

Document Code No.: CON 7-8-3-EP

Title: Procurement Requirements for Using Federal Funds

Affected Agencies: All departments, offices and agencies of King County government

Authorities: 2 CFR Part 200: 200.317-200.326, RCW 36.32.245, RCW 39.04.190, King County Code 2.93

Keywords: Administrative Policies and Procedures, Procurement, Contracts, Competitive Bidding, Federal

Sponsoring Agency: Department of Executive Services, Finance and Business Operations Division, Procurement & Payables Section

Type of Action: Supersedes CON 7-8-2-E



King County

Executive signature: _____

Date signed and effective: _____ **May 6, 2025** _____

I. Purpose

This policy provides the requirements to comply with federal regulations and grant guidelines regarding the use of federal funds in purchase orders/contracts to County suppliers.

Applicability and Audience

This policy applies to all King County (County) agencies that are defined as the grantee, such as County offices, departments, officials, agencies, employees, boards, commissions, committees, or similar entities as well as contractors and grantees.

II. Definitions

“Federal funds” means any money provided by the United States (U.S.) Federal Government through grants, awards, funds, or loans to County agencies and/or subcontractors via indirect or direct awards.

“SAM Exclusion List” refers to a list maintained by the General Services Administration (GSA) found at www.SAM.gov, which includes firms and individuals that are excluded from providing goods and/or services for any federal programs.

“Suspended or debarred supplier” means any firm and/or an individual whose name and/or federal “Unique Entity Identifier” is represented on the “SAM Exclusion List” as being ineligible and/or restricted from doing business with the U.S. Federal Government.

“Unique Entity Identifier” is a 12-character alphanumeric code that identifies entities doing business with the U.S. Federal Government.

III. Background

In 2014, the U.S. Federal Government implemented Uniform Guidance, also known as [2 CFR 200](#), which governs applying for, obtaining, sub-awarding, spending, monitoring, and reporting of federal financial assistance. This policy addresses the following procurement requirements for the use of federal funds:

Procurement Standards – [2 CFR 200.317-327](#)

Suspension and Debarment – [2 CFR 180](#) and [2 CFR 200.214](#)

Davis-Bacon Act regarding prevailing wages – [40 USC 3141-3144, 3146 and 3147](#)

Additional information regarding the use of federal funds can be found in FIN 16-1: Accounting, Reporting and Management of Grants and Other Financial Assistance or its superseding policy.

IV. Policy

A. Procurement Thresholds If Using Federal Funds

1. County agencies (grantee and/or subgrantee agency) using federal funds to obtain goods or services will do so in compliance with federal grant guidelines and federal regulations. When applying thresholds to purchases made with federal funds, the more restrictive threshold (federal, state, or county) shall apply.
 - a. Micro-purchase – The financial threshold is further defined in [48 CFR Part 2.1-Definitions whose limits are adjusted periodically for inflation](#). This threshold applies to supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold. To the extent practicable, County agencies must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the acquiring County agency considers the price to be reasonable. [See Appendix A – \(a\) Micro-Purchase](#).
 - b. Simplified acquisition threshold (informal solicitation) – The financial threshold is further defined in [Subpart 2.1-Definitions](#) and [2 CFR 200.320\(a\)\(2\)](#). This threshold applies to services, supplies, or other property where the aggregate amount exceeds the micro-purchase threshold but does not exceed the simplified acquisition threshold. Price or rate quotations from an adequate number of qualified sources are required. If a purchase qualifies as a simplified acquisition and the County's financial threshold is lower than that defined in [Subpart 2.1-Definitions](#), the County threshold shall be used for the purchases. [See Appendix A – \(b\) Simplified Acquisition Threshold](#).
 - c. Formal Sealed Bids – The financial threshold is further defined in [2 CFR 200.320\(b\)\(1\)](#). The threshold for formal sealed bids applies when the value of the procurement of services, supplies, or other property exceeds the Simplified acquisition threshold. When the County's financial threshold for this procurement methodology is lower than [2 CFR 200.320\(b\)\(1\)](#), the County threshold shall be used for this process. This procurement method publicly solicits bids through an invitation, with a firm-fixed price contract (lump sum or unit price) awarded to the responsible bidder whose bid conforms with all the material terms and conditions of the invitation and is the lowest in price. The sealed bids procurement method is preferred for procuring construction services. The invitation for bids must define the items or services with specific information, including any required specifications, for the bidder to properly respond. All bids will be publicly opened at the time and place prescribed in the invitation for bids. The County must document and provide a justification for all bids it rejects. [See Appendix A – \(c\) \(d\) \(e\) Sealed Bids](#).
 - d. Formal Competitive Proposals for Services – The financial threshold is further defined in [2 CFR 200.320\(b\)\(2\)](#). When the County's financial threshold for this procurement methodology is lower than [2 CFR 200.320\(b\)\(2\)](#), the County threshold shall be used for this process. The threshold for formal competitive proposals applies when sealed bids are not appropriate, but price and other factors are considered. The procurement process uses a formal solicitation with either a fixed-price or cost-

reimbursement type contract awarded. Proposals must be solicited from an adequate number of qualified offerors, with all evaluation factors and their relative importance publicized. This procurement process requires more than one source to submit an offer or documentation that an analysis was performed on the solicitation per federal guidelines. [See Appendix A – \(f\) Competitive Proposals – Services.](#)

- e. Competitive Proposals for Architectural & Engineering (A&E) Services – No dollar threshold. A&E services are procured through a qualifications-based competitive proposal process where price is not a factor in determining the award. The procurement process utilizes a formal solicitation with either a fixed-price or cost-reimbursement type contract awarded. Proposals must be solicited from an adequate number of qualified offerors. This procurement process requires more than one source to submit an offer or documentation that an analysis was performed on the solicitation per federal guidelines. [See Appendix A – \(g\) Competitive Proposals – A&E Services.](#)

- 2. There are specific circumstances where a non-competitive procurement process can be used. See Appendix A – (h) Non-Competitive Procurement.

- a. The waiver of competitive procurement processes utilizing federal funds must meet one or more of the following circumstances, according to [2 CFR 200.320\(c\)](#):
 - i. The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.
 - ii. The item is available only from a single source.
 - iii. There is an urgent public need, demand, or emergency for the requirement that will not permit a delay resulting from publicizing a competitive solicitation.
 - iv. The federal awarding agency (or pass-through entity) expressly authorizes a non-competitive procurement in response to a written request from the County.
 - v. After the solicitation of a number of sources, competition is determined inadequate.

B. Use of Federal Funds

- 1. County agencies seeking to obtain goods and/or services with federal funding shall inform Procurement & Payables (P&P) that federal funds will be used for the acquisition.
- 2. County agencies shall not procure goods and/or services from federally suspended or debarred suppliers when using federal funds.
- 3. County agencies awarded federal assistance shall ensure that their subgrantees and contractors/subcontractors obtain goods and/or services with federal funds only in compliance with federal regulations.
- 4. County agencies must abide by the procurement standards noted in [2 CFR 200.318-327.](#)

C. Requirements for Covered Transactions

1. The U.S. Federal Government requires recipients of federal funds to ensure they are not providing federal funds to individuals and organizations that are suspended, debarred, or otherwise excluded from receiving or participating in federal awards. The County must evaluate procurements over \$25,000 or on sub-awards under a pass-through/sub-recipient relationship of any dollar amount to ensure debarred or suspended individuals and organizations are not awarded.
2. Before entering into a contract, the County must verify that the party involved is not suspended, debarred, or otherwise excluded from receiving federal awards or participating in federal awards by performing one of these procedures:
 - a. Check [SAM.gov](https://sam.gov) Exclusions, download findings, and save to contract file;
 - b. Collect a certification; or
 - c. Add a clause or condition to the contract.

V. Implementation Plan

- A. This policy becomes effective for all Executive Branch agencies on the date that it is signed by the Executive.
- B. The Finance and Business Operations Division (FBOD) is responsible for the implementation of this policy. FBOD is responsible for communicating this policy to the management structure within their respective agencies and other appropriate parties.

VI. Maintenance

- A. This policy will be maintained by FBOD, or its successor agency.
- B. This policy will automatically expire five (5) years after its effective date. A new, revised, or renewed policy will be initiated by FBOD, or its successor agency prior to the expiration date.

VII. Consequences for Noncompliance

If a grantee agency has been found by an auditing authority to be in violation of federal procurement policies, the federal granting authority may no longer grant funds to that agency, and the agency may have to pay back all disallowed costs.

Appendix A: Procurement Guidelines for Federal Spending

Method	Applies To	Involves	Federal Threshold	King County Threshold
(a) Micro Purchase	Supplies or Services	Non-competitive, if price considered reasonable. Equitably distribute among qualified suppliers.	\$10,000 or less (\$2,000 or less for public works)	Less than \$10,000
(b) Simplified Acquisition Threshold (Informal)	Services, Supplies or Other Property	Price or Rate Quotations from an adequate number of qualified sources.	\$250,000 or less	Less than \$50,000
(c) Sealed Bids	Services, Supplies or Other Property	Formal solicitation with a firm-fixed price contract awarded to the responsible bidder with the lowest price.	More than \$250,000	\$50,000 or more
(d) Sealed Bids	Construction (Small Works Roster hosted by MRSC)	Informal solicitation with a firm-fixed price contract awarded to the responsible bidder with the lowest price.	Less than \$250,000	Less than \$350,000
(e) Sealed Bids	Construction	Formal solicitation with a firm-fixed price contract awarded to the responsible bidder with the lowest price.	More than \$250,000	No Threshold
(f) Competitive Proposals – Services	When sealed bids are not appropriate	Must be solicited from an adequate number of qualified offerors where price and other factors are considered, and either a fixed price or cost-reimbursement type contract is awarded	More than \$250,000	\$50,000 or more

Method	Applies To	Involves	Federal Threshold	King County Threshold
(g) Competitive Proposals – Architecture & Engineering (A&E) Services	A&E Services	Qualifications-based procurement solicited from an adequate number of qualified offerors where price is not a factor and either a fixed price or cost-reimbursement type contract is awarded.	No threshold	No threshold
(h) Non-Competitive Procurement	Non-competitive procurement in only the following circumstances: does not exceed micro-purchase threshold; only available from a single source; public emergency will not permit a delay resulting from publicizing a competitive solicitation; authorized by federal awarding agency; or after solicitation of a number of sources, competition is determined inadequate.	Clear documentation that one or more of the circumstances are met.	No threshold	No threshold

Notes: Under 2 CFR 200, agencies are required to use the more restrictive threshold when spending federal funds.

Federal procurement thresholds listed here are accurate as of the effective date of this policy; refer to federal regulations for any updates to these thresholds.