

THE CITY OF TEXAS CITY

Grants Administration Manual



MAYOR'S OFFICE | ADOPTED BY THE CITY COMMISSION ON 1/18/23
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GRANTS ADMINISTRATOR

The City of Texas City's Grants Administrator is situated within the Mayor's Office and is tasked with centralizing the City's grant seeking and grant giving efforts; providing guidance and oversight to City departments in managing their post-award grant administration and reporting processes; and processing any donations received by the City.

The mission of the Grants Administrator is to increase the City's capacity to compete for federal, state, county, corporate, and foundation grant opportunities and to effectively assist in the full life cycle of grant management from application through closeout. The aim is to increase grant revenue, limit the City's exposure to any grant related legal liability, and improve the overall efficiency and impact of programs and services funded through grant dollars.

The Grants Administrator utilizes eCivis, a leading grants management system designed for state and local governments and school districts. The software allows the Grants Administrator to search and analyze a comprehensive listing of federal, state, and foundation grant opportunities.

Plases note: All City of Texas City grant applications must be submitted by the Grants Administrator. This not only ensures that the submitted requests align with the established City's priorities; it can help avoid duplicate requests to the same funder. Further, all local foundation requests and meetings will be facilitated by the Grants Administrator.

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INTRODUCTION

Grant funds received by the City of Texas City support important programs and services that the City provides to our community. These funds allow the City to extend pre-existing services, introduce new initiatives, gain technological advances, and subsidize programmatic staffing and equipment. Grant funds are dispersed throughout many City departments and impact a variety of efforts, including public safety, economic development, community development, technology, recreation, and infrastructure improvement, among many others. Because grant funding allows the City to leverage local public funds to extend and enhance the services it offers to the community, the impact of grant funding upon the City of Texas City is significant.

The purpose of this Grants Manual is to guide City employees through the grant seeking and post-award processes for all departments, allowing us to achieve our mission more fully. The policies and procedures contained herein are intended to foster exceptional stewardship of the public trust through a rigorous adherence to ethical standards associated with grant related activity.

The policies and procedures laid out in this Grants Manual aim to achieve the following:

- Ensure that all grant related activity is consistent with the strategic priorities of the Mayoral administration.
- Ensure the integrity of the City's good standing among grantmaking entities, from local foundations to Federal agencies and everything in between.
- Ensure accountability for financial and programmatic elements of grant management, as well as the detection and mitigation of potential grant related problems.
- Serve as a resource for all steps of the grant's lifecycle including grant seeking, post-award management, and closeout for all City departments; and
- Centralize grant seeking and management to promote collaboration and coordination of the grants process between City departments.

If specific direction relative to grants cannot be located in this policy, please refer to existing City of Texas City policies and procedures or contact the Grants Administrator for assistance.

DEFINITIONS

~~Administration – Primarily the responsibility of the Grants Administrator, includes the collective grant activities from completing an application to completing all the closeout requirements for the award.~~

Application Package – A group of specific forms and documents for a specific funding opportunity which are used to apply for a grant.

Award – An approved application for financial assistance that provides support or stimulation to accomplish a public purpose.

Catalog of Federal Domestic Assistance (CFDA) number – The number assigned to a Federal program in the CFDA. CFDA provides a full listing of all Federal programs available to State and local governments.

Closeout – The process by which the Federal awarding agency or pass-through entity determines that all applicable administrative actions and all required work of the Federal award have been completed and takes actions as described in § 200.343 Closeout of the OMB Uniform Grants Guidance.

Code of Federal Regulations (CFR) – A codification of the rules governing federal assistance programs published in the Federal Register.

Contract – An executed agreement for procurement of funds, goods, services, or other assistance with specific obligations per the terms of an award and applicable federal, state and local regulations.

Cost Sharing or Matching – The portion of project costs not paid by grant funds. Represents a contribution based on overall costs of a project or activity provided by the grantee or by third parties from sources other than the grant funds. Can be a “cash match” of money or “in-kind match” of personnel, supplies, services, equipment, or other property.

Federal Awarding Agency – The Federal agency that provides a federal award directly to the governmental entity for which the City serves as a subrecipient.

Financial Management – Primarily the responsibility of the Finance Department. This includes, providing technical and management assistance to the Grants Administrator, coordinating the City-wide Single Audit, submitting reimbursement request to grantors where determined appropriate and practical by the Finance Department, and coordinating the City-wide physical inventory of grant-funded equipment.

~~Funding Period – The period when federal funding is available for obligation by the recipient.~~

Grant – An award to carry out a valid purpose under terms established by the grantor/awarding agency depending on the type of award and applicable federal, state and local regulations.

Grant Management – Primarily the responsibility of the Grants Administrator. This includes seeking grants where applicable and practical and where benefits of the grant exceed the cost of administering the grant, obtaining City Commission approval needed to apply for a grant, submitting requested documentation to the Finance Department, complying with requirements of the grant agreement, monitoring the grant program activities, and cooperating with the Finance Department to fulfill auditor requests and complete the City-wide physical inventory of grant funded equipment.

Grantee – A City Department or organization receiving financial assistance directly from an awarding agency to carry out a project or program, also referred to as a recipient or subrecipient.

Grantor – Entity providing financial assistance in the form of an award, also referred to as the sponsor or awarding agency.

Office of Management & Budget (OMB) – An Executive Office of the President of the United States responsible for issuing circulars to establish uniform standards for administrative and financial regulations for government granting agencies.

Pass-Through Entity – A non-Federal entity that provides a subaward to the City (as subrecipient) to carry out part of a federal program.

Schedule of Expenditures of Federal Awards (SEFA) – a supplementary Comprehensive Annual Financial Report (CAFR) schedule that includes the name of the Federal grantor agency or organization, the official program title of the Federal award, the applicable CFDA number for each award, the grant number assigned by the Federal awarding agency, and current year expenditures (both directly incurred by the City and passed through to subrecipients).

Single Audit – A financial, internal control and compliance audit established in OMB circular A-133 for entities that collectively expend \$750,000 or more of Federal assistance in a fiscal year.

Subaward – An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity.

Subrecipient – 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.

Grant Checklist

Pre-Award

- ✓ Identify a grant opportunity or funding need.
- ✓ Meet with Grants Administrator to evaluate opportunity, discuss timeline, and assign roles.
- ✓ Department Subject Matter Experts (SME) provides necessary information to Grants Administrator for inclusion in the application.
- ✓ Grants Administrator will submit application.
- ✓ Grants Administrator will notify department when award is approved or denied.

Post Award

- ✓ Grants Administrator will contact department to schedule grant execution meeting.
- ✓ Department SME works with the Grants Administrator to draft legislation to be presented to Commission.
- ✓ Grants Administrator and department SME attend City Commission meeting regarding the grant.
- ✓ Grant is signed by Mayor.
- ✓ If required, the Grants Administrator, City Attorney, and department SME will draft partner agreements to be signed by interested parties.
- ✓ Grants Administrator will notify Finance Department when to expect funds from grantor.
- ✓ Submit any progress and financial reports for funder to Grants Administrator.
- ✓ Prior to any major budget or project changes, contact Grants Administrator.
- ✓ Submit close-out documentation, including final reports, to Grants Administrator for submission to Finance Department (if applicable) and grantor.
- ✓ Per grant agreement, retain necessary documentation for an audit.

PART 1: GRANT SEEKING

I. GRANT SEEKING PROCESS OVERVIEW

The Grants Administrator aims to help departments to both find and apply for grant opportunities, thereby allowing each department to expand its overall capacity without placing greater burden on the City's Operating and Capital budgets. To do this, the Grants Administrator must have knowledge of all departmental needs that may be met through grant funding. Understanding a department's needs and priorities will allow the Grants Administrator to conduct research to find possible grant opportunities that suit its needs.

The following methods will be used to match departmental needs with grant opportunities:

- I. Annual meetings with departments
 - As part of the yearly formation of the City's Operating and Capital budgets, the Grants Administrator will meet with departments during their annual budget formation meetings to identify the current needs and priorities of the department. These identified priorities will inform regular searches of our grants database. Department heads and the designated grants liaisons for each department will be notified throughout the year as promising new grant opportunities are identified.
- II. Ad-hoc grant seeking
 - At any time during the year, all City employees are encouraged to bring new ideas or initiatives to the Grants Administrator. In these cases, the Grants Administrator will work to match the idea to existing grant opportunities and add the information to the internal department priority lists.

Once a grant opportunity is identified, the Grants Administrator will work with the department head or application team to complete a high-quality application for submission prior to the deadline.

II. IDENTIFYING A GRANT OPPORTUNITY

You may have a great idea for a new program, or your department might be in need of a piece of equipment. However, the City's Operating or Capital Budgets are not always realistic sources of funding for new purchases or initiatives. Fortunately, the Grants Administrator is here to help you identify grant opportunities that match your specific needs.

The process below will be followed for all new requests brought to the Grants Administrator:

- I. Departments contact the Grants Administrator with a specific need (i.e. new unfunded program, equipment purchase, etc.).
- II. The Grants Administrator will use eCivis, an online grants database, and funding expertise to locate the most appropriate grant opportunities.
- III. If a promising grant opportunity is located, an initial grant evaluation meeting will be scheduled with the department and the Grants Administrator.
- IV. If the Grants Administrator is unable to identify promising grants immediately, a notification is set up in eCivis that will send an alert when relevant funding opportunities become available.

HOW GRANT OPPORTUNITIES DIFFER

Foundation Grants: Local and national foundations exist to give away monies from their endowments to programs of specific interest to their founders or board of directors and/or to benefit specific locations or populations. They make decisions following only their own bylaws. As such, requests for funding from foundations should reflect the unique priorities of each organization. Funding requests from local foundations will need to be evaluated and approved by the Mayor's Office before an application can be submitted. ***Notify the Grants Administrator at least 2 weeks prior to the application deadline.***

Corporate Grants: Corporate philanthropies are private funders who are endowed by corporations, and in some cases even receive a designated percentage of profits each year to give away. They too make funding decisions based on their own bylaws, which often dovetail with the sector in which the associated corporation operates. Usually, a corporation's website will detail its grant making priorities and application guidelines. ***Notify the Grants Administrator at least 2 weeks prior to the application deadline.***

State Grants:

The State of Texas offers several grant opportunities for municipalities through various agencies. These grants cover a wide variety of subject matter including environmental issues, transportation funding, economic development, and historic preservation. ***Notify the Grants Administrator at least 1-month prior to the application deadline.***

Federal Grants:

The most time-consuming and competitive opportunities, Federal grant applications are substantial undertakings that can require project teams working upwards of 3 months to successfully complete. These grants often provide very substantial funding for longer-term initiatives, pilot projects, equipment, infrastructure-related projects, etc. that may be too costly to otherwise fund. These opportunities are often offered through the relevant agencies like the Department of Agriculture (USDA), Department of Education (DoED), Department of Housing and Urban Development (HUD), etc. ***Notify the Grants Administrator at least 1 month prior to the application deadline.***

III. APPLYING FOR A GRANT

Once a grant opportunity has been identified, the Grants Administrator will schedule a meeting to evaluate the competitiveness of a possible City of Texas City application. During the meeting, the following steps will be completed by the Grants Administrator, Finance, and department representatives:

- I. Review the application material in-depth.
- II. Identify all content and application components that must be developed for a successful application.
- III. Identify financial implications
 - Total anticipated project cost
 - Match requirements and sources
 - Partner organizations/sub-contractors
 - Staffing requirements (including salary and benefits increases for multi-year grants)
 - Documentation of a clear continuation plan*
- IV. Identify programmatic implications
 - Alignment with Mayoral administration's strategic priorities

- Alignment with the department's goals
- Department's capacity to administer the programmatic, financial, and administrative aspects of the grant

*In evaluating grant opportunities, departments are required to develop continuation plans prior to applying for grants. The plan should address strategies for sustaining grant funded programs should funding be reduced or terminated. Departments must plan responsibly for either termination or reduction of the program, or, plan to seek alternative sources of funding. Departments must understand that grants are temporary and additional costs cannot be absorbed by the City's operating budget.

Upon reviewing the factors above, a decision will be made regarding whether to pursue the grant opportunity. The process below will be followed to determine the next steps for all grant opportunities:

- I. Reach a joint decision on whether the opportunity should be pursued
- II. Develop an application timeline, assign tasks, and, if necessary, identify a larger project team to aide in application development
- III. Schedule any necessary follow-up meetings

The process of assembling a grant application can vary greatly, as can the time commitment necessary to complete a competitive application. Keep in mind, the Grants Administrator is always available as a resource, but departmental staff must be active contributors to the application to provide the necessary technical and operational expertise and knowledge. The following can be expected from the Grants Administrator during the application process:

- Attend regular project team meetings and provide expertise and feedback.
- Writing and editing assistance.
- Assist with securing letters of support to be included with the grant application.
- Offer guidance on best practices for developing budgets, logic models, and other commonly required application components.

COMMON APPLICATION COMPONENTS

While each grant opportunity will have specific requirements, this section is intended to provide information that can be applied to all grant pursuits in general.

Writing an Executive Summary: The abstract or executive summary is a brief, page-limited overview of what the grant reviewer will find in the full grant application. Brevity is important - this section should be no longer than one page unless the guidelines indicate the need for a two-page summary. It is recommended to write the abstract or summary after the entire grant application narrative is written. Always follow the funder's guidelines regarding word or line limits and the structure of the abstract or executive summary.

Developing a Budget: The budget should contain two parts: (1) a budget and (2) a budget narrative. The budget will include a list of all line items and the specific dollar amounts, as well as a total cost for all expenses. The budget narrative is the more detailed, written explanation of how the monies will be spent if the project is funded. This section will explain and justify the calculations used to arrive at the budget figures.

Coordinating a Letter of Commitment or Support: A letter of support comes from a partner organization and states that the partner is committed to providing leveraging assets to your grant funded program when funded. Partner organizations can commit to providing cash, facilities, technical assistance, equipment, supplies and materials, or loaned staff. Ask for letters of support from affiliates early in the planning process (*Note: the number of support letters required will vary*). In addition, letters of support can be written by local elected officials or organizations that underline their favorable opinion of the projects without specifically committing resources or funding to the proposal.

Creating a Logic Model: The Logic Model is a graphic blueprint of the key elements of a proposed program. It looks at inputs, activities, outputs, outcomes, and impacts. If you live and work in the world of grants, avoiding the Logic Model is difficult. Many different funders require a Logic Model in the program design of the grant application narrative.

See the Appendix for a sample budget, Commission resolution, and logic model. In addition, the Grants Administrator website is a resource for additional grant application tools.

IV. APPLICATION SUBMISSION

Prior to grant application submission, the application must be reviewed by the Grants Administrator. The goal is to ensure that program and application materials align with established City priorities, meet the City's document quality standards, have matching funds available (if required), and that the means for continuation of the project or program after the grant period ends have been given realistic consideration.

The Grants Administrator is responsible for ensuring that the pre-application assessment factors noted above have been evaluated and completed prior to submission.

The process below will be followed prior to submitting your grant application:

- I. Departments provide the Grants Administrator with all relevant application materials to review and authorize prior to submission.
- II. The Grants Administrator verifies any necessary information with department heads, Finance, and the Mayoral administration.
- III. Obtains City Commission approval needed to apply for and accept grant funds. Applications for grant funds up to \$50,000 require Mayor approval; over \$50,000 requires City Commission approval. *Thresholds are consistent with the City's purchasing guidelines.*
- IV. Grants Administrator then submits the application following the procedures laid out by the funder.
- VI. Grants Administrator sends a copy of the entire request (including all attachments and supporting documentation) to the Department which retains a digital copy of the application and supporting materials for future reference.
- VII. Grants Administrator submits a copy of the application and supporting documents to Finance at the time of application submission to the Grantor.
- VIII. Notify Department when award is approved or denied.

PART 2: POST-AWARD GRANT MANAGEMENT

I. GRANT NOTIFICATION AND ACCEPTANCE

Once the Grants Administrator and/or department is notified that grant funding is awarded, the department calls the Grants Administrator to schedule a grant execution planning meeting. ***In some cases, grant awards require a quick turnaround to execute grant agreements. The Grants Administrator will work with departments to meet funder deadlines.*** Oversight of this process is critical to ensure that the interests and responsibilities of the City are met.

Throughout the grant cycle, the department is required to:

- Implement the project or program
- Achieve the stated goals and objectives outlined in the grant contract
- Comply with grantor's terms and conditions
- Meet agreed upon deadlines
- Adhere to the stated budget
- Maintain appropriate records
- Meet financial and programmatic reporting requirements
- Communicate the results of the program or project to the grantor and Grants Administrator

The process below will be followed for all grant award acceptance:

- I. The Grants Administrator will begin the process of formally accepting the funds.
- II. Upon receipt of the notice of the grant award, Grants Administrator and City Attorney review the grant agreement (including grant requirements), and forwards all information to Finance for tracking the grant and filing in the grant file.
- III. A unique number for the grant will be assigned by the Finance Department for use in Munis, the City's accounting system, in managing deposits and expenses related to the grant. This number will also be used as part of sections 1 and 2 of the resolutions for Commission.
- IV. The Grants Administrator will assist departments in the drafting of legislation to be submitted to City Commission. Authorization to accept and expend an award must be approved by City Commission through the legislative process.
- V. Once the Commission has approved acceptance, the Grants Administrator will forward the grant documentation to the Mayor for signature. Grant awards will need to be signed by the Mayor in order for them to be accepted by the grantor and become a fully executed agreement. The Grants Administrator will then send executed agreements back to the departments. Grant agreements may require additional signatures depending on the funder, which could include a department director and the Legal Department. **Pay attention to the deadline to accept a grant. Some grant award acceptances require a quick turnaround.**
- VI. The Grants Administrator is responsible for sending executed and signed grant documentation to the funder. This is usually a paper file but may be electronic. Upon receipt, the grantor will sign the final award document (executed award) and send it back to the Grants Administrator. When copies are received, the Grants Administrator will forward copies to the Department, Finance, and the City Secretary.

Partner Organizations: There may be circumstances in which the City of Texas City will partner with an outside organization. For example, the City is often approached by local non-profits, authorities, and other agencies to serve as the lead applicant for grant opportunities that are only open to municipalities. **As the lead applicant, the City assumes all the responsibilities for the grant, and must contract with the secondary organization.** In the case of all partnerships, a Memorandum of Understanding (MOU) between partner organizations is required.

A MOU is a document which outlines each organization's roles and responsibilities in fulfilling the grant requirements. The City Attorney will be instrumental in writing the agreement, which will then be folded into the process of accepting the grant award. At the time when legislation is presented, the MOU will also be included in the accompanying resolution.

II. MANAGING THE GRANT

Once grant funding is awarded and accepted, departments assume responsibility for accurately expending grant funds in accordance with the budget as well as implementing the scope of work for the project. There are unique financial and implementation requirements for every grant, which will be laid out in the award documents. The Grants Administrator is available to assist with any questions about these requirements.

The process below will be followed for managing a grant:

- I. In conjunction with the Grants Administrator the department will create a Grant Implementation Plan that identifies the goals and objectives to be achieved, the project timeline, milestone events, an anticipated expenditure schedule, and roles and responsibilities. The purpose of this policy is to ensure that all grant funded programs or projects are managed according to the terms set forth in the grant agreement, the City of Texas City Grants Manual, and other applicable City policies and procedures.
- II. The Grants Administrator must request payment from the funder if payment is not received up front. The specific payment method will be disclosed in the executed agreement. A request for payment will be submitted through the Grants Administrator via eCivis.
- III. Expenditures go through the City's regular approval process in Munis.
- IV. Departments are required to submit timely progress and financial reports that are outlined in the final grant agreement. Timely submission is necessary to avoid audit findings and ensures the City remains in good standing with all funders. Untimely submission of reports can jeopardize future funding requests and hold up payments for the City of Texas City via the same funding agency. Copies of reports will be sent to the Grants Administrator.
- V. Notify the Grants Administrator of any budget or programmatic changes to the Grant. Funders must approve any significant budget or programmatic changes through a written request, including award extensions. The grant agreement is a formal contract, so any changes need to be agreed on by both parties. For example, if an item costs significantly more or less than what was entered in the budget, if there is a change of staff, or a change in project scope, departments will need funder permission to implement changes. If a modification request is not submitted, it is likely that grant funds will need to be returned (to the Grantor) or they will not be reimbursed.

- VI. Requests for Proposals (RFPs) for vendors need to be coordinated with the Grants Administrator to ensure RFPs are in line with the grant award. If this is a Federal grant, the Department must search the System for Award Management (SAM) website to ensure any sub-awardees, or the vendor is not debarred or suspended.

- VII. For purchases and contracts \$50,000 or more (cumulatively in any fiscal year), the City does not enter into contracts or procure goods from vendors or contractors that are suspended or debarred. **Purchasing checks suspension and debarment for every requisition \$50,000 and above. This test will be done for all Federally Funded items that come through Commission. Additionally, a suspension and debarment clause is included in the Standard Terms and Conditions for purchase orders and contracts. The same is now included in the Instruction to Bidders in the Project Manual.**

- VIII. City procurement policies must be followed when procuring goods or services with grant funds.

- IX. Federal procurement regulations must be followed when procuring goods or services with Federal funds, including completion of the (1) Independent Estimate Determination Form and (2) Cost or Price Analysis (Reasonableness Form) if the procurement is \$250,000 or more. These forms will be completed by the department SME.

UNIFORM GRANT GUIDANCE – FEDERAL PROCUREMENT RULES (effective 10/1/2018 per *CFR § 200.320*)

Methods of procurement under Federal Awards. Note that City thresholds are more conservative and therefore are noted in place of Federal thresholds.

Purchase Type	Characteristics & Requirements	
Below \$50k (City threshold)		
Micropurchases	<ul style="list-style-type: none"> ● Under \$3,000 (City threshold) ● No bid or quote process required ● No cost or price analysis required ● Should be distributed among a range of qualified vendors ● Use interentity agreements where applicable 	
Small purchases	<ul style="list-style-type: none"> ● Under \$50,000 (City threshold) ● Price or rate quotes required from an adequate number of sources ● Should be distributed among a range of vendors ● Use interentity agreements where applicable 	
Equal to or above \$50k (City threshold)		
Sealed bids	<ul style="list-style-type: none"> ● Typically used for construction contracts ● Bids must be publicly solicited ● Two or more bidders are willing and able to compete and qualified to do the work ● Complete, adequate, and realistic specification or purchase description is available ● Firm fixed-price contract is feasible; a bidder can be selected based on price ● Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids ● Invitation for bids must be publicly advertised ● Bids will be opened at the time and place prescribed in the invitation for bids and the bids must be opened publicly ● A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder ● Any or all bids may be rejected if there is a sound documented reason 	<p>Written policies and procedures for:</p> <ul style="list-style-type: none"> ● Procurement standards ● Conflicts of interest in procurement ● Allowable cost standards
Competitive proposals	<ul style="list-style-type: none"> ● Requests for proposals must be publicized and identify all evaluation factors and their relative importance ● Proposals must be solicited from an adequate number of qualified sources ● Written method of evaluation, considering price as well as other factors advantageous to the program 	
Below, equal to, or above \$50k (City threshold)		
Noncompetitive proposals	<p>Falls into one or more of these four circumstances:</p> <ul style="list-style-type: none"> ● Item available only from a single source ● Public exigency or emergency won't permit a delay resulting from competitive solicitation ● Expressly authorized by the awarding agency or pass-through entity ● Competition is determined to be inadequate after solicitation 	

Independent Estimate *and* Cost or Price Analysis

At or above the Federal simplified acquisition threshold of \$250,000, organizations are required to document their cost and price analysis as well as the criteria by which you selected a vendor. Even though one source is available for the purchase, the Independent Estimate Determination and Contract Cost or Price Analysis must be performed to ensure reasonableness. The requirements relating to these analyses follow.

Questions	Independent Estimate and Determination	Contract Cost or Price Analysis
Why is analysis required?	Code of Federal Regulations §200.323 requires documentation of an independent estimate reached.	Code of Federal Regulations §200.323 requires documentation of a cost analysis or price analysis.
When does analysis apply?	For every procurement action at or above \$250,000	For every procurement action at or above \$250,000
When should analysis be performed?	BEFORE receiving bids or proposals or BEFORE receiving quotes or proposals from other governmental entities through an interlocal contract or a purchasing cooperative.	AFTER proposals or quotes are received <u>but</u> BEFORE the contract is awarded.
What is the purpose of the analysis?	Used to document the City's estimated range of fair and reasonable costs for the goods and/or services to be acquired and to document the analysis PRIOR to seeking bids, proposals, or quotes.	Demonstrates that the procurement process was conducted in an open and fair manner and that the City received the most advantageous price.
What do I do with the analysis once completed?	Submit completed form to the Purchasing Manager, or designee, for approval. Once approved, submit completed and signed form to the Grants Compliance Team for retention with the grant file.	Submit completed form to the Purchasing Manager, or designee, for approval. Once approved, submit completed and signed form to the Grants Compliance Team for retention with the grant file.

Contract Provisions for Contracts Under Federal Awards

In addition to other provisions required by the City, all contracts made by the City under Federal awards must contain provisions covering Appendix II to Part 200 of the CFR. See these provisions in the table below.

§ 200.318 General Procurement Standards.

(a) The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327.

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(c)

(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ

any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

(2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a State, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity 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. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements. (f) The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

(g) The non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

(h) The non-Federal entity 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 policy, record of past performance, and financial and technical resources. See also § 200.214.

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. (j)

(1) The non-Federal entity may use a time-and-materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to a non-Federal entity is the sum of:

(i) The actual cost of materials; and

(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree

of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

(k) The non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction

§ 200.319 Competition.

(a) All procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition consistent with the standards of this section and § 200.320.

(b) In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

(1) Placing unreasonable requirements on firms in order for them to qualify to do business;

(2) Requiring unnecessary experience and excessive bonding;

(3) Noncompetitive pricing practices between firms or between affiliated companies;

(4) Noncompetitive contracts to consultants that are on retainer contracts;

(5) Organizational conflicts of interest;

(6) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and

(7) Any arbitrary action in the procurement process.

(c) The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. 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.

(d) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

(1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical

or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and

(2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

(e) The non-Federal entity must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the non-Federal entity must not preclude potential bidders from qualifying during the solicitation period. (f) Noncompetitive procurements can only be awarded in accordance with § 200.320(c).

§ 200.320 Methods of procurement to be followed.

The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

(a) Informal procurement methods. When the value of the procurement for property or services under a Federal award does not exceed the simplified acquisition threshold (SAT), as defined in § 200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include:

(1) Micro-purchases —

(i) Distribution. The acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (See the definition of micro-purchase in § 200.1). To the maximum extent practicable, the non-Federal entity should distribute micro-purchases equitably among qualified suppliers.

(ii) Micro-purchase awards. Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. Purchase cards can be used for micro-purchases if procedures are documented and approved by the non-Federal entity.

(iii) Micro-purchase thresholds. The non-Federal entity is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. The micro-purchase threshold used by the non-Federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations. Non-Federal entities may establish a threshold higher than the Federal threshold established in the Federal Acquisition Regulations (FAR) in accordance with paragraphs (a)(1)(iv) and (v) of this section.

(iv) Non-Federal entity increase to the micro-purchase threshold up to \$50,000. Non-Federal entities may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements of this section. The non-Federal entity may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the Federal awarding agency and auditors in accordance with § 200.334. The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:

(A) A qualification as a low-risk auditee, in accordance with the criteria in § 200.520 for the most recent audit;

(B) An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,

(C) For public institutions, a higher threshold consistent with State law.

(v) Non-Federal entity increase to the micro-purchase threshold over \$50,000. Micro-purchase thresholds higher than \$50,000 must be approved by the cognizant agency for indirect costs. The non-federal entity must submit a request with the requirements included in paragraph (a)(1)(iv) of this section. The increased threshold is valid until there is a change in status in which the justification was approved.

(2) Small purchases —

(i) Small purchase procedures. The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity.

(ii) Simplified acquisition thresholds. The non-Federal entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and its documented procurement procedures which must not exceed the threshold established in the FAR. When applicable, a lower simplified acquisition threshold used by the non-Federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations.

(b) Formal procurement methods. When the value of the procurement for property or services under a Federal financial assistance award exceeds the SAT, or a lower threshold established by a non-Federal entity, formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement can be used in accordance with § 200.319 or paragraph (c) of this section. The following formal methods of procurement are used for procurement of property or services above the simplified acquisition threshold or a value below the simplified acquisition threshold the non-Federal entity determines to be appropriate:

(1) Sealed bids. A procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bids method is the preferred method for procuring construction, if the conditions.

(i) In order for sealed bidding to be feasible, the following conditions should be present:

(A) A complete, adequate, and realistic specification or purchase description is available;

(B) Two or more responsible bidders are willing and able to compete effectively for the business; and

(C) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(ii) If sealed bids are used, the following requirements apply:

(A) Bids must be solicited from an adequate number of qualified sources, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;

(B) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

(C) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

(D) 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 cost, and life cycle costs must 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 advantage of; and

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

(2) Proposals. A procurement method in which either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when conditions are not appropriate for the use of sealed bids. They are awarded in accordance with the following requirements:

(i) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified offerors. Any response to publicized requests for proposals must be considered to the maximum extent practical;

(ii) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and making selections;

(iii) Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the non-Federal entity, with price and other factors considered; and

(iv) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services through A/E firms that are a potential source to perform the proposed effort.

(c) Noncompetitive procurement. There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the following circumstances apply:

(1) The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (see paragraph (a)(1) of this section);

(2) The item is available only from a single source;

(3) The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;

(4) The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or

(5) After solicitation of a number of sources, competition is determined inadequate.

§200.321 Contracting with small and minority businesses, women’s business enterprises, and labor surplus area firms.

(a) The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

(b) Affirmative steps must include:

(1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;

(2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

(3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;

(4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;

(5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and

(6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (b)(1) through (5) of this section.

§200.322 Domestic preferences for procurements

(a) As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

(b) For purposes of this section:

(1) “Produced in the United States” means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

(2) “Manufactured products” means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

(c) Federal agencies providing Federal financial assistance for infrastructure projects must implement the Buy America preferences set forth in 2 CFR part 184.

§ 200.323 Procurement of recovered materials

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with

maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

§ 200.324 Contract cost and price

(a) The non-Federal entity must perform a cost or price analysis 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, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.

(b) The non-Federal entity 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. To establish a fair and reasonable profit, consideration must 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.

(c) Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the non-Federal entity under subpart E of this part. The non-Federal entity may reference its own cost principles that comply with the Federal cost principles.

(d) The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

§200.325 Federal awarding agency or pass-through entity review

(a) The non-Federal entity must make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or passthrough entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the non-Federal entity desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

(b) The non-Federal entity must make available upon request, for the Federal awarding agency or passthrough entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:

(1) The non-Federal entity's procurement procedures or operation fails to comply with the procurement standards in this part;

(2) The procurement is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;

(3) The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;

(4) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

(5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

(c) The non-Federal entity is exempt from the pre-procurement review in paragraph (b) of this section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.

(1) The non-Federal entity may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third-party contracts are awarded on a regular basis;

(2) The non-Federal entity may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the non-Federal entity that it is complying with these standards. The non-Federal entity must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

§200.326 Bonding requirements.

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

(a) A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

(b) A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's requirements under such contract.

(c) A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

§200.327 Contract provisions.

The non-Federal entity's contracts must contain the applicable provisions described in Appendix II to this part.

The City is addressing this requirement as follows:

Adding to the Standard Terms and Conditions that accompany every contract and purchase order the following: City of Texas City agreements made under a Federal Award as defined in the CFR will adhere to the provisions described in 2 CFR § 200.326 Appendix II to Part 200.

• Contracts for more than \$250,000 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 more than \$10,000 must address termination for cause and for convenience by the non-Federal entity including how it will be affected and the basis for settlement.
• Contracts that meet the definition of "federally assisted construction contract" must include the equal employment opportunity clause.
• Construction contracts more than \$2,000 must include a provision for compliance with the Davis-Bacon Act.
• Contracts more than \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 W.S.C. 3702 and 3704.
• Contracts entered into with a small business firm or nonprofit organization and the Federal award meets the definition of "funding agreement," must comply with the requirements of 37 CFR Part 401.
• Contracts more than \$150,000 must contain a provision that requires the non-Federal award to agree to comply with the Clean Air Act and the Federal Water Pollution Control Act.
• Contracts must not be entered into with parties listed on the government-wide exclusions in the System for Award Management (SAM).
• Contracts that apply or bid for an award more than \$100,000 must file the required certification regarding the Byrd Anti-Lobbying Amendment.

- X. The Grants Administrator will assist Finance with the City-wide physical inventory of Federally funded equipment, required by CFR §200.313(d)(2) of the Uniform Guidance, at least once every two years. *Required for Federally funded assets.*

Cash management and payment: Grants Administrator ensures that the vendor is paid within 30 calendar days after receipt of the billing (2 CFR §200.305(b)(3)) or as required in the grant documents. If the 30 calendar days is not met due to a discrepancy or billing dispute, this is documented in the grant file. For Federal awards, being paid on a reimbursement basis minimizes the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the City (2 CFR §200.305(b)).

Allowability of costs: Ensure costs meet the following general criteria to be allowable under Federal awards per 2 CFR §200.403:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity.
- (d) 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.
- (e) 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 this part.
- (f) 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.
- (g) Be adequately documented. See also 2 CFR §200.300 Statutory and national requirements through §200.309 Period of performance of this part.

III. SUBRECIPIENTS AND SUBAWARDS

A subrecipient is 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. A subaward is an award made by a pass-through entity to a subrecipient for the purpose of carrying out a portion of the work funded by the pass-through entity's Federal award. The pass-through entity may use any form of legal agreement for making a subaward, including an agreement that the pass-through entity considers a contract. A subaward is not a contract by which the non-federal entity (i.e., the recipient or a subrecipient) enters into an agreement with an entity to purchase property or services needed to carry out the project or program under a Federal award. Here are some best practices:

- Require subrecipients to include in their applications a time-phased milestone plan of action based on clearly stated accomplishments defined in the proposal.
- Integrate budget line items into the performance plan.
- Require performance/progress reports and supporting documentation with monthly invoices.

Performance reports should discuss:

- Milestones achieved/to be achieved;
- Any significant problem, issues, or concerns;
- Timely accomplishments and delays, and
- Actual cost incurred compared to each budget line item with variances explained.

Departments are responsible for collecting close out documentation from the subrecipients, reviewing it, checking for accuracy, and submitting to the Grants Administrator for final submission.

IV. CLOSE-OUT PROCEDURES

As grant awards come to an end, final documentation is required to be submitted for final close-out. This documentation will usually include a final financial statement and a final programmatic report.

The following process will be followed for grant award closeout.

- I. The Grants Administrator will meet with departments three months prior to the end of grant close-out period to discuss any procedures and/or developments and to ensure submission of final paperwork.
- II. If a MOU was included in the grant paperwork, the Grants Administrator will also ensure that all paperwork from the partner organization is submitted.
- III. Departments will submit all closeout documentation to the Grants Administrator for future reference.
- IV. The Grants Administrator will coordinate with Finance on any financial information and reporting needed.
- V. Finance processes the final financial grant closeout report and issues the Single Audit Report in tandem with the CAFR.

V. AUDITS/SITE VISITS

Departments should contact the Grants Administrator immediately in the case of an audit, site visit, or desk review. The Grants Administrator will notify Finance and provide reports issued from external reviews.

An independent review of the City of Texas City grant-related records in the form of an audit can take place at any time. The goal of an audit is to ensure that the City has fully complied with all requirements of a given grant agreement and to verify the accuracy of all associated financial records. Some audits are predictable and take place on a regular basis, while other audits are performed by funders on an ad-hoc basis. The possibility for a grant audit always exists, which underscores the importance of record retention (see section VI. below for details).

The Single Audit is a yearly review overseen by the Finance Department and conducted by an outside entity. Auditors review all Federal grants as well as any grants in which the source of funds originated from the Federal government. The audit includes all expenditures and receipt of payments for all relevant grants. The Grant Administrator will provide all necessary documents to Finance for review and technical support during the Single Audit review performed by the external auditors.

Content Requirement for Single Audit Reports

In accordance with Uniform Guidance and annual Compliance Supplements issued by the OMB, the Single Audit is intended to be the basic financial and compliance audit of a federal and state assistance program. The auditor report shall include, at a minimum, all the following elements:

- The basic financial statements.
- The SEFA showing the total federal expenditures for the fiscal year for each financial assistance program, both directly incurred by the City and passed through to subrecipients.
- An auditor's opinion on the basic financial statements, with notes, and an opinion whether the SEFA is presented fairly in all material respects in relation to the financial statements as a whole.
- Scope of testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing.
- For major federal award programs, an auditor's opinion on compliance with the requirements of the Single Audit Act, as amended, and the Uniform Guidance.

If the City is the pass-through entity for Federal funds (i.e., City passes Federal funds to a subrecipient), the department collects and reviews audit reports of subrecipients, issues management decisions on audit findings, and ensures the subrecipient takes any necessary corrective action.

VI. DOCUMENT RETENTION / REPORTING

Grant documentation must be kept a minimum of five years past the official close of the grant. However, if any equipment was purchased, then the grant records must be retained for five years from the date of transfer, replacement, sale, or disposal of the equipment. If the grant is re-opened due to an audit, the five years starts from the end of the audit. All records must be retained including receipts, any spreadsheets, grant award documentation, required forms, etc.

Finance prepares and retains the SEFA, the list of subaward amounts, the Data Collection Form for the Federal Audit Clearinghouse and the reconciliation to the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30.

PART 3: DONATIONS

I. DEFINITIONS

Donations or gifts are made to the City without expectation of goods, services, or significant benefit or recognition in return. Donations may be in the form of monetary (cash) or in-kind contributions of products, services, investment securities, real property (e.g., land), or any combination thereof. Donations that, if accepted, would require the City to submit an application or oblige the City to enter a service, procurement, or other arrangement shall not be considered for a donation.

There are two types of donations:

- Restricted donations are designated for a particular City department, location, or purpose.
- Unrestricted donations are given to the City without any limitations placed on its use.

II. PROCEDURES

The following process will be followed for donation.

- I. All donations or gifts to the City shall immediately be submitted for consideration for acceptance. A Donation Acceptance Form is required to be completed by the receiving Department Head or the Finance Department for all donations provided to the City.
- II. Based on the value of the donation offered as outlined below, appropriate City staff shall review each donation and determine if the benefits to be derived warrant the acceptance of the donation.
 - Offers of cash or items or services valued at \$500 or less shall be approved at the discretion of the Finance Department, and all donations, regardless of amount shall be properly recorded and appropriated.
 - Donations of cash or items or services valued at more than \$500 and less than \$5,000 shall be approved by the City Commission through a read and adopted process with a single vote after review by the Finance Department.
 - Donations of cash or items or services valued at more than \$5,000 shall be submitted via resolution to City Commission for acceptance after initial review by the Finance Department.
- III. The appropriate City staff or Commission members will review the conditions of any restricted donation and determine if the benefits to be derived warrant acceptance of the donation.
- IV. All donations or gifts will receive recognition commensurate to the level and nature of the donation, as determined by the City. Regardless of the method of recognition selected, the intent shall be to appropriately honor the donor for their contribution to the community. Acknowledgement of the donation shall be in writing and be the responsibility of the Department Head who is the primary beneficiary of the donation. A copy of the acknowledgement shall be provided to the donor(s).
- V. Upon receipt of the donation:

- Physical items will be distributed to appropriate City departments for use, or at the discretion of the Department Head or the Finance Department, disposed of in an appropriate manner according to this operating policy.
- Monetary donations for restricted purposes will be deposited into the appropriate account.
- Monetary donations for unrestricted purposes will be deposited into the General Fund unless otherwise determined by a majority of Commission through a formal motion.

VI. A copy of each Donation Acceptance Form for accepted donations shall be maintained for information by the Finance Department and the designated department for which the donation was assigned.

The City of Texas City may decline any donation without comment or cause if, upon review, acceptance of the donation offer is determined to not be in the best interest of the City.

APPENDIX

Sample Budget:

<i>REVENUE</i>	YEAR 1	YEAR 2	YEAR 3	TOTAL
TBD	\$ -	\$ -	\$ -	\$ -
TBD	\$ -	\$ -	\$ -	\$ -
TBD	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	\$ -	\$ -	\$ -	\$ -
<i>EXPENSES</i>				
PERSONNEL				
Full-Time Salaries	\$ -	\$ -	\$ -	\$ -
Full-Time Benefits (30%)	\$ -	\$ -	\$ -	\$ -
Part-Time Wages	\$ -	\$ -	\$ -	\$ -
<i>Personnel Total</i>	\$ -	\$ -	\$ -	\$ -
NON-PERSONNEL				
Equipment & Supplies	\$ -	\$ -	\$ -	\$ -
Printing	\$ -	\$ -	\$ -	\$ -
Communications	\$ -	\$ -	\$ -	\$ -

Food/Refreshments	\$ -	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -	\$ -
Promotional Items	\$ -	\$ -	\$ -	\$ -
Postage	\$ -	\$ -	\$ -	\$ -
Rental Fees	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -
<i>Supplies Total</i>	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ -	\$ -	\$ -	\$ -

Sample Resolution:

Resolution authorizing the Mayor and Director of [department, ex. “Department of Public Works”] to execute relevant agreements to receive grant funding to support [brief summary of how the grant purpose] and further providing for an agreement and expenditures not to exceed the written amount of grant [dollar amount of grant award, ex. “\$50,000”] dollars for this stated purpose.

Be it resolved by the Commission of the City of Texas City as follows:

Section 1. The Mayor of the City of Texas City is authorized to execute relevant agreements with the [name of grantor] to receive a grant award of written amount of grant [dollar amount of grant award] for the [brief summary of how the grant funds will be used] in the City. Monies from the grant agreement shall be deposited into the Grant Funds account [insert account number here].

Section 2. The Mayor of the City of Texas City is further authorized to enter into an Agreement, or Contract, or utilize existing Agreements or Contracts and not to exceed written amount of grant [dollar amount of grant award] dollars, [brief summary of how the grant purpose] under the terms of the agreement between the City and the Grantor [name of grantor]. Said agreement or agreements, contract or contracts, or expenditures shall not exceed written amount of grant [dollar amount of grant award] dollars chargeable to and payable from the Grants Fund account [insert account number here].

Logic Model

A logic model (also referred to as a *Theory of Change*) is used to evaluate the effectiveness of a program. Logic models help us summarize key elements of a program, explain the rationale behind certain program activities, and more clearly explain our intended outcomes. Funders of all types request logic models, so, it's crucial to understand how they work. Below is an example:

INPUTS	STRATEGIES	OUTPUTS	INTERMEIDATE OUTCOMES	LONG-TERM OUTCOMES (FINAL GOALS)
What do you need to make your program happen?	What will the program do?	What are you measuring? (The direct quantitative product of your program activities)	Benefits for participants during and after program activities	Changes in systems and processes after expending funding
Examples include: <ul style="list-style-type: none"> • Money • Partners • Facilities • Equipment and supplies • Transportation • Staff time • Volunteers 	Examples include: <ul style="list-style-type: none"> • Provide... • Develop... • Implement... • Create... • Educate... • Coordinate... 	Examples include: <ul style="list-style-type: none"> • #of classes taught • #of hours of service • #of residents served • #of projects completed • # of materials distributed 	Examples include: <ul style="list-style-type: none"> • Improved condition • New knowledge • Increased skills • Changed attitudes • Changed behavior 	Examples include: <ul style="list-style-type: none"> • New approaches • New services • Stronger partnership working agreement

IMPACT STATEMENT (Post 2-3 years). This should be written in the past tense, as if the project has already been funded. In an ideal world (and in one sentence), what would happen as a result of your proposed project?

(Example: Students who once struggled to maintain a D grade point average have achieved phenomenal levels of success; they have celebrated As and Bs, increased state standardized test scores, and assumed leadership roles in after school activities).

Adapted from: Grant Writing for Dummies 4th Edition



Donation Acceptance Form

This is to confirm that on (date) the City of Texas City received from (donor name and address), the following (check one):

- \$ (amount) in a lump sum
- \$ (amount) in (frequency) payments of
\$ (amount) in (number) installments
- \$ (amount) in value of goods or services

Describe products, services, investment securities, real property, etc. in the space below:

Check this box if the donation is to be limited to the following uses:

City will publicly recognize donor by:

In administering this agreement, the Donor and City shall engage through the following primary representatives:

	City of Texas City	Donor
Primary Representative:		
Address:		
Telephone:		
Email:		

Submitted by

Name:

Title: Date:

Signature:

Necessary Actions:

Less than \$500 Finance approval

\$500 to \$4,999.99 Finance approval, reading and adoption by Commission

\$5,0000 and greater Finance approval, full legislative approval