

Grant Requirements

The City will follow all terms and conditions included in the grant agreement as well as using the most restrictive of federal, state or local requirements. Departments and staff that occupy positions of responsibility with respect to grant activity have specific roles and responsibilities that they shall perform and uphold both ethically and in the best interest of the City. The City Council has responsibility for approving spending of grant funds through approval of the budget, which includes an amount appropriated for grant awards received.

A. Conflict of Interest (§ 200.318)

The City maintains the following standards of conduct covering conflicts of interest and governing the actions of its employees 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.

The officers, employees, and agents of the City may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value. Nominal value is defined as a gift with an aggregate value not exceeding \$50 from a single source in a calendar year. The value of the gift given to an employee's family or guest can be attributed to the employee for the purpose of determining whether the limit has been exceeded. RCW 42.52.150 specifically names certain items that would not be considered gifts.

It shall be the responsibility of the Department for each particular grant funded project to ensure that in the use of sponsored funds, officials or employees of the City and nongovernment recipients or sub-recipients shall avoid action that might result in, or create the appearance of:

- Using his or her official position for private gain
- Giving preferential treatment to any person or organization
- Losing complete independence or impartiality
- Making an official decision outside official channels
- Affecting adversely public confidence in the grant fund program in particular and the city in general

Individuals violating the standards of conduct for conflicts of interest shall be subject to disciplinary action in accordance with law, city policy, and/or terms of a negotiated agreement.

B. Accounting and Reporting

- The accounting system will separate revenues and expenditures by funding source for all grants. The accounting system will break down revenues and expenditures for each individual grant via the project system and supporting documentation will be maintained in the financial system for all grant expenditures, as is required of all expenditures.
- The accounting system has a project system that tracks all revenues and expenditures by the specific grant or project by line item or by broad category as may be included in a grant application budget. Department Grant Administrators will reconcile on a regular basis to ensure all revenues and expenditures are being appropriately coded to the correct grant. Project system reports can be run to accommodate different grant time periods that may differ from calendar year reporting.

- Federal grant funds will not be comingled with funds from other Federal grants or other local match money. When applicable, any matching funds for a grant will be tracked by the department who is responsible for the grant and will only include items that directly correlate to an approved activity identified in the grant proposal.
- Capital assets are tracked through the fixed asset system and, if a grant has purchased a capital asset, will be noted in the fixed asset system using the project system identified above. The City also tracks related award information as required per 2 CFR 200, §200.313(d), Management Requirements.
- Only allowable costs will be allocated to a grant.
- Grants will only be budgeted when a grant award letter or statement of grant award has been received. For planning purposes, grants not awarded will be budgeted as grants anticipated.
- City departments are responsible for all aspects of the grant process including planning for grant acquisition, preparing and submitting grant proposals, preparing Resolution requests to accept funds, developing grant implementation plans, managing grant programs, preparing and submitting reports to grantors, and properly closing out grant projects. Department staff and Finance staff will maintain a close working relationship with respect to any grant activity to ensure a clear understanding of the project status.

C. Documentation

All grant expenditures must comply with the terms set forth in the grant application, grant award letter, City procurement policies and the guidelines in the Office of Management and Budget Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 2 CFR 200.

1. Documentation for all expenditures must be retained by the department for audit purposes and should include, but are not limited to:
 - a. Timesheets certified or signed by the employee and approved by their supervisor for all payroll expenses
 - b. Purchasing documents for expenditures
 - c. City, state or governmental agreement number
 - d. Formal bids for all purchases requiring such a process per City or Federal regulation, and price or rate quotation documentation for all purchases that do not exceed the Simplified Acquisition Threshold on Federally funded grants per 2 CFR, §200.320(b).
 - e. Detailed receipts and invoices.
 - f. General ledger detail showing revenue and expenditure activity, reviewed on a regular basis, and reconciled to detail provided to granting agencies.
 - g. Verification of suspension and debarment for federal grant funded projects.
2. Finance, with the assistance of the specific grantee City Department, shall maintain the following information:

- a. Identify, through a project and/or account structure, all federal awards received and expended and the federal programs under which they were received. All awards should be identifiable by the Catalog of Federal Domestic Assistance (CFDA) title and number, award number, award year, name of federal agency, and the name of the pass-through agency (if applicable).
- b. Maintain internal control over federal programs that provides reasonable assurance that the grantee is managing the award in compliance with laws, regulations, and the provisions of the contract or grant agreement.
- c. Comply with laws, regulations and the provisions of contract or grant agreements related to each grant award.
- d. Prepare required financial statements, including financial statements that reflect the entity's financial position, results of operations or changes in net assets, and where appropriate, cash flows for the fiscal year audited. In addition, a schedule of federal assistance will be prepared for the external auditors which include all federal grants.
- e. Grant documents should be read carefully to ensure compliance with all grant requirements. Additional documentation may be required under the terms and conditions of the specific grant award to include, but not limited to, procurement justification, grant reconciliation frequency, cash match calculation and tracking, and records retention.
- f. Department Grant Administrators are responsible for confirming that the information in the financial system is accurate as outlined above.

D. Federal Procurement System Standards

Suspension and Debarment

Non-Federal entities are prohibited from contracting with or making sub-awards to parties that are suspended or debarred or whose principals are suspended or debarred when the transaction is supported by federal funds. Covered transactions include procurement transaction (purchases of goods or services) equal to or in excess of \$25,000 and non-procurement transactions such as grants or cooperative agreements of any amount.

A suspension is a disqualification from government contracting and subcontracting for a temporary period of time and may be based on indictments, information or adequate evidence involving transportation crimes, contract fraud, embezzlement, theft, forgery, bribery, poor performance, non-performance, or false statements. Suspension is used on an interim basis pending debarment proceedings.

A debarment is, in general, an exclusion from government contracting and subcontracting for a reasonable, specified period of time and may be based on convictions, civil judgments or fact based cases involving transportation crimes, contract fraud, embezzlement, theft, forgery, bribery, poor performance, non-performance or false statements as well as other causes.

No awards or contracts may be made to debarred, suspended or ineligible parties. Before awarding any contracts to be paid in whole or in part by federal funds, the contracting party must verify that the contractor is not debarred, suspended or otherwise ineligible to receive federal funds, and documentation of this verification process must be on file.

All City departments must follow these procedures for all programs whenever purchasing goods or services when the transaction is supported by federal funds.

Verification

Verification may be accomplished in either of the following ways:

1. Look up the vendor on the System for Award Management (SAM) maintained by the General Services Administration (GSA). This system can be accessed on the internet at <https://www.sam.gov/portal/public/sam/>. This website replaces the former Excluded Parties List System (EPLS) and designed as a tool to search for organizations that are suspended or debarred by the federal government.

Documentation that SAM was queried must be kept by the department proving that the vendor was not currently listed.

2. Obtain a written certification from the vendor that they are not currently suspended or debarred by the federal government. This certificate must be signed by the vendor prior to signing the award or contract and the documentation must be maintained for future auditing purposes.

Debarment Affidavit Language:

I certify that, except as noted below, the firm, association or corporation or any person in a controlling capacity associated therewith or any position involving the administration of federal funds; is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any federal agency; has not been suspended, debarred, voluntarily excluded or determined ineligible by any federal agency within the past three (3) years; does not have a proposed debarment pending; and has not been indicted, convicted, or had a civil judgment rendered against said person, firm, association or corporation by a court of competent jurisdiction in any matter involving fraud or official misconduct within the past three (3) years.

Time and Materials Contracts

The City may use a time and materials type contract only (1) after a determination that no other contract is suitable; and (2) 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 the City is the sum of: the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula 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, the City must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

E. Written Compensation Policies (Time and Effort)

Standards

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. This includes an employee whose salary is paid with state or local funds but is used to meet a required “match” in a federal program. These documents are maintained in order to charge the costs of personnel compensation to federal grants.

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the City on an integrated basis;
- Comply with the established accounting policies and practices of the City; and,
- Support the distribution of the employee's salary or wages among specific activities or costs objectives.

F. Privacy

The City is required to safeguard personally identifiable information per 2 CFR 200.303(e) which states:

Take reasonable measures to safeguard protected, personally identifiable information and other information the federal awarding agency or pass-through entity designates as sensitive or the non-federal entity considers sensitive consistent with applicable federal, state, local and tribal laws regarding privacy and obligations of confidentiality.

G. Grant Authorization Process & Maintenance

In general, City Council authorization is required throughout the various stages of the grant process.

Grant Application

Prior to submitting a grant application that requires a local match or ongoing commitment, staff must seek City Manager authorization to apply for the grant.

Grant Acceptance

City Manager authorization is required prior to accepting a grant award. City Council authorization may also be required, pending the specific grant requirement.

Grant Requirements for Sub-grantees

In accordance with 2CFR 200.331, all pass-through entities must: ensure every subaward is clearly identified to the sub-recipient as a subaward of federal funds which includes, but is not limited to providing the Catalog of Federal Domestic Assistance (CFDA) number associated with the origin of funds.

The pass-through entity is also required to evaluate the risk of non-compliance of the sub-grantee prior to awarding federal funds for the purpose of determining the appropriate level of sub-recipient monitoring.

Maintenance of Grant Information

Departments are responsible for maintaining grant files and related documents as required by the granting agency and/or federal/state guidelines. Departments must inform the appropriate finance liaison of grant awards to ensure appropriate budgeting, accounting and reporting of the grant.