

 <p>MORONGO BASIN HEALTHCARE DISTRICT</p>	<p><b>DEPARTMENT / MANUAL: ADMINISTRATIVE MANUAL</b></p>
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<p>TITLE: <b>PROCUREMENT</b></p>	<p>APPROVED BY:</p> <p>ADMIN: <u><i>Diane Linn</i></u> Date: <u>6/9/2020</u></p> <p>CEO: <u><i>Jacques Lomb</i></u> Date: <u>6-9-2020</u></p> <p>GOVERNING BOARD: <u><i>[Signature]</i></u> Date: <u>6/9/2020</u></p>

**PURPOSE**

To direct staff in the procurement purchase of materials, supplies, services in the quantity, quality, and price consistent with the needs of the District. (Note: The Morongo Basin Community Health Center is part of the Health Care District.)

**POLICY**

The procurement policy applies to all purchases including all expenditures of monies received through federal grants, whether those monies come directly from a Federal agency or through an intermediary, known as a "pass-through entity."

Federal law imposes requirements on the use of federal grants. This Procurement Policy is designed to ensure that the District and Morongo Basin Community Health Center complies with those requirements. A contract or affiliation agreement may not limit the health center's authority or compromise the health center's compliance with the HRSA Health Center Requirements in terms of corporate structure, governance, management, finance, health service, or clinical operations. Individual federal grants may contain further requirements that are unique to those grants and to the requirements of this Policy.

Failure to comply with federal requirements can result in a variety of adverse consequences including loss of funding; therefore, federal requirements must be scrupulously observed. Violation of this policy may result in disciplinary action, including termination of employment.

**PROCEDURE**

1. ETHICS AND CONFLICTS OF INTEREST
  - A. District Personnel:
    - 1) All individuals involved in procurement must avoid any actual or apparent conflict of interest. Such individuals may not derive any personal financial or other benefit from any contract or transaction using federal grant funds. This

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prohibition includes parents, children (biological, foster, and/or adopted) and siblings, as such close relationships could give rise to an appearance of conflict.

- 2) District personnel may not accept kickbacks, "rebates," gratuities or other "gifts" or "tokens of appreciation" from vendors. Rebates and discounts to the District are permitted provided they:
  - Comply with all applicable law;
  - Provide a direct benefit to the District;
  - Result from an arm's-length negotiation, which is fully documented in the file, and
  - Are consistent with vendor's standard pricing or discounting policies.
- 3) Vendors or suppliers who offer inappropriate benefits or rewards to individual District employees will immediately be reported to the CEO.
- 4) Noncompliance with these requirements may result in disciplinary action, including termination of employment.

B. Suppliers or Bidders

- 1) To avoid conflict or the appearance of conflict, contractors or consultants who prepare specifications, statements of work or other material portions of requests for proposal will be excluded from bidding on the underlying work. As with natural persons, parent, subsidiary and affiliated companies must also be excluded. The District will not accept bids based upon anti-competitive pricing or practices.

C. Reports

- 1) Suspected or observed violations of this policy will be reported to the CEO.
- 2) The District strictly prohibits retaliation of any type or nature against anyone for making such reports in good faith. Immediately report any observed or suspected retaliation to the CEO and to Human Resources.

2. PROCUREMENT PROCESSES

Federal regulations place great emphasis on securing the best value for each federal dollar and on promoting free and open competition. Consequently, all purchases using federal funds require a cost / price analysis and documentation showing that more than one vendor was considered. The detail of the analysis and documentation required increases with the amount spent. See Section 2.L below for Purchasing Guidelines.

- A. Costs: Costs must be reasonable, allowable and allocable. A cost is "reasonable" if it is one a reasonable person would incur in the circumstances after appropriate market research and price analysis.

B. Allowable costs must be:

- 1) Be necessary and reasonable for the performance of the federal award and be allocable to that award.
- 2) Duplicate or unnecessary purchases are not “allowable” and are not eligible for reimbursement from federal grant monies.
- 3) Conform to any limitations set forth in this policy or in the grant. Consult the CEO regarding additional requirements attached to particular grants.
- 4) Be recorded and classified in a consistent manner. For example: costs that are classified as indirect outside the context of a federal grant may not be classified as direct costs when applied to a federal grant.
- 5) Be determined to be in accordance with generally accepted accounting principles (GAAP).
- 6) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.
- 7) Be properly documented. Required documentation is detailed in this section. Whenever appropriate, the costs of leasing versus purchasing must be considered.

C. The District Controller is responsible for ensuring that grant expenditures are accounted for in a complete, timely and accurate manner.

D. Account Codes are used to classify and accurately track expenses and expenditures. Use of account codes is also required by federal law and regulation. Account codes are furnished by the finance department which is responsible for the consistent and accurate use of account codes.

E. Allocable costs:

- 1) A cost is “allocable” to the extent that it provides a benefit to the project for which the grant was awarded. If there is no benefit, the expense is not allocable. If an expense is not allocable, it is automatically not allowable and cannot be paid for from grant funds.
- 2) Costs charged to federal grants will be the actual cost incurred by the District and will therefore reflect any credits or discounts obtained by the District.
- 3) If a cost benefits more than one project, but the proportion of benefit to each cannot be determined because of the interrelationship of those projects, then the cost may be allocated between those project on any reasonable basis with proper documentation as to how and why the allocation was made.
- 4) If a grant specifically authorizes the purchase of equipment or other capital assets, those costs will be allocated to that grant, regardless of what use is made of such equipment or asset after its original purpose is completed. Indirect costs, such as maintenance and depreciation are discussed in the Section 2.I Indirect Cost, below.

- 5) In general, costs allocable to one grant may not be charged to any other federal grant to overcome fund deficiencies or any other reason. In certain instances, however, shifting costs under two or more federal grants is allowed. Cost shifting between federal grants is not permitted without the prior written approval of the CEO.
- F. Whenever Cost Accounting Standards apply, those standards will take precedence over the allocation principles above. Consult the finance department for guidance. When in doubt regarding the reasonableness and allocability of any costs, consult the finance department.
- G. Certain grants may be subject to statutory limits allowable costs. In those cases, costs that exceed that limit may not be charged to the grant.
- H. Any payments made for costs determined to be unallowable must be returned (with interest) to the granting agency.
- I. Indirect costs (facilities and administration): Indirect (F&A) costs must be classified as “Facilities” or “Administration.”
- 1) “Facilities” means depreciation on buildings, equipment and capital improvement interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses. Library expenses are Facilities costs.
  - 2) “Administration” means general administration and general expenses such as the CEO, accounting, personnel and other indirect costs not defined above as “Facilities” costs.
  - 3) Indirect costs may be allocated to a grant only if they provide a benefit to that specific grant program.
  - 4) Individual grants may set forth specific requirements relating to reimbursement of indirect costs, matching or cost sharing. Please consult with the finance department for additional guidance.
- J. Certifications:
- 1) Federal law requires periodic reports detailing the use of grant monies. These reports, as well as vouchers requesting payment, must be certified in writing by the CEO. The required certification reads:  
*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. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).*

- 2) Note that errors, omissions or falsehoods may result in personal liability, including criminal prosecution.
- K. Price: Price analysis is a comparison of prices offered by qualified vendors competing in the open market. Price analysis may be as simple as comparison shopping prices for standard goods published by several vendors or as complicated as written bids submitted in response to a detailed Request for Proposal.
- L. Purchasing Guidelines:
- 1) Micro purchases of less than \$10,000: Micro purchase means a purchase of supplies or services using simplified acquisition procedures (set by the Federal Acquisition Regulation at 48 CFR subpart 2.1 and in accordance with 41 U.S.C. 1908); the aggregate amount of which does not exceed the micro-purchase threshold. Micro purchase procedures comprise a subset of a non-federal entity's small purchase procedures. The non-federal entity uses such procedures in order to expedite the completion of its lowest dollar, small purchase transactions and minimize the associated administrative burden and cost.
    - To the extent practical, the non-federal entity must distribute micro purchases equitably among qualified suppliers.
    - Micro purchases may be awarded without soliciting competitive quotations if the non-federal entity considers the price to be reasonable.
  - 2) Small purchases over \$10,000 but less than the Simplified Acquisition Threshold, currently \$250,000:
    - Definition: Simplified Acquisition Threshold applies to purchases over \$10,000 and under \$250,000. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.
    - There is no requirement that contracts be awarded solely based on price (i.e. awarded to the lowest bidder). Other considerations, such as vendor's experience in the field or quality of products or services offered, may justify a higher price. Those reasons must be documented in the transaction file.
    - Consult with the CEO if special circumstances arise (e.g., only one suitable supplier exists).
- M. Procurement by sealed bids (formal advertising):
- 1) Sealed bids are publicly solicited requests for bids or proposals at a fixed contract price. The contracts are awarded to the bidder whose bid conforms in all material respects to the specified requirements and offers the lowest price. Sealed bids are the preferred method for procuring construction contracts.

- 2) Sealed bidding is appropriate in the following circumstances:
  - A complete, adequate and realistic specification or purchase description is available.
  - Two or more responsible bidders are willing and able to compete effectively for the business.
  - The procurement lends itself to a fixed price contract and the selection of the successful bidder can be made principally based on price.
- 3) If sealed bids are used, the following requirements apply:
  - The invitation for bids will be publicly advertised;
  - Bids must be solicited from an adequate number of known suppliers, providing them sufficient time to respond;
  - The invitation for bids must fully describe the items or service sought, so that the bidder may properly respond;
  - All bids will be publicly opened at the time and place prescribed in the invitation for bids;
  - A firm, fixed price contract award will be made in writing to the lowest **responsive and responsible bidder**. Where specified in bidding documents, factors such as discounts, transportation costs and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
  - Any or all bids may be rejected if there is a sound, documented reason.
- 4) The CEO will establish a written method for conducting technical evaluations of the proposals received and for selecting recipients before the bidding opportunity is announced. Technical specifications will be provided to the granting or pass-through agency upon request.

N. Sole source procurement, or noncompetitive procurement may be used only when one or more of the following circumstances apply:

- 1) The item is available only from a single source.
- 2) Public exigency or emergency will not permit a delay resulting from competitive solicitation.
- 3) The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals.
- 4) After solicitation of several sources, competition is determined to be inadequate.

O. Request for proposal process (RFP):

- 1) Determine evaluation criteria: At the beginning of the RFP process, establish

and weigh each evaluation criteria required by the vendors' proposals. Common criteria include experience, team strength, project understanding, differential advantage and price.

- 2) Vendor Research: Select an appropriate number of qualified sources, as determined by the Controller, to permit reasonable competition consistent with the nature and requirements of the proposal or request for information.
- 3) Request for Information (RFI): An RFI may be used when the District does not presently intend to award a contract but wants to obtain pricing, delivery, other market information or capability for planning purposes. Response to these notices are not offers and cannot be accepted by the District as a formal, binding contract.
- 4) Publish the RFP: An RFP for competitive acquisitions shall, at a minimum, describe the following:
  - District requirements
  - Anticipated terms and conditions that will apply to the contract
  - Information required in the offer proposal
  - Factors and significant sub-factors that will be used to evaluate the proposal and their relative importance.
- 5) Review the proposal: After receiving all proposals, each will be evaluated based on the District evaluation criteria. Of those selected for consideration, interviews may be arranged at the discretion of the Controller.
- 6) Interview vendors: The above actions cumulate with the interview of the pre-qualified bidders based upon a developed standardized interview outline which may result in the acceptance or rejection of all offers.

### 3. COMPETITION

- A. All procurement transactions must be conducted in a manner providing full and open competition. Requirements or practices that impede or obstruct such competition are not permitted and may result in disciplinary action, including termination of employment.
- B. Federal grant regulations set aside preferences required by state or local law unless the grant or applicable federal law expressly mandates or encourages observance of such preferences. Federal preemption does not apply, however, to state licensing laws.
- C. To further ensure free and open competition, all solicitations will:
  - 1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Features or requirements that unduly restrict competition are not permitted. "Brand name or equivalent" descriptions may be used to define the performance or other salient requirements of procurement. The specific features of the named brand to be met by offers must be clearly stated.

- 2) Must identify all requirements and all factors to be used in evaluating bids.
- 3) Ensure that all prequalified lists of persons, firms, or products used in acquiring good and services are current and include enough qualified sources to ensure maximum open and free competition. No potential bidder will be barred from submitting during the proposal period.

D. Specifications or requirements that artificially limit competition shall not be permitted.

#### 4. GENERAL REQUIREMENTS

The following requirements are applicable to all procurement transactions regardless of size:

- A. A contract or affiliation agreement may not limit the District's compliance with the HRSA health center requirements in terms of corporate structure, governance, management, finance, health services or clinical operations.
- B. Whenever possible:
  - 1) Consider leasing versus purchasing;
  - 2) Enter agreements to share common goods or services with other educational institutions, non-profit organizations or government entities;
  - 3) Use federal excess or surplus property in lieu of new purchases;
  - 4) Consider breaking purchases into smaller consignments, or consolidating purchases, if doing so will produce lower pricing or greater value.
- C. In those instances, in which no price competition exists, the supplier's profit will be negotiated as a separate line item. To establish a fair and reasonable profit, consider the:
  - 1) Complexity of the work to be performed;
  - 2) Risk borne by the contractor;
  - 3) Contractor's investment;
  - 4) Amount of subcontracting;
  - 5) Contractor's record of past performance;
  - 6) Industry profit rates for similar work in the surrounding area.
- D. Construction contracts may not be awarded based on a "cost plus" pricing method. The fee payable under the contract must be expressed in dollars to be paid, and not as a percentage of any cost component. In addition, value engineering should be applied to all construction contracts.
- E. Contracts will be awarded only to providers with known integrity and ability to fulfill the contract requirements.
- F. The project leader must maintain records detailing the history of all procurements. At a minimum, these records will disclose the rationale for the:



- 1) Method of procurement;
- 2) Selection of contract type;
- 3) Contractor selection or rejection;
- 4) Basis for the contract price.

G. Time and material contracts may be used only after a determination that no other contract is suitable and the contract includes a ceiling price that the contractor exceeds at its own risk.

H. The District will take all necessary affirmative action to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. Affirmative action includes, at minimum:

- 1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists.
- 2) Assuring that small and minority businesses and women's business enterprises are solicited whenever they are potential sources.
- 3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses and women's business enterprises.
- 4) Establishing delivery schedules, where the requirement permits, which encourages participation by small and minority businesses, and women's business enterprises.
- 5) Using 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.
- 6) Requiring the prime contractor, if subcontracts are to be let, to observe the foregoing requirements.

I. Records of all procurement transaction and all relevant supporting documents will be available upon request to the federal granting agency or the pass-through agency responsible for the funds provided to the District.

## 5. MANDATORY CONTRACT PROVISIONS

A. Grants may require that contracts funded by that grant contain certain provision that apply only to that grant. To ensure compliance, the District uses contract forms provided by the Federal Demonstration Partnership for all sub awards and contracts. No other contract forms may be used without the advance, written consent of the CEO.

B. Required terms are discussed here to provide users with a basic understanding of these provisions.

C. Remedies:

- 1) Contracts that exceed the Simplified Acquisition Threshold must provide remedies that protect the District in the event contractor fails to perform as

required by the contract. These remedies may include sanctions, liquidated, actual and/or realized damages; or penalties levied upon the contractor. Please consult the CEO for assistance.

- 2) Contracts that exceed \$10,000 must permit the District to terminate for cause and for convenience, and must include a mechanism for calculating the amounts due the contractor in the event of such termination. Please consult the CEO for assistance.
- 3) Contractor must certify that it is an "Equal Opportunity Employer."

D. Davis-Bacon Act:

- 1) The Davis-Bacon Act applies to federally funded construction contracts more than \$2,000. It requires contractors to pay laborers and mechanics wages not less than the "prevailing" wage, as determined by the Secretary of Labor.
- 2) Each bid solicitation published by the District must contain the current prevailing wage determination.
- 3) Any award of the contract must be conditioned on contractor's acceptance of that wage determination.
- 4) Suspected or reported violations of the Davis-Bacon Act will be immediately reported to the Federal awarding agency.

E. Copeland "Anti-Kickback" Act:

- 1) The Copeland "Anti-Kickback" Act also applies to construction contracts more than \$2,000. It prohibits kickbacks in construction contracts funded with Federal monies.
- 2) Contractors and subcontractors (sometimes referred to as "sub recipients") will be prohibited from inducing any person employed in the construction, completion or repair of public work, to give up any part of the compensation to which he/she is otherwise entitled.
- 3) Suspected or reported violations will be immediately reported to the federal awarding agency.

F. Construction Contract Work Hours and Safety Standards Act:

- 1) Construction contracts more than \$100,000 will require that the wages of mechanics or laborers comply with federal law, including:
  - Wages of mechanics and laborers will be computed based on 40-hours of work per week; and
  - Work more than 40-hours per week will be paid at a rate at least 1.5 times the basic hourly rate.
- 2) In addition, contractors will be prohibited from requiring laborers or mechanics from working in surroundings or under conditions that are unsanitary, hazardous or dangerous.

- G. Clean Air and Water:
  - 1) Contractor will be required to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act.
  - 2) Observed or suspected violations will be reported to the CEO who will advise the grant awarding agency and the regional office of the Environmental Protection Agency.
- H. Energy Efficiency: Contractor will be required to meet all applicable federal energy conservation and efficiency standards pursuant to the Energy Policy and Conservation Act (42 U.S.C. 6201).
- I. Debarment and Suspension: Contracts funded with federal grant monies may not be awarded to contractors that have been debarred or suspended from receiving federal monies pursuant to the Federal Excluded Parties List System.
- J. Byrd Anti-Lobbying Amendment: Contractors that apply or bid for an award of \$100,000 must certify that they have not used federal funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress about obtaining any federal contract, grant or any other award.
- K. Prevailing Wages:
  - 1) Prevailing Wage is defined as the hourly wage, usual benefits and overtime, paid in the largest city in each county, to the majority of workers, laborers and mechanics. Prevailing wages are established by the Department of Labor and Industries for each trade and occupation employed in the performance of public work. They are established separately for each county and are reflective of local wage conditions.
  - 2) Prevailing wages are required to be paid by public entities such as healthcare districts, for project of \$1,000 or more.

## 6. BONDING REQUIREMENTS

Unless the granting agency has made a separate determination accepting the District's bonding policy, all contracts for construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold will meet the following requirements:

- A. Each bidder will provide a "bid guarantee" equivalent to five percent of the bid price. The bid guarantee must consist of a firm commitment such as a bid bond, certified check, or other negotiable instruments accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
- B. Successful bidders will, prior to contract execution, provide a performance bond for 100 percent of the contract price to secure fulfillment of contractor's obligations under such contract.

- C. Successful bidders will also provide, prior to contract execution, a payment bond for 100 percent of the contract price to ensure payment to persons supplying labor and materials under the contract.
- D. All bonds will be issued by reputable and financially sound bonding companies licensed to do business in the State of California.

#### 7. MONITORING AND REPORTING PROGRAM PERFORMANCE

- A. The Controller is responsible for oversight of activities supported by federal grant monies. The finance department must monitor activities under federal awards to ensure compliance and that performance expectations are being achieved.
- B. The finance department is responsible for the timely completion of all required reports. Generally, such reports are required at least annually and no more frequently than quarterly.
- C. Performance reports will be submitted using federally approved forms and standards. Please consult the CEO for assistance in obtaining these forms or interpreting the applicable standards. Current federal standards require that reports provide:
  - 1) A comparison of actual accomplishments to the objectives of the federal award.
  - 2) The reasons why established goals were not met, if appropriate.
  - 3) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

#### 8. SIGNIFICANT DEVELOPMENTS

- A. Events may occur between the scheduled performance reporting dates that have significant impact upon the supported activity. In such cases, the District must inform the federal awarding agency or pass-through entity as soon as the following types of conditions become known:
  - 1) Problems, delays or adverse conditions which will materially impair the ability to meet the objective of the federal award. This disclosure must include a statement of the action(s) taken or contemplated, and any assistance needed to resolve the situation.
  - 2) Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.

#### 9. RECORD RETENTION AND ACCESS

- A. Retention: Financial records, supporting documents, statistical records, and all other records pertinent to a federal award must be retained for a period of seven years from the date of submission of the final expenditure report. For federal awards that are renewed quarterly or annually, however, records must be maintained from the date of the submission of the quarterly or annual financial report, respectively. The only exceptions are the following:

- 1) If any litigation, claim or audit is begun before the expiration of the three-year period, the records must be retained until all litigation, claims or audit finding involving the records have been resolved and final action taken.
- 2) The retention period may be extended by notice from the federal granting agency or any other agency having oversight authority.
- 3) Records for real property and equipment acquired with federal funds must be retained for three years after final disposition of that property or equipment.
- 4) The seven-year retention requirement does not apply when records are transferred to or maintained by the federal awarding agency or pass-through entity.
- 5) When the grant requires the District to report program income after the period of performance, the

B. The following apply to indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable:

- 1) If the proposal, plan, or other computation is required to be submitted to the federal government or to the pass-through entity to form the basis for negotiation of the rate, then the three-year retention period for its supporting records starts from the date of such submission.
- 2) If the proposal, plan, or other computation is not required to be submitted to the federal government or to the pass-through entity for negotiation purposes, then the retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year or other accounting period covered by the proposal, plan, or other computation.

C. Methods for collection, transmission and storage of information: Records will be maintained in open and machine-readable formats, rather than in proprietary formats or on paper.

D. Access to records:

- 1) Records relating to programs funded with federal monies will be available to the federal awarding agency or any other federal oversight agency upon request. This provision includes timely and reasonable access to the District's personnel for inquiry related to such records.
- 2) Consult the CEO for guidance regarding the appropriate response to any federal request for access.

## 10. PROJECT CLOSEOUT

A. The following timetable applies to all projects funded by federal grants unless:

- 1) The grant itself sets forth another schedule;
- 2) The granting agency agrees to extension(s) of this timetable.

- B. The project leader will submit, no later than 90 calendar days after the project end date, all financial, performance, and other reports required by the terms of the grant.
- C. All obligations under the grant will be liquidated within 90 days of the project end date.
- D. Any funds advanced by the granting agency but not spent in performance of the grant project will be refunded to the granting agency.
- E. The finance department will account for the disposition of any real or personal property acquired with federal funds or received from the federal government as part of the grant project.
- F. The closeout of a federal award does not affect the right of the awarding agency to disallow costs and recover funds through audit or other review.

#### 11. CONSEQUENCES OF NONCOMPLIANCE

- A. Noncompliance can result in a variety of adverse consequences for the District, including:
  - 1) Temporary withholding of payments pending correction of the deficiency.
  - 2) Disallowance of all or part of the cost of the activity or action not in compliance.
  - 3) Complete or partial suspension of the federal grant.
  - 4) Suspension or debarment of the District from participation in federally funded programs.
  - 5) Withholding of further federal funding.
  - 6) Suit to recover funds paid for non-compliant activities.
  - 7) Criminal prosecution.
- B. Noncompliance with this policy can have a variety of adverse consequences for the District, including loss of access to federal funding. Therefore, failure to comply with these policies and procedures may result in disciplinary action, including termination of employment.
- C. In addition, violation of federal requirements may expose an individual to civil and criminal prosecution.

**REFERENCES:** 45 CFR 75.327 et seq.