

# **CITY OF KIRKLAND FEDERAL AWARD STANDARDS**

## **PURPOSE**

Establish and maintain internal controls that provide reasonable assurance that Federal awards are being managed in compliance with all Federal regulations and with the terms and conditions of the award. The City of Kirkland will follow the Uniform Guidance, the Local Agency Guidelines (LAG) distributed by The Washington State Department of Transportation (WSDOT), Government Accountability Office Standards for Internal Control in the Federal Government (the Green Book) and the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Control – Integrated Framework Principles included as Attachment A.

## **INTERNAL CONTROLS**

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

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

## **CERTIFICATION**

To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which reads as follows: "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise."

## **ADVANCE PAYMENTS AND REIMBURSEMENTS**

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

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

**ALLOWABLE COSTS**

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

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

**PROCUREMENT**

When procuring property and services under a Federal award, the City of Kirkland will follow 2 CFR §200.318 General procurement standards through §200.326 Contract provisions or City of Kirkland purchasing procedures whichever is more restrictive. The following table outlines procurement requirements when using Federal funds.

<b>Procurement Method</b>	<b>Goods</b>	<b>Services</b>
Micro-Purchase – No required quotes. However, must consider price as reasonable, and, to the extent practical, distribute equitably among suppliers.	\$3,000 or less  <b><i>Must use</i></b> more restrictive \$3,000 federal threshold	\$3,000 or less  <b><i>Must use</i></b> more restrictive \$3,000 federal threshold
Small Purchase Procedures (Informal) – Obtain/document quotes from a reasonable number of qualified sources (at least three).	\$3,000 - \$40,000 (Single trade) \$3,000 - \$65,000 (Multi trade) \$3,000 - \$50,000 (Non-Public works projects)	\$3,000 - \$40,000 (Single trade) \$3,000 - \$65,000 (Multi trade) \$3,000 - \$50,000 (Non-Public works projects)

	<b>Must use</b> more restrictive City threshold instead of \$150,000 Federal threshold	<b>Must use</b> more restrictive City threshold instead of \$150,000 Federal threshold
Sealed Bids / Competitive Bids (Formal)	\$40,000 or more (Single trade) \$65,000 or more (Multi trade) \$50,000 or more (Non-Public works projects)  <b>Must use</b> more restrictive City threshold instead of \$150,000 Federal threshold	\$50,000\$40,000 or more (Single trade) \$65,000 or more (Multi trade) \$50,000 or more (Non-Public works projects)  <b>Must use</b> more restrictive City threshold instead of \$150,000 Federal threshold 0 or more
Competitive proposals	Used when conditions are not appropriate for the use of sealed bids. <ul style="list-style-type: none"> <li>• Must publicize request for proposals soliciting from an adequate number of qualified sources</li> <li>• Maintain written method for conducting technical evaluations</li> <li>• Contract must be awarded to the responsible firm whose proposal is most advantageous to the program</li> </ul>	
Non-competitive proposals	Appropriate only when: <ul style="list-style-type: none"> <li>• Available only from a single source; or</li> <li>• Public emergency; and</li> <li>• Expressly authorized by awarding or pass-through agency in response to written request from the City of Kirkland; or</li> <li>• After soliciting a number of sources, competition is deemed inadequate.</li> </ul>	

Contracts for more than the simplified acquisition threshold currently set at \$150,000 must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

Contracts and sub-grants of amounts in excess of \$150,000 requires that the City of Kirkland will comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act.

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

Verify and document that vendors are not suspended or debarred from doing business with the Federal government.

#### SINGLE AUDIT ACT

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

#### CLOSURE

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

## **CITY OF KIRKLAND CODE OF CONDUCT**

#### PURPOSE

The purpose of the Code of Conduct is to ensure the efficient, fair and professional administration of federal grant funds in compliance with 2 CFR §200.112, 2 CFR §200.318 and other applicable federal and state standards, regulations, and laws.

#### APPLICATION

This Code of Conduct applies to all elected officials, employees or agents of the City of Kirkland engaged in the award or administration of contracts supported by federal grant funds.

#### REQUIREMENTS

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

- The City employee, elected official, or agent; or
- Any member of their immediate family; or
- Their partner; or
- An organization which employs, or is about to employ any of the above.

The City of Kirkland's elected officials, employees or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors or subcontractors.

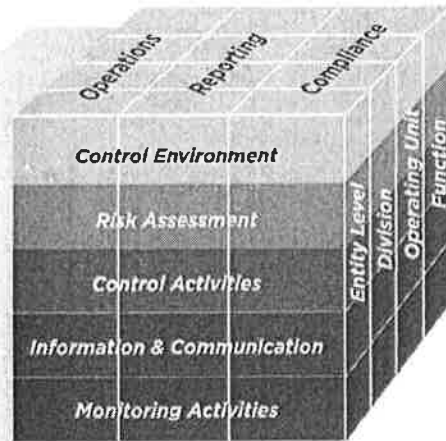
REMEDIES

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

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KURT TRIPLETT, CITY MANAGER

DATE: \_\_\_\_\_

# COSO Internal Control — Integrated Framework Principles



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## Control Environment

- 1 The organization demonstrates a commitment to integrity and ethical values.
- 2 The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
- 3 Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
- 4 The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
- 5 The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

## Risk Assessment

- 6 The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.
- 7 The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.
- 8 The organization considers the potential for fraud in assessing risks to the achievement of objectives.
- 9 The organization identifies and assesses changes that could significantly affect the system of internal control.

## Control Activities

- 10 The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- 11 The organization selects and develops general control activities over technology to support the achievement of objectives.
- 12 The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

## Information & Communication

- 13 The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.
- 14 The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.
- 15 The organization communicates with external parties regarding matters affecting the functioning of internal control.

## Monitoring Activities

- 16 The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.
- 17 The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

For more information about COSO, visit [coso.org](http://coso.org).

**Grant Process**

