

CITY OF SAN RAFAEL
POLICIES AND PROCEDURES



Subject:	Procurement/Purchasing
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Prepared By	Daniel Soto, Associate Management Analyst
Approved By:	Jim Schutz, City Manager

FEDERAL AWARDS POLICY

PURPOSE

The purpose of this policy is to establish and maintain internal controls that provide reasonable assurance that Federal awards are being managed in compliance with all Federal regulations and with the terms and conditions of the Federal award. The City of San Rafael ("City") will follow the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR § 200), commonly referred to as "Uniform Guidance", as well as all state, local, and applicable laws and regulations.

STANDARDS OF CONDUCT (§200.318(c)(1))

The purpose of the Standards of Conduct is to ensure the efficient, fair and professional administration of federal grant funds in compliance with 2 CFR §200.112, 2 CFR §200.318, and other Federal, state, local, and applicable laws and regulations.

Application

This Standard of Conduct applies to all elected officials, employees, and agents of the City of San Rafael engaged in the award or administration of contracts supported by Federal grant funds.

Requirements

No elected official, employee, or agent of the City of San Rafael shall participate in the selection, award or administration of a contract supported by a Federal award if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when any of the following has a financial or other interest in the firm selected for award:

- The City employee, elected official, or agent
- Any member of their immediate family
- Their partner
- An organization which employs, or is about to employ, any of the above

The City of San Rafael's elected officials, employees, or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors or subcontractors.

Federal Awards Policy

Remedies

To the extent permitted by Federal, state or local laws or regulations, violation of these standards may cause penalties, sanctions or other disciplinary actions to be taken against the City of San Rafael's elected officials, employees or agents, or the contractors, potential contractors, subcontractors or their agents. Any potential conflict of interest will be disclosed in writing to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.

INTERNAL CONTROLS (§200.303)

The City of San Rafael will maintain effective internal control over the Federal award, providing reasonable assurance that the City is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award:

- The City will take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- The City will take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive.
- The City will review the "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States for guidance relating to internal controls.

ADVANCE PAYMENTS AND REIMBURSEMENTS (§200.305)

Payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the City of San Rafael, whether the payment is made by electronic funds transfer (EFT), or issuance or redemption of checks, warrants, or payment by other means.

- Advanced payments must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the City of San Rafael to carry out the purpose of the approved program or project. Any advanced payments must be consolidated to cover anticipated cash needs.
- The City of San Rafael shall minimize the time elapsed between receipt of Federal aid funds and subsequent payment of incurred costs.

COST SHARING OR MATCHING (§200.306)

For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all the criteria outlined in 2 CFR §200.306 (b).

If the purpose of the Federal award is to assist the non-Federal entity in the acquisition of equipment, buildings or land, the aggregate value of the donated property may be claimed as cost sharing or matching.

ALLOWABLE COSTS (§200.309)

Federal awards will meet the following general criteria in order to be allowable, except where otherwise authorized by statute:

- Be necessary and reasonable for the performance of the Federal award.
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both Federally-financed and other activities of the City of San Rafael.
- 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.
- Be determined in accordance with generally accepted accounting principles (GAAP).
- Not be included as cost or used to meet cost sharing or matching requirements of any other Federally-financed program in either the current or a prior period.
- Be adequately documented.

CLOSURE (§200.309)

A project agreement end date will be established in accordance with 2 CFR §200.309. Any costs incurred after the project agreement end date are not eligible for Federal reimbursement.

PROCUREMENT

The Uniform Guidance emphasizes that all procurement transactions must be conducted in a manner providing full and open competition (2 CFR §200.319). The simplified acquisition threshold, or the Federal competitive bidding dollar threshold, is adjusted periodically by the Federal government, and the threshold most recently established and published in the Federal Register shall apply if other than \$250,000 (48 CFR Subpart 2.1).

When procuring property and services under a Federal award, the City of San Rafael will follow 2 CFR §200.318 through §200.326 ("Procurement Standards") or the City of San Rafael's Purchasing Policy, whichever is more restrictive. The following table outlines procurement requirements when using Federal funds:

Federal Awards Policy

Procurement Method	Goods	Services
Micro-Purchase – No required quotes. However, must consider price as reasonable, and, to the extent practical, distribute equitably among suppliers.	\$10,000 or less Must use more restrictive \$10,000 federal threshold	\$10,000 or less Must use more restrictive \$10,000 federal threshold
Small Purchase Procedures (Informal) – Obtain/document quotes from a reasonable number of qualified sources (at least three).	Up to \$250,000 Goods, services, and professional services: Must use more restrictive City threshold of \$75,000 instead of \$250,000 Federal threshold Public works: Must use more restrictive \$175,000 City threshold	Up to \$250,000 Goods, services, and professional services: Must use more restrictive City threshold of \$75,000 instead of \$250,000 Federal threshold Public works: Must use more restrictive \$175,000 City threshold
Sealed Bids / Competitive Bids (Formal)	Greater than \$250,000 Goods, services, and professional services: Must use more restrictive City threshold of \$75,000 instead of \$250,000 Federal threshold Public works: Must use more restrictive \$175,000 City threshold	Greater than \$250,000 Goods, services, and professional services: Must use more restrictive City threshold of \$75,000 instead of \$250,000 Federal threshold Public works: Must use more restrictive \$175,000 City threshold
Competitive proposals	Used when conditions are not appropriate for the use of sealed bids: <ul style="list-style-type: none"> • Must publicize request for proposals soliciting from an adequate number of qualified sources • Maintain written method for conducting technical evaluations • Contract must be awarded to the responsible firm whose proposal is most advantageous to the program 	
Non-competitive proposals	Appropriate only when: <ul style="list-style-type: none"> • Available only from a single source; or • Public emergency; and • Expressly authorized by awarding or pass-through agency in response to written request from the City of San Rafael; or • After soliciting a number of sources, competition is deemed inadequate. 	

Federal Awards Policy

Contracts for more than the simplified acquisition threshold, currently set at \$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 and sub-grants of amounts in excess of \$250,000 require that the City of San Rafael comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act.

Avoiding the Acquisition of Unnecessary or Duplicative Items (§200.318(d), (e))

The City will monitor procurements to avoid duplicative purchases. The City will also continue to enter into inter-entity agreements to realize cost savings for shared goods and services when possible.

Contracting with Small and Minority Businesses, Women's Business Enterprises, and Labor Surplus Area Firms (§200.213)

The City will take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. The City will do the following:

- Place qualified small and minority businesses and women's business enterprises on solicitation lists.
- Assure that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources.
- Divide total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises.
- Establish delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises.
- Use 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.
- Require the prime contractor, if subcontracts are to be let, to take these same affirmative steps listed in this section.

Suspension and Debarment (§200.326(H))

The City will verify and document that vendors are not suspended or debarred from doing business with the Federal government. The City will identify such vendors, referred to as "exclusions", using the System for Award Management (SAM). SAM contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

Federal Awards Policy

SINGLE AUDIT ACT (§200.501)

The City of San Rafael, as a recipient of Federal funds, will adhere to the Federal regulations outlined in 2 CFR §200.501, as well as all applicable Federal, state, local, and applicable laws and regulations.

CERTIFICATION

To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under any agreement between the City and the non-Federal entity must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which reads as follows:

By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise."

DISCLAIMER

Procurement standards set forth by 2 CFR §200.318 through §200.326 ("Procurement Standards") have an effective date of December 26, 2014. In accordance with 2 CFR §200.110, the City of San Rafael elected to use Procurement Standards in conformance with previous Office of Management and Budget (OMB) guidance for fiscal years up to June 30, 2018. New Uniform Guidance procurement standards will be in effect as of Fiscal Year 2018-19, beginning July 1, 2018.

APPROVED BY:



Jim Schutz, City Manager

6-14-19

Date