

City of Bellbrook

Uniform Guidance Policies

TABLE OF CONTENTS

	<u>PAGE</u>
<u>Purpose of this Manual</u>	1
<u>Allowable Costs</u>	2 - 4
<u>Time and Effort - Personal Services/Fringe Benefits</u>	5 - 8
<u>Procurement</u>	9 - 12
<u>Cash Management</u>	13
<u>Other Federal Items</u>	14 - 16
Uniform Guidance Policies/Templates:	
<u>Exhibit A - Allowable Costs Policy</u>	17 - 20
<u>Exhibit B - Time and Effort Policy</u>	21 - 22
<u>Exhibit C - Procurement and Purchasing Policy</u>	23 - 34
<u>Exhibit D - Cash Management Policy</u>	35 - 36
<u>Exhibit E - Small Purchases Vendor Evaluation Template (Note 1)</u>	37
<u>Exhibit F - Sealed Proposal Template (Note 1)</u>	38 - 49
<u>Exhibit G - Competitive Proposal Template (Note 1)</u>	50 - 61

Note 1 - The Excel version of these templates are included within this PDF. See the attachments section of the PDF.

PURPOSE OF THIS MANUAL:

The City of Bellbrook (the “City”) receives Federal funding from multiple Federal agencies. Federal awards are regulated by 2 C.F.R. 200, which is also referred to as the Uniform Guidance. This will be referred to as “UG” throughout this manual. The UG requires the City to implement policies and procedures to assist in compliance with Federal requirements. The City has generated the following policies to assist in Federal compliance which are linked within this manual:

- [Allowable costs \(Link: Exhibit A\)](#)
- [Time and effort \(Link: Exhibit B\)](#)
- [Procurement and purchasing \(Link: Exhibit C\)](#)
- [Cash management \(Link: Exhibit D\)](#)

In addition to these policies, the City has created this manual to better assist employees and management in understanding Federal requirements. Federal requirements are always changing and oftentimes, are difficult to interpret. The goal of this manual is to create one document our employees and management can access to find the information they need and aid in Federal compliance. The City Manager’s/Finance Director’s office will update this manual when necessary. Updates will be communicated to all pertinent employees and management. The guidelines discussed within this manual are considered “procedures” and are not approved by City Council or any Federal agency.

This manual will be broken down by each major compliance area. It is not meant to be all-encompassing but is meant to provide general guidance that applies to most circumstances the City would encounter. If ever a situation arises that you consider unusual and is not covered in this manual, bring this to the attention of the City Manager’s/Finance Director’s office.

ALLOWABLE COSTS:

The City receives Federal awards from multiple sources. Each Federal award comes with a set of stipulations determining what those awards can be spent on. Federal awards are typically received directly from the Federal government (e.g. U.S. Department of Transportation) or are passed through to the City from a state of Ohio agency (e.g. Ohio Department of Transportation). Each grant should have an **award agreement** which is received from the grantor (Federal government or awarding agency).

This **award agreement(s)** should include, but are not limited to, the following information:

- Assistance Listing Number (ALN) number (previously the Catalog of Federal Domestic Assistance (CFDA)) – each grant has a ALN number assigned to it by the Federal government
- Sub-recipients name – this would likely be the City of Bellbrook
- Passthrough number – number assigned to the City by the Federal government or awarding agency to identify the grant
- Period of performance – this indicates the time period within which the funds must be incurred. For example, the award agreement might say “all awards must be incurred by December 31, 202X.” Incurred refers to an obligation that has taken place for the reception of goods or services. The typical liquidation period is not later than 90 days after the end of the funding period. For example, if the award agreement indicates costs must be incurred by December 31, 2022, the funds must be obligated by this date and liquidated by March 31, 2023.
- Total awards – this indicates the total funding the City will receive

For a cost to be **allowable**, it must generally meet the following basic criteria:

- Be necessary and reasonable for the performance of the Federal award
- Be a lawful expenditure under the requirements of the grant, the UG, and the City’s internal policies and procedures

The following is a list of grant awards the City commonly receives, including the City department that would likely oversee the award activity, where the grant is recorded, and typical allowable costs associated with these grants. This DOES NOT mean the City is currently receiving funding under these programs but is meant as a guide. If your grant is not included in the grants listed below, see the other federal awards section:

- Community Development Block Grant:
 - Purpose – provide annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low and moderate-income persons.
 - ALN - 14.228
 - Allowable costs, include but are not limited to:
 - Acquisition of real property, relocation and demolition, rehabilitation of residential and non-residential structures, construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes, public services with certain limits, activities relating to energy conservation and renewable energy

resources, and provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities. These activities must meet benefit low and moderate-income persons, prevent or eliminate slums or blight, or address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available.

- American Rescue Plan Act (ARPA):
 - Purpose – to provide relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses.
 - ALN - 21.027
 - Department – City Manager’s/Finance Director’s Office
 - Fund – 201, Local Fiscal Recovery
 - Allowable costs, include but are not limited to:
 - Replacement of lost revenue
 - Negative economic impact of the pandemic
 - Premium pay for essential workers
 - Broad investments in water, sewer, or broadband infrastructure
- Highway Planning and Construction:
 - Purpose - to (1) assist in the planning and development of an integrated, interconnected transportation system important to interstate commerce and travel by constructing, rehabilitating, and preserving the National Highway System (NHS), including Interstate highways, and other Federal-aid highways; (2) provide aid for the repair of Federal-aid highways following disasters; (3) foster safe highway design and improve bridge conditions; (4) to support community-level transportation infrastructure; and (5) to provide for other special purposes.
 - ALN - 20.205
 - Fund – 220, State Highway
 - Allowable costs, include but are not limited to:
 - Award-specific projects, typically involving construction (e.g., roadways, bridges)
- All other Federal awards:
 - Purpose – This is what the award is meant to accomplish. This will be included in the award agreement from the Federal government or pass-through agency. You can also view the award application for further documentation. If unclear, contact the City Manager’s/Finance Director’s Office.
 - ALN - This will be included in the award agreement. The format will be XX.XXX.
 - Allowable cost – This is what the awards can be spent on. If you do not see explicit guidance within the award agreement, there should be contact information (either email or phone number) included. Contact the Federal government or pass-through agency. If still unclear, contact the City Manager’s/Finance Director’s Office.

Unallowable costs - these are costs that are not specifically listed in the grant award documentation. Unallowable costs will differ for every grant. An example of unallowable costs is alcohol purchases. If ever unsure if an expenditure is allowable, contact the City Manager's/Finance Director's Office and/or the regulating agency (Federal government or awarding agency).

Internal control procedures over allowable costs - control procedures for Federal expenditures will be the same as control procedures over non-Federal expenditures. Departments identify the need to purchase goods or services and complete a purchase order requisition form in the system. The department head reviews and approves the purchase requisition in the system. Purchase requisitions are then submitted to the City Manager/Finance Director for approval. Once approved by the City Manager/Finance Director, the finance assistant generates the purchase order in the system. The City Manager/Finance Director approves purchase orders. When the department receives the goods and/or services, the invoice/packing slip is initialed by the department head indicating the receipt of the goods and/or services and that the price/amount on the invoice is "okay to pay." The department head submits the invoice to the finance department for payment. The finance assistant generates the checks to be signed by the City Manager/Finance Director and mails the checks. The City Manager/Finance Director signs the checks and the Administrative Assistant mails the checks. The check stub is attached to the invoice and is kept on file in the finance department. The Admin Assistant prepares voucher packets. The City Manager/Finance Director initiates and approves wire transfers. On a monthly basis, the City Manager/Finance Director generates reports to monitor the encumbrances and payments of funds, as well as reconciling the bank accounts. These reports, along with monthly bank reconciliations, help to ensure funds are properly encumbered, outstanding purchase orders are left open or closed (if need to be closed), positive fund balances are maintained, and so City Council can be informed of expenditures. City Council approves the financial reports at the monthly City Council Meeting.

For more information on allowable costs, see the City's official policy at [Exhibit A](#). The City is required by the UG to adopt a policy over allowable cost.

TIME AND EFFORT – PERSONAL SERVICES/FRINGE BENEFITS:

The compensation for personal services by the City includes all remuneration, paid currently or accrued, for services rendered during the period of performance under Federal awards, including but not necessarily limited to wages, salaries, and fringe benefits. The City will ensure compensation from a Federal award will not be in excess of a similar position paid from non-Federal funds.

It is uncommon for the City to pay employees from a Federal award; however, if personal services and/or fringe benefits are allowable under the award, the City must follow time and effort procedures to ensure the employee's time was spent on the purpose of the Federal award. City departments can use their own methods to track time and effort (i.e., detailed timesheets); however, the methods documented below can also be used.

Semi-annual certifications will be used when an employee's compensation is paid solely out of one Federal program. This also is applicable if an employee is paid partially from one Federal award and partially from non-Federal funds. This form will be completed every six months and will be completed after-the-fact. Therefore, the form should be completed in July to document compliance for the months of January – June and should be completed in January for the months of July – December. Documentation of time and effort must be complete as long as the employee(s) are being paid from the Federal award. This form should be signed by the Department Head and the employee(s) to verify each party's acknowledgement services were paid from Federal awards. A separate form may be completed for each employee paid from the Federal award, but one supervisor may sign a form covering multiple employees. A template of a semi-annual certificate is on the [page 7](#).

Personnel activity reports will be used when an employee's compensation is paid out of more than one Federal award. This is very unusual to the City, but if this situation arises, the departments involved, and the City Manager's/Finance Director's office should work together to determine the breakdown of the employee's time between each Federal award and non-Federal activity. At the end of each month, the involved departments will work together to determine the breakdown of the employee's activity for that month. This will always be done after-the-fact (e.g., an employee's actual time spent on each activity for January 2021 is used to determine the breakdown of pay for February 2021). This report will be signed by the employee and a representative from each department. The employee's pay for the following month will be based on this breakdown. This breakdown will be updated each month for the duration of the period the employee(s) is(are) being paid from the Federal awards and will be done after-the-fact. A template of a personnel activity report is on the [page 8](#).

Internal control procedures over time and effort – Documentation of time and effort must be maintained by the department head and provided to the City Manager's/Finance Director's office. A copy of time and effort documentation (semi-annual certification, personnel activity report, or other selected method such as a timesheet) will be maintained. The city uses a payroll company, Paychex, to process its payroll. Every part-time & full-time employee who is paid on an hourly basis is required to fill out a time sheet. A time sheet consists of the employee's name, department, pay period, days of the week, regular hours worked, overtime hours worked, comp time used, holiday pay, vacation pay, sick leave, earned vacation, total hours per pay period, supervisor signature. Every other Monday, the department heads will submit a summary of time sheets into the Finance Assistant for processing. All completed time sheets will be kept at the departmental office. The Finance Assistant will verify the mathematical accuracy of the information on the time sheet summary spreadsheet. Paychex is used by the City to generate payroll direct deposits.

The Finance Assistant inputs the regular hours, overtime hours and leave used into the Paychex system. Withholding amounts are automatically calculated by the system software. When amounts are agreed, the payroll information is sent electronically to Paychex to process the direct deposits. Reports showing information pertaining to gross pay, withholdings and net pay are available on-line. Employees can access their paycheck information on-line via Paychex. The Payroll Summary Sheets are submitted to the City Manager/Finance Director, who will sign the sheets indicating approval. The individual funds are updated in the computer system through general journal entry. All employees are paid on a bi-weekly basis and are paid through direct deposit. The Council members and City Manager/Finance Director are the only people on salary and are paid a set amount monthly. Police and Fire personnel are under a negotiated agreement. The City Manager/Finance Director or his/her Assistant modifies employee master files when necessary. During regular meeting, the City Council approves all master file modifications. The City Manager/Finance Director approves every payroll. Upon approval, Paychex will generate/distribute payroll checks and initiate direct deposits where applicable. City Manager/Finance Director reviews and approves the final payroll report. The Finance Assistant records all payroll expenses in the City's accounting system. The City Manager/Finance Director reconciles all payroll bank accounts on a regular basis. The City Council approves the financial reports at the monthly City Council meeting.

For more information on time and effort, see the City's official policy at [Exhibit B](#). The City is required by the UG to adopt a policy over time and effort.

CITY LETTERHEAD

Semi-Annual Certification

Grant Title:

Grant Year:

Funding Source:

Supervisor:

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 (2 C.F.R. § 200.430). Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed.

I understand that the position(s) filled by the following employee(s) are supported entirely by funds from the Federal award listed above. I certify that 100% of the job duties of the employee(s) were related to activities in compliance with this grant award during the period from January 1, 2021, through June 30, 2021.

The information recorded on this form is true and correct to the best of my knowledge.

<u>Employee Name</u>	<u>Employee Position</u>	<u>Employee Signature</u>

CITY LETTERHEAD

Personnel Activity Report

Employee: Jane Smith

Position: Federal Grant Coordinator

Certification Period: 01/01/21 through 01/31/21

Type of Schedule: X Daily ___ Weekly ___ Biweekly ___ Other: _____

Program or Cost Objective	Distribution of
Federal grant #1 (list the actual grant name here)	45%
Federal grant #2 (list the actual grant name here)	10%
Non-federally funded activity	45%
TOTAL	100%

I certify that I performed work consistent with the attached schedule and as distributed in the above percentages during the Certification Period.

Jane Smith

Employee Signature

02/03/21

Date

I certify that I have first-hand knowledge that the above employee performed work consistent with the attached schedule and as distributed in the above percentages during the certification period.

John Smith

Supervisor Signature

02/03/21

Date

PROCUREMENT:

The acquisition of goods or services with Federal monies must follow Federal procurement standards. Essentially, any non-personnel related item that is acquired with Federal funds must follow the City's procurement policy. The key to being compliant with Federal procurement requirements is documentation; for every procured contract, the City must document the reason for selecting a given procurement method and the reason for selecting a given vendor. The City follows the Ohio Revised Code (ORC) for competitive bidding, which establishes a \$75,000 threshold beginning on October 3, 2023. This threshold will increase 3% each year beginning in 2025; the annual threshold is set by the Director of the Ohio Department of Commerce and will be documented in **ORC section 9.17** (web link, [Section 9.17 - Ohio Revised Code | Ohio Laws](#)). Employees must review this ORC to determine the updated threshold or contact the City Manager/Finance Director. The bid thresholds discussed below for the five procurement methods will coincide with the annually updated ORC threshold.

There are a few key concepts to consider when going through the procurement process. These concepts are applied in each of the five methods of procurement.

- Estimated cost of procurement – City employees must develop their own estimate of the cost of procurement prior to receiving bids, proposals, or quotes. This will facilitate the selection of the correct procurement method. The estimate should be kept in the procurement records.
- Aggregate cost of purchase - this is the total cost to purchase goods or services. At no point should a City employee attempt to split-up purchases to avoid competition. If goods or services are likely to be purchased from a single vendor, this should be considered a single contract and procured accordingly using the methods discussed below. However, if it does make sense for multiple vendors to provide certain goods or services relating to a project, then each vendor should be considered a single contract, procured separately. The aggregate cost of a contract should be considered a single transaction. For example, if the City enters into an agreement for a vendor to provide services for \$2,000 per month, using Federal awards, the City will use the “small purchase method” as discussed below since the total contract cost is \$24,000 (\$2,000 x 12 months).
- Suspension and debarment – before a bid process can begin, City employees must verify that each vendor bidding on a Federally funded project is not “suspended or debarred.” This means the vendor is in good standing to participate in such projects. City employees must document the vendor is NOT suspended or debarred by searching the <https://sam.gov/SAM/> website. A print-screen of the search must be included within the bid documentation to verify all vendors are eligible.
- Procurement file – this is the documentation that supports the procurement process, which ultimately leads to the selection of a vendor. The procurement file **MUST** be maintained by each department. Files are saved in physical format with the City Manager/Finance Director. This will create a similar and familiar place for all procurement data to be stored relevant to each grant. The support included in the procurement file should include:
 - Rationale for the method of procurement
 - Selection of contract type
 - Public advertisement of procurement, if applicable
 - Contractor selection or rejection
 - The basis for the contract price

- [SAM.gov](#) search to ensure the contractors being considered are not suspended or debarred.
- Signed agreement between the City and the contractor.

There are five different methods of procurement the City can use:

- **Micro-purchase:** purchases of under \$10,000 per year. These purchases do not require multiple estimates or quotes; however, the City should do its best to distribute these purchases among available vendors. In other words, the City does not need to document the vendor selected. Purchases cannot be broken into separate purchase orders (PO) for the purpose of reducing the costs of each PO to less than \$10,000.
 - **Example:** The Police Department purchases computers, cables, and bags from a single vendor and the aggregate cost is \$6,750 (one bill/invoice). This would qualify as a single transaction and would fall under the micro-purchase method.
- **Small purchase:** purchases from \$10,000 to \$75,000 (check [Section 9.17 - Ohio Revised Code | Ohio Laws](#) for updated threshold) per year. This method is used for relatively simple and straightforward purchases. Council approval is also needed to give the City the authority to bid the purchase. The Council will ask for quotes from no less than three sources unless the purchase is for professional services, through a sole supplier, or in an emergency. Quotes can be written, verbal, or web based. Documentation should always be maintained. If quotes are verbal, documentation must be created and added to the procurement file for reference. City employees must document the reason for selecting a vendor, which should be based on a combination of price and performance. Most purchases using this method will be based on price; however, certain services, such as consulting services, should consider the vendor's ability to perform the service. Any purchases over \$25,000 require Council approval.

See [Exhibit E](#) for a template that City employees should use to document compliance with the small purchase method. This template is electronically available at request from the City Manager/Finance Director.

Competitive sealed bidding/formal advertising: purchases of \$75,000 (check [Section 9.17 - Ohio Revised Code | Ohio Laws](#) for updated threshold) and over per year, that lend itself to a firm fixed price contract and the selection of a successful bidder can be made principally on the basis of price. This method is typically used for construction projects. This method of procurement is uncommon to the City – if an employee believes this procurement method applies, they must first contact the City Manager/Finance Director's Office to get its approval before utilizing this method. A Request for Proposal (RFP) must be publicly advertised, and bids must be solicited from an adequate number of suppliers, but not less than two. The RFP should include the specifications and all pertinent information, defining the items or services to allow for the suppliers to properly respond. Bids must be publicly opened at the time and place described in the RFP. In the event a procurement is publicized and there is one response or less, follow the procedures below in the section titled noncompetitive proposals.

The City will utilize a scoring matrix to document compliance with this procurement method, which will be more heavily weighted toward price. See [Exhibit F](#) for a template that City employees can use to document compliance with competitive sealed proposals. However, if a department has another selection method, they use to document the vendor awarded the bid, they may use that method. Each vendor that submits a bid should be graded on a scale from 1 (poor) to 5 (superior) for each attribute. For cost, the lowest cost should receive a 5, the second lowest cost should receive a 4, and so on. If more than five vendors submit a bid, contact the City Manager/Finance Director's Office to determine an alternative scoring method for cost. The selection of bid requires council approval. This template is electronically available at request from the City Manager/Finance Director.

Competitive proposals/negotiation: purchases of \$75,000 (check [Section 9.17 - Ohio Revised Code | Ohio Laws](#) for updated threshold) and over per year, when the conditions of a sealed bid (discussed directly above) cannot be used (anything other than construction projects). This method of procurement is uncommon to the City – if an employee believes this procurement method applies, they must first contact the City Manager/Finance Director's Office to get its approval before utilizing this method. The selection of a successful bidder is based on factors other than price. This method is commonly used for professional services, such as architectural and engineering services. A Request for Proposal (RFP) must be publicly advertised, and bids must be solicited from an adequate number of suppliers, but not less than two. The RFP should include the specifications and all pertinent information, defining the items or services to allow for the suppliers to properly respond. In the event a procurement is publicized and there is one response or less, follow the procedures below in the section titled noncompetitive proposals.

The City will utilize a scoring matrix to document compliance with this procurement method, which will be more heavily weighted toward the ability to perform the task. See [Exhibit G](#) for a template that City employees can use to document compliance with competitive proposals. However, if a department has another selection method, they use to document the vendor awarded the bid, they may use that method. Each vendor that submits a bid should be graded on a scale from 1 (poor) to 5 (superior) for each attribute. For cost, the lowest cost should receive a 5, the second lowest cost should receive a 4, and so on. If more than five vendors submit a bid, contact the City Manager/Finance Director's Office to determine an alternative scoring method for cost. The selection of bid requires council approval. This template is electronically available at request from the City Manager/Finance Director.

Noncompetitive proposals: should be used only when the award of a contract is infeasible under the small purchase, competitive sealed bidding, and competitive proposal methods and one or more of the following conditions exist:

- The item is only available from a single source. The City must document the specific reasons why the good or service is only available from one specific vendor and maintain this documentation for support.
- Public need or emergency will not permit the delay which would result from competitive solicitation. Reason for the emergency should be maintained as support (i.e. Council resolution).

- The Federal awarding agency or pass-through entity expressly authorizes in writing (such as an email). Copy of the authorization should be maintained as support.
- After solicitation of a number of sources, competition is deemed to be inadequate. If the City goes through the RFP process for a competitive sealed bid or a competitive proposal (both discussed above) and only one response is received, the City should include this as documentation for the selection of that vendor. This assumes the vendor is willing and able to perform the work as specified in the RFP.

It is uncommon for a noncompetitive method to be used. If this situation arises, the employee should contact the City Manager/Finance Director's Office and obtain approval prior to contracting with the vendor. Support should be maintained to document why the procurement was noncompetitive and why the vendor was selected.

Internal control procedures over procurement - control procedures for Federal expenditures will be the same as control procedures over non-Federal expenditures. BEFORE the purchase process can begin, the department head requesting purchase must go through the procurement process, if Federal awards are involved. Once the appropriate vendor has been selected, the purchasing process can begin. The appropriate documentation MUST be maintained within the procurement file and be provided to the City Manager/Finance Director's Office before approval. After the procurement process is complete, the [internal control procedures over allowable costs](#) would be followed, as discussed on page 4 of this manual. The requisition must represent an "allowable" cost as indicated in the [Allowable Costs](#) section. The department head or the City Manager/Finance Director's office must perform a search to ensure the vendor is not suspended or debarred through [SAM.gov](#); the vendor must also be registered on [SAM.gov](#). Documentation must include the items discussed in the "procurement file" section on page 9 of this document. Any purchases over \$25,000 require Council approval.

For more information on procurement, see the City's official policy at [Exhibit C](#). The City is required by the UG to adopt a policy over procurement.

CASH MANAGEMENT:

Federal awards received by the City must be spent in a timely fashion. Federal requirements attempt to minimize the time between the receipt of Federal funds and the expenditure of Federal funds by the City. The award agreement will typically indicate if the grant is funded on an advance basis or reimbursement basis. These two methods are further discussed below:

- **Advance basis:** Under this basis, the City receives the funding from the Federal government or pass-through agency “before” the disbursement occurs. If this method is used, the disbursement by the City must happen as close to the date the funds are received as administratively possible. Typically, the disbursement of Federal funds should occur within 30 days of receipt. In other words, the City should spend the money within 30 days of receiving it.
- **Reimbursement basis:** under this basis, the City receives funding from the Federal government or pass-through agency “after” the disbursement occurs. In other words, the City must spend the funds on an allowable cost and then request for reimbursement. Typically, the Federal government or pass-through agency will request support be submitted by the City to ensure the reimbursement is for an allowable cost. If approved, the reimbursement will occur. The City “must” maintain support showing the cost for which reimbursement was requested was paid prior to the date reimbursement was requested.

Internal control procedures over cash management – Control procedures for Federal receipts will be the same as control procedures over non-Federal receipts. The request for payment from a Federal government or pass-through agency will typically stem from the department overseeing the grant. The first thing a department employee should do is read the award agreement to verify the method for requesting Federal funds – either advance basis or reimbursement basis. When Federal funds are received, they should be reported to the City Manager/Finance Director, along with any other funds received by the department. Be sure to document the source of the funds so the City Manager/Finance Director knows they’re federal in nature. At the end of each day, or in the amount of time required by ORC, the department will complete a deposit slip and deposit the money to the bank. The Finance Assistant keeps a copy of the support provided by the department and writes the pay-in receipt number on the support if all information appears correct and the receipts have been issued. The Treasurer Clerk will scan the checks (the scanned checks are automatically deposited without having to go to the bank) and attach the deposit ticket, bank validation, and pay-in receipt along with any other applicable support. This verifies that all items match and are properly accounted for. A copy of the bank validation is also given to the City Manager/Finance Director’s office after each deposit is made. These are maintained by the Finance Assistant by month. At the end of each day the receipt batch for that day is posted – this includes all individual pay-in receipts processed for the given day. Reports are periodically provided to the City Council for their review and approval within the minutes. At the end of each month, the City Manager/Finance Director completes a bank reconciliation.

For more information on cash management, see the City’s official policy at [Exhibit D](#). The City is required by the UG to adopt a policy over cash management.

OTHER FEDERAL ITEMS:

Noncompliance – what to do if you think you’re not compliant with the grant requirements:

Noncompliance can arise from internal review (City internal control procedures) or from external review (audit). If a department believes they’ve been noncompliant with the stipulations of an award agreement, the first thing they should do is refer to the award agreement and pinpoint the potential area of noncompliance. The next step is to contact the City Manager/Finance Director’s office to get its opinion on the matter. The departments should work together to determine the course of action to be taken. The most important element of this process is “communication.” Noncompliance happens – it’s always best to face it head-on and learn from it. After the departments develop a plan, the department will likely get in touch with the regulating agency (likely the Federal government or Ohio pass-through agency). The regulating agency will likely provide guidance on what the City can do to rectify the situation. If noncompliance is discovered internally, the departments should also inform any outside auditors of the situation, as well as the steps the City has taken to correct the issue.

Noncompliance can lead to a loss of future grant funding; therefore, it’s important to always be familiar with the award requirements to assist in compliance. Try to be proactive with questions regarding compliance. If you are ever uncertain on any element of a Federal award, discuss this with the City Manager/Finance Director’s office before taking action.

Equipment/real property:

It is unusual for the City to acquire equipment/real property with Federal awards. Departments should “not” use Federal awards to purchase or acquire equipment/real property unless specifically mentioned within the award agreement (e.g., Fire Truck). Equipment is any tangible personal property having a useful life of more than one year and having a per-unit acquisition cost of more than \$5,000. Real property means land, including land improvements and structures, but excludes moveable machinery and equipment.

The acquisition of equipment/real property is typically an “unallowable” use of Federal funds, unless the department has the prior “written” approval of the Federal awarding agency or pass-through entity. If you plan to use Federal funds to purchase equipment/real property, contact the City Manager/Finance Director’s office first to determine if the purchase is allowable.

If the City acquires equipment with Federal funds, a physical inventory must be completed every two years. If equipment is acquired, the following information must be kept within the property records:

- Description of the property
- A serial number or other ID number
- Source of funding (including the Federal Award Identification Number – FAIN)
- Who holds title
- Acquisition date
- Cost of property
- Percentage of Federal participation in the acquisition
- Location
- Use and condition of property

The disposition of equipment/real property that was acquired with Federal funds typically occurs after the project is complete; however, this is also unusual to the City. If the book value of the asset is “less” than \$5,000, the City department can retain, sell, or dispose of the asset without further involvement of the Federal awarding agency. If the book value of the asset is “more” than \$5,000, the City department must:

- Request disposal instructions from the Federal awarding agency. The Federal awarding agency must respond within 120 days.
 - If instructions “are” received, the City department must follow these instructions.
 - If instructions “are not” received, the asset can be retained, sold, or disposed.
 - If sold – the federal participation percentage of the proceeds must be paid to the Federal awarding agency. For example, the City spent \$250,000 to purchase a piece of equipment. Federal funds paid for \$125,000 of the asset (50%) and the City paid the other \$125,000. The asset was later sold for \$25,000; therefore, the Federal awarding agency would be entitled to \$12,500.
 - If retained – the federal participation percentage of the “book value” must be paid to the Federal awarding agency.
- The City department may transfer title to the Federal awarding agency, or an eligible third-party.

Subrecipient monitoring:

A subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program but does not include an individual that is a beneficiary of such program. For example, the City can be a subrecipient of ODOT. ODOT receives funding from the U.S. Department of Transportation and passes those Federal funds through to the City. This relationship is known as a pass-through grant. If the City provides Federal funding to another local government to assist in carrying out the purpose of the grant, the other local government is likely a subrecipient. For example, the City can have subrecipients through a Community Development Block Grant program. If the City enters a subrecipient relationship with another entity, the City must establish an agreement with the other entity that identifies the subaward and the applicable requirements. The City must also monitor the subrecipient to ensure the Federal awards are used for authorized purposes.

Characteristics of a subrecipient include:

- Determines who is eligible to receive Federal assistance.
- Has its performance measured in relation to whether objectives of a Federal program were met.
- Has responsibility for programmatic decision making.
- Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

It is unusual for the City to enter a subaward arrangement with another entity. If you feel you have a potential subrecipient, you should first contact the City Manager/Finance Director's office to discuss. Also, you must follow 2 CFR 200.331 – 200.333 (Link: [Subrecipient Requirements](#)).

Travel Costs:

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the City. These costs can be charged as direct costs to the grant if they are necessary and reasonable, and included in the grant agreement (see the [allowable costs](#) section of the manual). Travel costs must follow the City's travel policy and be approved by the Department Head. Also, if Federal funding is involved, the travel costs must "additionally" be approved by a member of the City Manager/Finance Director's office to ensure allowability under the grant.

It is unusual for the City to incur travel costs as a Federal expenditure. However, if you feel certain travel expenses are eligible as a Federal expenditure, you must follow 2 CFR 200.474 (Link: [Travel Costs](#)).

Applying for a new Federal grant:

If a department decides to apply for a new grant, the department should email the City Manager/Finance Director's office to make them aware. Email is the preferred method of communicating a new grant because it creates a support trail that can be referenced. This also allows the City to get prepared for the grant and assists in overall compliance. Once the grant is awarded, the department must send a signed copy of the grant agreement to the City Manager/Finance Director's office and should keep a copy for themselves as well. This agreement is important because it lays out the purpose of the grant and the compliance requirements. The involved departments will create a separate account code to track the Federal activity, which will also aid in preparing the SEFA (discussed directly below).

If a department has any questions during the application process, they're encouraged to reach out to the City Manager/Finance Director's office.

Preparing the Schedule of Expenditures of Federal Awards (SEFA):

Per the UG, the City is required to prepare its own SEFA. This SEFA is provided to the City's audit team each year, so accuracy is important! If total Federal expenditures during the fiscal year exceed \$750,000, the City is required to undergo a single audit. It's important we have the participation of all departments to ensure the City's SEFA is complete and accurate. The SEFA must cover the same period as the financial report, which for the City is January 1 – December 31 of the applicable year. The SEFA will be presented on a "cash" basis and will use information available through the City's accounting system and the information provided by each department. Each department is required to provide the grant agreement(s) and a complete list of Federal disbursements for the applicable period. The grant agreement should include the Federal agency or pass-through agency, the name of the grant, the amount awarded, the ALN and it should be signed. Support for the Federal disbursements can include system reports, invoices, or any other correspondence with the Federal government or vendors used. The City Manager/Finance Director's office will prepare this schedule but may reach out to the departments if further clarification is needed.

EXHIBIT A

ALLOWABLE COSTS POLICY

POLICY:

The purpose of this policy is to ensure that allowable costs are expended and accounted for by the City in accordance with procedures for expending and accounting for federal funds that flow directly from the federal government or through another agency (i.e. Ohio Department of Transportation). In addition, the state's and the City's other financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

I. PROCEDURE SUMMARY

This procedure sets the standards that govern the performance of the City officers, employees, and agents in managing all allowable costs per Uniform Guidance 2 CFR Part 200. Federal requirements will apply unless state or county requirements are more restrictive.

II. PROCEDURE STEPS

Except where otherwise authorized by statute, cost must meet the following general criteria in order to be allowable under Federal awards;

1. Be necessary and reasonable for the performance of the Federal award and be allocable thereto under the principles in 2 CFR part 200, subpart E. To determine whether a cost is reasonable, consideration shall be given to:
 - a. Whether a cost is a type generally recognized as ordinary and necessary for the operation of the City or the proper and efficient performance of the Federal award;
 - b. The restraints or requirements imposed by such factors as sound business practices, arm's length bargaining, Federal, State, local, tribal and other laws and regulations;
 - c. Market prices for comparable goods and services for the geographic area;
 - d. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities; and
 - e. Whether the cost represents any significant deviation from the established practices or City Council policy which may increase the expense.
2. Conform to any limitations or exclusions set forth in 2 CFR part 200, subpart E or in the Federal award as to types or amount of cost items.
3. Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the City.

4. 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.
5. Be determined in accordance with generally accepted accounting principles (GAAP), except, for State and local governments and Indian tribes only, as otherwise provided for in 2 CFR part 200.
6. Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally financed program in either the current or a prior period.
7. Be net of all applicable credits that result from transactions that reduce or offset direct or indirect costs (e.g. purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates and adjustments for overpayments or erroneous charges).
8. Be adequately documented.

Principles that apply whether or not a particular item of cost is treated as a direct cost or indirect (F&A) cost, in addition to the requirements listed above are set forth in 2 CFR sections 200.420 through 200.476 and can be found through the following link: [Allowable Cost Provisions](#). Failure to mention a particular item of cost 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 part 200. In case of a discrepancy between the provisions of a specific Federal award and the provisions in Exhibit A, the Federal award governs.

III. ALLOCABLE COSTS

A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with the relative benefits received. This standard is met if the cost:

- 1) Is incurred specifically for the Federal award;
- 2) Benefits both the Federal award and other work of the City and can be distributed in proportions that may be approximated using reasonable methods; and
- 3) Is necessary to the overall operation of the City and is assignable in part to the Federal award in accordance with the principles in 2 C.F.R. Part 200, Subpart E.

IV. SELECTED ITEMS OF COST

The City shall follow the rules for selected items of cost at 2 C.F.R. Part 200, Subpart E when charging specific expenditures to a Federal grant. When applicable, City staff shall check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, Federal, State and program-specific rules, including the terms and conditions of the award, may deem a cost as unallowable and City personnel should follow those rules as well.

V. DIRECT COSTS

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs. See [200.414](#) for more information regarding indirect (F&A) costs.

Identification with the Federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect (F&A) costs of Federal awards. Typical costs charged directly to a Federal award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the Federal award.

The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

1. Administrative or clerical services are integral to a project or activity;
2. Individuals involved can be specifically identified with the project or activity;
3. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
4. The costs are not also recovered as indirect costs.

VI. COLLECTION OF UNALLOWABLE COSTS

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal Agency that determined the costs are allowable unless Federal statute or regulation directs otherwise.

VII. REQUIRED CERTIFICATIONS

To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the City, 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)."

VIII. PERIOD OF PERFORMANCE

All obligations must occur on or between the beginning and ending dates of the grant project. This period of time is known as the period of performance. The period of performance is dictated by statute and will be indicated in the Grant Award Notification ("GAN"). As a general rule, State-administered Federal funds are available for obligation within the year that Congress appropriates the funds for. For direct grants, the period of performance is generally identified in the GAN. In the case of a State-administered grant, obligations under a grant may not be made until the grant funding period begins or all necessary materials are submitted to the granting agency, whichever is later. In the case of a direct grant, obligations may begin when the grant is awarded, unless an agreement exists with the Federal agency or the pass-through entity to reimburse for pre-approval expenses. For both State-administered and direct grants, regardless of the period of performance, the City shall liquidate all obligations incurred under the award not later than ninety (90) days after the end of the funding period unless an extension is authorized. Any funds not obligated within the period of performance or liquidated within the appropriate timeframe are said to lapse and shall be returned to the awarding agency. Consequently, the City shall closely monitor grant spending throughout the grant cycle.

IX. RESPONSIBILITIES

The City Department Heads have final authority and oversight of allowable costs policies and procedures for their department. However, the City Department Heads may assign any department member with the responsibility of the policy and procedure, quality service monitoring and outcome measures.

X. IMPLEMENTATION PLAN FOR POLICY STATEMENT

Immediately.

XI. ASSOCIATED INFORMATION/FORMS

- Federal Uniform Guidance (UG)
- Code of Federal Regulations, §200.420 through §200.476
 - Link: [Allowable Cost Provisions](#)

EXHIBIT B

TIME AND EFFORT POLICY

POLICY:

The purpose of this policy is to ensure that compensation for personnel services by the City includes all remuneration, paid currently, or accrued, for services rendered during the period of performance under Federal awards, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements under Uniform Guidance 2 CFR Part 200 and the total compensation for individual employees is reasonable, follows an appointment made in accordance with the City's laws and rules and meets requirements established by Federal law, and are supported by certifications.

I. PROCEDURE SUMMARY

This procedure sets the standards that govern the performance of the City officers, employees, and agents in managing compensation for personnel services. Federal requirements will apply unless state or City requirements are more restrictive.

II. PROCEDURE STEPS

Employees who are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employee worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee and supervisory official having first-hand knowledge of the work performed by the employee.

Employees who work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets Federal standards. Documentary support will be required for employees that work on:

- 1) More than one Federal award
- 2) A Federal award and a non-Federal award
- 3) An indirect cost activity and a direct cost activity
- 4) Two or more indirect activities which are allocated using different allocation bases
- 5) An unallowable activity and a direct or indirect cost activity

III. RESPONSIBILITIES

The City Department Heads have final authority and oversight of Time and Effort policies and procedures for their department. However, the City Department Heads may assign any department member with the responsibility of the policy and procedure, quality service monitoring and outcome measures.

IV. IMPLEMENTATION PLAN FOR POLICY STATEMENT

Immediately.

V. ASSOCIATED INFORMATION/FORMS

- Federal Uniform Guidance (UG)
- Code of Federal Regulations, §200.430, Compensation—Personal Services
 - Link: [Time & Effort](#)

EXHIBIT C

PROCUREMENT AND PURCHASING POLICY

POLICY:

The purpose of this policy is to ensure that procurement standards are followed by the City in awarding, recommending, approving, and monitoring contracts, purchases of goods and services, and grants related to federal awards. This policy will ensure that all purchases made from federal awards are properly authorized, approved, and accounted for according to Uniform Guidance 2 C.F.R. Part 200.

I. PROCEDURE SUMMARY

This procedure sets the standards that govern the performance of the City officers, employees, and agents engaged in awarding, recommending, approving, monitoring, and administering contracts, other purchases of goods and services, and grants related to federal awards. Federal requirements will apply unless City or state requirements are more restrictive.

II. PROCEDURE STEPS

Section I - Procurement Standards

A. Preface

Uniform Guidance requires that each City establish written acquisition standards to ensure that all purchase of goods and services are performed in accordance with applicable federal and state statutes, federal regulations, state administrative rules, and local policies.

This policy will ensure that the City satisfies the specific requirements under Uniform Guidance 2 CFR Part 200. All acquisitions of goods or services by the City utilizing federally awarded monies must be made in accordance with the requirements of this plan.

B. Applicable Law

This plan was written in accordance with applicable federal and state statutes, federal regulations, state administrative rules, and local policies, including, but not limited to:

- Federal Uniform Guidance (UG)
- Code of Federal Regulations §200.317-200.327 (see link to the guidance at the end of this policy)

The City will comply with all directives of applicable federal and state statutes, federal regulations, state administrative rules, and local policies. In the event of changes in applicable federal and state statutes, federal regulations, state administrative rules, and local policies subsequent to the adoption of this plan, the City must comply with the applicable law notwithstanding the fact that this plan may not have yet been revised to reflect such changes.

C. Procurement Authority

The City shall act in accordance with the applicable law, good administrative practice and sound business judgment. In addition, all officers, employees and agents of the City, when acting for or on behalf of the City, must act in accordance with the applicable law, good administrative practice and sound business judgment.

The City will provide for settlement of all contractual and administrative issues arising out of procurements entered into in support of local, state and/or federal grants. The City will refer all violations of law to local, state or federal authorities having proper jurisdiction.

Section II - Standards of Conduct

A. Fiduciary Responsibilities/Prudent Judgment

Maintaining the integrity of public procurement is crucial in preventing fraud and abuse of public funds. All officers, employees and agents of the City, when acting for or on behalf of the City, have a responsibility to act with prudent judgment in purchasing matters and shall not abuse their positions in making decisions as to the administration of the procurement function. All the City officers, employees and agents shall comply with the requirements of this plan and the prescribed standards of conduct in awarding, recommending, approving, monitoring, and administering contracts and purchases.

B. Legal Restrictions

All officers, employees and agents of the City, as a matter of policy, must comply with all directives found in the foregoing legal requirements without regard to whether they are specifically referenced in this plan.

Ohio Ethics Law - All officers, employees and agents of the City must comply with the requirements of the Ohio ethics law and Ohio law pertaining to offences against justice and public administration, including, but not limited to, Sections 102.03, 102.04, 2921.42 and 2921.43, Revised Code.

The statutes are available online at www.ethics.ohio.gov. Educational information related to the Ohio ethics laws may be found online at <https://www.ethics.ohio.gov/education/index.html>. In addition, if any officers, employees, or agents of the City are uncertain of the propriety of a specific course of action they may consult with the City Attorney. Ethics information regarding specific proposed actions may also be obtained from the Ohio Ethics Commission staff on a prospective basis by calling (614) 466-7090.

Gifts and Gratuities - No officer, employee or agency of the City may solicit or accept gratuities, favors, or anything of value as defined in Section 1.03, Revised Code, from anyone doing business with or seeking to do business with, or regulated by the agency, including contractors, vendors, and potential contractors and vendors.

Conflict of Interest - No officer, employee, or agent, of the City departments may participate in the selection, award, recommendation, approval, monitoring, or administration of any contract or purchase if a real, potential, or apparent conflict of interest could arise. A conflict of interest could arise if any of the following individuals or organizations has a financial, personal, or other interest in the individual or company selected for the award of a contract, purchase, or grant:

1. Officers, employees, agents or any member of their immediate families;
2. The officers', employees', or agents' business associates or partners;
3. Any organization for which any of the above is an officer, employee or agent; and
4. Any organization which employs or is about to employ the officer, employee, or agent or a member of the officers', employees' or agents' immediate families or business associates.

Officers, employees or agents must immediately notify their supervisor or principal whenever they identify a real, potential, or actual conflict of interest on their part. It is the policy of the City under such circumstances to relieve the employee from further participation in selection, award or administration of any procurement or resulting contract which presents a conflict of interest.

Personal Interests - No officer, employee or agency of the City may:

- Sell, attempt to sell or act in a representative capacity for a vendor or other person attempting to sell goods or services to the City;
- Sell or attempt to sell any goods or services to other grant agencies;
- Solicit or accept employment from anyone doing business with any of the grant agencies unless the officer, employee or agent completely withdraws, with the approval of the City from all activities of the agency regarding the party offering employment.

Officers, employees and agents of the City and their immediate family members and business associates are prohibited from voting, authorizing, recommending or in any other way using their position to secure approval of the City contract or purchase in which the officer, employee, a member of their immediate family, or anyone with whom they have a business or employment relationship, has an interest.

Officers, employees and agents of the City and their immediate family members and business associates are prohibited from benefiting from any contract or purchase authorized or approved by the City unless all criteria set forth in Section 2921.42, Revised Code, are met.

Officers, employees, and agents of the City may not act in a representative capacity, in any manner, before a public agency on behalf of any contractor or other person on any matter in which the employee personally participated through decision, approval, disapproval, recommendation or other substantial exercise of administrative discretion.

Contract/ Vendor Restrictions - No contractor, individual, company or organization seeking a contract or seeking to sell goods or services to the City will promise or give to any agency officer, employee, or agent anything of value, including employment or promise of employment within the scope of his or her job duties. No contractor or individual, company or organization seeking a contract or grant or seeking to sell goods or services to the City will ask an officer, employee, or agent of the City to violate any of the code of standards of conduct requirements. Contractors acting on behalf of the City will refrain from activities which could result in violations of this rule.

The City contracts shall contain provisions requiring the contractor to refrain from promising or giving to any agency officer, employee, or agent anything of value that is of such a character as to manifest a substantial and improper influence upon the officer, employee, or agent with respect to the officer's, employee's, or agent's duties, to agree that it will not solicit the City officers, employees, or agents to violate the City's code of standards of conduct or Sections 102.03, 102.04, 2921.42 or 2921.43, Revised Code, and to refrain from conflicts of interest, whether direct or indirect.

Contracts of the City shall include a certification by the contractor that it follows and will maintain compliance with the requirements of Sections 102.03, 102.04, 2921.42, and 2921.43 of the Revised Code and the portions of the City code of standards of conduct applicable to contractors, and that the contractor will promptly notify the City of any newly arising conflicts of interest or potential violations of state ethics laws.

Consequences - Officers, employees, and agents of the City and contractors in violation of Sections 102.03, 102.04, 2921.42 or 2921.43, Revised Code, may be prosecuted for criminal violations. Any contractor who violates the requirements of this code of conduct or of Sections 102.03, 102.04, 2921.42 or 2921.43, Revised Code, is subject to having the related contract terminated or having the City refuse to enter a contract. The City will enforce the requirements contained in this written code of standards of conduct with penalties, sanctions, or disciplinary actions, including suspension or removal, when a City officer, employee, agent, or contractor violates the code of standards of conduct.

The signature of any the City officer, employee or agent on a requisition, invoice, or other document requesting or approving the purchase of or payment for purchases of goods or services shall be a certification of compliance with the requirements and prohibitions of this plan.

Section III – Open and Free Competition

Procurement of goods and services must be conducted in a manner that provides maximum open and free competition for every purchase sought. All procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of the Uniform Guidance. 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 proposals. Where no competition exists or it is not prudent to solicit competitive bids, a determination must be made and documented explaining why the lack of competition was necessary and reasonable. Situations restrictive to open and free 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;
- Non-competitive pricing practices between firms or between affiliated companies;
- Non-competitive awards 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

- Any arbitrary action in the procurement process.

All procurements, regardless of the procurement method used, must include:

- A clear and accurate description of the technical requirements to be procured. The description may not contain features which unduly restrict competition. It may include a statement of the qualitative nature of the material, product, or service to be procured, and when necessary, set forth the minimum essential characteristics and standards to which it must conform to satisfy its intended use. Detailed products specifications should be avoided if possible. When it is impractical or uneconomical to make a clear and accurate description of technical requirements, a "brand name or equal" description may be used to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by bidders must be clearly stated;
- Identify all requirements that vendor must fulfill and all other factors to be used in the selection evaluation;
- Officers, employees, and agents of the City must ensure that all pre-qualified lists of persons, firms or products used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Officers, employees and agents of the City may not preclude potential bidders from qualifying during the solicitation period;
- All proposed procurements must be reviewed by the City Manager/Finance Director's office to avoid purchase of unnecessary or duplicative items. Performance of this review must be documented and maintained within the City Manager/Finance Director's office records.
- 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 encouraged 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. However, purchasing cooperatives, such as state purchasing, should be compared to other vendors that can also provide the good or service. Intergovernmental agreements and inter-entity agreements sometimes seek to benefit the entire group, which may not be in the best interest of the City.
- The City is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions.

Section IV - Equal Opportunity

Federal and state procurement standards require that small and minority-owned business be given every opportunity to compete equally with other businesses, including making special efforts to solicit bids and proposals from such firms. However, favored treatment in authorizing contracts is not allowed.

The City officers, employees, and agents shall make efforts to utilize small, minority and women's business enterprises and labor surplus area firms when they are potential resources for supplies, equipment, construction, and services. Preference for such otherwise qualified contractors may be given, for example, by selecting the disadvantaged organization in the case of tie bids and setting certain conditions under which such contractors will be encouraged to bid. These conditions may include:

- Placing qualified small and minority businesses, and women's business enterprises on solicitation lists, and assuring that those businesses are solicited whenever they are potential resources;
- Dividing total requirements into small tasks or quantities to permit maximum small and minority businesses and women's business enterprises participation when economically feasible. When tasks are divided to allow small businesses and women's business enterprises to compete, the separation cannot be done to avoid competitive bidding requirements;

- Establishing delivery schedules which will encourage participation by small and minority businesses, and women's business enterprises where the requirement permits;
- Using the services and assistance of the United States Small Business Administration, the Office of Minority Business Development Agency of the U.S. Department of Commerce, the Community Services Administration, and other entities, as appropriate;
- Requiring the prime contractor to take affirmative steps as listed in this section if any subcontracts are to be let; and
- Encourage contracting with consortiums of small business and minority-owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.

Section V - Methods of Procurement

The City shall use one of five methods of procurement when purchasing supplies, equipment, and services:

- Micro-purchases;
- Small Purchase Procedures;
- Competitive sealed bids;
- Competitive proposals; and
- Noncompetitive proposals (sole source).

A. Micro-Purchase Procedures

The micro-purchase procedures method of procurement will be used:

- Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold of \$10,000, as established by the City.
- To the extent practicable, the City must distribute micro-purchases equitably among qualified suppliers.
- Micro-purchases may be awarded without soliciting competitive quotations if the City considers the price to be reasonable.

B. Small Purchase Procedures

The small purchase procedures method of procurement will be used:

- When making relatively simple and informal purchases where price is the overriding factor, and which involve standardized products or services (e.g., office equipment and supplies) costing in the aggregate not more than \$75,000 (check [Section 9.17 - Ohio Revised Code | Ohio Laws](#) for updated threshold) annually. Such procurements shall be affected by obtaining price or rate quotations from an adequate number of qualified sources, but not less than three sources; and
- For relatively simple and straightforward purchases which do not cost more than the simplified acquisition threshold where price is not the overriding factor and where relative quality, and performance must be evaluated (e.g., consultant services). Such procurements shall be affected by obtaining proposals from an adequate number of qualified sources, but not less than three sources.

The splitting of purchases that exceed the small purchase limit into several small purchases merely to be able to use the small purchase method is prohibited. Such split purchases will be considered unauthorized and disallowed.

For each procurement using small purchase procedures, an authorized officer, employee or agent of the City must evaluate the quotations obtained and determine the successful vendor. The officer, employee or agent performing the evaluation must summarize the evaluation factors used and their relative importance.

The procurement must be made from the responsible source whose quotation is most advantageous to the program, with price and other factors as reasonable being considered.

Purchases of \$25,000 or above require Council approval.

C. Competitive Sealed Bidding/Formal Advertising

Competitive sealed bidding, also known as formal advertising, is the method of procurement used when all the following conditions exist:

- Aggregate cost of the contract exceeds \$75,000 (check [Section 9.17 - Ohio Revised Code | Ohio Laws](#) for updated threshold);
- Procurement lends itself to a firm fixed price contract;
- Two or more responsible suppliers are willing and able to compete effectively.
- The item or service can be supplied by the vendor;
- The selection of the successful bidder can be made principally based on price; and
- A complete, adequate, and realistic specifications or purchase description is available, e.g., the Request for Proposal (RFP).

Where this method of procurement is used, City policy requires:

- An RFP must be publicly advertised, and bids solicited from an adequate number of known suppliers, providing them with sufficient time prior to the date for opening of the bids;
- The RFP must include specifications and pertinent attachments, defining the items or services in order for bidders to properly respond;
- Bids must be publicly opened at the time and place prescribed in the RFP; and
- 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 costs and life cycle costs shall 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.

Any or all bids may be rejected if there is a sound documented reason.

Purchases of \$25,000 or above require Council approval.

D. Competitive Proposal/Negotiation

Competitive proposals shall be used where conditions are not appropriate for the use of competitive sealed bids, small purchase procedures or noncompetitive proposals.

A competitive proposal process is normally conducted with more than one source submitting an offer, either a fixed price or cost reimbursement type contract is awarded, and the following conditions are met:

- Aggregate cost of the contract exceeds \$75,000 (check [Section 9.17 - Ohio Revised Code | Ohio Laws](#) for updated threshold);
- The complex and technical nature of the procurement cannot be described in bid specifications; and
- It is logical to award a contract on factors other than price.

This process of conducting competitive proposals is similar to conducting competitive sealed bidding and includes:

- Proposals must be solicited from an adequate number of qualified sources to permit reasonable competition consistent with the nature and requirements of the procurement. The RFP must be publicized and identify all evaluation factors and their relative importance. Any response to public requests must be considered to the maximum extent practical;
- The RFP must identify all significant evaluation factors, including price or cost where required, and their relative importance;
- The City shall provide mechanisms for technical evaluation of the proposals received, determinations of reasonable proposals for the purpose of written or oral discussions, and selection for award;
- The award may be made to the responsible vendor whose proposal will be most advantageous to the City, price and other factors considered. Unsuccessful vendors shall be notified promptly; and
- The City may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitor's qualifications are evaluated, and the most qualified competitor is selected, subjected to negotiation of fair and reasonable compensation. This 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 even if A/E firms are potential source to perform the proposed effort.

Purchases of \$25,000 or above require Council approval.

E. Noncompetitive Proposal - General

The noncompetitive proposal process may be used only when the award of a contract is infeasible under small purchase procedure, competitive sealed bidding, or competitive proposals and **one or more** of the following conditions exist:

- Only one source of the product or service exists;
- The public exigency or emergency will not permit the delay which would result from competitive solicitation;
- The Federal awarding agency or pass-through entity expressly authorizes noncompetitive

proposals in response to a written request from the City;

- After solicitation of a number of sources, a determination is made that competition is inadequate. This includes circumstances where no acceptable bids have been received after an attempt to use competitive sealed bidding/formal advertising or no acceptable proposals have been received after an attempt to use competitive proposals/negotiation; or
- The purchases are for equipment or services where the prices are established by law for technical equipment requiring standardization and interchange ability of parts with existing equipment.

A written justification must be prepared to show why a competitive procurement methodology (small purchase procedures, competitive sealed bids, or competitive proposal/negotiation) was not used.

In the absence of an emergency, documentation must be maintained of any attempts to solicit competition. Such documentation must include:

- A copy of any public advertisement;
- A list of providers contacted;
- Copies of all letters received from prospective bidders or proposers, including those indicating a lack of interest in competing for the contract;
- Cost analysis, the projections of the data, and the evaluation of the specific elements of costs and profit. Independent estimates must be made before receiving bids or proposals; and
- Any other materials which would justify use of noncompetitive procurement.

Noncompetitive proposals require the mutual discussion and arrangement of terms of a transaction or agreement for the purpose of arriving at a common understanding of contract essentials such as technical requirements, schedules, prices, and terms.

Section VI – General Requirements

A. Contract cost and price analysis

Either a cost or a price analysis must be performed in connection with every procurement action in excess of the simplified acquisition threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation.

A cost analysis must be performed when the bidder is required to submit the elements of the estimated cost, e.g., under professional consulting and architectural engineering services contract. A cost analysis is also required when adequate price competition is lacking, and for sole source procurements, including procurements on the basis of catalog or market price of commercial product sold in substantial quantities to the general public or based on prices set by law or regulation. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.

When appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach. Breaking out procurements should only be done to obtain a more economical price and may not be done to avoid procedural requirements.

The City officers, employees and agents 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, except that government entities are prohibited by law from receiving a profit. 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 grants will be allowable only to the extent that costs incurred, or cost estimates included in negotiated prices are consistent with federal cost principles. Grantees may reference their own cost principles that comply with the applicable federal cost principles.

The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

B. General Procedural Requirements

The following general procedural requirements are applicable to all procurements utilizing federal monies:

- State purchasing contracts -
 - To participate in state purchasing contracts, a certified copy of a resolution by the City Council must be filed with the Department of Administrative Services (DAS) office of state purchasing. The resolution must request that the City be authorized to participate in the purchasing contracts, agree that the City is bound by terms and conditions set by DAS, and agree that the City will directly pay the vendor under each purchase contract.
 - The City cannot access state purchasing contracts when competitive bidding by the City has already occurred unless the state purchasing contract has the same terms, conditions, and specifications at a lower price. The City departments may also use the price contained in a state purchasing contract in other competitive selection procedures performed pursuant to this rule.
- Geographic preference - For purchases made in whole or in part with federal funds, or with state or local funds required for match, officers, employees, and agents of the City will conduct procurement in a manner that prohibits the use of statutorily or administratively imposed in-state or local 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.
- Non-profit and for-profit subgrantees – Officers, employees and agents of the City shall inform subgrantees of applicable procurement requirements in any agreement used in awarding the grant. The agreement shall contain reference to the applicable federal procurement requirements.

Section VII - Record Keeping

The City will maintain pertinent records regarding all procurements. Records will be retained to document the following when applicable:

- Rationale for the method of procurement;

- Copies of published advertisements for bids or proposals;
- Copies of all respondent's replies;
- Selection of the contract type;
- Basis of contractor selection or rejection;
- Basis for the cost or price;
- Copies of letters sent to known providers advising them of the goods and services sought;
- Identification of date, time and place bids or proposals were opened; and
- Proof of prior approval when required.

In cases of non-emergency, noncompetitive proposals, the City must maintain documentation of its attempts to solicit competition. Such documentation must include the following items:

- A copy of the public advertisement;
- A list of providers contacted;
- Copies of all letters received from prospective bidders or respondents, including those indicating a bidder's lack of interest in competing for the contract;
- Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profit. Independent estimates must be made before receiving bids or proposals; and
- Any other materials which would justify the agency's use of noncompetitive methods.

The City will make available for review, upon request of the Federal awarding or pass-through entity, any element of a federal procurement in accordance with 2 CFR section 200.325.

Section VIII - Monitoring

It is the responsibility of the City Department Officers or designee to monitor all contracts to ensure compliance with all terms, conditions, and specifications. The monitoring process will involve a review of contract terms prior to finalizing the agreement. In agreements providing for the delivery of supplies, equipment, or materials, such items will be checked and counted prior to acceptance. Legal disputes arising out of contracted procurements will be referred to the City Law Director if efforts to resolve the problem at the department level are unsuccessful.

Section IX - General

Before purchasing any equipment, due consideration will be given to lease, rental, and purchase alternatives to determine, consistent with prudent business judgment, which would be the most economical and practical procurements. In making this determination, due consideration will be given to useful life of the equipment to the program for which it is being purchased, technology obsolescence, maintenance considerations, purchase price versus lease or rental cost and any other matters considered by management to be warranted under the circumstances.

All procurements large and small will be reviewed and approved by the City Department Heads or their designee.

Section X – Suspension and Debarment

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 money, record of past performance, and financial and technical resources in accordance with 2 CFR section [200.214](#).

III. RESPONSIBILITIES

The City Department Heads have final authority and oversight of Procurement and Purchasing policies and procedures for their department. However, the Department Heads may assign any department member with the responsibility of the policy and procedure, quality service monitoring and outcome measures.

IV. IMPLEMENTATION PLAN FOR POLICY STATEMENT

Immediately.

V. ASSOCIATED INFORMATION/FORMS

- Federal Uniform Guidance (UG)
- Code of Ethics
- Code of Federal Regulations, §200.317 through §200.327
 - Link: [Procurement Standards](#)

EXHIBIT D

CASH MANAGEMENT POLICY

POLICY:

The purpose of this policy is to ensure that cash management standards are followed by the City in ensuring a minimal time lapse between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement for direct program or project costs and the proportionate share of allowable costs, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. This policy will ensure that the City satisfies the specific requirements under Uniform Guidance 2 CFR Part 200.

I. PROCEDURE SUMMARY

This procedure sets the standards that governs the performance of the City officers, employees, and agents in managing the receiving and disbursements of Federal monies. Federal requirements will apply unless state or City requirements are more restrictive.

II. PROCEDURE STEPS

1. If the advance basis is used, the timing and amount of advance payments must be as close as administratively feasible to the actual disbursements. If the reimbursement basis is used, the Federal awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonably believes the request to be improper. The City must maintain supporting documentation showing that cost for which reimbursement was requested was paid prior to the date of the reimbursement request.
2. The City 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 cash payments.
3. Interest earned amounts up to \$500 per year may be retained by the City for administrative expenses. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services, Payment Management System. Certain grants do allow the City to retain more than \$500 in interest per year. However, this is unusual. Check with the City Manager/Finance Director's office to verify.

III. RESPONSIBILITIES

The City Department Heads have final authority and oversight of Cash Management policies and procedures for their department. However, the City Department Heads may assign any department member with the responsibility of the policy and procedure, quality service monitoring and outcome measures.

IV. IMPLEMENTATION PLAN FOR POLICY STATEMENT

Immediately.

V. ASSOCIATED INFORMATION/FORMS

- Federal Uniform Guidance (UG)
- Code of Federal Regulations, §200.302 and §200.305, financial management
 - Link: [200.302: Financial Management](#)
 - Link: [200.305: Payment](#)

EXHIBIT E

Small Purchases (\$10,000 to \$50,000) Vendor Evaluation

NOTE: Must have at least three quotes. Quotes can be written, verbal, or web based.

Materials, Supplies, Equipment, and Service (describe) _____

Pricing Structure (per hour, per unit, monthly cost, flat fee, etc.) _____

Compile the following information for each vendor that provided a quote and **attach** supporting documentation with this evaluation:

				Please insert comments below each objective criterion below		
Vendor Name/Vendor Contact	Date Quote Obtained	Method Obtained (written, verbal, web based)	Total Estimated Price	Ability to provide the good/service and past experiences with the vendor	Proximity to the City	Perceived quality of the good/service

Recommended vendor:

Rational for recommending vendor:

EXHIBIT F

RFP Evaluation Spreadsheet

To be used to evaluate bids received for a competitive sealed bid (construction). **COST** is the primary factor.

Enter initials of Firms below.

Individual worksheets compute weighted scores.

"Comparison" worksheet displays weighted scores.

Project:

Worksheet	Firm Initials
A	
B	
C	
D	
E	
F	
G	
H	
I	
J	