



Lake County Continuum of Care Financial Policies and Procedures for Procurement, Processing Requests for Funds, Support Documentation Standards, and Addressing Improper Payments for ESG-CV/ESG

These Financial Policies and Procedures are in effect for ESG-CV and ESG annual projects funded by California HCD, with Lake County Behavioral Health Services, the Administrative Entity for the Lake County Continuum of Care (LAKE COUNTY), as its subrecipients. This policy is specific to ESG-CV and ESG and is an extension of Section Seven of Lake County Government Policy, Financial.

Procurement

The County shall facilitate compliance with all procurement requirements associated with the ESG-CV program including, but not limited to, those in 2 CFR 200.318 – 200.327. Compliance with these procurement standards shall also be required of subrecipients receiving ESG-CV funds from the County.

I. Procurement Standards

When buying goods and/or services with ESG-CV funds, the County and its subrecipients will follow these standards:

- a) **Conflict of Interest:** Identify and avoid conflicts of interest in the procurement process. Officers, employees, or agents must disclose any potential conflicts and refrain from participating in decisions where a conflict exists.
- b) **No Gifts:** Officers, employees, or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements.
- c) **Smart Purchases:** Review proposed purchases to avoid unnecessary or duplicative items. Consider combining or splitting purchases for better deals. Analyze leasing versus buying for cost-effective decisions.
- d) **Local Cooperation:** Explore intergovernmental agreements with local entities for shared procurement or use of common goods and services.
- e) **Use Existing Resources:** Prioritize using federal surplus property instead of buying new when feasible.
- f) **Cost Reduction:** Encourage cost-cutting measures in construction contracts through techniques like value engineering.
- g) **Award to Competent Contractors:** Contracts will be awarded to capable contractors with a good track record.
- h) **Detailed Records:** Maintain detailed records of procurement history, including reasons for the chosen method, contractor selection or rejection, and contract pricing.
- i) **Time and Material Contracts:** Use time and material contracts only when necessary, with a specified ceiling price.

- j) Responsibility for Issues: Be responsible for resolving contractual and administrative issues arising from procurements.
- k) Protest Procedures: Establish protest procedures to handle and resolve disputes and disclose protest information to the awarding agency. Exhaust administrative remedies before pursuing a protest with the Federal agency.

II. Implementation Procedures

To ensure full and open competition, the County and its subrecipients shall utilize one of the following procurement methods when purchasing goods and/or services with ESG-CV funds:

- a) Micro-purchases: For purchases under \$10,000. To the extent practicable, the County and its subrecipients shall distribute micro-purchases equitably among qualified vendors.
- b) Small purchases: For purchases under \$250,000. Must obtain a minimum of three (3) quotes from qualified vendors.
- c) Sealed bids: For purchases exceeding \$250,000. Must publicly solicit bids. Must obtain a minimum of two (2) bids from responsible bidders. A firm, fixed price contract is awarded to the lowest, responsive, responsible bidder.
- d) Competitive proposals: For conditions not suitable for sealed bids (i.e., professional services). Utilize this method when price is not the sole determining factor in the contract award. Additional evaluation criteria must be determined in advance and included in the solicitation for competitive proposals.

III. Documentation Standards:

To document compliance with the procurement requirements, the County and its subrecipients shall maintain records containing:

- a) Procurement Details: Description and rationale for the procurement method.
- b) Vendor Information: Qualification statements, RFPs, and proposals received.
- c) Contract Type Rationale: Explanation for selecting the contract type.
- d) Contractor Selection: Basis for selecting or rejecting a contractor.
- e) Cost Estimate: Contractor's written cost estimate used to determine cost reasonableness.
- f) Cost or Price Basis: Basis for the awarded cost or price.
- g) Contract: A copy of the awarded contract.
- h) Amendments: Copies and rationale for any contract amendments.
- i) Notice to Proceed: Copy of the Notice to Proceed.
- j) Payment Records: Records of payments and supporting documentation.

Processing Requests For Funding (RFFs):

The County operates on a reimbursement basis for its ESG-CV programs in accordance with 2 CFR 200.305(b)(3). This policy governs the submission and processing of [requests for funds/reimbursement requests/claims] from Lake County Behavioral Health Services on behalf of the Lake County Continuum of Care and its sub-subrecipients to ensure compliance with the grant regulations. Sub-subrecipients are required to submit their request for

funds/reimbursement request/claim along with supporting documentation on a monthly basis. All submissions must adhere to the specified deadlines outlined in agreements between the County and sub-subrecipients. The County processes each request to verify that all expenditures charged to the grant and specific activity component are necessary, reasonable, allowable, and allocable. This evaluation is based on the funding source requirements as well as the terms and conditions of the agreement/contract. If additional information is needed, the County will contact the sub-subrecipient for clarification or corrected information. Prompt responses to these requests are essential to ensure the timely processing of payments.

Improper Payments

In the event an improper payment was issued, the County will notify the sub-subrecipient of the unallowable cost. The notification will include details of the total amount of funds that must be repaid with non-federal funds.

Documentation Standards:

The County and its sub-subrecipients are required to maintain adequate supporting documentation for all costs charged to the ESG-CV grant.

Specific documentation standards for personnel and non-personnel costs are outlined below:

I. Personnel Costs

a) Timesheets:

- i. Must specify the period (date range) and align with the employee's corresponding paycheck for that pay period
- ii. Must account for all hours worked during the period, regardless of funding source
- iii. Must identify the number of hours worked directly on each activity, categorized by funding source
- iv. Must be signed and dated by both the employee and their supervisor
- v. Payroll Records:
- vi. Must detail the employee's hourly rate of pay, including fringe benefits
- vii. Must indicate the number of hours worked on ESG-CV activities for each employee, multiplied by their loaded hourly rate, resulting in the requested amount

b) Proof of payment

- i. Copy of the cancelled check, or
- ii. Bank statement confirming the disbursement of funds for personnel costs
- iii. General ledger:
- iv. Must verify the personnel expenditures by activity and funding source
- v. Should present a clear and concise overview, allowing for easy verification of the alignment between the documented personnel costs and the corresponding activities and funding sources.

II. Non-Personnel Costs

a) Procurement Records

- i. Procurement certification attesting that the goods or services were procured in accordance with 2 CFR 200 prior to purchase
 - ii. Contract and/or purchase order that matches with invoices and accounting records
- b) Invoice or Receipt
 - i. Must specify the date of purchase or the period of performance for services
 - ii. Must itemize the goods or services purchased, including the cost per unit, quantity, and total amount
 - iii. Must reflect the total cost, net applicable credits or discounts
- c) Proof of payment
 - i. Copy of the cancelled check, or
 - ii. Bank statement confirming the disbursement of funds for non-personnel costs
- d) General ledger:
 - i. Must verify the non-personnel expenditures by activity and funding source
 - ii. Should present a clear and concise overview, allowing for easy verification of the alignment between the documented non-personnel costs and the corresponding activities and funding sources.