

APPENDIX B
SUSPENSION AND DEBARMENT

Attachment A

Finding No. 2016-002: The Los Angeles Police Department (LAPD) utilizes their own Contracts Division and the City of Los Angeles' General Services Division (GSD) to procure goods and services under the Equitable Sharing Program. During the review, it was noted that out of the seven (7) contractors tested, two (2) contracts executed by LAPD and two (2) contracts executed by GSD, were subject to the suspension and debarment verification. However, the LAPD and GSD were not able to provide evidence to demonstrate that they verified that the four (4) contractors were not suspended or debarred prior to entering into covered transactions. These contractors were subsequently verified in the SAM and were not suspended or debarred.

Recommendation: LAPD must ensure adherence to existing policies and procedures, whether the procurement is performed by the LAPD's contract division or the City's GSD, by ensuring that the suspension and debarment verification is performed.

Corrective Action Plan: The Contracts Section and the Fiscal Operations Division will check the contractor status on SAM.gov prior to entering into covered transactions. Please see below:

1. Contact person for the corrective action plan

Maureen Wai Wan
Phone: (213) 486-8563
Email: N5239@lapd.online

2. Specific steps taken to comply and implementation date

Personal Service Contracts

Upon determination of grant administrators or end users (users) that a personal service contract with Federal assistance funds is required, the Contract Section must be contacted to request for the form "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions" (see attachment B for the sample form). After obtaining the certificates, the users should submit the certificates with an intradepartmental correspondence to the LAPD Accounting Section for processing and verification prior to initiating the processing of encumbrances and payments.

Procurement Contracts

Grant administrators or end users send an LAPD Supply Order Form to LAPD's Accounting Section for procurement requests. When this form is sent, the users must state if Federal assistance funds is applicable. Upon creation of the Purchase Requisitions, the users must also specify if Federal assistance funds are involved. Also, LAPD and GSD must be notified if a Debarment or Suspension Certification

is required. Upon processing of the Purchase Order (PO), the vendor's debarment and suspension status will be verified and checked online thru the website <http://www.sam.gov/portal/public/SAM/>. The result of the online verification of the debarment and suspension status must be attached to the PO.

3. Timetable for performance and/or implementation date for the recommendation

The procedures were implemented starting July 27, 2017.

4. Description of monitoring to be conducted to ensure implementation

The LAPD Accounting staff will verify and ensure that the Certificates of Debarment or Suspension if applicable is submitted before processing any payment encumbrance document so that compliance with the procedures is followed. Supervisors will conduct sample tests of processing of encumbrance documents to ensure that the above policies and procedures are strictly implemented.

5. Documentation to support that new or revised procedures were distributed to staff responsible for managing Federal grant funds

On July 27, 2017, the above policies and procedures were emailed to all responsible parties including the Grants Section, Motor Transport Division, Information Technology Bureau, and Forensic Science Division. See Attachment C for the copy of the email notification sent.

6. Online Training

Staff responsible for the financial administration of grants awarded by the DOJ will undergo the online training on or before October 31, 2017

**CERTIFICATION REGARDING
DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION
LOWER TIER COVERED TRANSACTIONS**

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 28 CFR Part 67, Participants' responsibilities.

(READ ATTACHED INSTRUCTIONS FOR CERTIFICATION BEFORE COMPLETING)

1. The prospective recipient (or subrecipient) of Federal assistance funds certifies that it or its principals:
 - (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, sentenced to a denial of Federal benefits by a State or Federal court, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) Have not within a three-year period preceding this Agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph 1(b) of this certification; and
 - (d) Have not within a three-year period preceding this Agreement had one or more public transactions (Federal, State, or local) terminated for cause or default.
2. Where the prospective recipient of Federal assistance funds is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

AGREEMENT NUMBER

RECIPIENT/SUBRECIPIENT/CONTRACTOR/BORROWER/AGENCY

NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

SIGNATURE

DATE

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this document, the prospective recipient of Federal assistance funds is providing the certification as set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective recipient of Federal assistance funds knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective recipient of Federal assistance funds shall provide immediate written notice to the person to which this agreement is entered, if at any time the prospective recipient of Federal assistance funds learns that its certification was erroneous, when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549.
5. The prospective recipient of Federal assistance funds agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective recipient of Federal assistance funds further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Procurement or Non-Procurement Programs.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under Paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

APPENDIX C
FFATA REPORTING GUIDELINES

LOS ANGELES POLICE DEPARTMENT FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA) REPORTING GUIDELINES

As a prime recipient of Federal grants, the Los Angeles Police Department is required to comply with reporting requirements of the Federal Funding Accountability and Transparency Act (FFATA) of 2006. The Grants Section shall be responsible for filing the FFATA report on behalf of the Department.

FEDERAL REGULATION

In accordance with Title 2 CFR, Chapter 1, Part 170, *Reporting Sub-award and Executive Compensation Information*, prime recipients of federal grants are required to file a FFATA sub-award report by the end of the month following the month in which the prime recipient awarded a grant that is equal to or greater than \$25,000 to a sub-grantee.

REPORTING REQUIREMENTS

- This requirement is applicable to mandatory and discretionary grants awarded on or after October 1, 2010.
- All sub-award information must be reported by the prime recipient.
- Prime recipients are required to report on first-tier sub-awards:
 - If the initial sub-award is at least \$25,000, the prime recipient must report the sub-award and the names and annual compensation of the sub-awardee's five highest paid executives.
 - If the initial sub-award is below \$25,000 but if subsequent grant modifications result in a total sub-award equal to or over \$25,000, the sub-award will be subject to the reporting requirements, as of the date it exceeded \$25,000.
 - If the initial sub-award equals or exceeds \$25,000 but funding is subsequently de-obligated such that the total award amount falls below \$25,000, the award continues to be subject to the reporting requirements of the Transparency Act and this Guidance.
- Prime recipients are required to report executive compensation for prime or sub-awards if:
 - The organization received 80% or more of its annual gross revenues in Federal awards and those revenues are greater than \$25 million; and
 - The public does not have access to information about executive compensation through periodic reporting.

When to Report

Data must be reported the following month after the obligation is made.

**LOS ANGELES POLICE DEPARTMENT
FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT
(FFATA) REPORTING GUIDELINES**

For example, if the obligation was made on November 7, 2010, the obligation must be reported no later than December 31, 2010.

Where to Report

Prime recipients must report FFATA requirements in the (FFATA) Subaward Reporting System (FSRS) <https://www.fsrs.gov/>.

The FSRS is the reporting tool Federal prime recipients (i.e. prime contractors and prime grant recipients) use to capture and report subaward and executive compensation data regarding their first-tier sub-awards to meet the FFATA reporting requirements. The subaward information entered in FSRS will then be displayed on www.USASpending.gov associated with the prime award furthering Federal spending transparency.

END OF PROCEDURE