractor to furnish supplies or services for performance of a prime contract or a subcontract. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders.

The micro-purchase threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions). The simplified acquisition threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions) and in accordance with 41 U.S.C. 1908. The National Defense Authorization Act (NDAA) of 2018, Sections 805 (41 USC 134) and 806 (41 USC. 1902 (a) (1)), increased the simplified acquisition threshold to **\$250,000** and the micro-purchase threshold to **\$10,000**, respectively. These changes effectively redefine the level for the simplified acquisition threshold (section 200.88 of the Uniform Guidance) and the micro-purchase threshold (section 200.67 of the Uniform Guidance). According to the NDAA, these changes would become effective when formally codified in the Federal Acquisition Regulations (FAR). Once codified, the higher thresholds would be available and the non-Federal entity must document this decision to use the higher thresholds in its internal procurement policies. OMB Memorandum M-18-18, which became effective June 20, 2018, raised the micro-purchase threshold to **\$10,000** and the simplified acquisition threshold to **\$250,000** for all nonfederal entities ahead of the formal publication typically required in the Federal Acquisition Regulation.

To provide reasonable assurance that procurement of goods and services are made in compliance with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, and that covered transactions (as defined in the suspension and debarment common rule) **are not made with a debarred or suspended party:**

- The **COUNTY** will use competitive procedure(s) appropriate for the acquisition undertaken. The procedures used will comply with Georgia and local law as well as with Federal requirements. Federal restrictions vary with the type of procurement method used.
- **Micro-purchase** means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold of **\$10,000**. Micro-purchase procedures comprise a subset of the **COUNTY**'s small purchase procedures. The **COUNTY** uses such procedures in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost.

- Micro-purchases will be approved in writing by one of the following **COUNTY** personnel:
  - **GRANTS MANAGER, Department Head or Project Manager \$1-\$1,499**
  - **GRANTS MANAGER, COUNTY Manager, or Board of Commissioners \$1,500 - 10,000**
- The **COUNTY** may acquire products and services valued at less than **\$10,000** without obtaining competitive quotations. Micro-purchases should be distributed equitably among qualified suppliers.
- Davis-Bacon prevailing wage requirements will apply to construction contracts exceeding \$2,000, even though the **COUNTY** uses micro-purchase procurement procedures.
- **Small purchase** means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the simplified acquisition threshold of **\$250,000**. The **COUNTY** uses small purchase procedures in order to expedite the purchase of items costing less than the simplified acquisition threshold. Simplified acquisition threshold means the dollar amount below which the **COUNTY** may purchase property or services using small purchase methods.
  - Small purchases are those purchases of products and services, including construction services, that cost greater than **\$10,000** but not more than **\$250,000**.
  - Small purchases will be approved in writing by the following **County** personnel:
    - **GRANTS MANAGER**
    - **County Manager or Board of Commissioners**
  - Price or rate quotations will be obtained from an adequate number of qualified sources. It is the responsibility of the **GRANTS MANAGER** to ensure that an adequate number of quotations, bids, or proposals are received
  - The **GRANTS MANAGER** will maintain written records detailing the history of the procurement. Each small purchase will be documented in the written procurement history file. For small purchases, price quotations may be oral or written.
  - The **County** may acquire products and services directly from State contract vendors in lieu of competitively procuring such products and services itself through the small purchase method of procurement.
  - The **County** may use formal purchase methods, even if small purchase thresholds are met, if the **County Manager** believes it is in the best interests of the **County** to do so.
- **Large purchases** are those purchases of products and services exceeding the simplified acquisition threshold of **\$250,000**.

- Large purchases will be approved in writing by the following **County** personnel:
  - **GRANTS MANAGER**
  - **County Manager or Board of Commissioners**
  - **County Council**
- There are three methods of procurement for large purchases of products and services:
  - **Sealed bid method**
  - Competitive Proposal method
  - Noncompetitive Proposal method.
- Formal bids and competitive proposals will be publicly advertised.
- For large purchases by the **sealed bid method** of procurement, two or more responsible bidders must be willing and able to compete effectively for the business.
- For large purchases by the **competitive proposal method** of procurement, two or more offerers must be willing and able to submit an offer or proposal.
- Every formal purchase will, at a minimum, be supported by a written independent cost estimate, formal bids or proposals, a written cost or price analysis as appropriate, a written justification and detailed rationale for contractor selection (including application of evaluation criteria) and a written determination of the responsibility of the contractor. Additional documentation requirements are dependent upon the formal procurement method that is utilized to make the purchase.
- The **sealed bid method** of procurement is a formal method in which bids are publicly solicited and a firm fixed price contract is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is lowest in price. The invitation for bids document will contain technical specifications for the product or service to be purchased, a description of the procedures for submitting a bid, and the forms on which bids will be submitted.
  - When Appropriate - The **sealed bid method** of procurement is the preferred method for acquiring products and services that, including construction services, cost greater than **\$100,000**. The **sealed bid method** of procurement may also be used for small purchases if it is determined to be appropriate. The **sealed bid method** of procurement is appropriate if the following conditions apply:
    - Precise Specifications - A complete, adequate, precise, and realistic specification or purchase description is available.
    - Adequate Sources - Two or more responsible bidders are willing and able to compete effectively for the business.
    - Fixed Price Contract - The procurement generally lends itself to a firm fixed price contract.

- Price Determinative - The successful bidder can be selected on the basis of price and those price-related factors listed in the solicitation including, but not limited to, transportation costs, life cycle costs, and discounts expected to be taken. Apart from responsibility determinations, contractor selection may not be determined on the basis of other factors whose costs cannot be measured at the time of award.
- Discussions Unnecessary - Discussions with one or more bidders after bids have been submitted are expected to be unnecessary as award of the contract will be made based on price and price-related factors alone.
- Requirements for Sealed Bids - The following requirements apply to the **sealed bid method** of procurement:
  - Publicity - The invitation for bids will be publicly advertised.
    - The **County Manager** will ensure that sufficient time is allowed to prepare bids before the date of bid opening.
    - Notice of bidding opportunities may be provided in other ways in addition, **but not as a substitute, to a published notice**. The methods may include, but not necessarily be limited to:
      - Direct notice, based on compiled vendor lists or from pre-qualification list, sent to prospective offerers; or
      - Use of advertisement by electronic means.
  - Adequate Sources - Bids will be solicited from an adequate number of known suppliers.
  - Adequate Specifications - The invitation for bids, including any specifications and pertinent attachments, will describe the property or services sought in sufficient detail that a prospective bidder will be able to submit a proper bid.
  - Sufficient Time - Bidders will be allowed sufficient time to prepare bids before the date of bid opening.
  - Public Opening - All bids will be publicly opened at the time and place prescribed in the invitation for bids.
  - Fixed Price Contract -A firm fixed price contract will be awarded in writing to the lowest responsive and responsible bidder unless the invitation for bids specifically allowed for award of a fixed price incentive contract or the inclusion of an economic price adjustment provision.

- Rejection of Bids - Any or all bids may be rejected if there is a sound, documented business reason.
- The **competitive proposal method** of procurement is a formal method in which written proposals are publicly solicited and a contract is awarded to the responsible offerer whose proposal, taking into consideration price and other factors, is considered to be the most advantageous to the **COUNTY** or that is considered to be the "best value" to the **COUNTY**. The vehicle through which proposals are solicited is Request for Proposals (RFP). The RFP document contains technical specifications for the product or service to be purchased, a description of the procedures for submitting a proposal and the forms on which proposals will be submitted, if applicable.
  - When Appropriate - The competitive proposal method of procurement is appropriate for the acquisition of products and services that cost greater than **\$90,000** when the nature of the procurement does not lend itself to sealed bidding and the **COUNTY** expects that more than one source will be willing and able to submit a proposal. The **COUNTY** 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. The competitive proposal method of procurement may also be used for small purchases if it is determined to be appropriate. The competitive proposal method of procurement is appropriate when any of the following circumstances are present:
    - Type of Specifications - The products or services to be acquired are described in a performance or functional specification, or if described in detailed technical specifications, other circumstances such as the need for discussions or the importance of basing contract award on factors other than price alone are present.
    - Uncertain Number of Sources - Uncertainty about whether more than one bid will be submitted in response to an invitation for bids.
    - Price Alone Not Determinative - Due to the nature of the procurement, contract award need not be based exclusively on price or price-related factors.
    - Discussions Expected - Separate discussions with individual offerers are expected to be necessary after they have submitted their proposals.
  - Requirements for Competitive Proposals - The following requirements apply to the competitive proposal method of procurement:
    - Publicity - The Request for Proposals will be publicly advertised.

- Evaluation Factors - All evaluation factors and their relative importance will be specified in the solicitation, but numerical or percentage ratings or weights need not be disclosed.
  - Adequate Sources - Proposals will be solicited from an adequate number of qualified sources.
  - Evaluation Method - A specific method will be established in writing and used to conduct technical evaluations of the proposals received and to determine the most qualified offerer.
  - Price and Other Factors - An award will be made to the responsible offerer whose proposal is most advantageous to the **COUNTY** or that represents the "best value" to the **COUNTY** with price and other factors considered.
  - Best Value – The **COUNTY** may award a contract to the offeror whose proposal provides the greatest value to the **COUNTY**. To do so, the solicitation will inform potential offerers that the award will be made on a "best value" basis and identify what factors will form the basis for award. The **COUNTY** will base its determination of which proposal represents the "best value" on an analysis of the tradeoff of qualitative technical factors and price or cost factors.
- **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:
    - The item is available only from a single source;
    - The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
    - The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the **COUNTY**; or
    - After solicitation of a number of sources, competition is determined inadequate.
  - The **GRANTS MANAGER** will perform or obtain a cost or price analysis for the **COUNTY** in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis will be dependent on the facts surrounding the particular procurement situation, but as a starting point, the **COUNTY** will make independent estimates before receiving bids or proposals.
    - If the **COUNTY** determines that competition was adequate, a written price analysis, rather than a cost analysis, will be used to determine the reasonableness of the proposed contract price.

- The **GRANTS MANAGER** will perform or obtain a cost analysis when:
  - A price analysis will not provide sufficient information to determine the reasonableness of the contract cost.
  - When the offerer submits elements of the estimated cost.
  - When only a sole source is available, even if the procurement is a contract modification.
  - In the event of a change order.
- The **COUNTY** will 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 will 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.
- Costs or prices based on estimated costs for contracts under the Federal award will be allowable only to the extent that costs incurred, or cost estimates included in negotiated prices would be allowable for the **COUNTY** under Subpart E—Cost Principles of this part.
- The cost plus a percentage of cost and percentage of construction cost methods of contracting will not be used.
- **Written Record of Procurement History**
  - The **GRANTS MANAGER, County Clerk** will maintain written records detailing the history of the procurement, including records relating to:
    - The rationale for the method of procurement it used for each contract, including a sole source justification for any acquisition that does not qualify as competitive.
    - Selection of contract type.
    - Contractor selection or rejection.
    - The basis for the contract cost or price, including the independent cost estimate and cost or price analysis.
    - Verification that the contractor is not suspended or debarred.
    - Documentation commensurate with the size and complexity of the procurement, including documents related to solicitation, receipt and evaluation of offers, and contract award, negotiation and execution.

- **Competition.**

- All procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of this section. In order 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 will be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:
  - Placing unreasonable requirements on firms in order for them to qualify to do business;
  - Requiring unnecessary experience and excessive bonding;
  - Noncompetitive pricing practices between firms or between affiliated companies;
  - Noncompetitive contracts to consultants that are on retainer contracts;
  - Organizational conflicts of interest;
  - Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
  - Any arbitrary action in the procurement process.
- The **COUNTY** will 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. 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.
- The **COUNTY** will have written procedures for procurement transactions. These procedures will ensure that all solicitations:
  - Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description will not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, will set forth those minimum essential characteristics and standards to which it will conform if it is to satisfy its intended use. Detailed product specifications will be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or



other salient requirements of procurement. The specific features of the named brand which must be met by offers will be clearly stated; and

- Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
- The **GRANTS MANAGER, County Clerk** will 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, the **COUNTY** will not preclude potential bidders from qualifying during the solicitation period.
- Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.
  - The **COUNTY** will take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.
  - Affirmative steps will include:
    - Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
    - Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
    - Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
    - Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
    - Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
    - Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in the preceding paragraphs.
- **Procurement of recovered materials.**
  - The **COUNTY** and its contractors will 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.

- **Federal awarding agency or pass-through entity review.**

- The **COUNTY** will 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 the **COUNTY** 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.
- The **COUNTY** will 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:
  - The **COUNTY**'s procurement procedures or operation fails to comply with the procurement standards;
  - 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;
  - The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;
  - 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
  - A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

- **Bonding requirements.**

- For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the **COUNTY** 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 will be followed:
  - **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.

- **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.
  - **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.
- **Contract provisions.**
    - The **COUNTY**'s contracts will contain the applicable provisions described in Appendix II to Part 200—Contract Provisions for non-Federal Entity Contracts Under Federal Awards.
  - **Debarment and Suspension**
    - The **COUNTY** will not award contracts to any person or company who is debarred or suspended from receiving federal funds.
    - The **GRANTS MANAGER** will ensure that the contractor is not listed as a debarred or suspended contractor on the System for Award Management (SAM), which is maintained by the General Services Administration (GSA), at the time of contract award. Entities that are listed as debarred or suspended contractors on SAM will not be determined to be responsible contractors by the **COUNTY**.

## Cash Management

The requirements for cash management are contained in 2 CFR sections 200.302(b)(6) and 200.305, 31 CFR part 205, 48 CFR sections 52.216-7(b) and 52.232-12, program legislation, Federal awarding agency regulations, and the terms and conditions of the Federal award.

Non-Federal entities must minimize the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and disbursement by the non-Federal entity for direct program or project costs and the proportionate share of allowable indirect costs, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means (2 CFR section 200.305(b)).

What constitutes minimized elapsed time for funds transfer will depend on what payment system/method a non-Federal entity uses.

Under the advance payment method, Federal awarding agency or pass-through entity payment is made to the non-Federal entity before the non-Federal entity disburses the funds for program purposes (2 CFR section 200.3). A non-Federal entity must be paid in advance provided that it maintains, or demonstrates the willingness to maintain, both written procedures that minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by the non-Federal entity, as well as a financial management system that meets the specified standards for fund control and accountability (2 CFR section 200.305(b)(1)).

The reimbursement payment method is the preferred payment method if (a) the non-Federal entity cannot meet the requirements in 2 CFR section 200.305(b)(1) for advance payment, (b) the Federal awarding agency sets a specific condition for use of the reimbursement or (3) if requested by the non-Federal entity (2 CFR sections 200.305(b)(3) and 200.207)). The reimbursement payment method also may be used on a Federal award for construction or for other construction activity as specified in 2 CFR section 200.305(b)(3), **program costs must be paid by non-Federal entity funds before submitting a payment request** (2 CFR section 200.305(b)(3)), i.e., the non-Federal entity must disburse funds for program purposes before requesting payment from the Federal awarding agency or pass-through entity.

To the extent available, the non-Federal entity must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional Federal cash draws (2 CFR section 200.305(b)(5)).

For loans, loan guarantees, interest subsidies, and insurance, non-Federal entities must comply with applicable program requirements.

To provide reasonable assurance that the (1) drawdown of cash is only for immediate needs and (2) reimbursement is requested only after costs have been incurred:

### **Obligation of Federal Funds**

- **Purchase orders for goods or services**
  - **GRANTS MANAGER**, or an individual designated by **GRANTS MANAGER**, has authority to initiate a request for a purchase order for program goods or services.

- The purchase order will be generated in accordance with the **County's** existing purchasing procedures.
- **GRANTS MANAGER** will approve all purchase orders for program goods or services.
- **GRANTS MANAGER** will approve all program related contracts.
- **GRANTS MANAGER** will verify allowable cost procedures are followed in determining the purchase is an allowed cost on a federal grant.
- **GRANTS MANAGER** will verify the goods or services have been budgeted on the Federal grant.
- **Payroll**
  - **GRANTS MANAGER** will identify each applicable employee and their program cost objective(s).
  - **GRANTS MANAGER** will review this information prior to each payroll period.
  - **GRANTS MANAGER** will maintain a cumulative record of the information and communicate and provide the information to the payroll clerk and applicable department head and/or program manager.
  - **GRANTS MANAGER** will verify the account coding of personnel claimed on the grant is set up on the payroll system or **GRANTS MANAGER** will set up a subsidiary ledger system to manually record the activity.
  - **GRANTS MANAGER** will verify that the salaries and wages charged to the grant are for individuals approved on the grant.
  - For employees with multiple cost objectives, **GRANTS MANAGER** will approve time worked on a federal program / project and verify charged amounts against supporting time and effort documentation.

### Liquidation of Federal Funds

- **Receipt of goods or service performed**
  - **GRANTS MANAGER** will verify the goods have been received or service performed either directly or indirectly as appropriate through department heads or other designated personnel and document such as necessary.
  - **GRANTS MANAGER** will determine whether the goods are being put into use in the federal program/project.
  - **GRANTS MANAGER** will determine whether the service was timely performed and document the verification.
  - If equipment was purchased, **GRANTS MANAGER** will establish a subsidiary ledger to track these for each Federal program as required by 2 CFR section 200.313
- **Payment Process**
  - Federal program/project related invoices will be routed to **GRANTS MANAGER** for approval prior to payment.
  - **GRANTS MANAGER** will review appropriate supporting documentation prior to payment.
  - Invoices will also be processed in accordance with the **County's** existing accounts payable and payment procedures.

### Claiming of Federal funds:

- When required by the uniform chart of accounts or the Federal awarding agency or pass-through entity, expenditures will be tracked and accounted for in a single accounting fund.
- For other programs/projects, expenditures will be tracked and accounted for in a separate subsidiary ledger for each program/project.
- Most of the **County's** programs/projects are awarded on a reimbursement basis. Under the reimbursement method, all reimbursements are based on actual disbursements (i.e., payments already made), not on obligations.
  - **GRANTS MANAGER** will request reimbursement for actual expenditures incurred under the federal grants weekly (or as expenditures are incurred) or as specified by Federal awarding agency or passthrough entity. When using this method, the **County** will only request reimbursement for funds actually already paid out.
  - **GRANTS MANAGER** will review fund and subsidiary ledgers to determine if an expenditure has been both obligated and liquidated.
  - **GRANTS MANAGER** will prepare the claim for expenditure reimbursement.
  - **GRANTS MANAGER** will verify the expenditure report includes costs that are on an approved budget and have been determined allowable.
  - **GRANTS MANAGER** will verify that the expenditure report includes only expenditures that have been obligated and liquidated in the requested reimbursement amount.
  - **GRANTS MANAGER** will approve the claim prior to submission.
  - **GRANTS MANAGER** will submit the claim for expenditure reimbursement.
  - **GRANTS MANAGER** will verify that the payment was received in the **County's** depository account.
- Under the advance payment method, Federal awarding agency or pass-through entity payment is made to the **County** before the **County** disburses the funds for program purposes.
  - **GRANTS MANAGER** will verify the accounting system is capable of scheduling payments for accounts payable and requests for funds for the program/project to avoid time lapse between draw down of funds and actual disbursements of funds.
  - When Federal funds are received first, care will be taken in order to minimize the time elapsing between receipt of Federal funds and disbursement to contractors/employees/subrecipients according to §200.302 to §200.305 of the Uniform Guidance. Specifically, the **County** will attempt to **expend all drawn downs of federal funds within 72 hours of receipt**.
  - **Accordingly, the County will not have more cash on hand than is necessary to meet three days' cash needs.** Therefore, the **County** will request cash **no earlier than six working days** before actual disbursement of funds and will request only that amount that has already been paid out or will be paid out within three business days once the payment is received.

- **GRANTS MANAGER** will prepare cash flow statements by program/project to determine essential cash flow needs.
- Cash draws will be initiated by **GRANTS MANAGER** who will determine the appropriate draw amount. Documentation of how this amount was determined will be retained.
- **GRANTS MANAGER** will ensure the payment requests is only for obligations incurred during the grant period and for goods and services that have been actually received. The **GRANTS MANAGER** will verify the payment request is only for costs that can be satisfactorily documented with appropriate source documentation. **GRANTS MANAGER** will verify the payment request is only for costs that are on an approved budget and have been determined allowable.
- Prior to the payment request, the **GRANTS MANAGER** reviews the general ledger and/or program/project subsidiary ledger to determine the exact amount of cumulative expenditures to date. If payroll is also getting ready to process, the **GRANTS MANAGER** obtains the exact amount of payroll from the payroll administrator to include in the cash requests that will be paid out within three business days once the payment is received. The **GRANTS MANAGER, CFO, Assistant Director of Finance, Accounting Manager, Payroll Supervisor and Program Director** all work together to verify that legible, satisfactory source documentation is on file to support each cost included in the request for payment. Prior to the draw-down request, the **GRANTS MANAGER, CFO** reviews and verifies the accuracy of the amount to be requested.
- The **GRANTS MANAGER, CFO** then request payment and certifies that the expenditures are true and correct and that the payment received will be paid out within three business days of receipt in the **County's** depository account.
- **GRANTS MANAGER** will approve the request prior to submission.
- The **GRANTS MANAGER, CFO** then request payment. The physical draw of cash will be processed through the means prescribed by the grant agreement and Federal awarding agency or pass-through entity.
- No later than three days after payment was requested, the **GRANTS MANAGER** will verify that the payment was received in the **County's** depository account. The **GRANTS MANAGER, Assistant Director of Finance will notify the CFO and Payroll Supervisor** that payment has been received and to immediately process said payroll or any other payables. The **GRANTS MANAGER, CFO and Assistant Director of Finance** will verify all payments to ensure that no funds are being paid out for goods and services not actually received and to verify that all funds received for a particular payment are paid out and do not remain on deposit in the **County's** account.
- Advance payments (if advanced payments method is used) will be deposited and maintained in insured accounts. In addition, the **County** will maintain advance payments in **interest-bearing accounts**
- The **County** will calculate interest earned on cash advances upon receipt of advance payments and will remit interest as specified below. Any interest earned on those funds while on deposit in the **County's** bank account after

receipt and before disbursement will be included in the interest-earned calculation. Total federal grant cash balances will be calculated on cash balances per grant and applying the **County's** actual interest rate.

- If any payments are received prior to actual disbursement of funds, the **GRANTS MANAGER, Assistant Director of Finance** will calculate the interest owed, per Federal grant. This calculation will be performed at year end. The **GRANTS MANAGER, CFO** will confirm the calculation and payment will be remitted as follows.
- Annually, within 30 days after the end of each fiscal year, the **GRANTS MANAGER** will remit interest earned to the U. S. Department of Health and Human Services, Payment Management System, P.O. Box 6021, Rockville, MD 20852. Up to \$500 per year may be kept for administrative expenses (2 CFR section 200.305(b)(9)). As permitted in the regulations, the **County** will retain up to \$500 per year for administrative expense.
- All supporting documentation and/or a copies of cash draw paperwork will be filed and retained for audit purposes.
- **GRANTS MANAGER** will review costs at year end to determine cost obligated and not liquidated.
- **GRANTS MANAGER** will verify that the final expenditure report ties to the general ledger accounts and/or program/project subsidiary ledgers.