1. **Purpose**

The purpose of this policy is to establish and maintain guidelines and procedures that provide reasonable assurance that Federal awards are being managed in compliance with all Federal regulations and with the terms and conditions of the award. Weber County employees, elected officials, and representatives engaging in Federal Procurement activities will follow the County’s current purchasing, travel, and personnel policies and procedures, the State of Utah Uniform Accounting Manual, the Uniform Fiscal Procedures Act for Counties, the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and federal requirements of 2 CFR Part 200.

Pursuant to §200.318(a), a non-Federal entity must use its own documented procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.

Applicable Federal laws include:

* §200.305 Payment
* §200.318 General procurement standards
* §200.319 Competition
* §200.320 Methods of procurement to be followed
* §200.321 Contracting with small and minority businesses, women’s business enterprises, and labor surplus area firms
* §200.322 Procurement of recovered materials
* §200.323 Contract cost and price
* §200.325 Bonding requirements
* §200.326 Contract Provisions

1. **Policy**
2. The County will maintain effective internal control over the Federal award providing reasonable assurance that the County and its subrecipients are managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective control and accountability must be maintained for all funds, real and personal property, and other assets. The County must adequately safeguard all such property and must assure that it is used solely for the authorized purpose. The County shall take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
3. **Procedures**
4. Financial Management System
   1. The County’s financial management systems, including records documenting compliance with federal statutes, regulations, and the terms and conditions of Federal awards, shall be sufficient to permit:
      1. the preparation of reports required by general and program specific terms and conditions,
      2. and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.
   2. The financial management systems of the County shall provide for the following:
      1. Identification – the County shall identify, using project accounting, all federal awards received and expended, and the federal programs under which they were received.
      2. Financial reporting - accurate, current, and complete disclosure of the financial results of each federal award or program must be made in accordance with the reporting requirements of the grant or sub grant.
      3. Accounting records – the County shall maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.
      4. Budget control - actual expenditures or outlays must be compared with budgeted amounts for each federal award. Financial information must be related to performance or productivity data provided by the awarded County department, including the development of unit cost information whenever appropriate or specifically required in the grant or sub grant agreement. If a budget amendment is necessary during the program year, the awarded department shall submit a budget amendment in accordance with policy 2-300.
      5. Cash management – Whenever feasible, the County, in acting as a pass-through entity, shall advance funds to subrecipients prior to receiving reimbursement from the U.S. Treasury. Advance payments to subrecipients shall be limited to the minimum amounts requested and be timed to be in accordance with the actual, immediate cash requirements of the subrecipient in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the U.S. Treasury for direct program or project costs and the proportionate share of any allowable indirect costs.
      6. Allowable cost - applicable Uniform Guidance cost principles, County program policies and regulations, and the terms of grant and subrecipient agreements will be followed in determining reimbursed costs are reasonable, allowable, and allocable.
      7. Source documentation - accounting records shall be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subrecipient award documents, etc.
   3. An awarding agency may review the adequacy of the financial management system of any applicant for financial assistance.
5. Supplement Not Supplant
   1. The County will used federal funds to supplement (add to, enhance, to expand, create something new, increase) the funds available from non-federal sources, and not to supplant (replace or take the place of) the existing non-federal funds, unless specifically authorized in the federal award.
   2. State or local funds which previously funded activities may not be diverted to another purpose simply because federal funds are now available to fund those activities. In other words, the use of federal funds may not result in a decrease in state or local funds for a particular activity, which, in the absence of the federal funds, would have been available to conduct the activity. Federal funds may however be used to maintain programs where state or local funding was being cut prior to awarding of the federal award.
6. Reimbursement
   1. Reimbursement shall be the preferred method of payment. Advances should only be used in rare circumstances and only after consultation with the Clerk/Auditor. In the event of payment advances the requirements in 2 CFR 200.305 should be followed, including maintaining advance payments in an interest bearing account, provided the best reasonable interest-bearing account is expected to earn interest in excess of $500 per year on Federal cash balances.
   2. Consistent with state and federal requirements, the County will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for review upon request.
7. Allowable Costs
   1. Federal awards will meet the following general criteria in order to be allowable except where otherwise authorized by statute;
      1. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
      2. Be allocable to Federal awards under the provisions of the Uniform Guidance.
      3. Be authorized or not prohibited under State or local laws or regulations.
      4. Conform to any limitations or exclusions set forth in this policy, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
      5. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the County or subrecipient.
      6. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
      7. Except as otherwise provided for in the Uniform Guidance, be determined in accordance with generally accepted accounting principles.
      8. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
      9. Be the net of all applicable credits (ex. Program Income).
      10. Be adequately documented.
   2. Costs that may be Allowable under 2 CFR 200s Under Specific Conditions include:
      1. Advisory councils
      2. Audit costs and related services
      3. Bonding costs
      4. Communication costs
      5. Compensation for personal services
      6. Depreciation and use allowances
      7. Employee morale, health, and welfare costs
      8. Equipment and other capital expenditures
      9. Gains and losses on disposition of depreciable property and other capital assets and substantial relocation of Federal programs
      10. Insurance and indemnification
      11. Maintenance, operations, and repairs
      12. Materials and supplies costs
      13. Meetings and conferences
      14. Memberships, subscriptions, and professional activity costs
      15. Security costs
      16. Professional service costs
      17. Proposal costs
      18. Publication and printing costs
      19. Rearrangement and alteration costs
      20. Rental costs of building and equipment
      21. Training costs
      22. Travel costs
   3. Costs Forbidden by Federal Law are outlined in 2 CFR 200s. Examples of such costs are shown below. If a cost is on this list, it may not be supported with Federal funds. The fact that a cost is not on this list does not mean it is necessarily permissible. There are other important restrictions that apply to Federal funds, such as those detailed in 2 CFR 200s; thus, this list is not exhaustive.
      1. Advertising and public relations costs (with limited exceptions), is prohibited includes promotional items and memorabilia, including models, gifts and souvenirs
      2. Alcoholic beverages
      3. Bad debts
      4. Contingency provisions (with limited exceptions)
      5. Fundraising and investment management costs (with limited exceptions)
      6. Donations
      7. Contributions
      8. Entertainment (amusement, diversion, and social activities and any associated costs)
      9. Fines and penalties
      10. General government expenses (with limited exceptions pertaining to Indian tribal governments and Councils of Government (COGs)
      11. Goods or services for personal use
      12. Interest, unless specifically stated in 200.441 as allowable
8. Reasonable Costs
   1. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when governmental units or components are predominately federally funded. In determining reasonableness of a given cost, consideration shall be given to:
      1. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the County or the subrecipient of the County for the performance of the Federal award.
      2. The restraints or requirements imposed by such factors as: sound business practices; arms- length bargaining; Federal, State and other laws and regulations; and, terms and conditions of the Federal award.
      3. Market prices for comparable goods or services.
      4. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the County or subrecipient of the County, its employees, the public at large, and the Federal Government.
      5. Significant deviations from the established practices of the County which may unjustifiably increase the Federal award's cost.
9. Allocable Costs
   1. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.
   2. All activities which benefit from the County’s indirect cost, including unallowable activities and services donated to the County by third parties, will receive an appropriate allocation of indirect costs.
   3. Any cost allocable to a particular Federal award or cost objective under the principles provided for in the Uniform Guidance may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons.

1. Program Income
   1. If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, paragraph i) of this section must apply. When the Federal awarding agency authorizes the approaches in paragraphs ii) and iii) of this section, program income in excess of any amounts specified must also be deducted from expenditures.
      1. Deduction. Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project.
      2. Addition. With prior approval of the Federal awarding agency program income may be added to the Federal award by the Federal agency and the non- Federal entity. The program income must be used for the purposes and under the conditions of the Federal award.
      3. Cost sharing or matching. With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award. The amount of the Federal award remains the same.
   2. There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise.
2. Procurement
   1. When procuring goods and services under a Federal award, the County will follow 2 CFR part 200.318 through part 200.326, contract provisions, or the County’s purchasing ordinance, whichever is most restrictive.
   2. County Travel policies are outlined in policy 9.1. Airfare costs in excess of the basic, least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would:
      1. Require circuitous routing;
      2. Require travel during unreasonable hours;
      3. Excessively prolong travel;
      4. Result in additional costs that would offset the transportation savings; or
      5. Offer accommodations not reasonably adequate for the traveler's medical needs. The non-Federal entity must justify and document these conditions on a case-by-case basis in order for the use of first-class or business-class airfare to be allowable in such cases.
   3. All grant-funded purchases must be received in time to substantially benefit the project during the current grant period. The County cannot obligate funds for goods and services during a grant period if the goods and services will be delivered after the ending date of the grant. Equipment purchased with grant funds must be received, installed, and put into service before the ending date of the grant. All obligations and receipt of goods must occur within the grant period.
3. Debarment and Suspension
   1. Non-Federal entities are prohibited from contracting with or making subawards under “covered transactions” to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include procurement contracts for goods and services awarded under a grant or cooperative agreement that are expected to equal or exceed $25,000.
   2. All non-procurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.
      1. This verification may be accomplished by:
         1. Checking the Excluded Parties List System (EPLS) available at https://www.sam.gov/portal/public/SAM/, or
         2. Collecting a certification from the entity, or
         3. Adding a clause or condition to the covered transaction with that entity. The subrecipient cannot make a contract to parties listed on the EPLS through the System for Award Management (SAM). SAM contains the list of names of parties debarred, suspended, or otherwise excluded by federal agencies.
4. Conflict of Interest
   1. In accordance with 2 CFR Part 200 the following conflict of interest policies and standards of conduct must be followed by the County, its subrecipients, and its employees and governs the actions of its employees engaged in the selection, award, and administration of contracts. 2 CFR Part 200 includes the following provisions:
      1. Employee conflict of interest. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of The County may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, the County may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.
      2. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the County is unable or appears to be unable to be impartial in conducting a procurement action involving the related organization (non-profit organizations).
      3. Disclosing Conflict of Interest. The County or subrecipient of the County must disclose in writing any potential conflict of interest in accordance with applicable Federal awarding agency policy.
5. Time and Effort Requirements
   1. The County is required to maintain auditable “time and effort” documentation that shows how each employee, paid with Federal funds, spent his or her compensated time. Such documentation is prepared after the fact (not estimated or budgeted) demonstrating how the time was spent. An example of time and effort documentation would be a detailed time card tracking hours spent by day on each project or grant.
   2. Time and effort reports should be prepared by staff with salary charged:
      1. directly to a federal award,
      2. directly to multiple federal awards, or
      3. directly to any combination of a federal award and other federal, state or local funding source.
6. Indirect Cost Rates
   1. Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned directly to Federal awards and other activities as appropriate, indirect costs are those remaining to be allocated to benefitted cost objectives. A cost may not be allocated to a Federal award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to a Federal award as a direct cost.
   2. Indirect costs are normally charged to Federal awards by the use of an indirect cost rate. The County has elected to use a 10 percent de minims rate to cover indirect costs.
7. Program Reporting and Financial Audit
   1. The County and its subrecipients shall:
      1. Comply with all federal guidelines regarding financial and program reporting. General requirements are outlined in 2 CFR parts 200.327 thru 200.329. Specific requirements may be added under the requirements of certain grants.
      2. Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with 200.510 financial statements.
      3. Procure or otherwise arrange for an audit required by 200.501 in accordance with 200.509 Auditor selection, and ensure it is properly performed and submitted when due in accordance with 200.512 Report submission.
      4. Promptly follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with 200.511 Audit findings follow-up, paragraph (b) and 200.511 Audit findings follow- up, paragraph (c), respectively. See also the County’s policy on subrecipient monitoring, policy 2-1100.
8. Capital Asset Reporting
   1. The County’s Capital Asset policies can be found in policy 2-700. The County and its subrecipients shall follow federal regulations found in part 200.310 thru 200.316, which refers to capitalization of items purchased that exceeds $5,000 and has a shelf life of more than 12 months. Items purchased with federal dollars and exceeding this limit must be individually identifiable in the fixed asset system.
   2. Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, at a minimum, meet the following requirements:
      1. Property records must be maintained that include a description of the property, a serial number or other identification number, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, and any ultimate disposition data including the date of disposal and sale price of the property.
      2. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
      3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be reported to the Clerk/Auditor.
      4. Adequate maintenance procedures must be developed to keep the property in good condition.
      5. If the County is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.
   3. Disposal of capitalized assets must follow the County’s purchasing policy and should be disposed of in a manner that is in the best interest of the County. Whenever excess property is to be sold at auction, all sales shall be to the highest bidder.
   4. The Uniform Guidance provides additional requirements around disposal of fixed assets purchased with federal dollars. When original or replacement equipment acquired under a grant or sub grant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:
      1. Items of equipment with a current per-unit fair market value of less than $5,000 may be retained, sold or otherwise disposed of with no further obligation to the County.

* + 1. Items of equipment with a current per unit fair market value in excess of $5,000 may be retained or sold and the County shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the County’s percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the County to deduct and retain from the Federal share $500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

1. Records Retention
   1. The County and its subrecipients shall comply with all federal guidelines regarding retention of grant records. At a minimum the County shall keep records that fully show:
      1. The amount of funds under the grant or sub grant;
      2. How the County uses the funds;
      3. The total cost of the project;
      4. The share of that cost provided from other sources; and
      5. Other records to facilitate an effective audit,
      6. Other records to show compliance with federal program requirements
   2. All records must be retrievable and available for programmatic or financial audit. The County and its subrecipients shall provide the Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, the right of access to any documents, papers, or other County records which are pertinent to the federal award.
   3. Records shall be retained for a minimum of three (3) years from the date of the final expenditure report, or as otherwise specified in the requirements of the federal award. If any litigation, claim or audit is started before the expiration of the standard record retention period, the records shall be retained until all litigation, claims or audits have been resolved and final action taken.

DATED this day of , 2022.

BOARD OF COUNTY COMMISSIONERS OF WEBER COUNTY:

Scott K. Jenkins, Chair

ATTEST:

Ricky Hatch, CPA

Weber County Clerk/Auditor

Approved as to form and legality:

Deputy County Attorney