
POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS

PURCHASING POLICIES AND PROCEDURES

Overview

EXCEPT WHERE OTHERWISE SPECIFIED IN THIS SECTION, THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS (HACA).

ADDITIONAL POLICIES APPLICABLE ONLY TO THOSE PURCHASES MADE UNDER FEDERAL AWARDS INVOLVING PUBLIC HOUSING FUNDS OR WHICH ARE REQUIRED TO FOLLOW FEDERAL PROCUREMENT REQUIREMENTS ARE SPECIFICALLY IDENTIFIED HEREIN.

It is the policy of Housing Authority of the City of Annapolis to follow a practice of ethical, responsible and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities. HACA will comply with applicable State and Local laws for all procurements.

For procurements involving public housing funds or other federal awards, which are referred to in this policy as “Federal Awards,” HACA will comply with Federal Regulations at 2 CFR Part 200, *Procurement Standards*. For procurements involving public housing funds, HACA will comply with the requirements of the Procurement Handbook for Public Housing Agencies (PHAs), HUD Handbook 7460.8 REV-2, as may be amended. Procurements involving the following programs or funds are not considered Federal Awards: Rental Assistance Demonstration (RAD) or proceeds or income from RAD transactions or properties, Section 8 Housing Choice Voucher, program income, or disposition proceeds. Procurements under the programs or using the funds identified in the preceding sentence are subject only to applicable State and Local requirements and the applicable provisions of this policy.

This policy applies to both HACA as well as procurement activities by any entities HACA wholly controls (often referred to as “instrumentalities”). HACA is not required to procure a controlled entity when using Federal Awards for contracts between HACA and the controlled entity. In such event, however, HACA will require the controlled entity to follow the procurement policies applicable to the Federal Award.

Responsibility for Purchasing

All managers shall have the authority to initiate purchases on behalf of their department within the guidelines described in this policies manual. In addition, managers may delegate purchasing authority to responsible individuals within their program. Managers shall inform the CFO of all

individuals that may initiate purchases or prepare purchase orders. The CFO shall maintain a current list of all authorized purchasers of Housing Authority of the City of Annapolis.

Accounts Payable shall be responsible for processing purchase orders. The CFO has approval authority over all purchases and contractual commitments as defined in this policy. The CFO shall make the determination on any proposed purchases where budgetary or other conditions may result in denial.

Code of Conduct in Purchasing (2 CFR Part 200.318 (c)(1))

Ethical conduct in managing the Organization's purchasing activities is absolutely essential. Staff must always be mindful that they represent the Board of Commissioners and share a professional trust with other staff and the general membership.

- Staff shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, Equipment, and/or services.
- Staff shall notify their immediate supervisor if they are offered such gifts.
- No officer, board member, employee, or agent shall participate in the selection or administration of a contractor if a real or apparent conflict of interest would be involved. Such a conflict would arise if an officer, board member, employee or agent, or any member of his or her immediate family, his or her spouse or partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the vendor selected.
- Officers, board members, employees, and agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or parties to sub-agreements.
- Unsolicited gifts with a value of \$25 or less may be accepted with the approval of the Executive Director.

Procurement Procedures

The following are HACA's procurement procedures:

1. HACA shall avoid purchasing items that are not necessary or duplicative for the performance of the activities required by a federal award. *(2 CFR Part 200.318(d))*
2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the federal government. *(2 CFR Part 200.318(d))*. This analysis should only be made when both lease and purchase alternatives are available to the program.
3. Purchasers are encouraged to enter into state and local inter-governmental or inter-entity agreements where appropriate for procurement of use of common or shared goods and services. *(2 CFR Part 200.318(e))*

4. Purchasers are 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. (2 CFR Part 200.318(f))
5. For Federal Awards, documentation of the cost and price analysis associated with each procurement decision in excess of the simplified acquisition threshold (defined in Appendix A) shall be retained in the procurement files pertaining to each federal award. (2 CFR Part 200.323)
6. For Federal Awards, all pre-qualified lists of persons, firms or products which are used in acquiring goods and services must be current and include enough qualified sources to ensure maximum open and full competition. (2 CFR Part 200.319(d))
7. For Federal Awards, HACA will maintain records sufficient to detail the history of procurement, including: (2 CFR Part 200.318(i))
 - a. Rationale for the method of procurement;
 - b. Selection of contract type;
 - c. Contractor selection or rejection; and
 - d. The basis for the contract price.
8. For Federal Awards, HACA shall make all procurement files available for inspection upon request by a federal awarding Organization.
9. For Federal Awards, HACA shall not utilize the cost-plus-a-percentage-of-costs method of contracting. (2 CFR Part 200.323(d))

All staff members with the authority to approve purchases will receive a copy of and be familiar with 2 CFR Part 200.400 – 475, Cost Principles.

Procurement Documentation

The Purchase Order:

The purchasing process for goods or services to be bought by Housing Authority of the City of Annapolis will originate with a purchase request through requisition or a check request form. The requesting manager should complete the requisition or request. The PO should list the quantity, description, price or estimated price, contractor, and the program that will be utilizing the goods or services, as well as the place of delivery, if applicable. The CFO must approve the PO. A separate PO must be used for each contractor when such contractors are known. When the item is not covered in the budget, the supervisor will provide written justification of the item and obtain the written approval of the Executive Director. Certain purchases must be approved by the BOC in accordance with the HACA bylaws.

After a director/supervisor has approved a PO, the CFO will approve the requisition before a purchase order number is released by the system. Every purchase order must be accounted for in order to maintain adequate security and internal control. Additional staff involved in the PO process include: Procurement for Contracts, and the Accountant for non-Contract items.

Use of Purchase Orders:

A properly completed purchase order shall be required for each purchase decision (i.e., total amount of goods and services purchased, not unit cost) in excess of \$100, with the exception of travel advances and expense reimbursements. It shall contain the following information at a minimum:

- a. Purchase Order number
- b. Contractor name
- c. Contractor address
- d. Invoice number
- e. Description of goods/services purchased
- f. Program
- g. General Ledger expense code
- h. Amount
- i. Approving signatures

The *billing* address given to the contractor should be 1217 Madison Street - Annapolis, MD 21403.

At the time the items are received or service is completed, the corresponding Purchase Order number must be written on the receipt/packing slip, which must be signed and dated by the person verifying receipt or completion. Once signed, the original documentation and purchase requisition is to be forwarded to Accounts Payable to be matched up with the contractor invoice paid. Immediately upon receipt of all completed documentation, Accounts Payable is to enter the invoice into the accounting system and process the request for payment.

The Check Request:

A check request form is used in circumstances that do not fit the requisition or purchase order procedure. This would include reimbursements to employees for expenses, payments needed quickly for events such as a restaurant for parents' meetings, items where an invoice is not forthcoming from the contractor, etc. A properly completed check request should contain the same information as listed under "Use of Purchase Orders".

Checks are printed weekly.

Availability of Procurement Records (2 CFR Part 200.324(b)) for Federal Awards

HACA shall, on request, make available for the federal awarding Organization, pre-award review and procurement documents, such as requests for proposals, when any of the following conditions apply:

- The process does not comply with HACA's procurement standards in 2 CFR Part 200. (2 *CFR Part 200.324(b)(1)*)
- The procurement is expected to exceed the federally-defined simplified acquisition threshold and is to be awarded without competition or only one bid is received. (2 *CFR Part 200.324(b)(2)*)
- The procurement exceeds the simplified acquisition threshold and specifies a "name brand" product. (2 *CFR Part 200.324(b)(3)*)

- The proposed award exceeds the federally-defined simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed-bid procurement. (2 *CFR Part 200.324(b)(4)*)
- A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the federally-defined simplified acquisition threshold. (2 *CFR Part 200.324(b)(5)*)

Purchase Approval Levels

Less than \$5,000	Program Director and Fiscal
Above \$5,000	Board, Executive Director, Manager and Fiscal

Types of Procurement / Bid Criteria

Less than \$50	Use Petty Cash Fund (see separate policy contained in this manual)
\$50 up to the Micro Purchase Threshold	Selection of the contractor is based upon the best judgment of the Manager; no bids are necessary as long as the quote is reasonable.
For Federal Awards, Above Micro Purchase Threshold and Below Simplified Acquisition Threshold	Bids from an adequate number of qualified sources are necessary. Typically this number is a minimum of 3 bids, but the [head of Procurement] may determine that fewer bids are adequate. Such a determination will be made in writing with the justification for the determination kept in the Procurement file. A bid form must be filled out by Procurement detailing the bids received, which may be in the form of oral, fax, online, email or some other form available. The award shall be made to the responsive and responsible vendor that submits the lowest cost to the Organization. If an award is to be made for reasons other than lowest price, documentation shall be provided in the contract file.
For all other procurements that are not Federal Awards	
For Federal Awards, at or above Simplified Acquisition Threshold	Formal bids include either Sealed Bids (IFB) or Competitive Proposals (RFP). Bids are initiated and written by the requesting manager, then sent to Procurement with a listing of vendors to send the proposal to.

Sealed Bids – Procurement will publicly post an Invitation for Bids (IFB), requesting a firm fixed-price contract. At least three, sealed bids must be submitted to the Executive Director. If only one responsive bid is received, award shall not be made unless the price can be determined to be reasonable, based on a cost or price analysis. All documentation is to be forwarded to Procurement to be maintained in the selected contractor's file. Procurement also publicly posts the RFP results.

Conditions: Statement of Work is available; three or more responsible bidders are willing and able to compete; the contract can be awarded based on fixed price; selection can be made principally on the lowest price.

Bids: IFB with statement that award will be made to the lowest responsible and responsive bidder; time and place for receiving the bids and public opening; bids received are date/time stamped; allowance for withdrawal prior to opening.

Award: Public opening, with recording of results made available for public inspection; equal, low bids are selected by drawing lots or other similar random method

Competitive Proposals – Procurement will distribute a Request for Proposal (RFP), where consideration of factors other than price is necessary. At least three, bids must be submitted to the Executive Director. If only one responsive bid is received, award shall not be made unless the price can be determined to be reasonable, based on a cost or price analysis. All documentation is to be forwarded to Procurement to be maintained in the selected contractor's file. Procurement also publicly posts the RFP results.

Conditions: Where conditions are not appropriate for the use of sealed bidding.

Bids: RFP clearly identifies the importance and relative value of each of the evaluation factors as well as any subfactors and price. A mechanism for fairly and thoroughly evaluating the technical and price proposals shall be established prior to solicitation.

Evaluation: Proposals are evaluated only on the factors stated in the RFP. An evaluation report, summarizing the results of the evaluation, shall be prepared prior to award of a contract and maintained in the awarding contractor file.

Award: The contract shall be awarded to the responsible firm whose technical approach to the project, qualifications, price and/or any other factors considered, are most advantageous to the Organization provided that the price is within the maximum total project budgeted amount established for the specific property or activity.

Note that the Procurement Department, at its discretion, may elect to use the procedures (sealed bids or competitive proposals) specified in this section for non-Federal Awards

Extensions of Due Dates and Receipt of Late Proposals

Solicitations should provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, in the event that a prospective offeror requests an extension to a due date specified in a solicitation, and such an extension is both justified and compatible with the requirements of Housing Authority of the City of Annapolis, an extension may be granted by the purchasing representative.

Contractor proposals are considered late if received after the due date and time specified in the solicitation. All such late proposals shall be marked "Late Proposal" on the outside of the envelope and retained, unopened, in the procurement folder. Contractors that submit late proposals shall be sent a letter notifying them that their proposal was late and could not be considered for procurement.

Competition (2 CFR Part 200.319)

In order to promote open and full competition, HACA purchasers will:

- Be alert to any internal potential conflicts of interest.
- Be alert to any noncompetitive practices among contractors that may restrict, eliminate, or restrain trade.
- Not permit contractors who develop specifications, requirements, or proposals for Federal Awards to bid on such procurements.
- Award contracts to bidders whose product or service is most advantageous in terms of price, quality, and other factors.
- When applicable, issue solicitations that clearly set forth all requirements to be evaluated.
- Reserve the right to reject any and all bids when it is in the Organization's best interest.
- Reserve the right to negotiate with contractors and/or to request best and final offers from responsive and responsible contractor bidders.

- For Federal Awards, not give preference to state or local geographical areas (other than for architect contracts) unless such preference is mandated by Federal statute. (200.319(b))
- “Name brand or equivalent” description may be used as a means to define the performance or requirements (200.319(c)(1))

Evaluation of Proposed Contractors

When HACA solicits for contractors, contractors shall be evaluated on a weighted scale that considers some or all of the following criteria:

1. Adequacy of the proposed methodology of the contractor
2. Skill and experience of key personnel and company
3. Other technical specifications (designated by program requesting proposals)
4. Compliance with administrative requirements of the request for proposal (format, due date, etc.)
5. Contractor’s financial stability
6. Contractor’s demonstrated commitment to the nonprofit sector
7. Results of communications with references supplied by contractor
8. Ability/commitment to meeting time deadlines
9. Cost
10. Minority- or women-owned business status of contractor
11. Other criteria (to be specified by program requesting proposal)

Not all of the preceding criteria may apply in each purchasing scenario. However, in each situation requiring consideration of alternative contractors, the department responsible for the purchase shall establish the relative importance of each criterion prior to requesting proposals and shall evaluate each proposal on the basis of the criteria and weighting that have been determined.

After a contractor has been selected and approved by the Manager, the final selection shall be approved by the CFO and/or ED prior to entering into a contract.

Affirmative Consideration of Minority, Small Business Women-Owned Businesses, and Labor Surplus Area Firms (2 CFR Part 200.321)

Positive efforts shall be made by Housing Authority of the City of Annapolis to utilize small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms whenever possible. The following steps shall be taken in furtherance of this goal:

1. Ensure that small business, minority-owned firms, women's business enterprises, and labor surplus area firms are used to the fullest extent practicable. (2 CFR 200.321)

2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms women's business enterprises, and labor surplus area firms (2 CFR 200.321(b)(4))
3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms and women's business enterprises. (2 CFR Part 200.321(b)(6))
4. Encourage contracting with consortiums of small businesses, minority owned firms and women's business enterprises, and labor surplus area firms when a contract is too large for one of these firms to handle individually. (2 CFR Part 200.321(b)(3))
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Organization in the minority-owned firms and women's business enterprises. (2 CFR Part 200.321(b)(5))

Provisions Included in All Contracts Using Federal Awards (2 CFR Part 200 Appendix II)

HACA includes all of the following provisions, as applicable, in all contracts charged to Federal Awards (including small purchases) with vendors:

1. Contracts for more than the simplified acquisition threshold, which is periodically adjusted (the current rate for which is included at Appendix A), which is the inflation adjusted amount determined by the Civilian Organization Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by [41 U.S.C. 1908](#), 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.
2. All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.
3. Contracts must specify that the vendor is authorized to sub-contract any/all of the work agreed upon within the scope of their contract with HACA only after receiving the explicit prior written approval of HACA.
4. **Equal Employment Opportunity:** All contracts shall contain a provision requiring compliance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR Part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

5. **Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7):** When required by Federal program legislation, all construction contracts of more than \$2,000 awarded by HACA and its subrecipients shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction").
6. **Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333):** Where applicable All contracts awarded by HACA in excess of \$2,000 for construction contracts and in excess of \$2,500 for other contracts that involve the employment of mechanics or laborers shall include a provision for compliance with Sections 102 and 107 of the Contract Works Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor regulations (29 CFR part 5).
7. **Rights to Inventions Made Under a Contract or Agreement:** Contracts or agreements for the performance of experimental, developmental or research work shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organization and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the award Organization.
8. **Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended:** Contracts and subgrants of amounts in excess of \$100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the federal awarding Organization and the Regional Office of the Environmental Protection Organization (EPA).
9. **Mandatory** standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act ([42 U.S.C. 6201](#)).
10. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** For all contracts or subgrants of \$100,000 or more, HACA shall obtain from the contractor or subgrantee a certification that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any Organization, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. 1352.
11. **Debarment and Suspension (E.O.s 12549 and 12689):** No contract shall be made to the parties listed on the General Services List of Parties Excluded from Federal

Procurement or Nonprocurement Programs in accordance with E.O.'s 12549 and 12689, "Debarment and Suspension."

Non-Discrimination Policy

All contractors who are the recipients of Organization funds, or who propose to perform any work or furnish any goods under agreements with Housing Authority of the City of Annapolis shall agree to these important principles:

1. Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the contractors.
2. Contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause. Notices, advertisement and solicitations placed in accordance with Federal law, rule or regulation shall be deemed sufficient for meeting the intent of this section.

Contractor Files

Procurement and Accounts Payable shall create a contractor folder for each new contractor from whom Housing Authority of the City of Annapolis purchases goods or services.

With each RFP, Procurement shall include a blank Form W-9, along with a request for the contractor to complete and sign the W-9 or provide equivalent, substitute information and return it with their proposal. Completed, signed Forms W-9 or substitute documentation shall be filed in the contractor folder, and a copy shall be forwarded onto the CFO's office. Contractors who do not return a completed, signed Form W-9 or provide equivalent documentation shall have Federal taxes withheld at the rate specified in the instructions for Form W-9 (presently 28%), unless exempt according to IRS guidelines provided in the same instructions. They will also be issued a Form 1099 at the end of each calendar year in accordance with the policies described in the section of this manual on "Government Returns."

See the section on "Payroll and Related Policies" for guidance on determining whether a contractor should be treated as an employee.

Contract Administration

HACA is required to have policies and procedures on contract administration. (*2 CFR Part 200.318(b)*) Therefore, all managers will adhere to the following procedures:

1. Contract administration files shall be maintained:
 - a. For each contract greater than \$2,000 a separate file shall be maintained.

- b. For contracts less than \$2,000, contract records may be combined in a single file by grant or other funding source.
- 2. Contract administration files shall contain:
 - a. The required documentation specified in the authorizations and purchasing limits table for the original scope of work and for all amendments.
 - b. Where the contract work is identified in the grant award or budget, the identification and scope of the work contained in the award or budget, and all approved changes.
- 3. Authorization of work:
 - a. Accounts Payable will check the contractor's status with Maryland Department of Assessments and Taxation, Worker's Comp Certification, Contractor's License, and ensure that the contractor has not been debarred. Only upon successful completion of this step by AP will the contract be forwarded to the Executive Director for final approval.
 - b. No work shall be authorized until the contract for the work has been approved and fully executed. A "Notice to Proceed" will be sent by Procurement to the requesting manager.
 - c. No change in the work shall be authorized until an amendment to the contract for the work has been approved and fully executed, except as permitted for Special Purchasing Conditions.
 - d. No amendment of a contract for work shall be executed until it has been approved and authorized in writing as required in the Authorizations and Purchasing Limits table and, where required by the terms of the grant award or budget, approval by the funding source.
- 4. Conformance of work:
 - a. For each grant award, based on the applicable laws, regulations and grant provisions, the Program Director shall establish and maintain a system to reasonably assure contractor:
 - i. Conformance with the terms, conditions, and specifications of the contract, and
 - ii. Timely follow-up of all purchases to assure such conformance and adequate documentation.
- 5. The purchasing Manager will authorize payment of invoices to contracts after final approval of work products.

Special Purchasing Conditions

Emergencies:

Where equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, safety, etc., of staff and protection of Organization property is involved. The reasons for such purchases will be documented in the procurement file.

Single Distributor/Source:

Sole source purchase contracts may be made for a Federal Award when one or more of the following conditions applies:

- The item or service is only available from one source;
- The situation is an emergency and will not permit a delay resulting from competitive solicitation;
- The awarding Organization expressly authorizes noncompetitive proposals in response to a written request; or
- After solicitation, competition is deemed inadequate (insufficient bidders).

Approval from the awarding Organization may be required.

Notwithstanding other provisions of this policy regarding solicitation of bids or proposals, sole source purchase contracts may be made for non-Federal Awards if the Executive Director or her designee determines one of the above four factors are present or that other good cause exists for such a contract.

Right to Audit Clause

HACA requires a “Right to Audit” clause in all contracts between the Organizations and vendors that either:

1. Take any form of temporary possession of assets directed for the Organization, or
2. Process data that will be used in any financial function of the Organization

This Right to Audit clause shall permit access to and review of all documentation and processes relating to the contractor’s operations that apply to HACA, as well as all documents maintained or processed on behalf of HACA, for a period of three years. The clause shall state that such audit procedures may be performed by HACA employees or any outside auditor or contractor designated by the Organization.

Receipt and Acceptance of Goods

The ordering program shall inspect all goods received. Upon receipt of any item from a contractor, the following actions shall immediately be taken:

1. Review bill of lading for correct delivery point.
2. Verify the quantity of boxes/containers with the bill of lading.
3. Examine boxes/containers for exterior damage and note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.).
4. Sign and date the bill of lading.
5. Remove the packing slip from each box/container.
6. Compare the description and quantity of goods per the purchase order to the packing slip.
7. Examine goods for physical damage.

8. Count or weigh items, if appropriate, and record the counts on the purchase order.

This inspection must be performed in a timely manner to facilitate prompt return of goods and/or communication with contractors.

Procurement Grievance Procedures

Any bidder may file a grievance with HACA following a competitive bidding process. Once a selection is made, bidders must be notified in writing of the results. The written communication mailed to bidders must also inform them that they may have a right to appeal the decision. Information on the organization's appeal procedures must be made available to all prospective contractors or subgrantees upon request, including the name and address of a contact person, and a deadline for filing the grievance. Grievances are limited to violations of federal laws or regulations, or failure of the Organization to follow its own procurement policies.

SUBRECIPIENTS

Making of Subawards

From time to time, HACA may find it practical to make subawards of a Federal Award to other organizations. All subawards in excess of the simplified acquisition threshold shall be subject to the conflict of interest policies described in the preceding section. In addition, all subrecipients must be approved in writing by the federal awarding Organization and agree to the subrecipient monitoring provisions described in the next section.

HACA is required to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward to determine the appropriate monitoring. Evaluations may include such factors as: (*2 CFR Part 200.331(b)*)

- The subrecipient's prior experience with the same or similar subawards;
- The results of previous audits including whether or not the subrecipient receives a Single Audit, and the extent to which the same or similar subaward has been audited as a major program;
- Whether the subrecipient has new personnel or new or substantially changed systems; and
- The extent and results of Federal awarding Organization monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding Organization).

In addition, HACA shall obtain the following documents from all new subrecipients:

1. Articles of Incorporation
2. Bylaws or other governing documents
3. Determination letter from the IRS (recognizing the subrecipient as exempt from income taxes under IRC section 501(c)(3))

4. Last three years' Forms 990 or 990-EZ, including all supporting schedules and attachments (also Form 990-T, if applicable)
5. Copies of the last three years' audit reports and management letters received from subrecipient's independent auditor (including all reports associated with audits performed in accordance with 2 CFR Part 200.500 – 521, if applicable)
6. Copy of the most recent internally-prepared financial statements and current budget
7. Copies of reports of government agencies (Inspector General, state or local government auditors, etc.) resulting from audits, examinations, or monitoring procedures performed in the last three years

Monitoring of Subrecipients

When HACA makes a subaward of a Federal Award to subrecipients, HACA is subject to a requirement to monitor each subrecipient in order to provide reasonable assurance that subrecipients are complying, in all material respects, with laws, regulations, and award provisions applicable to the program. The following required information will be provided to all subrecipients:

1. Federal Award Identification.
 - a. Subrecipient name (which must match registered name in DUNS);
 - b. Subrecipient's DUNS number ;
 - c. Federal Award Identification Number (FAIN);
 - d. Federal Award Date;
 - e. Subaward Period of Performance Start and End Date;
 - f. Amount of Federal Funds Obligated by this action;
 - g. Total Amount of Federal Funds Obligated to the subrecipient;
 - h. Total Amount of the Federal Award;
 - i. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
 - j. Name of Federal awarding Organization, pass-through entity, and contact information for awarding official,
 - k. Catalogue of Federal Domestic Assistance (CFDA) Number and Name. HACA must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
 - l. Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414 Indirect (F&A) costs).

2. All requirements imposed by HACA on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.
3. Any additional requirements that HACA imposes on the subrecipient in order for HACA to meet its own responsibility to the Federal awarding Organization including identification of any required financial and performance reports;
4. An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal government or, if no such rate exists, either a rate negotiated between HACA and the subrecipient, or a de minimis indirect cost rate as defined in § 200.414 Indirect costs.
5. A requirement that the subrecipient permit HACA and auditors to have access to the subrecipient's records and financial statements as necessary for HACA to meet the monitoring requirements of 2 CFR Part 200; and
6. Appropriate terms and conditions concerning closeout of the subaward.
7. Subawards shall require that subrecipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.
8. Subawards shall require that subrecipients submit financial and program reports to HACA on a basis no less frequently than monthly.
9. HACA will follow up with all subrecipients to determine whether all required audits have been completed. HACA will cease all funding of subrecipients failing to meet the requirement to undergo an audit in accordance with 2 CFR Part 220.501. For subrecipients that properly obtain an audit in accordance with 2 CFR Part 200.501, HACA shall obtain and review the resulting audit reports for possible effects on HACA's accounting records or audit.
10. HACA shall assign one of its employees the responsibility of monitoring each subrecipient on an ongoing basis during the period of performance by the subrecipient. This employee will establish and document, based on her or his understanding of the requirements that have been delegated to the subrecipient, a system for the ongoing monitoring of the subrecipient.
11. Ongoing monitoring of subrecipients will vary from subrecipient to subrecipient based on the nature of work assigned to each. However, ongoing monitoring activities may involve any or all of the following:
 - a. Regular contacts with subrecipients and appropriate inquiries regarding the program.

- b. Reviewing programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern.
 - c. Monitoring subrecipient budgets.
 - d. Performing site visits to the subrecipient to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the subaward.
 - e. Offering subrecipients technical assistance where needed.
 - f. Maintaining a system to track and follow up on deficiencies noted at the subrecipient in order to ensure that appropriate corrective action is taken.
 - g. Establishing and maintaining a tracking system to ensure timely submission of all reports required of the subrecipient.
12. Documentation shall be maintained in support of all efforts associated with monitoring of subrecipients.
13. In connection with any subrecipient that has been found to be out of compliance with provisions of its subaward with HACA, responsive actions by the Organization shall be determined by CFO. Such actions may consist of any of the following actions:
- a. Increasing the level of supporting documentation that the subrecipient is required to submit to HACA on a monthly or periodic basis.
 - b. Requiring that subrecipient prepare a formal corrective action plan for submission to HACA.
 - c. Requiring that certain employees of the subrecipient undergo training in areas identified as needing improvement.
 - d. Requiring documentation of changes made to policies or forms used in administering the subaward.
 - e. Arranging for on-site (at the subrecipient's office) oversight on a periodic basis by a member of the HACA accounting or grant administration staff.
 - f. Providing copies of pertinent laws, regulations, federal Organization guidelines, or other documents that may help the subrecipient.
 - g. Arranging with an outside party (such as HACA's own independent auditors) for periodic on-site monitoring visits.
 - h. Reimbursing after-the-fact, and not provide advances.
 - i. Requiring review and approval for each disbursement and all out-of-area travel.
 - j. As a last resort, terminating the subaward relationship and seeking an alternative.

Appendix A

This policy refers to micro purchase and simplified acquisition thresholds, which are established Federally and are periodically modified.

Effective June 20, 2018, micro purchase threshold was increased from \$3500 to 10,000 and the simplified acquisition threshold was increased from \$100,000 to \$250,000. This policy adopts those increased thresholds and will automatically apply any future modifications to the micro-purchase and simplified acquisition thresholds.

Appendix B

Only certain categories of staff may authorize procurements and contracts, consistent with this policy. That authority is as follows:

Executive Director:	Procurement/Contracts up to \$5000
Directors:	Procurement/Contracts up to \$3000
Managers/Supervisors:	Procurement/Contracts up to \$500

Contracts in excess of certain thresholds may not be executed without Board approval. Please refer to the HACA bylaws for the current thresholds and any exemptions from the same related to emergency procurements.