



## Legislation Details (With Text)

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**Type:** Consent - Staff Report      **Status:** Agenda Ready

**In control:** City Council Regular Meeting

**On agenda:** 6/20/2017      **Final action:**

**Title:** Extension for Implementation of New Guidance on Federal Award Programs (Finance Director Moe).  
APPROVE

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
6/20/2017	1	City Council Regular Meeting		

**TO:**  
Honorable Mayor and Members of the City Council

**THROUGH:**  
Mark Danaj, City Manager

**FROM:**  
Bruce Moe, Finance Director  
Henry Mitzner, Controller  
Gwen Eng, Purchasing Manager  
Libby Bretthauer, Financial Analyst

**SUBJECT:**  
Extension for Implementation of New Guidance on Federal Award Programs (Finance Director Moe).  
**APPROVE**

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**RECOMMENDATION:**  
Staff recommends that the City Council approve a one year extension for the implementation of new procurement standards for federal award programs.

**FISCAL IMPLICATIONS:**  
There are no fiscal implications associated with the recommended action. However, without a City Council-approved extension, the City may not be eligible for further federal grants and existing federal funding may be at risk.

**BACKGROUND:**  
The Federal Government has issued new guidance on federal grant award programs to streamline previous procurement standards, which were often agency-specific and convoluted for non-federal agencies. The new uniform guidance aims to be more efficient, effective and transparent while

strengthening oversight of federal funds so as to minimize waste, fraud and abuse. The new guidance is effective for all federal awards made after December 2014.

Entities with a fiscal year ending June 30 must either adopt the new procurement standards by July 1, 2017 or formally request an extension from their legislative body.

#### **DISCUSSION:**

During the interim audit process for FY 2016-2017, which took place the week of May 22, 2017, the City's auditors notified City staff of a new federal grant requirement that mandates that City Council *formally* adopt the Federal Uniform Guidance procurement standards by July 1, 2017 (previously staff believed that the standards could be informally/administratively implemented). Alternatively, if the new standards are not adopted by that date, City Council may self-approve an extension to June 30, 2018 simply by passing a motion.

While the new federal Guidelines are readily available and may be adopted immediately, staff believes that it would be most beneficial to incorporate the new Guidelines within existing policies in order to fully integrate all facets of the procurement process. With staff resources now focused on the budget process for FY 2017-18, revisions to such policies cannot be completed in order to adopt the new Guidelines by July 1, 2017. Therefore, staff is requesting the City Council approve a one-year extension to allow for a complete review of relevant policies. Staff will include a review by the Finance Subcommittee prior to presenting revised policies, including the new federal guidelines, to the City Council for adoption.

#### **PUBLIC OUTREACH/INTEREST:**

After analysis, staff determined that public outreach was not required for this issue.

#### **ENVIRONMENTAL REVIEW**

No environmental review is necessary for the recommended action.

#### **LEGAL REVIEW**

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.