To: Board of Directors, Lower Columbia Estuary Partnership

From: Executive Director, Elaine Placido

Date: September 14, 2022

Subject: Approval of Amendments to the Estuary Partnership Finance Policies, Funding & Budgeting Procedures, Accounting Procedures

**Background:** The organization is required to complete a desktop review of our Finance Policies and Procedures every five years to continue to qualify for EPA funds. This year’s certification process included several updates to both Policies and Procedures to meet specific language requirements. The Executive Committee reviewed and approved a portion of these amendments on September 1st, but the reviewer had additional amendments that need to be reviewed and approved at the Board meeting on the 15th. Our current funding requests will not move forward without this step being completed.

Below is a narrative description of the amendments to the Finance Policies and both the Funding & Budgeting and Accounting Procedures. Red lined copies are included with the Board Packet/Email. *Note, amended language is indicated by blue/italicized font.*

### Amendments to Budgeting and Funding Procedures:

To Chapter 6 – Contracting: Estuary Partnership Award of Funds:

Added language on page 21:

The Finance and Operations Manager or her/his designee maintains a list of advertising providers. The Estuary Partnership encourages women and businesses owned by people of color or Indigenous people to apply. *Maximizes open and free competition with positive efforts to utilize small businesses, MBE and WBE (2 CFR 200.321)*

Added language on page 22:

*Before the contract is made, the Program Manager must verify the contractor’s eligibility to receive federal funds and verify they are not vendors that are suspended and debarred via search of the SAM.gov website.*

### Amendments to Accounting Procedures:

To Chapter 2 – Authorities & Responsibilities, Section J. Inventory of Equipment. Page 4-5

*Capital Equipment as defined by the OMB is “tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit.” All capital assets are recorded at historical cost as of the date acquired. The acquisition cost includes installation charges and freight. All costs associated with making the asset serviceable are capitalized. Invoices substantiating the acquisition cost of each unit of property shall be retained for a minimum of three years.*

*Equipment with an economic useful life of 12 months or less are expensed for financial statement purposes, regardless of the acquisition or production cost. Equipment acquired with external support becomes the property of the organization unless restricted by the funding organization. The organization will obtain prior approval from the awarding agency prior to purchasing capital equipment.*

*To ensure the proper receipt and tracking of equipment, the organization tags all equipment at the time of acquisition and performs a physical inventory of equipment purchased with grant funds every two years. The organization verifies the existence and condition of the equipment and the accuracy of records related to equipment. The organization establishes maintenance procedures and records of the operational condition of equipment. The Executive Director is notified of condition, location, loss or damage to equipment who then notifies appropriate Federal agency. Records are submitted to the Executive Director for review and approval.*

*The organization maintains records tracking equipment including description, serial number, source of funding (including the Federal Award Identification Number, or FAIN), percentage of federal participation in the cost of the equipment, title holder, acquisition date and cost, location, use and condition status, and disposition data. This information is maintained by the Administrative Assistant*.

The Executive Director shall maintain an inventory of all equipment, including telecommunication software, and shall ensure the inventory is updated annually prior to the annual financial audit. *The inventory will include all equipment purchased with federal funds. An inventory of all physical equipment will be conducted annually. The following records of all equipment will be maintained:*

*• A description of the equipment*

*• A serial number or some other identifying number*

*• The source of the equipment including the funder and award number, including the percentage of federal funding, if any.*

*• If there is a lien holder, identify who is the title holder*

*• Date of acquisition*

*• The location, use, and condition of the equipment*

*• Disposition data including the date of disposal and any sale price realized upon disposition*

*• Identification if the equipment is federal property.*

*Disposition of an item purchased with grant funds, if it is determined to be obsolete, and the item’s value exceeds $5,000. If it meets these criterions, disposition rules are followed. This may include requesting disposition instructions from the awarding agency. Disposition practices require compensating the federal awarding agency for its proportion of the original cost applied to the fair market value. The Executive Director is notified prior to the disposal of an asset purchased with federal funds. Supplies less than $5,000 are retained by grantee*.

To Chapter 4 – Procurement. Added Sections B through D. Pages 11-12:

*B. Purchasing with Federal Award Funds*

*Purchases made when procuring property or services through a federal award with federal funds follow the procurement standards under the Federal Uniform Guidance.*

*General Procurement Procedures*

*All procurement transactions must be conducted in a manner to provide, to the maximum extent practical, open, and free competition. Buyers shall avoid purchasing unnecessary items. All contractor bds and quotations must be evaluated on the basis of product, quality, technical compliance with specifications, total cost and the contractor’s acceptance of terms and conditions of the contract.*

*Purchases are evaluated to ensure they are reasonable, allocable, and allowable. Regardless of the cost of acquisition, the organization avoids purchasing unnecessary items. Where applicable, the organization evaluates lease vs. purchase options to determine which is more economical. Financial reports are issued as required.*

*Considerable authority has been entrusted to employees who make purchasing decisions. The convenience afforded by this decentralized environment is coupled with full responsibility for decisions and a complete understanding of the procurement and purchasing policies and procedures of the organization. All purchasing decisions should be made in the best interests of the organization. Your procurement policy should address the following.*

* *Have written standards of conduct that should establish policy for ethically conducting business, performing work on the project, define conflicts of interest, and prescribe penalties for violating them*
* *Written procedures that:*
  + *Avoid purchasing unnecessary items*
  + *Analyze lease vs. purchase alternatives where appropriate*
  + *Have solicitations for goods and services with a clear description of the procured item or service, the requirements all bidders must fulfill for evaluation, a description of technical requirements or features needed, preferences for environmentally friendly and energy efficient products and services*
* *Maximizes open and free competition with positive efforts to utilize small businesses, MBE and WBE (2 CFR 200.321)*
* *Buyers must review the federal award to ensure that the goods or services to be purchased or contracted are allowable*
* *Positive efforts should be made to utilize small businesses, veteran-owned businesses, women-owned businesses, or minority-owned businesses*
* *Describe types of procurement instruments to be used (fixed price, cost reimbursement, purchase orders)*
* *Keeps procurement records that tell the basis for selection, justification, and basis for vendor/contractor selection*
* *Establish dollar thresholds for different types of purchases and approval levels*
* *It should discuss monitoring of contractors or sub grantee work and billings, or this should be addressed in the accounting policy*
* *All correspondence with contractors must be included in the federal award file and maintains a system for contract administration*
* *Before the contract is made, the buyer must verify the contractor’s eligibility to receive federal funds and verify they are not vendors that are suspended and debarred via search of the SAM.gov website*
* *Provisions for contract termination*
* *Conducts and documents a cost or price analysis for every procurement in excess of the Simplified Acquisition Threshold (30.45, 2 CFR 200.324)*
* *A cost and / or price analysis for every procurement, a history of the procurement, and explanation of how the cost was determined to be reasonable should be documented before the award is made*

*Cost and Price Analysis*

*For all procurements of a threshold, your organization has documentation verifying that the purchase price is fair and reasonable. Price analysis and cost analysis are the two techniques used to accomplish this purpose. The cost and price analysis must be documented.*

*• Price Analysis: Comparison of prices of multiple bids or information from other sources, such as established catalog or market prices, or prices for similar past purchases.*

*• Cost Analysis: Evaluation of the separate elements that make up a contractor’s total cost proposal or price to determine if they are allowable, directly related to the requirement, and reasonable for the value received.*

*C. Disadvantaged Business Enterprises (DBE)*

*Positive, good faith efforts should be made to utilize and solicit small businesses, veteran-owned businesses, women-owned businesses, minority-owned businesses, or labor surplus areas when procuring construction, equipment, services, and supplies.*

*D. Recipient Match Please discuss if your organization is matching or cost sharing this program with other in kind or public costs. Include procedures that identify, value, document, report cost-sharing, matching and in-kind contributions for federally funded projects*.