


**Drug Fund and Federal Program
Purchasing**

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1

Drug Fund

- ◆ Special Revenue Fund

- ◆ Budgeted Fund

- ◆ Revenues – Drug Fines and fees, seized cash and equipment, donations.




2

Drug Fund Purchases

- ◆ TCA 39-17-420 defines allowed expenditures.

- ◆ Monies can be used for:
 - (1) Local drug enforcement programs
 - (2) Local drug education programs
 - (3) Local drug treatment programs
 - (4) Nonrecurring general law enforcement expenditures




3

Drug Fund Purchases (Cont.)

- ◆ (1) Local drug enforcement programs


- ◆ Anything drug enforcement related
 - Drug agent salaries (if full time)
 - Equipment and supplies
 - Drug Dog
 - Etc.



4

Drug Fund Purchases (Cont.)

- ◆ (2) Local drug education programs
 - DARE
 - Drug Awareness programs



5

Drug Fund Purchases (Cont.)


- ◆ (3) Local drug treatment programs
 - Drug Counseling
 - Drug Rehab



6

Drug Fund Purchases (Cont.)


- ◆ (4) Nonrecurring general law enforcement expenditures
 - Items with an expected life greater than one year. (Ex. Vehicles, firearms, tasers)
 - Does not include things like uniforms, ammunition, insurance, phone charges.



7

Drug Fund Purchases (Cont.)

- ◆ Confidential Purchases
 - Follow Comptroller's Confidential Drug Funds Manual.
<https://www.comptroller.tn.gov/content/dam/cot/la/documents/manuals/Confidential%20Drug%20Funds%20Manual-June%202021.pdf>
 - Confidential funds cannot be used for nonconfidential purposes.




8

Purchasing for Federal Programs

Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)

Code of Federal Regulations (CFR) Part 200
<https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance>




9

Federal Purchasing – UG (Cont.)

200.302 Financial Management

b. The recipient's and subrecipients financial management system **must** provide for the following (see also §§ 200.334, 200.335, 200.336, and 200.337):

- (1) **Identification of all federal awards received and expended** and the federal programs under which they were received. Federal program and federal award identification **must include, as applicable**, the Assistance Listings title and number, federal award identification number and year, name of the federal agency or pass-through entity.




10

Federal Purchasing – UG (Cont.)

200.302 Financial Management (Continued)

- (2) **Accurate, current, and complete disclosure of the financial results of each federal award or program** in accordance with the reporting requirements set forth in §§ 200.328 and 200.329.
- (3) Maintaining **records** that sufficiently identify the amount, source, and expenditure of federal awards. These records must contain information to identify federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income and interest. All records **must be supported by source documentation**.




11

Federal Purchasing – UG (Cont.)

200.302 Financial Management (Continued)

- (4) **Effective control** over, and accountability for, all funds, property, and other assets. The recipient or subrecipient must safeguard all assets and ensure they are used solely for authorized purposes. See § 200.303.
- (5) Comparison of expenditures with budget amounts for each federal award.
- (6) **Written procedures** to implement the requirements of § 200.305. (Cash Management)
- (7) **Written procedures** for determining the allowability of costs in accordance with subpart E and the terms and conditions of the federal award.



12

Federal Purchasing – UG (Cont.)

200.303 – Internal Controls

The recipient and subrecipient must:

- (a) Establish, document, and maintain effective internal control over the federal award that provides reasonable assurance that the recipient or subrecipient is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls must comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with the U.S. Constitution, federal statutes, regulations, and the terms and conditions of the federal awards.



13

Federal Purchasing – UG (Cont.)

200.303 – Internal Controls (Continued)

- (c) Evaluate and monitor the recipient or subrecipient's compliance with statutes, regulations and the terms and conditions of federal awards.
- (d) Take prompt action when instances of noncompliance are identified.
- (e) Take reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information. This also includes information the federal agency or pass-through entity designates as sensitive or other information recipient or subrecipient considers sensitive and is consistent with applicable federal, state, local, and tribal laws regarding privacy and responsibility over confidentiality.



14

Federal Purchasing – UG (Cont.)

200.317 – 200.324 Procurement Standards

300.318 General Procurement Standards

- (a) The recipient or subrecipient must maintain and use documented (written) procedures for procurement transactions under a federal award or subaward, including the acquisition of property or services.
- (c)(1) The recipient or subrecipient 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....
- (j) The recipient or subrecipient must maintain records sufficient to document the history of each procurement transaction. These records must include the rationale for the procurement method, contract type selection, contractor selection or rejection, and the basis for the contract price.




15

Federal Purchasing – UG (Cont.)

200.320 Methods of Procurement

- The recipient or subrecipient **must** maintain and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319.
- **Five Methods**
 - 1) (Informal) Micro-purchase - Under \$10,000 (with exceptions)
 - 2) (Informal) Small Purchase – Simplified Acquisition Threshold is \$250,000
 - 3) (Formal Procurement) Sealed Bids
 - 4) (Formal Procurement) Competitive Proposals
 - 5) Noncompetitive Proposals




16

Federal Purchasing – UG (Cont.)

200.320 - Methods of Procurement (Continued)

- Make sure to use your local policies for purchasing, obtaining quotes, bidding, etc. **unless they exceed** the federal limits for each type of federal methods of procurement. For instance, the current micro-purchase amount is \$10,000. There are exceptions, but a lot of hoops to jump through.




17

Federal Purchasing – UG (Cont.)

Purchasing Issues

- **A. Cooperative Purchasing Agreements –TCA 12-3-1205**
 - Competitive Bids or RFP?– you are required to acquire and maintain documentation of bid compliance.
 - Exclusions - (1) Purchases of new or used motor vehicles, unless the motor vehicles are manufactured for a special purpose as defined in 12-3-1208 (school buses, garbage trucks, fire trucks, ambulances) (2) Construction, engineering, or architectural services. (3) Construction materials. Construction materials do not include certain listed utility system items. (4) Fuel, fuel products, lubricating oils.




18

Federal Purchasing – UG (Cont.)

Purchasing Issues (Cont.)

- **B. Bid Exclusions**
 - *Secondhand Purchases – TCA 12-3-1202.* Probably not allowed by the Uniform Guidance.
 - *School Energy Related Services – TCA 49-2-203(g)* based on competence and integrity. Probably not allowed by Uniform Guidance.
 - *Professional Services – TCA 5-14-108 (a)(2) (1957 Acts), 12-3-1209, and others -* based on competence and integrity. UG 200.320 (b)(2)(iv) requires competitive proposal procedures using qualifications and compensation for architect and engineering services.




19

Federal Purchasing – UG (Cont.)

Purchasing Issues (Cont.)

- **C. Uniform Guidance/ Federal Requirements**
 - *Davis-Bacon Act* – Requires construction related contracts awarded to contractors in excess of \$2,000 to pay federal prevailing wage rates.
 - *Build America/ Buy America* –




20

Federal Purchasing – UG (Cont.)

Build America, Buy America Act (BABA)

What are the requirements of Build America, Buy America?

- ◆ (1) All iron and steel items used in covered projects must be produced in the United States. This means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.
- ◆ (2) All manufactured products used in covered projects must be produced in the United States. This means the manufactured product was manufactured in the United States, and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product.
- ◆ (3) All construction materials used in covered projects must be manufactured in the United States. This means that all manufacturing processes for the construction material occurred in the United States.



21

Federal Purchasing – UG (Cont.)

What types of infrastructure are covered by Build America, Buy America?

- ◆ Infrastructure includes projects with public functions, such as roads, highways, bridges, public transportation facilities, dams, ports, harbors, railroads, freight and intermodal facilities, airports, water systems, electrical transmission facilities and systems (including structures, facilities, and equipment that generate, transport, and distribute energy, including electric vehicle charging facilities), broadband infrastructure, and buildings.

How do I know if BABA applies to my award.

- ◆ You must be notified in your award terms and conditions.



22

Federal Purchasing – UG (Cont.)

200.332 Requirements for pass-through entities

- (a) **Verify the subrecipient is not excluded or disqualified in accordance with CFR 201.201.** Can use SAM.gov to confirm potential subrecipient is not suspended, disbarred, or excluded from contracting.
- (b) **Ensure that every subaward is clearly identified to the subrecipient** as a subaward and includes the information provided below. A pass-through entity must provide the best information when some of the information is unavailable. A pass-through entity must provide the unavailable information when it is obtained. Required information includes: (See UG listing)



23

Federal Purchasing – UG (Cont.)

200.332 Requirements for pass-through entities (Continued)

- (c) **Evaluate each subrecipient's fraud risk and risk of noncompliance** with a subaward to determine the appropriate subrecipient monitoring described in paragraphs (f) of this section: (See UG listing of risk considerations)
- (d) If appropriate, consider imposing specific subaward conditions upon a subrecipient as described in § 200.208 **and notify the federal agency of the specific conditions.**



24

Federal Purchasing – UG (Cont.)

200.332 Requirements for pass-through entities (Continued)

- (e) Monitor the activities of the subrecipient as necessary to ensure that the subrecipient complies with federal statutes, regulations, and the terms and conditions of the subaward. The pass-through entity is responsible for monitoring the overall performance of the subrecipient to ensure the goals and objectives of the subaward are met. In monitoring a subrecipient, a pass-through entity must (See UG for a listing of requirements)



25

Federal Purchasing – UG (Cont.)

200.332 Requirements for pass-through entities (Continued)

- (f) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (c) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals: (See UG listing – training, on site reviews, agreed upon procedures)



26

Federal Purchasing – UG (Cont.)

Personnel Costs

- 200.413 Direct Costs - (C) Salaries of Administrative and clerical staff should normally be treated as indirect costs.
- 200.430 Compensation – Records must (g.vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.



27
