

Gratiot County

POLICIES AND PROCEDURES - FEDERAL AWARDS ADMINISTRATION and Business Operating Procedures Manual

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**Gratiot County
Policies and Procedures - Federal Awards Administration
Table of Contents**

Overview	1
Financial Management Systems:	
General Accounting and Financial Management	2
Purchasing and Procurement	3-5
Cash Receipts	6
Payroll and Timekeeping	7-8
Bank Reconciliations	9
Journal Entries and Non-routine Transactions	10
Investments.....	11
Capital Assets	12-13
Long-term Debt	14
Grant Administration.....	15-17
Year-end Closing and Reporting.....	18-20
Polices for Compliance with the State of Michigan Requirements:	
Chart of Accounts.....	21
Annual Audit.....	22
Budgeting and Budgetary Compliance.....	23-24
Policies for Compliance with the OMB UGG - Uniform Grant Guidance Compliance Supplement:	
General Information.....	25
Activities Allowed/Unallowed	26
Allowable Costs/Cost Principles.....	26
Cash Management	27
Davis-Bacon Act	28
Eligibility	29
Equipment and Real Property Management	30
Matching, Level of Effort and Earmarking	31
Period of Availability.....	32
Procurement, Suspension and Debarment	33
Program Income.....	34
Real Property and Relocation Assistance	35
Reporting.....	36
Sub-recipient Monitoring	37
Special Tests and Provisions	38
Other Policies and Procedures:	
Conflict of Interest	39
Records Retention	40
Information Technology	41
Supplies	42
County Credit Card Procedure.....	43
Training and Sanctions.....	44

Gratiot County

Policies and Procedures - Federal Awards Administration

Overview

Purpose - This manual has been prepared to document the policies and procedures for the administration of federal awards of Gratiot County and general business procedures. The Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements [34 CFR Part 80, 2 CFR Part 213 and Part 6 of the Office of Management and Budget (OMB) UGG - Uniform Grant Guidance Compliance Supplement] require all sub-recipients of federal funds to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements. Written policies and procedures are part of the necessary internal controls and are required as a precondition to receiving federal funds. These policies and procedures are intended to be sufficiently comprehensive to adequately meet such requirements. However, in no case are these policies and procedures intended to supersede or limit federal or state laws or regulations, or the provisions of individual grant agreements.

Hierarchy of Authority - In the event that conflicting guidance on the administration of Federal awards is available, the County has deemed Federal guidance to be most authoritative, followed by guidance from SoM, and finally other State or local agencies.

Revisions - Guidance provided by the Federal government through the OMB UGG - Uniform Grant Guidance Compliance Supplement and guidance provided by the State of Michigan and its Departments are expected to be updated each year. Such updates are considered by the County as they become available and policies and procedures will be revised accordingly.

The Administrator and Finance Administrator are authorized and required to establish and document operating procedures to ensure compliance with the provisions of federal and state regulations and the provisions of grant agreements. Such procedures are documented herein, and will be reviewed and updated as necessary, but not less than once every three years.

Training - County accounting and finance personnel, and program administrators of Federal awards will be provided the necessary training through various mechanisms, such as: (1) reviewing monthly State Aid Financial Status Report Updates, accompanying State aid payments (2) consulting with the County's auditors as needed for clarification, (3) participating in various training opportunities, such as those offered by appropriate professional organizations, (4) reviewing daily legislative updates from multiple sources, (5) membership and participation in monthly meetings of the Michigan Association of Counties, (6) training provided by positions of the County i.e.: Administrator and Financial Administrator (7) coordination and collaboration with individuals performing similar job functions at other Counties (8) conducting Department Head meetings in Gratiot County in order to share information and ideas.

Compliance Failures - Compliance failures, whether noted internally by management or through the external audit process, will be addressed immediately by reviewing the reason for the failure with responsible personnel and devising an improved process to encourage compliance in the future.

Gratiot County
Policies and Procedures - Federal Awards Administration
Financial Management Systems
General Accounting and Financial Management

It is the policy of Gratiot County to comply with all statutory, regulatory, and contractual requirements in the conduct of and accounting for its financial operations. The official books of record for the County will be maintained subject to the following provisions:

County Policies: The following policies have been separately reviewed and approved or are in the process of being reviewed and approved by the Board of Commissioners, and may be incorporated here by reference:

- General Financial Policy
- Internal Controls for Federal Grants

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. The County will account for its operations in accordance with the Generally Accepted Accounting Principles (GAAP) applicable to local units of government.
2. The County will comply with all applicable circulars issued by the Office of Management and Budget (OMB), including, but not limited to:
 - a. OMB Circular A-87 - *Cost Principles for States, Local and Indian Tribal Governments*
 - b. OMB UGG - *Uniform Grant Guidance - Audits of States, Local Governments, and Non-Profit Organizations (the Single Audit Act)*
3. The County will comply with all contractual requirements detailed in its duly executed grant agreements with awarding agencies.
4. The County will contract annually with an independent CPA firm for the purposes of conducting the County's external financial audit. To the extent that the County has expended federal awards in excess of \$500,000, the County will have a single audit performed in accordance with OMB UGG - Uniform Grant Guidance.
5. To ensure continuing compliance with all applicable requirements, the Board of Commissioners may, at its discretion, contract with a CPA firm to provide internal auditing and/or consulting services.
6. All County Incentive Program documents are required to be submitted to the Michigan Department of Treasury by December 1.
7. The Administrator or designee (Financial Administrator, Treasurer) shall be responsible for the maintenance of all accounting and financial records (including journals, timesheets, bank statements, audit reports, and similar documents). Such records shall be retained as required by contractual or regulatory requirements as described in the section of this manual titled "Records Retention".

Gratiot County

Policies and Procedures - Federal Awards Administration

Financial Management Systems

Purchasing and Procurement

It is the policy of Gratiot County to ensure that all disbursements of County funds are properly reviewed and authorized, and consistent with sound financial management principles. In order to meet these objectives, all disbursements of County funds shall be subject to the following provisions:

Board Policies: The following policies have been separately reviewed and approved or are in the process of being reviewed and approved by the Board of Commissioners, and may be incorporated here by reference:

- #216 Purchasing Policy

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. The Department or Administration Office shall obtain informal quotations, formal bid quotations, or competitive bids for goods and services, as specified by Board policy and Federal requirements.
2. If the competitive bid threshold issued by the State of Michigan or grantor differs with Board policy, the lower threshold will be utilized.
3. Disbursements will be supported by approved vendor invoices. The invoice will be scanned into BSA Accounts Payable system and properly approved by the Department Head or person appointed by the Department Head. For those Departments that do not have enough personnel to maintain this separation of duties, the invoice will be approved by administration.
4. The Department Heads and those appointed by Department Heads are authorized to make purchases for allowable and necessary items within the Board-approved budget allocation.
5. Purchases made with federal funds in excess of \$100,000 may be subject to the provisions of 34 CFR Part 85 or similar regulations. Where such regulations differ from general County policy, the more restrictive of the requirements shall apply.
6. All approved ACH or check requests will be processed by the Accounts Payable Clerk or other designee by the Finance Administrator. Disbursements will be made by check with the exception of those contractors/vendors who have signed ACH authorization.
7. Prior to mailing the weekly check/ACH run, the Financial Administrator will approve each voucher for payment and compare the voucher to the invoice for accuracy.
8. The listing of paid vouchers will then be used to balance the County's bank accounts on a monthly basis by the A/P clerk. Verification that this duty is performed will be noted by the Financial Administrator.
9. Checks are sequentially numbered by the financial software package and verified during check runs. Unused check stock is stored in the Business Office. Since the entire check form/image is generated through the printing process (i.e., the check stock is blank), it will not be deemed necessary to use a physically secure location. Checks will be endorsed by MICR during the printing process.

10. Claims and invoices will be paid timely based on the conditions of the vendor invoice. It will not be considered acceptable to incur late and/or finance charges on invoice payment.
11. Checks will only be made payable to a specific payee. It is prohibited to issue a check to “cash” or “bearer”. Similarly, it is prohibited to sign a blank check.
12. The County may account for the activities of certain State of Michigan Departments and functions. Since these activities represent outside parties and are not subject to the oversight of the Board and/or County management, they will be accounted for in a trust and agency fund. Such disbursements will be subject to the same policies and procedures and other County disbursements.
13. When an employee incurs work-related expenses to be reimbursed by the County, the following requirements apply:
 - a. The Financial Administrator will develop a standard employee expense report reimbursement form which will be made available to all employees through the County’s website (or other shared document storage). All employee expense reimbursements are required to be made using this standard form.
 - b. The employee expense report will be signed by both the employee and the employee’s direct supervisor (or other administrator knowledgeable of the employee’s work activities).
 - c. Receipts will be attached to the expense report for all expenses (excluding mileage). If a receipt is not available, the employee will attach documentation to provide an explanation of the expenditure. This explanation will certify that the reimbursement is for costs incurred on behalf of the County and is not for illegal or unauthorized costs.
 - d. An employee will not be reimbursed for any expense that is disallowed by Federal cost principles in accordance with OMB Circular A-87.
 - e. Expense reports of the Board and Department Heads shall be submitted to the Administrator. The expenses of the Administrator will be approved by the Finance Administrator. It will not be acceptable for any employee to approve his/her own expense report.
 - f. Finance will not process any expense reimbursements for payment until all necessary signatures have been obtained.
 - g. An employee making a disbursement using personal funds on behalf of the County may be subject to State sales tax, while payments made by the County directly are exempt from such tax due to its status as a local unit of government. As such, an employee will only incur a work-related expense with personal funds to the extent that it is not practical or reasonable for the purchase to be made directly by the County.
14. Voided checks will be marked “VOID”.
15. The Administrator or Finance Administrator will be responsible for compiling information on disbursements and presenting this information to the Board of Commissioners at its monthly (or other period) meetings. This information will include:
 - a. Detail listing of payments made by check, including: check number, invoice number, vendor name, payment description and amount.

16. Non-check disbursements (such as ACH transfers for Purchase Cards and Employee Insurance) will be prepared by the Accounts Payable Clerk and non-check disbursements (such as ACH transfers for debt) will be prepared by the Finance Administrator and initiated in the online banking software by the Director of Business Services. Wire transfers outside of regularly established transfers will trigger a verification phone call by the bank.

Gratiot County
Policies and Procedures - Federal Awards Administration
Financial Management Systems
Cash Receipts

In order to safeguard the funds of the County, cash receipts will be deposited promptly and in-tact according to the following policies:

Board Policies: The following policies have been separately reviewed and approved or are in the process of being reviewed and approved by the Board of Commissioners, and may be incorporated here by reference:

- General Financial Policy

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Cash receipts will be recorded at a minimum once per week based on the amount of collections and location of the Department.
2. Cash will be initially received by the Department. The Department logs each check or cash onto the transmittal ledger. Check stubs and any supporting documents are attached to the transmittal ledger.
3. Departments will assign proper General Ledger coding to each deposit on the transmittal ledger.
4. The transmittal ledger and supporting documentation will then be provided to the Treasurer's Office who will provide the Department with a receipt.
5. The Treasurer's Office will input the receipt information into the financial software and indicate approval in the system.
6. The Treasurer's Office will post the batch to the general ledger each morning and approve the transaction in the bank reconciliation module of financial software.
7. Deposits will be made to the bank by a Treasurer's Office employee on a weekly basis.
8. Deposit slips will be filed internally along with the deposit receipt from the bank and any check stubs/supporting documentation. Receipts are compared to the actual bank deposits and general ledger postings during the monthly account reconciliation process.
9. Receipts of currency are deposited by individual departments after verification by two members of that department and receipts are given to the Department representative. Point of Sale registers are reconciled daily by each department. Cashing of checks out of the cash register is prohibited. Cash register receipts are pre-numbered and issued in sequential order.
10. Wire transfers and ACH payments will be recorded through the financial services software application with journal entries by the Finance Department.

Gratiot County
Policies and Procedures - Federal Awards Administration
Financial Management Systems
Payroll and Timekeeping

The following provisions apply to the payment of employees and recording of time and effort (as required) in accordance with Federal Cost Principles.

Board Policies: The following policies have been separately reviewed and approved or are in the process of being reviewed and approved by the Board of Commissioners, and may be incorporated here by reference:

- There are no policies governing payroll and timekeeping

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Hourly employees shall submit a timesheet for each pay period, with the following information:
 - a. The total number of hours actually worked each day
 - b. The use of any holiday, personal, vacation, sick, or other approved time off with pay
 - c. The total number of hours to be paid
 - d. An allocation of those hours to each program or department for which work was performed, when necessary
 - e. Approval of his/her supervisor

The allocation of hours between programs or departments should be based exclusively on the actual hours worked, and not be based on available budgets, or predetermined allocation schedules.

In the event that an after-the-fact correction is necessary to an employee's timesheet due to errors in the allocation of time worked, such corrections must be submitted to Payroll, and approved in writing by both the employee and his/her supervisor.

2. Salaried employees charged to a Federal grant will document time and effort according to one of the following methods. The method used by an employee shall be pre-approved by the Department Head or Grant Coordinator. If the employee's time is expensed based on budgetary data, an adjustment shall be made at least quarterly to agree the general ledger to the documentation.
 - a. The employee may document time and effort using a timesheet as described above. Timesheets must account for the total activity for which the employee is compensated, and be signed by the employee. It will not be acceptable for timesheets to include the hours worked on Federal grants only.
 - b. Or, the employee may complete personnel activity reports (PARs). Such reports will be prepared at least monthly to coincide with specific pay periods, reflect an after-the-fact distribution of the actual activity of the employee, account for the total activity for which the employee is compensated, and be signed by the employee.
 - c. Budgets and calendars/daily planners will not be deemed allowable documentation to support personnel costs and therefore will not be accepted by Finance.

- d. It is the responsibility of the employee being charged to a Federal award(s) to clarify documentation requirements with the Department Head or Grant Coordinator and provide appropriate documentation to Finance as it becomes available. The employee should retain a copy of the documentation for his/her personal records.
3. Salaried employees who work 100 percent of their time on a single Federal award or cost objective (regardless of the availability of Federal funding) shall have the option to complete semi-annual time certifications in lieu of timesheets or personnel activity reports (described above). The certifications will be prepared at-least semi-annually and signed by either the employee and/or a supervisory official having first-hand knowledge of the work performed by the employee.

Certifications should never be signed prior to the end date of the period being certified. Each certification should be maintained in the Department. Employees should retain a copy of the certifications for his/her personal records.

4. Prior to payment, a pro forma report of the pay run will be provided to the grant manager for review and approval.
5. The County may choose to contract its employees through a staffing company. Such arrangements will be pre-approved by the Board.

Gratiot County
Policies and Procedures - Federal Awards Administration
Financial Management Systems
Bank Reconciliations

The following procedures will apply to the reconciliation of bank accounts:

Board Policies: The following policies have been separately reviewed and approved by the Board of Commissioners, and are incorporated here by reference:

There are no existing Board policies over the reconciliation of bank accounts.

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Bank reconciliations will be performed monthly for each bank account.
2. Bank reconciliations will be completed within 6 weeks of month-end.
3. Bank reconciliations will be subjected to review and approval by Financial Administrator. The Financial Administrator will sign and date the reconciliation as evidence of the control.

Gratiot County
Policies and Procedures - Federal Awards Administration
Financial Management Systems
Journal Entries and Non-routine Transactions

The County will occasionally need to record a general journal entry or other non-routine transaction. Such transactions may relate to Federal awards. The following policies and procedures apply to all general journal entries:

Board Policies: The following policies have been separately reviewed and approved by the Board of Commissioners, and are incorporated here by reference:

There are no existing Board policies over journal entries and non-routine transactions.

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. General journal entries will be an allowable transaction type for recording: corrections and adjustments, accruals and reversing entries, inter-fund activity, interbank activity, EFT payments, ACH transfers, etc., to the extent that the entries can be reasonably supported.
2. All general journal entries will be filed with adequate supporting documentation.
3. Each general journal entry will be signed/initialed and dated by the preparer.
4. The ability to post general journal entries in the accounting system will be limited to specific employees. Refer to the section of this manual titled "Information Technology: for additional information.
5. Journal Entries will be reviewed and approved on a weekly basis by the Financial Administrator.

Gratiot County
Policies and Procedures - Federal Awards Administration
Financial Management Systems
Investments

INVESTMENT POLICIES:

Board Policies: The following policies have been separately reviewed and approved by the Board of Commissioners, and are incorporated here by reference:

#215 - Investments

Additional Policies and Procedures:

- Authorization for acquisition and disposition of investments is vested with the County Board of Commissioners.
- The Board of Commissioners has formally adopted an investment policy 215 that limits the County's allowable investments and addresses the specific types of risk to which the County may be exposed.
- The Treasurer is charged with the responsibility of determining that investments are of the character and type permitted by legal requirements and that the income earned is dispersed for authorized purposes.

Safekeeping:

- All persons having access to securities are authorized by the Board of Commissioners.
- All securities are held in the name of the County.

Recordkeeping:

Detailed records are maintained including the following information:

- Date of acquisition, identification, purchase amount or cost
- Physical location of item
- Interest/dividend/income rates and accrual/receipt dates
- Ownership by fund
- Detail records are periodically reconciled to the general ledger control accounts and to safekeeping statements by the Treasurer.
- Investment income is recorded on a timely basis. Investment earnings are credited to the fund "owning" the investment. Any adjustments of investment accounts are approved by the Treasurer.
- Calculations of fair value and investment income are periodically reviewed for accuracy by the Treasurer.
- Access to computerized investment records is limited to those with a logical need for access.

Gratiot County
Policies and Procedures - Federal Awards Administration
Financial Management Systems
Capital Assets

The following provisions will govern the purchasing, accounting, and inventory of capital assets:

Board Policies: The following policies have been separately reviewed and approved or are in the process of being reviewed and approved by the Board of Commissioners, and may be incorporated here by reference:

- 213 General Capital Asset Policy

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. A *capital asset* is defined by the County as an individual item with a useful life in excess of 1 year and an individual cost of more than \$5,000.
2. Procurement of capital assets will be governed by the County's procurement and purchasing policies.
3. Donated capital assets will be recorded at estimated fair value at the date of donation.
4. Purchases of capital assets will be recorded as capital outlay expenditures in the governmental fund financial statements, and capitalized as noncurrent assets in the government-wide statements. Donated capital assets will be recorded as a government-wide adjustment only. All capital assets will be depreciated using the straight-line method over estimated useful lives.
5. Capital asset purchases financed through bonds payable will be made in compliance with the State of Michigan Department of Treasury.
6. Capital assets with useful lives (i.e., excluding land and construction in progress) will be depreciated using a consistent and systematic approach allowable under GAAP or as specified by Board policy.

Gratiot County
Policies and Procedures - Federal Awards Administration
Financial Management Systems
Capital Assets (Continued)

7. Construction or other capital projects in progress at year-end will be reported as “construction in progress” until the related asset is placed into service. No depreciation expense will be incurred on such assets. Outstanding construction commitments at year-end will be disclosed in the County’s audited financial statements.
8. If the County determines that depreciation expense cannot be reasonably allocated by function, it will be deemed allowable to report all or a portion of depreciation expense as “Depreciation - unallocated” in the government-wide statement of activities, to the extent that this approach remains allowable under GAAP.
9. The County may outsource the maintenance of depreciation schedules to a third-party consultant or its external auditors. In those instances, additions (along with the estimated useful lives) and disposals will be identified by the Administrator.
10. To the extent that capital assets are purchased with Federal funds, such items will be flagged as “Federally-funded” in the financial accounting records in order to ensure the appropriate use of proceeds on sale (if applicable) in accordance with Federal guidelines.
11. To the extent that the County has purchased capital assets with Federal funds, an inventory of these items and reconciliation to the accounting records will be performed no less than once every two years. If it is not feasible to inventory all the County’s capital assets this frequently, the Federally-funded assets may be inventoried only in order to meet the requirements of the OMB UGG - Uniform Grant Guidance Compliance Supplement.
12. Other policies and procedures related to compliance with the provisions of the OMB UGG - Uniform Grant Guidance compliance supplement are included within this manual in the section titled “Equipment and Real Property Management”.

Gratiot County
Policies and Procedures - Federal Awards Administration
Financial Management Systems
Long-term Debt

The following provisions will govern the issuance of long-term debt (including, but not limited to: bonds and notes payable, capital assets, installment purchase agreements, State Aid Anticipation Notes, compensated absences, and severance agreements/early retirement incentives):

Board Policies: The following policies have been separately reviewed and approved by the Board of Commissioners, and are incorporated here by reference:

There are no existing Board policies over long term debt.

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

The issuance of long-term debt will be subject to approval by the Board of Commissioners.

The issuance of long-term debt will be recorded as an “other financial source” in the governmental fund financial statements, along with any premium or discount thereon. Costs of issuance will be reported in the governmental fund financial statements as a component of debt service expenditures.

In the full-accrual government-wide statements, long-term debt and any related discounts, premiums, or deferred gain/loss on refunding, will be reported as a liability. Bond issuance costs will be expensed when incurred and reported as a component of interest expense in the government-wide statement of activities.

Short-term debt (such as Drain Notes) with an initial maturity of less than one-year will be recorded as a liability in the governmental fund financial statements, along with accrued interest payable thereon.

Compensated absences payable will be recorded in the government-wide statements for earned but unused sick and vacation time, as provided for in bargaining agreements and/or personnel policies. Such accruals will be limited to the maximum payout based on these policies.

Severance agreements/early retirement incentives will also be recorded liabilities in the government-wide statements. Multi-year agreements will be reported at the net present value using a discount rate equal to the rate management expects to earn on the assets used to liquidate such liabilities. A current portion will be recorded each year, based on the payment schedule in the severance agreement.

Gratiot County
Policies and Procedures - Federal Awards Administration
Financial Management Systems
Grant Administration

Board Policies: The following policies have been separately reviewed and approved by the Board of Commissioners, and are incorporated here by reference:

- Grant Applications, Approvals and Administration

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Grant Development, Application, and Approval -

- a. Legislative Approval - The point at which legislative approval is required is determined by the requirements of the grant program. If the grant must be submitted by “an individual authorized by the *legislative body*”, then *Board of Commissioners* approval is required prior to submitting the application. If such legislative approval is not specifically required by the written terms of the grant, then the Administrator or designee may, at his or her discretion, approve grant applications.
- b. Matching Funds - Grants that require cash local matches must be coordinated through the Administration Office. At a minimum, funds must be identified within the existing budget to provide the match, or a budget amendment will be required. Depending on the nature of the grant, there may also be some policy implications that will bear discussion. (For example, will the grant establish a level of service that cannot be sustained once the grant funds are depleted?)

In all cases involving matching funds, the grant applicant should contact the Administrator or Financial Administrator to determine the strategy for securing matching funds.

Refer to the section within this manual titled “Matching, Level of Effort, and Earmarking” for additional information on compliance with the provisions of the OMB UGG - Uniform Grant Guidance Compliance Supplement.

- c. Grant Budgets - Most grants require the submission of an expenditure budget. The Administrator or Financial Administrator should review this portion of the grant request prior to submission. Frequently, a technical review will discover inconsistencies in the calculations, cost centers that might have been overlooked, or identify reimbursable expenses of which program staff may not be aware—particularly in the area of indirect costs.

Grant applicants should contact the Administrator or Financial Administrator to request a technical review of a grant proposal budget.

Gratiot County
Policies and Procedures - Federal Awards Administration
Financial Management Systems
Grant Administration (Continued)

2. Grant Program Implementation -

- a. Notification and Acceptance of an Award - Official notification of a grant award is typically sent by a funding agency to the program director and/or other official designated in the original grant proposal. However, the authorization to actually spend grant funds is derived from the Board of Commissioners through the approval of a grant budget. Such notification should also be directed to the Financial Administrator. A copy of the grant award will be kept in the Administration Office for audit and financial statement purposes.

Adoption of the grant budget as a component of the County-wide operating budget is deemed to be sufficient approval.

- b. Establishment of Accounts - The department that obtained the grant will provide the Administrator or Financial Administrator with information needed to establish revenue and expense accounts for the project. Ordinarily, this information will include a copy of a summary of the project and a copy of the full project budget.

To the extent that the grant awarded is included in the Uniform Chart of Accounts, such guidance will be followed without exception.

- c. Purchasing Guidelines - All other County purchasing guidelines apply to the expenditure of grant funds. The use of grant funds does not exempt any purchase from normal purchasing requirements. All typical paperwork and bidding requirements apply. All normal staff approvals apply. When in doubt, the program director should contact the Administrator for further assistance.

3. Financial and Budgetary Compliance -

- a. Monitoring Grant Funds - Departments may use some internal mechanism (such as a spreadsheet) to monitor grant revenues, expenditures and budgetary compliance. The Administrator or Financial Administrator maintains all this information in financial software system as well; this is considered to be the County's "official" accounting system by the granting agencies. Program Directors are strongly encouraged to use financial software reports provided by Administration for their grant tracking.

If any "off-system" accounting records are maintained, it is the responsibility of the Program Director to ensure that the program's internal records reconcile to the County's accounting system.

- b. Fiscal Years - Occasionally, the fiscal year for the granting agency will not coincide with the County's fiscal year. This may require adjustments to the County's internal budget accounts and interim financial reports as well as special handling during fiscal year-end close. It is the responsibility of the Program Director to bring such discrepancies to the attention of the Administrator or Financial Administrator at the time the grant accounts are established.

Gratiot County
Policies and Procedures - Federal Awards Administration
Financial Management Systems
Grant Administration (Continued)

- c. Grant Budgets - When the financial accounting software for a specific grant is designed, it will include the budget that was prepared when the grant application was submitted. The terms of each specific grant will dictate whether any budget transfers between budgeted line items will be permitted. In no case will the program director be authorized to exceed the total budget authority provided by the grant.

If grant funds have not been totally expended by fiscal year-end, it is the responsibility of the program director to notify the Administrator or Financial Administrator that budget funds need to be carried forward to the new fiscal year, and to confirm the amounts of such carry-forwards. Carry-forwards of grant funds will be subjected to maximum allowable amounts/percentages based on the grant award agreement and/or the OMB UGG - Uniform Grant Guidance Compliance Supplement.

- d. Capital Assets - The County is responsible for maintaining an inventory of assets purchased with grant monies. The County is accountable for them and must make them physically available for inspection during any audit. The Administrator or Financial Administrator must be notified immediately of any sale of these assets. Customarily, the proceeds of the sale can only be used on the grant program that purchased them. (Refer to the specific regulations governing the original grant).

The Administrator or Financial Administrator will coordinate this grant requirement. All transactions that involve the acquisition or disposal of grant funded fixed assets must be immediately brought to the attention of the Administrator or Financial Administrator. Refer to the sections of this manual titled "Capital Assets" and "Equipment and Real Property Management" for additional information. [OMB Circular A-110; 34 CFR Sec. 74.34]

4. Record Keeping -

- a. Audit Work-papers - The County's external auditors audit all grants at the end of each fiscal year. The Administrator or Financial Administrator will prepare the required audit work-papers. Program Directors may be asked to assist in this process, if necessary.
- b. Record Keeping Requirements - Grant record keeping requirements may vary substantially from one granting agency to another. Consequently, a clear understanding of these grant requirements at the beginning of the grant process is vital. The Departments will maintain copies of all grant draw requests, and approved grant agreements (including budgets).

Refer to this section of this manual titled "Records Retention" for additional information.

5. Other Guidelines - Specific information on policies and procedures related to compliance with the provisions of the OMB UGG - Uniform Grant Guidance Compliance Supplement have been addressed later in this manual and should be considered along with the information in this section.

Gratiot County
Policies and Procedures - Federal Awards Administration
Financial Management Systems
Year-end Closing and Reporting

The following provisions will govern the year-end close-out process of the County for purposes of external financial reporting:

The County's fiscal year end for external reporting purposes will be September 30.

Accruals will be recorded as needed to ensure that revenues and expenditures are reported in the appropriate accounting period:

Accounts Payable Disbursements - Invoices for goods or services received during the previous fiscal year will be recorded as expense/accounts payable as of September 30. Such determinations will be made by the Accounts Payable Clerk and reviewed for accuracy and completeness by the Financial Administrator.

Payroll-related Accruals - Costs of hourly personnel paid after September 30 for services performed during the previous year will be recorded as expenditures/salaries payable at September 30. The amount will be based on hours worked during the fiscal year multiplied by the employee's hourly rate. Additional consideration will be made for FICA taxes, retirement benefits, health insurance, and related employee benefits.

Payroll accruals will be prepared and documented by the Financial Administrator with assistance from the Payroll manager if necessary.

Prepays - Payments made prior to year-end that cover goods or services to be received in a future period will be recorded as prepaid items as of September 30. The County may elect to not record prepaid items in governmental funds in accordance with GASB Codification 1600.127 *Other Expenditure Recognition Alternatives*.

Gratiot County
Policies and Procedures - Federal Awards Administration
Financial Management Systems
Year-end Closing and Reporting (Continued)

Inventory - If deemed material, a physical inventory of County building supplies will be performed after the completion of the fiscal year. Amounts will be valued at current cost and provided to Administration for review and adjustment in the general ledger. Certain inventories may be stored at third-party locations. In order to appropriately account for these items, the County will contact the third-party at year-end for verification of the quantity of product on hand.

Receivables - General - Cash received after year-end within 60 days for which a good or service was provided during the previous fiscal year will be recorded as revenue/accounts receivable by the County Treasurer. All such adjustments will be supported by appropriate documentation, such as remittance advices or dated sub-ledgers.

Receivables - Grant - After all year-end expense accruals have been recorded, an entry will be recorded for the difference between grant expenditures and related grant receipts as of September 30 as revenue/grants receivable. Grant receivables will only be recorded to the extent that they have been spent.

Deferred Inflow of Resources - Cash owed but not received within 60 days of year end will be recorded by the Treasurer as deferred inflow of resources.

The preparation of the year-end financial statements in accordance with GAAP will be outsourced to the independent external auditors, based on the County's trial balance. The draft financial statements provided by the auditors will be reviewed in detail by the Administrator or Financial Administrator along with any audit-proposed journal entries, to ensure that the audited financial statements agree to the County's books and records.

Refer to the policy on "audits" within this manual for further information on audit requirements and related County policies.

To the extent that the County is required to have a single audit completed in accordance with OMB UGG - Uniform Grant Guidance, the County will accumulate the information necessary to prepare a schedule of expenditures of federal awards (SEFA or the "schedule") in accordance with Federal and State requirements. This schedule will be characterized as follows:

The schedule will include all federal financial assistance, including: grants, contracts, property, loans, loan guarantees, interest subsidies, cooperative agreements, insurance, or direct appropriations. Amounts will be reported whether received directly from the Federal government or through a pass-through agency (given that the County is determined to be a sub-recipient and not a vendor).

Non-cash assistance (such as food commodities) will be described as such in the schedule or in the notes to the schedule.

Policies and Procedures - Federal Awards Administration Financial Management Systems Year-end Closing and Reporting (Concluded)

The schedule will be prepared on the same basis of accounting as the related financial statements.

Federal grants received through the State of Michigan will agree to, or reconcile with, the Grant Auditor Report, as applicable.

Federal awards will be grouped based on Federal awarding agency. Each Federal award with current expenditures will be listed along with its CFDA number, pass-through grantor name (if applicable) and award/pass-through grantor number (if applicable). Such information will agree to the award documentation.

If the CFDA number of a Federal award cannot be reasonably determined, it shall be reported in the schedule using the two-digit prefix for the related Federal agency, followed by "UNKNOWN".

To the extent that amounts are passed-through to sub-recipients, a schedule of federal awards provided to sub-recipients, including all necessary information to meet the requirements of the Michigan Department of Treasury, will be prepared.

In addition to current year expenditures, the schedule will list approved award/grant amount, accrued/deferred revenue at the beginning of the year, current year cash received, current year actual expenditures, and accrued/deferred revenue at the end of the year. If expenditures were incurred relative to this award in the prior year(s), this amount should be disclosed as memorandum-only.

Any adjustments to prior year awards, expenditures, and balances (including transfers between grants) will be disclosed in the footnotes to the schedule.

Accrued/deferred revenue in the schedule shall agree to the amounts recorded as receivable/deferrals in the related financial statements.

To the extent that a separate line item is included in the financial statements for Federal revenue, this amount shall agree to expenditures in the schedule. Any reconciling items will be disclosed in the footnotes to the schedule.

**Gratiot County
Policies and Procedures - Federal Awards Administration
Michigan Department of Treasury Requirements
Chart of Accounts**

The County will maintain its chart of accounts in accordance with the requirements of the Michigan Department of Treasury's Uniform Chart of Accounts.

Board Policies: The following policies have been separately reviewed and approved or are in the process of being reviewed and approved by the Board of Commissioners, and may be incorporated here by reference:

- There are no governing policies

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Each account will be assigned a 9-digit number, as follows:

Fund	Activity	Account
XXX	XXX	XXX

Numbers assigned to each category above will be based on the specific requirements of the Uniform Chart of Accounts.

2. As applicable, Federal awards revenue and expenditures will be assigned certain project codes.
3. The chart of accounts will facilitate the County's accounting software and will agree to the audited financial statements.
4. A complete chart of accounts for GASB 34 adjustments will not be maintained formally within the County's accounting system. Such adjustments are made once per year, for external financial reporting only, and therefore will be determined through use of separate spreadsheets, and integrated into the audit by the County's independent auditors. The Administrator or Financial Administrator will review all such adjustments for accuracy prior to the issuance of the audited financial statements.

Gratiot County Policies and Procedures - Federal Awards Administration Michigan Department of Treasury Requirements Annual Audit

Every Michigan county must have a financial statement audit completed each year by a certified public accounting firm.

Board Policies: The following policies have been separately reviewed and approved or are in the process of being reviewed and approved by the Board of Commissioners, and may be incorporated here by reference:

- There are no governing policies

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. The County will have a financial statement audit completed annually as of its fiscal year ended September 30.
2. The audit will be completed in accordance with *Government Auditing Standards* (the “Yellow Book”).
3. An adequate written agreement (the “engagement letter”) will be signed by the County and its independent auditors. It will contain information on: period to be audited, support to be provided, reporting requirements, fees, time requirements, contractual information, and a statement that the engagement is intended to meet governmental oversight agencies’ requirements (OMB UGG - Uniform Grant Guidance, GAAS and GAS). A copy of the engagement letter will be provided each year to the Board of Commissioners.
4. The Administrator or Financial Administrator shall be responsible for overseeing the process of preparing for the annual audit. In order to minimize errors in this process, all audit schedules and work-papers should be reviewed by an individual other than the preparer.
5. To the extent that expenditures of federal awards equal or exceed \$500,000, the County will also have a single audit completed in accordance with OMB UGG - Uniform Grant Guidance. Refer to the section of this manual titled “Year-end Closing and Reporting” for information on the schedule of expenditures of federal awards.
6. The audit will be submitted electronically to the Michigan Department of Treasury Office of Audits on or before April 1, 2015 for the 2014-15 Fiscal Year and thereafter. The electronic submission will be performed by the County’s independent auditors and the Financial Administrator to the various necessary reporting entities.
7. If a single audit is conducted, the data collection form and reporting package will be submitted electronically to the Michigan Department of Treasury as a joint effort between the County and its independent auditors. The Administrator or Financial Administrator will submit written corrective action to any findings identified in the audit process as either part of the single audit report or as a separate letter to the Michigan Department of Treasury.

Gratiot County
Policies and Procedures - Federal Awards Administration
Michigan Department of Treasury Requirements
Budgets and Budgetary Compliance

The County uses budgets and budgetary accounting in order to fulfill its requirements from the Michigan Department of Treasury and as an internal management tool for monitoring expenditures and identifying abnormalities. Policies and procedures regarding the budgetary process are as follows:

Board Policies: The following policies have been separately reviewed and approved or are in the process of being reviewed and approved by the Board of Commissioners, and may be incorporated here by reference:

- 217 Budgeting Procedures

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. An operating budget will be prepared for the general fund and each special revenue fund consistent with GAAP and the uniform chart of accounts (see previous section titled “Chart of Accounts”).
2. In accordance with MCL 141.411-415 and MCL 15.261-275, a public hearing on the budget will be held prior to formal adoption by the Board of Commissioners.
3. The budget will be formally adopted by the Board of Commissioners prior to the commencement of the fiscal year.
4. The adopted budget will include:
 - a. Revenue and expenditure data for the most recently completed fiscal year and estimated revenue and expenditures for the ensuing fiscal year.
 - b. The amount of surplus or deficit that has accumulated from prior fiscal year, along with an estimate of the amount of surplus or deficit expected in the current fiscal year.
 - c. An estimate of the amounts needed for deficiency, contingent, or emergency purposes.
 - d. Other data relating to fiscal conditions that the Administrator or Financial Administrator deems to be useful.
5. The budget will be amended by the Board of Commissioners, as necessary, throughout the fiscal year. No budget amendments will be allowable after year-end.

Gratiot County
Policies and Procedures - Federal Awards Administration
Michigan Department of Treasury Requirements
Budgets and Budgetary Compliance (Concluded)

6. In no instance will the total estimated expenditures, including an accrued deficit, exceed the total revenues, including available unappropriated surplus.
7. The budgets, or any adopted amendments to the budget, will be posted to the County's website within 15 days of formal adoption.
8. Expenditures in excess of budget at the legal level of compliance will be disclosed in the annual audit.
9. The original budget, final amended budget, actual expenditures, and excess of expenditures over budget will be included for the general fund and each major special revenue fund in the annual audit.
10. Each Federal grant will have an award budget, which will be incorporated into the County-wide operating budget.
11. Management will review budget vs. actual reports on a quarterly basis with the Financial Administrator. This will be presented to the Board of Commissioners in order to identify inconsistencies. Such reports will be prepared at the same as the adopted budget and include both revenues and expenditures.

Gratiot County

Policies and Procedures - Federal Awards Administration

OMB UGG - Uniform Grant Guidance Compliance Supplement

General Information

Source of Information - Each year the Federal government (Office of Management and Budget) issues a comprehensive document on the compliance requirements each grant recipient is obligated to follow in general terms, along with program-specific guidance on various grant awards. There are 14 compliance requirements identified, each of which is considered individually in this manual.

The following pages document the policies and procedures of the County related to compliance with such procedures, as applicable. In each year that the County is subject to a single audit, applicable compliance requirements are expected to be tested in detail by the County's independent auditors.

Objectives - The objectives of most compliance requirements are generic in nature. While the criteria for each program may vary, the main objective of the compliance requirement is relatively consistent across all programs. As such, the policies and procedures of the County have been based on the generic sense of the compliance requirement. For selected compliance requirements, this manual addresses the specific regulations applicable to individual grants. This is not intended to imply that a program is not subject to such policies if it is not specifically mentioned here. It is the intention of the County that all Federal awards are subject to the following policies and procedures.

Controls over Compliance - In addition to creating policies and procedures over compliance with provisions of Federal awards, the County has implemented internal controls over such compliance, generally in the form over administrative oversight and/or independent review and approval. In order to document these control activities, all independent reviews and signed/initialed and dated.

Documentation - The County will maintain adequate documentation to support both the compliance with applicable requirements as well as internal controls over such compliance. This documentation will be provided to the County's independent auditors and/or pass-through grantor agencies, as requested, during the single audit and program audits.

Board Policies: The following policies have been separately reviewed and approved or are in the process of being reviewed and approved by the Board of Commissioners, and may be incorporated here by reference:

Internal Controls for Federal Grants/Awards Policy

Gratiot County
Policies and Procedures - Federal Awards Administration
OMB UGG - Uniform Grant Guidance Compliance Supplement
Activities Allowed/Unallowed and Allowable Costs/Cost Principles

Source of Governing Requirements - The requirements for activities allowed or unallowed are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

The requirements for allowable costs/cost principles are contained in the A-102 Common Rule (§____.22), OMB Circular A-110 (2 CFR section 215.27), program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

In order to ensure compliance with these requirements, the County has implemented the following policies and procedures:

1. All grant expenditures will be in compliance with OMB Circular A-87, "*Cost Principles for State, Local, and Indian Tribal Governments*", State law, County policy, and the provisions of the grant award agreement will also be considered in determining allowability. Grant funds will only be used for expenditures that considered reasonable and necessary for the administration of the program.
2. Grant expenditures will be approved by department heads/program managers initially through the purchase order or purchase card procurement process, and again with the bill or invoice is received. This will be evidenced by signature or initials and date on the invoice on hardcopy or sign off in the payables system. Accounts payable disbursements will not be processed for payment by Administration until necessary approval has been obtained.
3. Payroll costs will be documented in accordance with OMB Circular A-87 as described in the section of this manual titled "Payroll and Timekeeping".
4. An indirect cost rate will only be charged to the grant to the extent that it was specifically approved through the grant budget/agreement. When allowable, indirect costs will be charged based on the *Cost Allocation Plan* of the County.

The Governmental Entity
Policies and Procedures - Federal Awards Administration
OMB UGG - Uniform Grant Guidance Compliance Supplement
Cash Management

Source of Governing Requirements - The requirements for cash management are contained in the A-102 Common Rule (§ ____.21), OMB Circular A-110 (2 CFR section 215.22), program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

In order to ensure compliance with these requirements, the County has implemented the following policies and procedures:

1. Substantially all of the County's grants are awarded on a reimbursement basis. As such, program costs will be expended and disbursed prior to requesting reimbursement from the grantor agency.
2. Cash draws will be initiated by the Department Directors who will determine the appropriate draw amount. Documentation of how this amount was determined will be retained and signed/dated.
3. The physical draw of cash will be processed through the means prescribed by the grant agreement.
4. Supporting documentation will be filed along with the approved paperwork described above and retained for audit purposes.

Gratiot County
Policies and Procedures - Federal Awards Administration
OMB UGG - Uniform Grant Guidance Compliance Supplement
Davis-Bacon Act

Source of Governing Requirements - The requirements for Davis-Bacon are contained in 40 USC 3141-3144, 3146, and 3147; 29 CFR part 29; the A-102 Common Rule (§ __.36(i)(5)); OMB Circular A-110 (2 CFR part 215, Appendix A, Contract Provisions); program legislation; Federal awarding agency regulations; and the terms and conditions of the award.

This requirement has not historically been applicable to any of the Federal grants of the County. Grant administrators are aware of existence of such compliance requirements and will monitor grant agreements for any change in applicability. Formal policies and procedures will be developed, as needed, to meet changes in circumstances.

Gratiot County
Policies and Procedures - Federal Awards Administration
OMB UGG - Uniform Grant Guidance Compliance Supplement
Eligibility

Source of Governing Requirements - The requirements for eligibility are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Board Policies. The following policies have been separately reviewed and approved by the Board of Commissioners, and are incorporated here by reference:

There are no existing Board policies over OMB UGG - Uniform Grant Guidance Compliance Supplement Eligibility.

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Federal grants will only benefit those individuals and/or groups of participants that are deemed to be eligible.

Gratiot County
Policies and Procedures - Federal Awards Administration
OMB UGG - Uniform Grant Guidance Compliance Supplement
Equipment and Real Property Management

Source of Governing Requirements - The requirements for equipment are contained in the A-102 Common Rule (§ __ .32), OMB Circular A-110 (2 CFR section 215.34), (34 CRF section 74.34), program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

In order to ensure compliance with these requirements, the County has implemented the following policies and procedures:

Board Policies: The following policies have been separately reviewed and approved or are in the process of being reviewed and approved by the Board of Commissioners, and may be incorporated here by reference:

- General Capital Asset Policy

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. All equipment will be used in the program for which it was acquired or, when appropriate, other Federal programs.
2. When required, purchases of equipment will be pre-approved by the grantor or pass-through agency. The Department Director will be responsible for ensuring that equipment purchases have been previously approved, if required, and will retain evidence of this approval.
3. Equipment records (inventory) will be maintained and an appropriate system shall be used to safeguard equipment, as described in the section of this manual titled "Capital Assets". Equipment should be assigned to a program and physical location on the inventory. If such equipment is moved, it will be noted on the inventory.
4. When equipment with a current per unit fair market value of \$5,000 or more is no longer needed for a Federal program, it may be retained or sold with the Federal agency having a right to a proportionate amount of the current fair market value. Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return.
5. If the County no longer has a use for the equipment or it no longer has a residual value, the County may request, and follow, disposition instructions from the County.

Gratiot County

Policies and Procedures - Federal Awards Administration

OMB UGG - Uniform Grant Guidance Compliance Supplement

Matching, Level of Effort and Earmarking

Source of Governing Requirements - The requirements for matching are contained in the A-102 Common Rule (§ __.24), OMB Circular A-110 (2 CFR section 215.23), program legislation, Federal awarding agency regulations, and the terms and conditions of the award. The requirements for level of effort and earmarking are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Board Policies: The following policies have been separately reviewed and approved or are in the process of being reviewed and approved by the Board of Commissioners, and may be incorporated here by reference:

Internal Controls for Federal Grants/Awards Policy

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

The County defines “matching”, “level of effort”, and “earmarking” consistent with the definitions of the OMB UGG - Uniform Grant Guidance Compliance Supplement:

Matching or cost sharing includes requirements to provide contributions (usually non-Federal) or a specified amount or percentage of match Federal awards. Matching may be in the form of allowable costs incurred or in-kind contributions (including third-party in-kind contributions).

Level of effort includes requirements for (a) a specified level of service to be provided from period to period, (b) a specified level of expenditures from non-Federal or Federal sources for specified activities to be maintained from period to period, and (c) Federal funds to supplement and not supplant non-Federal funding of services.

Earmarking includes requirements that specify the minimum and/or maximum amount of percentage of the program’s funding that must/may be used for specified activities, including funds provided to sub-recipients. Earmarking may also be specified in relation to the types of participants covered.

In order to ensure compliance with these requirements, The County has implemented the following policies and procedures:

1. Compliance with matching, level of effort, and earmarking requirements will be the responsibility of the Department Director.
2. Adequate documentation will be maintained to support compliance with matching, level of effort, and earmarking requirements. Such information will be made available to administration, auditors, and pass-through or grantor agencies, as requested.

Gratiot County
Policies and Procedures - Federal Awards Administration
OMB UGG - Uniform Grant Guidance Compliance Supplement
Period of Availability

Source of Governing Requirements - The requirements for period of availability of Federal funds are contained in the A-102 Common Rule (§ __.23), OMB Circular A-110 (2 CFR sections 215.28 and 215.71), program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

In order to ensure compliance with these requirements, The County has implemented the following policies and procedures:

1. Costs will be charged to an award only if the obligation was incurred during the funding period (unless pre-approved by the Federal awarding agency or pass-through grantor agency).
2. All obligations will be liquidated not later than 90 days after the end of the funding period (or as specified by program legislation).
3. Compliance with period of availability requirements will initially be assigned to the individual approving the allowability of the expense/payment. This will be subject to review and approval in the central office as part of the payment processing.

Gratiot County
Policies and Procedures - Federal Awards Administration
OMB UGG - Uniform Grant Guidance Compliance Supplement
Procurement, Suspension and Debarment

Source of Governing Requirements - The requirements for procurement are contained in the A-102 Common Rule (§____.36); OMB Circular A-110 (2 CFR sections 215.40 through 215.48), program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

The requirements for suspension and debarment are contained OMB guidance in 2 CFR part 180, which implements Executive Orders 12549 and 12689, Debarment and Suspension; Federal agency regulations in 2 CFR implementing the OMB guidance; the A-102 Common Rule (§____.36); OMB Circular A-110 (2 CFR section 215.13); program legislation; Federal awarding agency regulations; and the terms and conditions of the award.

In order to ensure compliance with these requirements, The County has implemented the following policies and procedures:

1. Purchasing and procurement related to Federal grants will be subject to the general policies and procedures of the County (described in the section of this manual titled “Purchasing and Procurement”).
2. Contract files will document the significant history of the procurement, including the rationale for the method of procurement, selection of the contract type, contractor selection or rejection, and the basis of contract price.
3. The Department Director will be responsible for determining whether the County is entering into a transaction that may be subject to suspension or debarment procedures and executing appropriate oversight and control activities at that time.

Gratiot County
Policies and Procedures - Federal Awards Administration
OMB UGG - Uniform Grant Guidance Compliance Supplement
Program Income

Source of Governing Requirements - The requirements for program income are found in the A-102 Common Rule (§____.21 (payment) and §____.25 (program income)); OMB Circular A-110 (2 CFR section 215.2 (program income definition), 2 CFR section 215.22 (payment), and 2 CFR section 215.24 (program income)), program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

In order to ensure compliance with these requirements, The County has implemented the following policies and procedures:

1. Program income will include (but will not be limited to): income from fees for services performed, the use or rental of real or personal property acquired with grant funds, the sale of commodities or items fabricated under a grant agreement, and payments of principal and interest on loans made with grant funds. It will not include interest on grant funds unless otherwise provided in the Federal awarding agency regulations or terms and conditions of the award.
2. The County will allow program income to be used in one of three methods:
 - a. Deducted from outlays
 - b. Added to the project budget
 - c. Used to meet matching requirements

Absent specific guidance in the Federal awarding agency regulations or the terms and conditions of the award, program income shall be deducted from program outlays.

3. Program income, when applicable, will be accounted for as a revenue source in the same program code as the Federal grant. See additional information on the uniform chart of accounts in the section of this manual titled "Chart of Accounts".

Gratiot County
Policies and Procedures - Federal Awards Administration
OMB UGG - Uniform Grant Guidance Compliance Supplement
Real Property Relocation and Acquisition

Source of Governing Requirements - Government-wide requirements for real property acquisition and relocation assistance are contained in Department of Transportation's single government-wide rule at 49 CFR part 24, Uniform Relocation Assistance and Real Property Acquisition Regulations for Federal and Federally-Assisted Programs.

This requirement has not historically been applicable to any of the Federal grants of The County. Grant administrators are aware of existence of such compliance requirements and will monitor grant agreements for any change in applicability. Formal policies and procedures will be developed, as needed, to meet changes in circumstances.

Gratiot County

Policies and Procedures - Federal Awards Administration

OMB UGG - Uniform Grant Guidance Compliance Supplement

Reporting

Source of Governing Requirements - Reporting requirements are contained in the following documents:

A-102 Common Rule - Financial reporting, §____.41, Performance reporting, §____.40(b), OMB Circular A-110 - Financial reporting, 2 CFR section 215, Performance reporting, 2 CFR section 215.51, program legislation, ARRA (and the previously listed OMB documents and future additional OMB guidance documents that may be issued), the Transparency Act, implementing requirements in 2 CFR part 170 and the FAR, and previously listed OMB guidance documents, Federal awarding agency regulations, and the terms and conditions of the award.

In order to ensure compliance with these requirements, The County has implemented the following policies and procedures:

1. Reports will be submitted in the required frequency and within the required deadlines.
2. Reports will be completed using the standard forms (as applicable) and method of delivery (i.e., e-mail, grantor website, postal service, etc.).
3. Regardless of the method of report delivery, a copy of the submitted report will be retained along with any documentation necessary to support the data in the report. The report will evidence the date of submission in order to document compliance with timeliness requirements.
4. Financial reports will always be prepared based on the general ledger using the required basis of accounting (i.e., cash or accrual). In cases where financial data is tracked outside of the general accounting system (such as in spreadsheets or paper ledgers), this information will be reconciled to the general ledger prior to report submission.
5. Any report with financial-related data will either be prepared or reviewed by the Department Director.
6. Copies of submitted reports with preparer and, if applicable, reviewer signatures and data will be filed with supporting documentation and any follow-up correspondence from the grantor or pass-through agency. Copies of all such reports will be made available to administration, auditors, and pass-through or grantor agencies, as requested.

Gratiot County
Policies and Procedures - Federal Awards Administration
OMB UGG - Uniform Grant Guidance Compliance Supplement
Sub-recipient Monitoring

Source of Governing Requirements - The requirements for sub-recipient monitoring are contained in 31 USC 7502(f)(2)(B) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), OMB UGG - Uniform Grant Guidance (§___225, §___310(d)(5), §___400(d)), A-102 Common Rule (§___37 and §___40(a)), and OMB Circular A-110 (2 CFR section 215.51(a)), program legislation, 2 CFR parts 25 and 170, and 48 CFR parts 4, 42, and 52 Federal awarding agency regulations, and the terms and conditions of the award.

This requirement has not historically been applicable to any of the Federal grants of The County. Grant administrators are aware of existence of such compliance requirements and will monitor grant agreements for any change in applicability. Formal policies and procedures will be developed, as needed, to meet changes in circumstances.

Gratiot County
Policies and Procedures - Federal Awards Administration
OMB UGG - Uniform Grant Guidance Compliance Supplement
Special Tests and Provisions

Source of Governing Requirements - The laws, regulations, and the provisions of contract or grant agreements pertaining to the program

Board Policies: The following policies have been separately reviewed and approved or are in the process of being reviewed and approved by the Board of Commissioners, and may be incorporated here by reference:

Internal Controls for Federal Grants/Awards Policy

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

In order to ensure compliance with these requirements, The County has implemented the following policies and procedures:

1. The Department Director will be assigned the responsibility for identifying financial-related compliance requirements for special tests and provisions, determining approved methods for compliance, and retaining any necessary documentation. Program-related compliance requirements will be the responsibility of the department administering the grant.

Gratiot County Policies and Procedures - Federal Awards Administration Conflict of Interest

Transactions involving Federal awards are subject to all conflict of interest policies, as applicable:

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Board members will disclose any conflict of interest (whether in fact or in appearance). When a member of the Board determines that the possibility of a person interest conflict exists, he/she should, prior to the matter being considered, disclose his/her interest in a public meeting (which will be noted in the official meeting minutes). The individual shall abstain from discussing or voting on this matter.
2. Any related party transactions will be disclosed as part of the annual audit.
3. Board members and County employees (including contractual employees through the County's staffing company) will not accept money or gifts from current or potential vendors of the County if such items are valued in excess of the threshold published annually by the State of Michigan.
4. County employees (including contractual employees through the County's staffing company) are prohibited from using County equipment, materials, and supplies for personal benefit.

Gratiot County Policies and Procedures - Federal Awards Administration Records Retention

The County has developed various policies and procedures regarding the retention of financial and other grant-related records. Transactions involving Federal awards are subject to all such policies, as applicable:

Board Policies: The following policies have been separately reviewed and approved or are in the process of being reviewed and approved by the Board of Commissioners, and may be incorporated here by reference:

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Record retention policies will be designed to mirror those suggested by the State of Michigan. Periodically, the Business Office will review the most recent information released by the State and determine if the County's practices continue to meet these standards.

Gratiot County Policies and Procedures - Federal Awards Administration Information Technology

The Governmental Entity identifies the efficiencies and risks that come with the increased reliance on information technology. As such, policies have been adopted to govern the use of information technology:

Board Policies: The following policies have been separately reviewed and approved or are in the process of being reviewed and approved by the Board of Commissioners, and may be incorporated here by reference:

There are no current policies governing IT.

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Staff passwords must be changed every 3 months, or as otherwise specified by Board policy.
2. Back-ups of the financial accounting system and the County's network will be taken daily and stored at an off-site location.

Gratiot County Policies and Procedures - Federal Awards Administration Supplies

The County utilizes various supplies in its operations. The following policies and procedures will govern the purchase, use, and recording of such items:

Board Policies: The following policies have been separately reviewed and approved or are in the process of being reviewed and approved by the Board of Commissioners, and may be incorporated here by reference:

#216 Purchasing Policy

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Purchase - The purchase of supplies will be subject to the same purchasing and procurement requirements as general County expenditures. Refer to the “Purchasing and Procurement” section of this manual.

Accounting - Supplies will be recorded as expenditures when purchased. Once per year, in conjunction with the annual audit, department heads will inventory unused supplies. Refer to the section of this manual titled “Year-end Closing and Reporting” for additional information.

Certain supplies on-hand at year-end (such as office supplies) will be deemed immaterial and not inventoried or recorded in the year-end financial statements.

Controls - It will be the responsibility of the department heads to determine the appropriate access to supplies, based on cost v. benefit considerations.

Gratiot County Policies and Procedures - Federal Awards Administration County Credit Card Procedures

The Financial Administrator or Treasurer shall be responsible for the issuance, accounting, monitoring, retrieval, internal controls and generally overseeing the use of County credit cards for Board Members and employees. Board Policy #124 and #124a address County owned credit cards and purchasing cards.

All credit cards issued to and in the name of the County shall be held and supervised by the Treasurer or Financial Administrator and the Department Head it is issued to.

After use, County credit cards must be returned directly to the Department Head whose name is on the card along with detailed receipts of all charges made.

Credit cards may be used only for the purchase of the following:

- Conference or workshop registrations
- Lodging for authorized trips or meetings,
- Meals within established limits per board policy, or
- Supplies and equipment when prior approval of the Administrator, Financial Administrator, or IT Director.

Credit cards may be used to purchase meals when traveling on County business. A detailed receipt showing purchases **MUST** accompany the receipt or it will **NOT** be paid. If a detailed receipt cannot be produced, the employee has the option of writing the County a check or having reimbursement occur through payroll deduction.

Credit cards may not be used to circumvent the normal purchasing and/or requisitioning process.

The staff member to whom a credit card is issued shall be responsible for its use and shall not allow the card to be used by anyone else or for any unauthorized purchases. Any charges made on the card during the time that the card is in the possession of the employee are the responsibility of that employee. Unauthorized charges must be paid by the person to whom the card is assigned, and such unauthorized use shall subject the card holder to disciplinary action in accordance with law, County policy, and/or the terms of a negotiated agreement.

The person to whom a credit card is issued is responsible for the protection and custody of the card. If a County card is lost or stolen, the person to whom the card was issued shall immediately notify the Treasurer or Financial Administrator. They will notify the issuing company to cancel the card if necessary.

The Accounts Payable Clerk shall reconcile the credit card statements to the invoices relating to credit card transactions. Any charges appearing on statement that are missing invoices or other documentation will be investigated by the AP Clerk. The AP Clerk must notify the Administrator and/or the credit card issuing company of any suspected fraudulent transactions appearing on the statement. Credit card balances must be paid in full as due.

The Governmental Entity Policies and Procedures - Federal Awards Administration Training and Sanctions

TRAINING:

County will provide training to all staff involved in these procedures through activities such as:

- Orientation of new staff
- Distribution of federal laws, regulations and guidance
- Distribution of County policies and procedures
- Developing templates, checklists and other guidance documents as appropriate
- Internal training sessions
- Routine staff meetings
- Informal technical assistance.

The Administrative staff will meet with County staff as necessary to ensure that these procedures are followed. These meetings may occur either on an individual basis or in a group setting.

Board Policies - The following board policies have training implications:

None

EMPLOYEE ACCOUNTABILITY AND SANCTIONS:

Failure to follow the provisions of these procedures will subject the individuals responsible for the violation(s) to administrative and/or disciplinary actions in accordance with County disciplinary procedures and the judgment of management. Sanctions may include comments on employee evaluations, suspension and/or dismissal.