



STATE & FEDERAL GRANTS MANUAL



## General Information

Hopkins County has established fiscal procedures that apply to all financial transactions regardless of the funding source. Procedures that are related directly and/or indirectly to state and federal grant programs are included in this chapter. The purpose of these guidelines is to provide a reference to the fiscal requirements and procedures necessary for responsible financial management of the county's state and federal grant programs. The intent is to guide grant recipients as well as administrative and support staff in the proper accountability and management of state and federal grant funds as prescribed by law.

The staff of the Auditor's Office shall be responsible for developing and enforcing procedures for Hopkins County. These procedures shall constitute the administrative regulations and shall consist of guidelines, handbooks, manuals, forms and any other documents defining standard operating procedures. The County Auditor shall approve this State and Federal Grants Manual on an annual basis, or as appropriate, if federal, state or local changes in regulations or policy warrant immediate changes.

## Auditor's Office Mission Statement

To provide financial leadership; ensure the availability of timely, accurate, and meaningful financial information on the fiscal affairs of the county; protect county assets; maintain accurate financial and accounting records; and fulfill the statutory authority conferred on the County Auditor.

## Auditor's Office Staff

The Auditor's Office staff shall perform multiple roles; however, adequate controls of separation of duties shall be maintained at all times. The auditor's staff consists of:

### ADMINISTRATION

DEPARTMENT MAIN NUMBER	903/438-4012
SHANNAH AULSBROOK, County Auditor	903/438-4010
MARSHELLE AVENT, First Assistant Auditor	903/438-4011

### GRANT ACCOUNTING

BETH WISEBAKER, GRANT MANAGER	903/438-5046
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### ACCOUNTS PAYABLE

SHELLY WISER	903/438-4012
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### INTERNAL AUDIT

KATHERINE JANWAY	903/438-4008
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All Auditor's Office staff are expected to comply with the following objectives:

- Meet our statutory responsibility
- Ensure the proper accounting for receipts and disbursements
- Establish processes to safeguard and properly manage county assets
- Maintain a continuous auditing of all financial transactions
- Safeguard the financial integrity of the county
- Ensure compliance with all statutes and Commissioners Court policies and mandates
- Monitor allocation of resources and expenditures
- Develop and maintain a skilled work force committed to quality and timely performance

Each staff member shall have an up-to-date job description on file with Human Resources. Changes to job descriptions should be made when substantial changes occur in job duties or responsibilities.

### **General Ledger Maintenance**

Transactions shall be posted to the general ledger on a daily basis to ensure timely and accurate reporting. The First Assistant, Director of Accounting and Accounting Division staff is responsible for monitoring the general ledger and managing the operational accounting. The general ledger shall be reviewed for accuracy on a monthly basis in areas such as, but not limited to the following:

- Verify cash balances equal the respective bank monthly statements
- Review aged purchase orders, receivables and payables
- Verify funds are accurate and all transactions have been posted
- Verify all reconciling items are posted to the general ledger

Changes to the general ledger should be posted within the same fiscal period as the changes occurred or as soon as practicable. Month-end and annual closing procedures have been developed to ensure that all routine transactions, applicable to the fiscal period, have been posted to the general ledger and all adjusting or correcting entries resulting from reconciliation procedures have been made.

### **General Ledger Transactions**

All general ledger financial transactions including journal entries, cash receipts, etc. shall require the following minimum data:

- Date of the general ledger transaction
  - The date of the transactions should be within the posting fiscal year, unless approved by the County Auditor.
- General ledger account code(s)
- Transaction number



- Transaction numbers are automatically sequentially assigned by the financial system.
- Support documentation
  - All general ledger transactions shall have supporting documentation attached to the transaction within the financial system.
- Approvals
  - All transactions shall be reviewed and approved by supervisory personnel.

Automated processes such as workflows within the financial system create and record financial transactions impacting the general ledger including cash receipts, account payables, account receivables and encumbrances. Journal entries are not automated in the financial system through workflow. Journal entries are required to directly change account balances and bring the general ledger and financials up to date on an accrual basis. Journal entries must be consistent with supporting documentation and approved by supervisory personnel prior to posting.

All payroll journal entries shall be prepared by the Payroll Accountant and reviewed by supervisory personnel prior to posting. All payroll journal entries must be posted to the general ledger no later than the actual pay date.

All changes to the general ledger should be posted within the same month as the change occurred, if possible, or as soon as practicable. At times, prior to closing the month, additional reconciling journal entries may be posted in accordance with approval guidelines.

All data entry shall be from the appropriate source documents and verified for accuracy. A system of checks and balance shall be in place to ensure all postings to the general ledger result in the desired outcome.

Daily data entry validation increases the accuracy of the fund accounting and facilitates reconciliation of the monthly bank statements with the general ledger.

The Accounting Division shall review the general ledger on a monthly basis to ensure the accuracy of fund accounting.

### **End of Month Process**

The established deadline to close each month is the 10<sup>th</sup> of the month following the close month. If the 10<sup>th</sup> of the month occurs on a weekend or holiday, the deadline will be on the next business day. Responsibilities and projected deliverable due dates regarding closing the county financials monthly shall be discussed in the monthly Accounting Division meeting and assigned no later than the last week prior to the end of the month to be closed.

According to Local Government Code §114.001, monthly reports and supporting documentation from county departments are required to be submitted to the County Auditor by the 5<sup>th</sup> of the following month. Monthly reports from the County Tax Assessor/Collector are required to be submitted to the County Auditor in accordance with Tax Code §31.10.



If the deadline falls on a weekend or holiday, reports shall be submitted by the next business day.

There are three (3) steps in completing the End-of-Month process as listed below:

- Review and reconciliation of all funds
- Preparation and approval of financial statements
- Issuance of financial statements

Please refer to the *Hopkins County Month End Closing Policy* (Appendix II), *Hopkins County Month End Procedure* (Appendix III) and *Hopkins County Month End Close Out Checklist* (Appendix IV) for all critical steps to be followed during the month end process.

## End of Fiscal Year Process

All end-of-fiscal year adjustments shall be posted to the general ledger prior to closing out the fiscal year, including but not limited to the following:

- **Record all revenue received and/or earned as of SEPTEMBER 30<sup>th</sup>** – All measurable revenue should be posted to the general ledger.
- **Reconcile all grant revenue and expenditures** – The revenue and expenditures in most grant programs (state and federal) should equal. The excess revenue, if any, should be reclassified to a payable to the granting agency, unless the excess revenue is an advance payment (deferred revenue). If expenditures exceed revenue, the amount due from the granting agency should be posted to the revenue account and accounts receivable accounts.
- **Reconcile the final amended budget** – Verify that all budget amendments have been posted to the general ledger. The sum of the original budget, plus all budget amendments during the fiscal year shall equal the final amended budget.
- **Reconcile and post all accounts receivables** – All funds due from other sources, as of SEPTEMBER 30<sup>th</sup>, shall be posted to the general ledger. The receivables shall be measurable and expected to be received within 60 days after the end of the fiscal year in accordance with the county's accounting standards.
- **Reconcile and post all accounts payables** – All payables due to others, as of September 30<sup>th</sup>, shall be posted to the general ledger. The amounts due for all goods and/or services received as of September 30<sup>th</sup> are classified as accounts payable and paid during the next fiscal year. The county has established a mid-October cut-off for prior year accounts payables, unless the accounts payable expense is material as decided upon by the County Auditor.
- **Reconcile all accrued wages and benefits as of September 30<sup>th</sup>** – All accrued wages and benefits (wages/benefits earned prior to fiscal year end but paid October 1<sup>st</sup> or thereafter) shall be posted to the general ledger.
- **Reconcile all prepaid expenditures as of September 30<sup>th</sup>** – All prepaid expenditures shall be posted to the general ledger. A prepaid expenditure is typically one that represents a disbursement of funds for goods or services that will be received or utilized in the next fiscal year. The prepaid expenditure should be cleared in the next fiscal year by posting the expenditure to the appropriate general ledger expenditure account(s).
- **Reconcile the fixed assets ledger with all fixed asset additions, deletions or changes** – All assets as defined in the capitalization policy and procedures acquired during the fiscal year shall be added to the fixed asset module. All assets disposed of (sold or lost) shall be coded appropriately



in the fixed asset module. Changes, if any, to the location, value or category of assets shall be posted to the fixed asset module.

- **Reconcile the fund balance as of September 30<sup>th</sup>** – All changes, reductions, additions and/or designations [restricted, committed, assigned, etc.] of fund balance accounts shall be posted to the general ledger.

### **Segregation of Duties**

At a minimum, the Auditor's Office shall operate under a segregation of duties, including but not limited to, the following:

- **Endorsement of checks** – The same staff member shall not prepare and endorse accounts payable or payroll checks.
- **Bank reconciliations** – The same staff member shall not prepare cash disbursements, cash deposits or other cash transactions and reconcile the county's bank accounts.
- **Maintain non-cash accounting records** – The same staff member shall not prepare non-cash general ledger transactions and post the transactions to the general ledger.
- **Purchasing and receiving functions** – The same staff member shall not serve as the final approver of a purchase order and verify receipt of the goods.
- **Contract management** – The same staff member shall not approve a contract for goods or services and have sole approval authority to disburse the payment for the contracted goods or services.

### **Retention of Records**

All state and federal grant-related records shall be retained for audit purposes in accordance with the Texas State Library and Archives Commission. If the grant requires a longer retention period than those stated in this schedule, the associated records must be retained for the full retention period required by the terms of the grant.

Original paper records may be disposed of prior to the expiration of their minimum retention periods if they have been microfilmed or electronically stored pursuant to the provisions of the Local Government Code, Chapter 204 or Chapter 205, as applicable, and rules of the Texas State Library and Archives Commission adopted under those chapters.

### **Data System Security & Access to Records**

All county employees are obligated to refrain from disclosing confidential information of county clients or employees to an unauthorized person as described in the Hopkins County Employee Handbook. All county employees shall sign acknowledging receipt and understanding of the handbook.

Every person employed by the County Auditor is obligated to refrain from any discussion or disclosure of financial matters to outsiders, including members of one's own family. All information concerning county finances, no matter how trivial it may seem, is public information, but its release to the public must be handled in the proper context. Release of information is to be made by or with the permission of the County Auditor. Staff members dealing directly with officials, department heads, employees and the



public shall be careful not to discuss, either orally or in writing, the affairs or transactions of one county department with another department. County information may not be removed from the office without permission of the County Auditor or First Assistant(s). Failure to follow this request process could result in disciplinary action, up to and including termination.

The county shall make grant-related records available for access to the federal granting agency and/or pass-through entities upon request. Only authorized staff shall access the financial and/or payroll system for job related purposes only. Use of the system for personal reasons or benefit could result in disciplinary action, up to and including termination. Each staff member shall take appropriate steps to ensure computers are safeguarded to prevent unauthorized access.

### **Assignment of Access and Passwords**

Access to data systems shall be based on the specific job duties and responsibilities of each staff member. Except for limited exceptions, staff will not be given unilateral access to all modules in the financial and payroll system. These restrictions to unilateral access are designed to protect reliability and integrity of information, safeguard confidential/sensitive information, provide a separation of duties and prevent fraud.

All computers in the county shall be used exclusively for county business. Every employee is issued a password to permit access to various authorized software. The passwords shall not be shared with anyone. Disregard of this policy can result in disciplinary action, up to and including termination of employment.

Employees shall follow the secure password attributes below to authenticate an individual's unique ID:

- Be a minimum length of eight (8) characters on all systems
- Not be a dictionary word or proper name
- Not be the same as the User ID
- Expire within a maximum of 90 calendar days
- Not be identical to the previous ten (10) passwords
- Not be transmitted in the clear, outside the secure location
- Not be displayed when entered

Data system access to authorized modules shall be determined by the County Auditor, County Treasurer, Chief Human Resource Officer and Chief Financial Officer, or their authorized staff depending on the requested access. Each staff member shall have access to their respective database(s) based on their job role. Security roles are established and assigned with specific access to each module. In the event that a staff member gains access which they are not entitled to, due to human or software error, it is the responsibility and duty of the staff member to notify their supervisor who should invoke correction action to be taken by the Information Technology Department.



## **Revoking Access**

Access to data systems are subject to change when changes occur to a staff member's position, duties or responsibilities. Access to data systems are also subject to revocation when a staff member violates their privileges or does not follow the Hopkins County Employee Handbook.

## **Staff Training**

Training opportunities are available to staff that are related to their job duties. Training opportunities for certifications or licensing programs shall be provided in a manner that seeks to meet the continuing education requirements for that specific certification or license.

The county expects all staff members to participate in continuing professional education. Prior approval is required before signing up or making reservations for a class seminar. All CPE classes are paid for by the county and accordingly, all text materials remain the property of the county. All training is subject to budget availability.

It is the employee's responsibility to request additional training which they feel will be beneficial in performing the assigned job tasks. At times, the immediate supervisor may also recommend or direct that a staff member attend specific training to improve their skills.

Following attendance at a meeting, the staff member should obtain a certificate of completion and turn it in to their immediate supervisor of their area.

## **State and Federal Grant Management**

Compliance with all federal and state grant requirements are essential to ensure that all funds remain with the county. Failure to comply with grant requirements may result in denial of reimbursement requests and the granting agency could request the county to return a portion or all grant funds.

Managing state and federal grants shall be a collaborative process between the Grants Department, Auditor's Office, Purchasing Department, Human Resources Department and other departments who assist in specific grants such as the Housing Department. Each office shall be responsible for their duties and responsibilities as they relate to the management of state and/or federal grants. The duties of each office are listed below in general terms.

### **Grants Department**

- Work together with department staff to ensure all grant activities are collaboratively planned and appropriate to the department.
- Meet with department personnel to clarify issues and make decisions.
- Work collaboratively with the Legal Department, Auditor's Office, Professional Services, Purchasing Department and associated department on contractual commitments prior to the county entering into an agreement.





- Meet with the Auditor's Office to prepare grant budgets prior to the Commissioners Court action.
- Prepare grant applications and submit to Commissioners Court for approval and then to the granting agency prior to obligating funds or incurring expenses.
- Assist with budget amendments drafted by Professional Services and/or Auditor's Office.
- Communicate with departments after Commissioners Court action and assist with grant administration.
- Assist departments with reporting and grant requirements, as needed. This may include establishing payment procedures for employees and assisting with the completion of programmatic and financial reports, record-keeping requirements and grant monitoring visits.
- Review on-going grant projects.
- Provide supporting documentation for budgeted grant funds and submit all grant amendments to the Auditor's Office to facilitate any budget amendments after approval by Commissioners Court.
- Ensure all grant-related programmatic and financial reports are submitted according to grant requirements (monthly, quarterly and/or annually).
- Prepare the annual grant report which includes a spreadsheet of all currently budgeted grants, pending grants waiting to be awarded and grants likely to be renewed.
- Maintain a file of all grant applications and grant contracts for the required length of time for audit purposes.
- Provide information to the Human Resources Department regarding the number and type of grant-funded positions approved in the grant application by the granting authority.
- Assist HR with determining the position title, job description, payroll distribution codes and other salary information for use in completing the grant application.

#### **Auditor's Office**

- Assist the Grants Manager with budgeting grants funds. Preparing and posting the initial budget and all amendments to the general ledger.
- Work together with all departments providing knowledge and clarification of the financial records of each grant.
- Assist the Human Resources Department with determining the payroll distribution account codes for all grant funded staff.
- Review and verify all grant-related financial reports (monthly, quarterly and/or annually).
- Monitor the grant budget throughout the grant period to ensure proper coding.
- Prepare all financial records for the annual financial audit and single audit, as appropriate.
- Adjust the general ledger, as appropriate, if adjustments are necessary.
- Prepare and/or submit cash reimbursements, as appropriate. This may also be done by department heads or grant consultants but must be reviewed by the Auditor's Office.
- Review and advise on contractual commitments prior to the county entering into an agreement.



- Review and ensure all fixed assets purchased with grant funds are in compliance with the inventory and disposition guidelines.
- Maintain the Fixed Asset module in the financial reporting system with the Purchasing Department.
- Retain all financial records for the required length of time for audit purposes.

#### **Auditor's Office**

- Manage all fixed assets and ensure compliance with the inventory and disposition of grant guidelines.
- Make sure all procurements follow the County of Hopkins *Purchasing Agent Policies and Procedures Manual* or grant guidelines, whichever is more restrictive.
- Make sure all vendors have the proper certifications and insurance, are not debarred or suspended and have provided all required documentation including *Form 1295 Certificate of Interested Parties* to the Purchasing Department.
- Review and advise on contractual commitments prior to the county entering into an agreement.
- Maintain the Fixed Asset module in the financial reporting system with the Auditor's Office.

#### **Human Resources Department (HR)**

- Assist the Grants Manager with the recruitment and hiring of all grant-funded staff.
- Ensure that all grant-funded staff have job descriptions with the grant-related duties and funding.
- Maintain audit-ready employee files for financial audit or single audit purposes, as appropriate.
- Assist the Grants Manager with determining the position title, role and other salary information for use in completing the grant application.
- Retain all personnel records for the required length of time for audit purposes.

All departments shall provide staff training for their respective staff regarding the grant management duties and responsibilities for each staff member.

#### Federal Regulations for Federal Grant Awards

All federal grant funds are subject to compliance with the Code of Federal Regulations, Title 2: Grants and Agreements, for each federal grant award. When the county's local policies and/or procedures conflict with the federal regulations, the county shall comply with the more restrictive regulations, in all aspects of federal and state grant management.

The regulations to be adhered to in 2 CFR Part 200 include the following subparts:

- Subpart A – Acronyms and Definitions
- Subpart B – General Provisions
- Subpart C – Pre-Federal Award Requirements
- Subpart D – Post Federal Award Requirements
- Subpart E – Cost Principles



- Subpart F – Audit Requirements
- Appendices – I through XII

The CFR in its entirety can be accessed at: <http://www.ecfr.gov/cgi-bin/text-idx?SID=5896af66d52a0ff76437e28222bc1ecc&mc=true&node=pt2.1.200&rqn=div5>

## **State and Federal Programs/Grants**

### **State Programs – Allocations**

State allocation grants are estimated and paid to the county through the state. The amount for each grant is calculated differently based on the type of grant and qualifications/requirements of the county.

Allocation grants from the state to the county include the Justice Administration Grant (JAG), Juvenile Justice Probation and Beach Maintenance Programs.

The allocation for the annual JAG is determined by the US Bureau of Justice Statistics who calculates the JAG formula to determine award allocations as established in the Consolidated Appropriations Act of 2005 during the 108<sup>th</sup> Congress. Once Congress determines the national JAG allocation for the year, the Bureau of Justice Assistance begins their four-step process based on violent crime and population. Each state gets at least a minimum allocation and the state JAG funds are split 60/40; 60% going to the state and 40% going to local jurisdictions. The local awards are based on their portion of the statewide violent crime average.

During the budget process, the estimated state allocation shall be calculated based on prior year award amounts and should compensate for any drastic changes in the county's demographics.

The Auditor's Office will be responsible for the financial compliance in each of the state programs. Financial compliance shall include, but are not be limited to, budgeting, development and monitoring, approval of expenditures, financial reporting to the awarding agency and financial audit.

The Grants Manager will be responsible for the programmatic compliance. Programmatic compliance shall include, but not be limited to, program eligibility, program design, instructional delivery, entry/exit procedures, professional development and certification.

knows that the employee or any member of the employee's immediate family (spouse, parent, step-parent, child, step-children, brother, sister, grandparents, father-in-law or mother-in-law) has:

- Financial interest pertaining to the procurement
- A business or organization in which the employee or any member of the employee's immediate family has a financial interest in the item, good or service being procured
- An arrangement concerning prospective employment as a result of the procurement



It is a conflict of interest if any Purchasing Department employee is offered, given or takes a gift, gratuity, kickback, offer of employment or any other form of reward in connection with any decision, approval, disapproval or recommendation relating to the procurement of any item, good or service.

The county will disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity, in accordance with Federal policy. No employee, officer or agent may participate in the selection, award or administration of a contract supported by a Federal award if they have a real or apparent conflict of interest.

#### Mandatory Disclosures

The county will disclose in writing to the Federal awarding agency or pass-through entity all violations involving fraud, bribery or gratuity violations that will potentially affect the Federal award. Failure to make this disclosure in a timely manner can result in suspension or debarment.

### **Vendor Competition**

The Purchasing Department shall be responsible for selecting and awarding, after approval from Commissioners Court, contracts to vendors that are qualified to provide the goods and/or services to be purchased with Federal grant funds. The vendor selection process shall ensure that the county does not restrict competition among qualified vendors.

#### Vendor Selection Criteria

Parties seeking to obtain qualified vendor status with Hopkins County must complete and return the following forms to the Purchasing Department:

- Form PEID: Person/Entity Information Data
- Form W-9: Request for Taxpayer Identification Number and Certification

These forms and their instructions can be obtained upon request from the Purchasing Department staff.

Qualified Vendors performing work or providing services at or on any county owned facility and/or property are required to maintain insurance as instructed in the county's *Purchasing Agent Policy and Procedures Manual*.

A vendor database shall be maintained by the Purchasing Department.

The county shall develop written bid/proposal specifications that incorporate an accurate description of the technical requirement and are provided to every qualified vendor to ensure consistency in the procurement process. At no time shall the county allow a specific vendor to develop the bid/proposal specifications, as this may provide a barrier to open competition among the qualified vendors.

### **Procurement Methods**

The county shall use one of the Hopkins County procurement methods allowed by Federal regulations to procure goods and services with Federal grant funds. In addition, the county shall comply with state purchasing laws.



The procurement method shall be determined based on the type of goods or services to be purchased with Federal grant funds. The county's *Purchasing Agent Policy and Procedures Manual* is in compliance with the County Purchasing Act which is found in Texas Local Government Code §262.023. The local regulations will be used instead of the Federal regulations due to the more restrictive threshold limits.

#### Micro-Purchase Procedures

The **Procurement by Micro-Purchases** may be the most frequently used method due to the frequent purchase of goods or services that are less than \$3,000, as defined in CFR §200.67. These purchases will be distributed equitably among supplies as is practical. Hopkins County shall purchase goods and services under this method from among qualified vendors using the \$1,500 limit in accordance with the county's *Purchasing Agent Policy and Procedures Manual*.

#### Small Purchase Procedures

The **Procurement by Small Purchases** shall be used by the county when the purchase of goods or services does not exceed \$150,000, per the Simplified Acquisition Threshold (CFR §200.88).

- For purchases \$1,500 or more but less than \$5,000, a minimum of three (3) telephone quotations are required. Upon approval of a purchasing staff member, the requesting department may solicit the quotations or leave the responsibility with the Purchasing Department. However, the requesting department remains responsible for initiating the requisition.
- For purchases \$5,000 or more but less than \$50,000, a minimum of three (3) written quotations are required to be obtained on quotation forms furnished by the Purchasing Department. Upon approval of a Purchasing Staff member, the requesting department may solicit the quotations or leave the responsibility with the Purchasing Department. If authorized to obtain the quotations, the requesting department must submit the written quotations to the Purchasing Department for review and approval prior to the issuance of a purchase order or an alternate method of payment, i.e. through the use of a P-Card. The requesting department remains responsible for initiating the requisition and requesting the method by which the purchase is to be made.

#### Sealed Bid Procedures

The **Procurement by Sealed Bids** method shall be used by the county when the acquisition for services, equipment, goods or other tangible or intangible property including insurance and high technology exceeds \$50,000. This requires that all bidders are placed upon the same plane of equality, that each bidder bid upon the same terms and conditions involved in all items and parts of the contract, and that the proposal specify as to all bids the same or substantially similar specifications. The purpose is to stimulate competition, prevent favoritism and secure the best work and materials at the lowest practicable price, for the best interests and benefit of the taxpayers and property owners.

The Purchasing Department will assist any other department with the preparation of specifications against which bidders may bid, but the final approval of the specifications will be subject to the Commissioners Court approval. It is the intent of the Purchasing Department that the specifications:

- Use intelligent and concise statements that serve the purpose of apprising the potential bidders of exactly what Hopkins County wants but not be so specific as to unnecessarily limit competition.



- Be definitive enough to place all bidders on an equal footing.
- Not contain any limiting provision unless such limitations are for a legitimate purpose.
- Not unreasonably narrow the field of potential bidders; at least two (2) bidders must be willing and able to compete for the business.

If sealed bids are used then the following requirements apply:

- Advertisement for the bid will be placed in a newspaper of general circulation in Hopkins County. If additional sources of advertisement are deemed necessary or prudent by the Commissioners Court, they will be utilized. For example, large or highly desirable tracts of real estate may be advertised in the Wall Street Journal, the Houston Chronicle or other nationwide advertisements.
- Bids can be submitted by U.S. mail or hand delivered to the reception desk of the Purchasing Department.
- Bids will not be accepted by fax or electronic mail unless superseded by instruction(s) within the Request for Bid document.
- Bids must be received and time stamped by procurement staff in the Purchasing Department prior to the specified date and time on the bid notice.
- Late bids will not be accepted.
- All bids will be opened in the offices of the Purchasing Department in the presence of a representative from the Auditor's Office and if available, a representative from the department that will be the primary end user of the goods or services being bid upon. Vendors are encouraged to attend.
- The Purchasing Agent will present the bids to Commissioners Court who will make the final determination in a publicly scheduled meeting as to which bidder will be awarded the contract or whether all proposals should be rejected.
- Opened bids will be kept on file in the Purchasing Department and available for inspection for anyone desiring to see them.

#### Competitive Proposals

The **Procurement by Competitive Proposal** method shall be used by the county when the preparation of detailed specifications would be impractical or involves the purchase of health insurance or high technology items. The Purchasing Agent must notify the Commissioners Court of this determination.

Upon a finding by the Commissioners Court that it is impractical to prepare detailed specifications for an item to support the award of a purchase contract, after a notification of such determination by the Purchasing Agent, the Purchasing Agent may use the multistep competitive proposal procedure provided by Texas Local Government Code §262.0295.

If competitive proposals are used then the following requirements apply:

- There will be a public notice of a Request for Proposal, commonly called an "RFP" that solicits quotations from vendors.
- The Purchasing Department will assist any other department with the preparation of the RFP but the final draft is subject to approval of Commissioners Court.



- Proposals without a dollar bid may be turned in. Afterwards, proposals with prices may be requested by Hopkins County.
- The Purchasing Department will advertise, as required, in a newspaper of general circulation in Hopkins County.
- Proposals can be submitted by U.S. mail or hand delivered to the reception desk of the Purchasing Department.
- Proposals will not be accepted by fax or electronic mail unless superseded by instruction(s) within the Request for Proposal document.
- Proposals must be received and time stamped by procurement staff in the Purchasing Department prior to the specified date and time on the proposal notice.
- Late proposals will not be accepted.
- Proposals will be opened in a public forum on the date and time specified in the presence of a representative of the Auditor's Office and, if available, a representative of the requesting department.
- Hopkins County will follow their written method when conducting technical evaluations of the proposals.

#### Noncompetitive Proposals

The **Procurement by Noncompetitive Proposal** method shall be used by the county when the purchase of goods or services is from a "sole source vendor". A sole source vendor is defined as a vendor that meets the following requirements:

- The goods or services are only available from a sole source.
  - Competitive bidding is not required in the event that there is only one supplier who furnishes the item.
  - Should the Purchasing Agent determine that an exception or a sole source vendor exists, they will notify the Commissioners Court.
  - The final decision as to whether or not to grant the exemption or to purchase from a sole source lies with the Commissioners Court.
- A public exigency or emergency will not permit a delay resulting from the competitive solicitation process.
  - In cases of emergency or public calamity, personal or professional services, land or right of way acquisitions, it will be the discretion of the Commissioners Court to grant an exception from competitive bidding.
- The granting agency or pass-through entity authorized the use of a noncompetitive proposal method.
  - *The county shall obtain written approval/authorization from the granting agency or pass-through entity.*
- After solicitation of a number of sources, competition is determined to be inadequate.
  - The Purchasing Agent will attempt to determine the reason(s) behind the lack of interest from the public and whether there might be greater interest generated if the competitive bidding process began again.



- Commissioners Court will decide whether to accept the bid/proposal or reject it and order the process to begin again.
- If two bidders submit the lowest and best bid with equal terms and conditions, the Commissioners Court shall decide between the two by drawing lots in a manner prescribed by the County Judge.

#### Other Procurement Guidelines

Regardless of the procurement method, the county assures that minority, woman-owned and labor surplus businesses are able to compete with other qualified vendors by implementing the necessary affirmative steps (CFR §200.321).

The county shall comply with the Federal regulations related to the procurement of recovered materials (CFR §200.322) and section 6002 of the Solid Waste Disposal Act.

For all purchases that exceed the Simplified Acquisition Threshold of \$150,000, the county shall perform a cost or price analysis (CFR §200.323). The analysis is dependent on each procurement; however, the county will have made independent estimates before receiving bids or proposals.

Construction or facility improvement contracts or subcontracts that exceed this threshold must comply with the below minimum Federal bonding requirements if the Federal awarding agency has not determined if the Federal interest is adequately protected:

- Bid guarantee from each bidder of five percent (5%) of the bid price
- Performance bond on the part of the contractor for 100% of the contract price
- Payment bond on the part of the contractor for 100% of the contract price

All contracts for services and/or goods purchased with Federal grant funds shall be made available for review upon request of the Federal awarding agency or pass-through entity. The review should take place prior to the time the specification is incorporated into a solicitation document.

The county shall retain all records related to the procurement of goods and services in accordance with Federal, state and local requirements. In addition, all procurement records shall be available for inspection and/or audit during the life of the records. The county shall maintain all successful bids and requests for proposals for three (3) years, unsuccessful bids for two (2) years and requests for informal bid estimates, quotes or responses for one (1) year in accordance with the Texas State Library and Archives Commission Retention Schedule.

#### **Property Standards**

The county shall provide insurance for all property and equipment purchased with Federal grant funds under the same guidelines as property purchased with local funds. Additional insurance for property purchased with Federal grant funds shall be acquired if specifically required by a Federal grant award.





### Real Property

When the county purchases real property with Federal grant funds it will be used for the original purpose for as long as needed and disposed in accordance with the Federal guidelines outlined in CFR §200.311.

### Equipment and Supplies

The county shall use Federal grant funds to purchase equipment and supplies. The county shall not use Federal grant funds to purchase intangible property, unless stipulated in the grant contract. The federally-funded equipment shall be used only for the authorized purposes and shall be disposed of, at the end of the useful life or end of the grant period, in accordance with the grant award guidelines. Adequate maintenance procedures shall be developed to keep the equipment in good condition and proper sales procedures will be established if the equipment is authorized to be sold. The federally-funded supplies shall be used only for the authorized purposes. Any residual (unused) supplies, in excess of \$5,000 in total aggregate value, at the end of the grant program or project, may be used for any other Federal grant program. Otherwise, the supplies shall be retained by the county or sold, but the granting agency must be reimbursed for the county's use or sell of the supplies.

### Capitalization Policy and Definitions

The county utilizes the same capitalization policy for both non-grant and grant-funded asset purchases. The county's capitalization threshold for assets is \$5,000 per unit cost. The county has adopted the CFR §200.1 definitions of property as noted below:

- *Capital assets* means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP (CFR §200.12).
- *Computing devices* means machines used to acquire, store, analyze, process and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information (CFR §200.20).
- *Equipment* means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000 (CFR §200.33).
- *General purpose equipment* means equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment and motor vehicles (CFR §200.48).
- *Information technology systems* mean computing devices, ancillary equipment, software, firmware and similar procedures, services (including support services) and related resources (CFR §200.58).
- *Special purpose equipment* means equipment which is used only for research, medical, scientific or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments and spectrometers (CFR §200.89).
- *Supplies* means all tangible personal property other than those described in §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life (CFR §200.94).



### Acquisition Cost

*Acquisition cost* means the cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software includes those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in transit insurance, freight and installation may be included in or excluded from the acquisition cost in accordance with the non-Federal entity's regular accounting practices (CFR §200.2).

The requesting department must submit an electronic purchase requisition to the Purchasing Department for processing. The requisition request must include quantity, unit cost, unit measure, product description, specifications, requested delivery date and delivery instructions. Once the requisition is properly routed, completed and approved a purchase order will be issued for the asset. At the time the PO is issued, the PO module "flags" the item as a Fixed Asset purchase so that the asset receiving procedures will be triggered. The department must then notify the Fixed Asset Property Manager (FAPM) upon receipt of a fixed asset and forward all associated documentation to the FAPM for processing. Prior to placing the asset in service, the FAPM must properly tag and document receipt of the asset.

### Identifying and Tracking Federally-Funded Assets

All assets belonging to Hopkins County are publicly owned so all Elected and Appointed Officials, department heads and employees share in the responsibility of accounting for, using and properly maintaining all assets. This should be done in accordance with the county's *Purchasing Agent Policy and Procedures Manual*. The FAPM is responsible for keeping accurate records of all county owed assets including their acquisition, transfer and disposition. For the county to accurately identify the assets, the county will record all assets on a database with the following information:

- County-issued tag (or identification number)
- Date of acquisition
- Description of asset
- Serial number or other identifying number
- Funding source, i.e. fund code
- Federal use of asset (percentage)
- Cost of asset (acquisition cost)
- Use and condition of the asset (new, used, etc.)
- Life of asset
- Location of asset
- Depreciation of asset
- Owner of the asset title

### Maintaining Asset Inventory & Records

The FAPM inventories all county inventory twice a year, generally during the months of January and June. The county has implemented the Fixed Asset Module of the Integrated Fund Accounting System (IFAS) to



facilitate documenting the acquisition, custodial use, financial reporting and disposition of all fixed assets. The purchase of all grant-funded assets will be tracked by grant or fund code, as appropriate.

Normal maintenance and repair is not considered a fixed asset but if the maintenance or repair is substantial and drastically extends the life of the asset it will be capitalized as a Fixed Asset Maintenance Improvement (FAMI).

When an asset is disposed, the disposal will be accomplished through a disposal method prescribed by the Purchasing Agent upon approval of Commissioners Court. The disposal of grant-funded assets shall be in accordance with Federal guidelines and grant-specific guidelines, if any. At a minimum, the disposition date, reason and sale price of all federally-funded assets shall be recorded in the fixed asset module. Any funds received from the disposed asset must then be put back in the same grant fund after the disposal.

The county will ensure that all grant funded real property and equipment will have the same equivalent insurance as the assets that are non-grant funded.

In the event of lost, damaged or stolen assets, the FAPM will update the fixed asset status to: AD - Awaiting Disposal. The Elected or Appointed Official or department head must report *Form FA-03, Asset Disposal Report* to the FAPM and must report the theft to the proper law enforcement agency and submit a copy of the report to the FAPM. These documents will be maintained with the asset records.

The Asset Custodian for each department shall be responsible for the asset management of all fixed assets assigned to their department, including all federally-funded assets.

### **Cost Principles**

All grant expenditures must be allowable under the Federal cost principles (2 CFR 200 – Subpart E), the grant application program assurances, the granting agency's policies and the county's policies and procedures.

The county shall adhere to the cost principles for Federal grants and any additional grant-specific cost principles. The general principles of the CFR state that the county:

- Is responsible for the efficient and effective administration of the award
- Assumes responsibility for administering the funds to be consistent with the terms of the Federal award
- Should be consistent with policies, regulations and procedures that apply uniformly to both Federal awards and other activities of the governmental unit
- May not earn or keep any profit from Federal financial assistance unless explicitly authorized by the terms of the Federal award
- Costs must be reasonable and necessary
  - A cost is reasonable if, in its nature and amount, it does not exceed what would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
  - Necessary is defined as costs needed to carry out the grant activities.



- Be allocable to Federal awards
- Conforms to any limitations or exclusions set forth in these principles or in the Federal award as to the type or amount of cost items
- Be consistent with policies and procedures that apply uniformly to federally-financed and other activities of the county
- 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.
- Be determined in accordance with generally accepted accounting principles, except as otherwise provided for in the CFR
- 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
- Has adequate documentation

The county shall verify that all proposed obligations and expenditures meet the cost principles. If the proposed obligation and/or expenditure is not allowable and/or allocable to a Federal grant award, the county shall not make the obligation/purchase with the Federal grant funds. Other funds, such as local funds, may be used to make the obligation/expenditure, as appropriate.

The total cost of a Federal award is the sum of allowable direct and allocable indirect costs less any applicable credits. All refunds, rebates, discounts or other credits to grant expenditures shall be posted to the finance general ledger as soon as the credit is known. The county shall ensure that all known credits have been posted to the general ledger prior to the draw-down on Federal grant reimbursements. The Grant Accountants will ensure that all applicable credits have been posted to the general ledger prior to preparing and submitting a Federal grant draw-down request from the granting or pass-through entity.

It is essential that each item of cost incurred for the same purpose is treated consistently in like circumstances either as a direct or an indirect (F&A) cost in order to avoid possible double-charging of Federal awards. Guidelines for determining direct and indirect (F&A) costs charged to Federal awards are provided in CFR §200.413-200.415.

In addition, the costs must meet the general provisions for selected items of cost (CFR §200.420). Specific items not listed within these procedures shall be evaluated on a case-by-case basis for allowability. The general cost allowability rules for specific items of cost listed within these procedures shall apply to all Federal grant funds, unless more restrictive allowability rules are required by a particular Federal grant award. The county shall adhere to the more restrictive allowability rules when a conflict arises between the general allowability rules, the program-specific allowability rules and the county's allowability rules.

Any costs incurred in accordance with the county's documented policies for the improvement of working conditions, employer-employee relations, employee health and employee performance are allowable. These policies are documented in the *Hopkins County Employee Handbook* located on the Human Resources website.



## **Compensation & Benefits – Employee (Payroll Expenditures)**

Compensation and benefits (payroll expenditures) are allowable costs for personal services rendered by county employees during the period of performance under the Federal grant.

### Compensation Costs

All payroll expenditures shall be paid in accordance with the Federal cost principles. The payroll expenditures must be authorized on the grant application and the duties assigned must be directly related to grant activities. In addition, compensation costs shall be allowable if:

- Costs are reasonable for the services rendered and conform to the established written policy of the county that is applied to all funds.
- Employees have been employed in accordance with the county's established hiring procedures.
- Costs are supported by the appropriate documentation in accordance with CFR §200.430 (i) Standards for Documentation of Personnel Expenses.
- Incentive compensation is based on cost reduction or efficient performance and is paid in accordance to a good faith agreement with the employee or the county's established plan for the payment.
- Stipend compensation for other non-Federal grant award duties shall not conflict with the federally-funded activities with the county.

For all professional activities that occur outside of the county, the county's written procedures will be followed unless the Federal awarding agency has specific arrangements.

### Benefit Costs

County costs for fringe benefits, i.e. costs of leave, employee insurance, pensions and unemployment benefit plans, of federally-funded staff shall be allowable if the below criteria is met:

- All benefit costs shall be in accordance with the county's written leave policies.
- Benefit costs shall be distributed equitably at the same allocation rate (percentage) as the base compensation.
- Benefit costs were earned and paid during the grant period.
- All benefit costs shall be allowable under the Internal Revenue Service, Fringe Benefits Guide (as subjected to taxes, as required by Federal statute).

The county will only charge benefit costs to a federally-funded grant if the benefit costs are in accordance with the county's written policy and CFR §200.431.

### Documentation of Compensation and Benefit Costs

In addition, to the time and effort reporting requirements, the county shall support all compensation and benefit costs paid with Federal grant funds with the following documentation:

- Job description signed by the employee during employee orientation and when there is a change to the role
- Supplemental duties, if any, will be supported by appropriate documentation
- Electronic copies of all benefit/insurance enrollments through the county's software



- Employee at will acknowledgment form
- Absence records, if any
- Personal activity report

### **Selection of Grant-Funded Staff**

The departments requesting grants will identify all staff needed to accomplish the grant activities. The Grants Manager shall work collaboratively with the Finance Department to obtain estimated salaries for proposed grant-funded staff prior to the completion of the grant application.

The process of approving payroll expenditures from grant funds shall be a collaborative process between the department requesting the grant, Human Resources, Grants Management and the Auditor's Office.

The county shall provide the same employer-provided benefits for all county staff whether paid from local, state or Federal grant funds. All time and effort documentation will be followed for employees that are paid by grant funds.

#### New Positions

New grant-funded positions shall be created only when a job description has been developed and approved by Commissioners Court. The department head shall ensure that the position is approved on the grant application and the Grants Accountant shall ensure that adequate funds exist to fill the position. The department requesting the grant shall notify Human Resources of the correct account numbers to ensure that the position is budgeted on the general ledger and the position is paid using the correct payroll account distribution codes.

#### New Hires

New staff hired for work in positions that are wholly or partially funded with Federal grant funds shall be hired only when a position and funding are both available. Upon separation of an employee, the department head will notify the granting agency in request of a new hire to replace the position.

The Commissioners Court shall review the request to ensure that the position is still authorized and necessary. Changes to the job description, if any, shall be made at this time. After approval from Commissioners Court, Human Resources shall advertise the position.

Upon employment, the new hire shall receive and sign a copy of their respective job description to include the grant funding source.

#### Transfer of Personnel

When staff in a position funded with grant funds is recommended for transfer to another assignment or position, the granting agency will need to approve the transfer. The department head, Professional Services and Human Resources shall work collaboratively to ensure that the appropriate staff allocations and funding changes are made at the time of the transfer and evaluate the requested transfer to ensure that the staff allocations and funding source changes are in compliance with the grant requirement.



### Time and Effort Documentation

County staff funded wholly or partially with Federal grant funds shall comply with Federal guidelines related to time and effort reporting. The county shall collect and monitor time and effort documentation for county employees only. Time and effort documentation does not apply to independent contractors.

The following requirements shall apply to all county staff funded wholly or partially from Federal grant funds:

- Staff funded 100% from one grant (or working 100% of their time in a single cost objective):
  - Employees that work solely on a state or Federal grant will need to have supplemental certification for their salaries stating that they worked solely on the program for the period covered by the certification.
  - This certification will be completed semi-annually and needs to be signed by the employee or their immediate supervisor with first hand awareness of their performance.
  - All certification forms should be filed with payroll information for audit purposes.
- Staff partially funded from one or more grant or cost objective:
  - These employees are required to maintain a personal activity report. The report must meet the following standards:
    - They must be prepared at least monthly to coincide with at least one of the county's pay periods.
    - They must reflect an after-the-fact distribution of 100 percent of the actual time spent on each activity.
    - They must be signed and dated by the employee.
    - They must reflect actual, not budgeted, work performed.
  - According to Federal regulations, the final amount charged to each grant award must be accurate, allowable and properly allocated.

### Job description for grant funded staff

The county shall develop and distribute a job description to all county staff that is wholly or partially funded with grant funds. The job description shall include the funding source and the job duties as they relate to the grant position. The grant-funded staff shall sign the job description at employment and when the funding source, job title or other change occurs in the employment or assignment of the staff member.

### Budgeting of grant funded staff

The budget for grant funded staff is done during the grant application request process. Each grant has a listing of the approved personnel for the grant. This list includes titles, rates, salary and funding source codes. This is usually a part of the draw-down source documentation.

If the time and effort documentation is not a true reflection of the normal work schedule then the budget and payroll account code distributions of the grant funded staff shall be adjusted.



## **Non-Payroll Expenditures**

Direct non-payroll expenditures include contracted services, supplies, travel and equipment. The expenditure of Federal grant funds for non-payroll costs shall adhere to the county's *Purchasing Agent Policy and Procedures Manual*. In addition to the normal purchasing process, all grant funds must be approved by the Grants Manager for each respective grant program, as appropriate.

## **Contracts and Professional Services with Grant Funds**

All contracts and professional service agreements shall be reviewed and approved in accordance with the county guidelines for all non-grant funds when procuring, evaluating, selecting and awarding contracts.

In addition, all consultant service agreements shall be reviewed and approved for compliance with Federal regulations regarding professional service costs (CFR §200.459).

The review shall consist of the following:

- If specific approval is required from the granting agency, the contract and/or funds have been approved in the grant application.
- Contract's nature and scope of service is directly related to the Federal grant award activities.
- Past pattern of costs, particularly in the years prior to Federal awards.
- Whether the proposed contracted services can be performed more economically by direct employment rather than contracting.
- Capability of the proposed vendor to perform the required services.
- Qualifications of the contracting firm or individual and the customary fees charged by the proposed vendor.
- Contract and/or consultant agreements meet the allowable cost principles.

The date the county executes a contract for professional services shall be defined as the "obligation date". Since the county cannot obligate Federal grant funds, except during the grant period, the county shall not execute a contract prior to, or after, a grant period; otherwise, the costs of the professional services shall be unallowable under the Federal cost principles.

The county will not execute a Letter of Intent with a third party prior to the issuance of a Notice of Grant Award (NOGA), as deemed appropriate.

## **Approval of Grant Purchases and Expenditures**

Expenditures are issued by the Project Manager and are monitored by the Grants Accountant assigned to the grant. If the Grants Accountant notices any purchases that seem questionable then they will bring this to the Grants Manager or Project Manager's attention. They will determine if the expenditure is allowable. They utilize the appropriate rules and regulations, circulars and administrative guides to ensure ability of cost. The expenditures go in to the general ledger using the accounts payable system, payroll system and journal entries.





Salaries to be charged to the grants are determined by the individual grant guidelines. The Project Manager provides a list of employees and the estimated percentages to be charged to a grant to Human Resources. The Grants Accountant will ensure Human Resources have the correct information and the appropriate account numbers for the position. The Project Manager is responsible for notifying the Grants Manager of any changes regarding the grant and is responsible for the progress report requirements for their grant awards. The Grants Manager will oversee that these reports are produced and submitted on time.

When making purchases with grant funds, the county shall adhere to the normal approval path for purchase orders with non-grant funds.

All expenditures purchased with grant funds should:

- Be reasonable and necessary (as defined in the Federal grant guidelines)
- Be approved in the grant application, if specific approval is required from the granting agency
- Meet the allowable cost principles
- Be competitively procured as required by law, as appropriate
- Be approved by the governing body, as appropriate

#### Credit Card Purchases (P-cards) with Grant Funds

The county shall use county-issued credit cards to make purchases with Federal grant funds. A vendor receipt or approved on-line statement shall be required for all credit card purchases with Federal funds. If the purchaser does not submit a receipt, the reimbursement may not be charged to a Federal fund.

The Grants Manager shall review and approve all credit card expenditures. The review shall consist of the following:

- A vendor receipt or approved on-line statement was sent to the cardholder's department head.
- A valid reason has been documented by the cardholder for the purchase which is consistent with the grant guidelines.
- Credit card purchase's meet the allowable costs principles.
- Expenditures follow the county's *Purchasing Agent Policy and Procedures Manual*.

Fraudulent credit card purchases made with Federal grant funds or failure to follow the county's *Purchasing Agent Policy and Procedures Manual* shall be grounds for disciplinary action, up to and including termination of employment and if warranted by the Criminal District Attorney, criminal charges being filed against the cardholder.

#### Petty Cash Purchases with Grant Funds

The county will not use a petty cash account to make purchases with Federal grant funds.

#### Travel Expenditures with Grant Funds

The county may use Federal grant funds for travel costs. All travel-related expenditures from grant funds shall comply with the allowable Federal cost principles and the Hopkins County Travel Policy.



The travel-related expenditures with grant funds shall fall within the grant period, unless a specific exception is allowable by the granting agency, and must be considered reasonable for the purpose of the grant but not to exceed charges normally allowed by the county.

The following guidelines shall apply to the expenditure of grant funds for staff travel, as appropriate:

- A completed Travel Information Form for all travel requests should be approved.
- Registration Fees – Registration fees shall be allowable if the event is related to grant activities. *Registration fees may be paid from the current grant period for an event during the next grant period only if there is an absolute deadline to register for the event. Early registration deadlines shall not apply. Recreational or social events subject to an additional fee, above and beyond the registration fee, shall not be allowed with grant funds.*
- Meals – Meal expenses shall be allowed for county employees if the event is reasonable for the grant. The county shall reimburse meal expenses on a per diem basis per the Hopkins County Travel Policy. The traveler shall submit a reimbursement request form stating which days should be reimbursed.
- Hotels – Hotel expenses for overnight travel (in accordance with the Hopkins County Travel Policy) shall be allowed. The county shall pay for reasonable rates, using government rates when available. The use of room service, liquor, movies and spas will not be allowed with grant funds.
- Transportation – Transportation expenses shall be allowed for reasonable expenses such as flight, rental car, taxi, shuttle, mileage reimbursement, etc. (in accordance with the Hopkins County Travel Policy). Transportation expenses shall be reasonable and limited to the guidance in the cost principles (CFR §200.474).

No grant funds shall be used for travel expenditures of non-county staff such as spouses. The county shall not allow any “family-friendly” travel expenditures, such as dependent care travel costs, with Federal grant funds.

The Grants Manager shall review and approve all travel-related expenditures paid with Federal grant funds. The review shall consist of the following:

- A valid reason has been documented for the travel which is consistent with the grant guidelines and purpose
- Travel expenditures are allowable under the cost principles
- Travel is only for a county employee
- Travel was approved by the granting agency, as appropriate

## **Preparing Expenditure Reports & Draw-down of Funds**

### Draw-down of Grant Funds

On at least a monthly basis, as allowed or required by the grant guidelines, the county shall draw-down grant funds that have been spent in accordance with the grant guidelines. The draw-down shall be for all expenditures to date, less grant funds received to date, as verified by a financial general ledger.



Once the procedure is completed for the Monthly Analytical Review of the Trial Balance for the grant fund that is to be drawn down, a copy of the transaction detail of the expenditures along with copies of checks and invoices, a draw request form, if applicable, timesheets and payroll detail, are scanned into the Grants Management Module (GMM).

The draw-down of grant funds from the granting agency shall be initiated by the department that requested the grant if they maintain their own payroll costs, receiving, etc.; otherwise, the Auditor's Office initiate's the draw-down request. The Auditor's Office will also track and monitor the draw-down process.

The draw-down request will be done per the individual grants website and a printed copy of the request shall be scanned into the GMM. The request and revenue related account numbers shall be given to accounts receivable.

The Treasurer's Office shall notify the Auditor's Office when the funds are received. The applicable account numbers are then emailed back to the Treasurer's Office for preparation of the Deposit Warrant. A copy of the funds received document is then scanned into the GMM.

The Grant Accountant reconciles the draw-down to the general ledger.

The Auditor's Office will be responsible in ensuring that the requested draw-down amount does not exceed a grant-specific draw-down amount or percentage.

The final draw-down of grant funds from the granting agency shall be made within the allowable timeframe. The draw-down process will be reviewed and approved in the same manner as a monthly or periodic draw-down, except that all refunds, rebates, credits, discounts or other adjustments to the general ledger must be recorded in the general ledger prior to submitting the final draw-down request. There shall be no outstanding purchase orders or pending liquidations at the time of the final draw-down of grant funds.

The receivable from the granting agency shall be recorded in the general ledger. The same process for preparation and posting of the general ledger entry as a periodic draw-down will be adhered to. The revenues realized and expenditures should be equal at the time of the final draw-down of grant funds.

Federal regulation, CFR §200.415, requires that the county certify the accuracy of the annual and final fiscal reports or vouchers requesting payment be signed by the authorized individual(s). The certification shall read as follows:

"By signing this report, I certify to the best of my knowledge and belief that the report is true, complete and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information or the omission of any material fact, may subject us to criminal, civil, or administrative penalties for fraud, false statements, false claims or otherwise."



If a final draw-down deadline is missed, the Auditor's Office will contact the granting agency to determine if a process exists to request a filing deadline extension.

#### Receipt of Grant Funds

All county staff, especially those assigned with Federal grant duties, shall adhere to the Federal cash management standards. Specifically, all cash received by the county shall be deposited, recorded and reconciled by multiple individuals to ensure segregation of duties.

The county shall record all grant fund receivables upon receipt from the granting agency. The receipt of grant funds shall be posted to the general ledger to the appropriate receivable account code. In the event that the grant funds received do not match the recorded receivable, the accountant shall contact the granting agency to determine the discrepancy. If the granting agency has reduced and/or increased the grant funds paid to the county, a general ledger adjustment should be posted to the appropriate revenue and receivable accounts. The accountant shall prepare the adjusting journal ledger entry and post the entry to the finance general ledger.

The county will maintain grant funds in a separate fund. The county has elected to draw-down Federal grant funds under the cash reimbursement program and the cash advance program, depending on the grant.

The cash reimbursement program is used after the delivery of the payment to the payee. No interest shall be earned, recorded or returned to the granting agency as a result of the cash reimbursement program.

The cash advance program is used prior to the delivery of the payment to the payee, but within three days of the disbursement. The county shall ensure that the advanced grant funds are deposited in an interest bearing account, unless the aggregate Federal awards are less than \$120,000 or the bank account is not expected to earn more than \$500 interest in a year. If any interest is earned, the county will ensure that the interest earned from excess cash, if it exceeds \$500, is remitted annually to the granting agency in accordance with grant requirements. Amounts less than this threshold may be retained by the county for administrative expenses.

#### Tracking and Recording Receivables

On at least a monthly basis, the finance department, supervisor or assigned staff will review all pending receivables. Aged receivables, defined as greater than 60 days from the date of recording, will be investigated and resolved by contacting the granting agency.

At the end of the fiscal year, all known and measurable receivables will be recorded to the general ledger to the appropriate grant code. The accountant will prepare the journal ledger entry and the accountant will post the entry to the finance general ledger.



## Grant Compliance Areas

The county shall ensure that it is in compliance with all provisions and assurances of all grant programs. In addition, the county shall comply with grant requirements such as indirect costs and maintenance of effort spending levels.

### Indirect Costs

Grants with indirect costs are calculated on an annual basis by an outside contractor. If the grant has some interest accrual then the Grant Accountant will track this and apply the interest to the fund based on the grant guidelines.

The county will prepare an indirect cost rate proposal plan with support documentation for all state and Federal grants that claim indirect costs. The indirect cost proposal plan will include the proposed rates, financial data supporting the rate, the approximate amount of direct base costs incurred under the Federal or state grant, an organizational chart and certification signed by the Chief Financial Officer and Executive Director of the county.

The indirect cost rates will be reviewed, negotiated and approved by the awarding agency on a timely basis.

### Maintenance of Effort

The county will comply with all Federal grants that have maintenance of effort (MOE) requirements. The county will demonstrate their ability to follow the grants maintenance of effort requirements in the budget section of the application process.

Non-compliance with MOE requirements will result in a reduction of funding by the exact proportion by which the county fails to meet the MOE requirement. If non-compliance exists, the Grants Manager and Auditor's Office will collaborate to develop a plan to bring the county into compliance with the MOE requirements.

## Reporting Requirements

The county will ensure that all reporting requirements for grant programs are met within the established timelines. Some grants require monthly, quarterly or annual expenditure reports for reimbursements. However, the ultimate responsibility for the reporting requirement shall be as noted below:

- Progress reports are handled by the department requesting the grant, with a few exceptions where they are handled by the Grants Department. These are done either quarterly or semi-annually.
- Expenditure reports will be run for each grant and reviewed by the Grant Accountant to determine the total amount of reimbursement.
- The Grant Accountant and/or Project Manager will pull and prepare all necessary documentation to submit the reimbursement request.
- Each reimbursement request is approved by the County Auditor, Project Manager or supervisor.



- Financial Reports for reimbursement are completed by the Auditor's Office and/or the department's Project Manager.
- Each department is responsible for following the grant timeline, ensuring that expenses are allowable and documented, as well as assisting with reimbursement claims.
- Each department is also responsible for collecting data and fulfilling other reporting requirements of the grantor.

The Grants Manager shall monitor the overall master list to ensure that all reporting requirements have been completed by the appropriate department.

### **Grant Monitoring and Accountability**

The county shall ensure that all grant funds are consistently monitored throughout the grant period. The monitoring shall include, but not be limited to:

- Compliance with Federal requirements and performance expectations.
- Proper documentation of grant expenditures that are only for allowable costs.
- Monitoring grant performance such as internal controls, audit findings, over/under expenditures, etc.
- Implementing strategies to deter, mitigate and eliminate waste and fraud in the expenditure of grant funds.

The Grants Manager shall monitor the timing of grant activities throughout the grant period, especially as they relate to the desired outcomes. The Auditor's Office shall monitor the timing of grant expenditures, especially as they relate to the period of availability of grant funds. If either the grant activities or grant expenditures reflect that the county will not accomplish the grant activities during the grant period, the Grants Manager and Auditor's Office shall work collaboratively to develop an action plan to ensure that the Federal grant goals are met. The oversight of grant activities and expenditures shall include, but not be limited to, the following:

- Cost overruns or high unit costs
- Certification of project completeness for construction projects
- Significant developments that may result in an inability to complete the grant activities

The county will maintain documentation to support all grant expenditures and provide the documentation upon request to the county's external auditors, granting agency or other oversight agency, as appropriate.

The county shall disclose to the granting agency if any Federal grant funds have been subject to fraud to county staff and/or contractors (vendors). Corrective actions, as appropriate, shall be implemented to remedy the loss of grant funds due to fraud.

#### Remedies for Non-Compliance

The county may be subject to consequences due to non-compliance with Federal regulations or the terms and conditions of the Federal award. The county shall strive to maintain compliance, but shall respond



appropriately to all notifications of non-compliance from the Federal granting agency or pass-through agency.

If the county fails to comply with the terms and conditions of a Federal award, the award may be terminated in whole or in part by the Federal granting agency or pass-through agency.

#### Grant Closeout Procedures

The county shall submit all grant closeout documents, after the contract period expires, to the granting agency or pass-through agency, as appropriate. Grant closeout procedures will include both administrative and financial tasks, but not be limited to:

- Seeking final reimbursement for expenses or online submission of final progress reports.
- All financial, performance and other reports must be submitted no later than 90 days after the grant period end date.
- Liquidating all obligations incurred during the grant period no later than 90 days after the grant period end date.
- Refunding any excess grant funds, interest or other payables to the granting agency or pass-through agency.
- Accounting for any real and/or personal property on hand at the end of the grant period.
- Having all closeout procedures completed no later than one year after acceptance of final reports.
- The granting agency often audits or monitors the grant after closeout by doing an extensive review of the department's financial and administrative management of the grant.
- Additional documentation may be needed for the review before the final closeout can occur. Any information will need to be submitted within 30 days of notice of the findings.
- The grantor will send a letter indicating that the grant has been closed out.
- Most Federal and state rules require that the grant file be retained for at least three years after the contract period expires.

#### **Audit Requirements**

The county will have a single or program-specific audit conducted for the year if \$750,000 or more of Federal awards is expended. The county will only have a program-specific audit conducted if the Federal awards that are expended are only under one Federal program, excluding R&D, and the Federal award does not require a financial statement audit.

The county shall arrange for the audit and ensure that it is properly performed, submitted and will take corrective action on any findings. The county will also prepare any appropriate financial statements, including a schedule of expenditures of Federal awards for the audit period.

Audit findings or deficiencies shall be addressed in a timely manner upon receipt of the notification. The Auditor's Office, Professional Services and Grants Management Staff shall work collaboratively to develop and implement a corrective action plan, following CFR §200.511 guidelines, to resolve the findings or deficiencies. The County Auditor will approve the corrective action plan and monitor the timely implementation of corrective strategies.