



Mercer Island Policy and Procedure

Federal Award Standards

Effective Date: July 1, 2021	Last Updated: August 16, 2021	Approved By: Jessi Bon, City Manager Bio Park, City Attorney Matt Mornick, Finance Director
Code and Statutory Authority:	Related Policies: Purchasing Guidelines City Credit Card Policy Travel & Per Diem Policy Incidental Expense Policy	

PURPOSE

Establish and maintain internal controls that provide reasonable assurance that Federal awards are being managed in compliance with all Federal regulations and with the terms and conditions of the award. The policy requirements must be followed as a condition for the City to expend funds awarded by the federal government. The City of Mercer Island (City) will follow the Uniform Guidance, the Local Agency Guidelines (LAG) as distributed by State of Washington, Government Accountability Office Standards for Internal Control in the Federal Government (the Green Book), and the Committee of Sponsoring Organizations of the Treadway Commission’s (COSO) Internal Control – Integrated Framework Principles.

POLICY

Internal Controls

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

- Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive.

Certification

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

“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.” (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).”

Advance Payments and Reimbursements

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

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

Cost Sharing or Matching

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

Allowable Costs

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

- Be necessary and reasonable for the performance of the Federal award.
- Follow cost principles of [2 CFR Subpart E](#) (§200.400 - §200.476) in determining allowable costs.
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both Federally financed and other activities of the City.
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Be determined in accordance with generally accepted accounting principles (GAAP).
- Not be included as cost or used to meet cost sharing or matching requirements of any other Federally financed program in either the current or a prior period.
- Be adequately documented.

Procurement

When procuring property and services under a Federal award, the City will follow 2 CFR [§200.318](#) General procurement standards through [§200.327](#) Contract provisions or City purchasing procedures whichever is more restrictive. The following table outlines procurement requirements and dollar limit thresholds when using Federal funds.

- Materials, supplies and equipment dollar thresholds are specific to those goods not connected to a public works project.
- Personal Services refer to technical expertise provided by a consultant to accomplish a specific study, project, task, or other work statement, not including professional architecture, engineering, landscape architecture, or surveying services.

- Purchased services are provided by vendors for the routine, necessary, and continuing functions of a local agency, mostly related to physical work.
- Architecture, engineering, landscape architecture or surveying services are those that fall under the general statutory definitions of architecture (RCW 18.08), engineering (RCW 18.43), or landscape architecture (RCW 18.96)
- Public Works includes all work, construction, alteration, repairs, or improvements, other than ordinary maintenance, that are paid for by a municipality. “Ordinary Maintenance” means maintenance work performed by the regular employees of the municipality.

Procurement Method	Materials, Supplies, Equipment	Personal & Purchased Services
Micro-Purchase. No required quotes. However, must consider price as reasonable, and to the extent practical, distribute equitably among suppliers.	\$10,000 federal threshold applies. \$25,000 or less, City threshold.	\$10,000 federal threshold applies. \$25,000 or less, City threshold.
Small Purchase Procedure (Informal). Obtain & document quotes from a reasonable number of qualified sources (minimum of three sources)	\$10,001 - \$250,000 federal threshold applies.	\$10,001 - \$250,000 federal threshold applies.
Sealed Bids / Competitive Bids (Formal)	Required if over \$250,000 per federal limit.	Required if over \$250,000 per federal limit.
Architecture & Engineering	Formal process required per chapter 39.80 RCW.	
Public Works and Small Public Works	Process and dollar thresholds as defined by RCW.	
Competitive proposals	Used when conditions are not appropriate for use of sealed bids: <ul style="list-style-type: none"> • Must publicize request for proposals soliciting from and adequate number of qualified sources. • Maintain written method for conducting technical evaluations. • Contract must be awarded to responsible firm whose proposal is most advantageous to the program. 	
Non-competitive proposals	Appropriate only when: <ul style="list-style-type: none"> • Available only from a single source; or • Public emergency; and • Expressly authorized by awarding or pass-through agency in response to written request from the City; • After soliciting a number of sources and competition deemed inadequate. 	

The federal government does not recognize Washington State’s Small Works Roster (SWR) alternative procedure or thresholds. Staff should not rely on SWR procedures or thresholds if federal funding is

included or used. Contracts for more than the simplified acquisition threshold currently set at \$250,000 must follow a formal competitive bid process and address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms and provide for such sanctions and penalties as appropriate.

Contracts of amounts in excess of \$10,000 are required to comply with [Appendix II to Part 200 – Contract Provisions for Non-Federal Entity Contracts under Federal Awards](#).

The City will monitor procurements to avoid duplicative purchases and enter into inter-entity agreements to realize cost savings for shared goods and services when possible.

Federal Suspension and Debarment

Procurement and contracting departments must verify and document that vendors are not suspended or debarred from doing business with the Federal government. Federal guidelines require that grant recipients ensure vendors with contracts or purchases exceeding \$25,000 are not suspended or debarred from participating in federal programs. All City purchases and contracts issued from federal resources that exceed \$25,000 are subject to these guidelines.

Before initiating any purchases or contracts with federal funds that exceed, or may potentially exceed \$25,000 within the fiscal year, the responsible administrator shall verify that the vendor is not listed on the System for Award Management (SAM) [Exclusion](#) list by checking at www.sam.gov. If the vendor is listed on the EPLS the administrator shall not complete the purchase or contract with the vendor. If the EPLS shows no records for the vendor, print the screen, retain a copy in the department files and proceed to process a requisition. Alternatively, a vendor may be required to sign an affidavit stating they are not suspended or debarred from receiving federal funding.

NOTE: Washington State Department of Enterprise Services (DES) does not check for suspension or debarment on State bid contracts.

Single Audit Act

The City, as a recipient of Federal funds, shall adhere to the Federal regulations outlined in [2 CFR §200.501](#) as well as all applicable Federal and State statutes and regulations.

Closure

A project agreement end date will be established in accordance with [2 CFR §200.309](#). Any costs incurred after the project agreement end date are not eligible for Federal reimbursement.

Code of Conduct

The City will ensure the efficient, fair and professional administration of federal grant funds in compliance with [2 CFR §200.112](#), [2 CFR §200.318](#) and other applicable federal and state standards, regulations, and laws.

No elected official, employee, or agent of the City shall participate in the selection, award or administration of a contract supported by federal grant funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when any of the following has a financial or other interest in the firm selected for award:

- The city employee, elected official, or agent; or
- Any member of their immediate family; or

- Their partner; or
- An organization which employs or is about to employ any of the above.

The City's elected officials, employees or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value greater than \$50.00 in value from contractors, potential contractors or subcontractors.

To the extent permitted by federal, state, or local laws or regulations, violation of these standards may cause penalties, sanctions, or other disciplinary actions to be taken against the City's elected officials, employees or agents, or the contractors, potential contractors, subcontractors, or their agents. Any potential conflict of interest will be disclosed in writing to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.