

TOOELE COUNTY HUMAN SERVICES  
FEDERAL AWARD POLICY AND PROCEDURES

PURPOSE

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. Tooele County Human Services (TCHS agency) will follow the agencies current purchasing, travel, and personnel policies and procedures, the State of Utah Uniform Accounting Manual, the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and federal requirements at 2 CFR Part 200.

POLICY

TCHS will maintain effective internal control over the Federal award providing reasonable assurance that the agency is 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 agency must adequately safeguard all such property and must assure that it is used solely for the authorized purpose. The agency must take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

PROCEDURES

A. Financial Management System

- 1 The agency's financial management systems, that include records documenting compliance with federal statutes, regulations, and the terms and conditions of federal awards, must be sufficient to permit:
  - a) the preparation of reports required by general and program specific terms and conditions,
  - b) 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 agency must provide for the following:
  - a) Identification — the agency must identify, in its accounts, all federal awards received and expended, and the federal programs under which they were received.
  - b) 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.
  - c) Accounting records — the agency must 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.

- d) 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, 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 plan year, the grant manager will submit an amendment to the CFO prior to submission to the appropriate entity. The following reasons are allowable for Federal Funds:
    - i. 25% reduction in time rule;
    - ii. Change in the number of funded positions;
    - iii. Change in program intent;
    - iv. Change in funding amount
  - e) Cash management - procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury, or the pass-through entity, and disbursement by the agency must be followed whenever advance payment procedures are used. Advance payments to the agency must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the agency 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 agency for direct program or project costs and the proportionate share of any allowable indirect costs. The agency must make timely payment to contractors in accordance with the contract provisions.
  - f) Allowable cost - applicable Uniform Guidance cost principles, agency program regulations, and the terms of grant and sub grant agreements will be followed in determining costs are reasonable, allowable, and allocable.
  - g) Source documentation - accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and sub grant award documents, etc.
3. An awarding agency may review the adequacy of the financial management system of any applicant for financial assistance.

#### B. Supplement Not Supplant

- 1 The agency has implemented guidelines to ensure compliance with the federal fiscal requirement of supplement, not supplant. The purpose of the procedures is to ensure that the level of state and local support for programs remains at least constant and is not replaced by federal funds. Federal funds are used 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.
- 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.

### C. Reimbursement

- 1 Reimbursement shall be the preferred method of payment. Advances should only be used in rare circumstances and only after consultation with the CFO. In the event of payment advances the requirements in 2 CFR 200.305 should be followed.
- 2 The agency will initially charge federal grant expenditures to nonfederal funds. The federal awards billing coordinator will request reimbursement for actual expenditures incurred under the federal grants monthly or quarterly as required. Such requests shall be submitted with appropriate documentation and signed by the coordinator.
- 3 Consistent with state and federal requirements, the agency will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for review upon request.

### D. Allowable Costs

- 1 Federal awards will meet the following general criteria in order to be allowable except where otherwise authorized by statute;
  - a) Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b) Be allocable to Federal awards under the provisions of the Uniform Guidance.
  - c) Be authorized or not prohibited under State or local laws or regulations.
  - d) Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
  - f) 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.
  - g) Except as otherwise provided for in the Uniform Guidance, be determined in accordance with generally accepted accounting principles.
  - h) 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.
  - i) Be the net of all applicable credits.
  - j) Be adequately documented.

## 2 Costs that may be Allowable under 2 CFR 200s Under Specific Conditions:

- Advisory councils
- Audit costs and related services
- Bonding costs
- Communication costs
- Compensation for personal services
- Depreciation and use allowances
- Employee morale, health, and welfare costs
- Equipment and other capital expenditures
- Gains and losses on disposition of depreciable property and other capital assets and substantial relocation of Federal programs - Insurance and indemnification
- Maintenance, operations, and repairs
- Materials and supplies costs
- Meetings and conferences
- Memberships, subscriptions, and professional activity costs
- Security costs
- Professional service costs
- Proposal costs
- Publication and printing costs
- Rearrangement and alteration costs -
- Rental costs of building and equipment
- Training costs
- Travel costs

## 3. Costs Forbidden by Federal Law. 2 CFR 200s identify certain costs that may never be paid with Federal funds. The following list provides examples of such costs. 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.

- Advertising and public relations costs (with limited exceptions), is prohibited includes promotional items and memorabilia, including models, gifts and souvenirs
- Alcoholic beverages
- Bad debts
- Contingency provisions (with limited exceptions)
- Fundraising and investment management costs (with limited exceptions)
- Donations
- Contributions
- Entertainment (amusement, diversion, and social activities and any associated costs)
- Fines and penalties
- General government expenses (with limited exceptions pertaining to Indian tribal governments and Councils of Government (COGs) - Goods or services for personal use
- Interest, unless specifically stated in 200.441 as allowable

#### E. 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:
  - a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the District or the performance of the Federal award.
  - b) 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.
  - c) Market prices for comparable goods or services.
  - d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the governmental unit, its employees, the public at large, and the Federal Government.
  - e) Significant deviations from the established practices of the District which may unjustifiably increase the Federal award's cost.

#### F. 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 agency's indirect cost, including unallowable activities and services donated to the agency 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.
- 4 Where an accumulation of indirect costs will ultimately result in charges to a Federal award, a cost allocation plan will be required.

#### G. 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 a) of this section must apply. When the Federal awarding agency authorizes the approaches in paragraphs b) and c) of this section, program income in excess of any amounts specified must also be deducted from expenditures.

- a. 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.
  - b. Addition. With prior approval of the Federal awarding agency (except for IHEs and nonprofit research institutions, as described in paragraph (e) of this section) 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.
  - c. 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.

## H. Procurement

1. When procuring property and services under a Federal award, the agency will follow 2 CFR part 200.318 through part 200.326, contract provisions, or agency purchasing policies and procedures whichever is more restrictive. The following five methods are acceptable methods of procurement per the uniform grant guidance however WHS purchasing policies and procedures are more restrictive.
  - a) Micro-purchases of supplies and services \$3,000 or less do NOT require quotes to be received and effort should be made to distribute evenly these purchases to qualified suppliers.
  - b) Small purchases from supplies or other property and services in excess of \$3,000 and do not exceed \$150,000 do require quotes but NO pricing analysis. If used, price or rate quotations must be obtained from an adequate number of qualified sources. The \$150,000 threshold is inflation adjusted periodically and could change in the future.
  - c) Procurement by sealed bids (formal advertising) is required for purchases greater than \$150,000. Bids are publicly-solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction.

In order for sealed bidding to be feasible, the following conditions should be present:

- i. A complete, adequate, and realistic specification or purchase description is available;
- ii. Two or more responsible bidders are willing and able to compete effectively for the business; and

- iii. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

- i. Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;
  - ii. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
  - iii. All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
  - iv. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
  - v. Any or all bids may be rejected if there is a sound documented reason.
- d) Competitive proposals used for projects over \$150,000 and may be fixed price or cost reimbursement
- i) This method is typical for architectural/engineering professional services and price is not used. Instead contract is awarded to most qualified competitor with compensation subject to negotiation.
  - ii) Section 200.320(d) contains specific requirements for competitive proposals
- e) Noncompetitive proposals (sole source). Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:
- i) Item is only available from a single source;
  - ii) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
  - iii) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
  - iv) After solicitation of a number of sources, competition is determined inadequate. Follow Appendix II to Part 200 which has specific information for Equal Employment Opportunity, Davis Bacon Act, contract work hours, safety standards, and debarment and suspension.

2. Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would:

- a) Require circuitous routing;
  - b) Require travel during unreasonable hours;
  - c) Excessively prolong travel;
  - d) Result in additional costs that would offset the transportation savings; or
  - e) 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 District 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.

#### I. 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.

This verification may be accomplished by:

- a) Checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA). EPLS is no longer a separate system; however, the OMB guidance and agency implementing regulations still refer to it as EPLS and is available at <https://www.sam.gov/portal/public/SAM/>, or
- b) Collecting a certification from the entity, or
- c) 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.

#### J. 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 Agency 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:

- a) 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 agency may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.  
However, the agency may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees or agents of the agency.
- b) Organizational conflicts of interest mean that because of relationships with a parent company, affiliate, or subsidiary organization, the agency is unable or appears to be unable to be impartial in conducting a procurement action involving the related organization (non-profit organizations).
- c) The agency must disclose in writing any potential conflict of interest in accordance with applicable Federal awarding agency policy.

#### K. Time and Effort Requirements

- 1 TCHS 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 written, after the fact (not estimated or budgeted) demonstrating how the time was spent.
- 2 Time and effort reports should be prepared by staff with salary charged:
  - a) directly to a federal award,
  - b) directly to multiple federal awards, or
  - c) directly to any combination of a federal award and other federal, state or local funding source.
- 3 For personnel whose compensation is funded solely from Federal funds are required to maintain on file a signed and dated job description which clearly shows that the employee is assigned 100% to the program or single cost objective. The job description must be updated annually or when a function or activity is added to or deleted from an existing job description, must clearly identify the function and activities performed by the employee for the applicable fund source(s) or cost objective, and must be maintained in the employee's personnel file.

## L. 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. A separate indirect cost rate(s) is usually necessary for each department or agency of the governmental unit claiming indirect costs under Federal awards.
3. Typical examples of indirect costs may include certain state/local-wide central service costs, general administration of the non-Federal entity accounting and personnel services performed within the non-Federal entity, depreciation on buildings and equipment, the costs of operating and maintaining facilities.
4. Where a governmental unit's department or agency has only one major function, or where all its major functions benefit from the indirect costs to approximately the same degree, the allocation of indirect costs and the computation of an indirect cost rate may be accomplished through simplified allocation procedures.
5. Where a governmental unit's department or agency has several major functions which benefit from its indirect costs in varying degrees, the allocation of indirect costs may require the accumulation of such costs into separate cost groupings which then are allocated individually to benefitted functions by means of a base which best measures the relative degree of benefit.
6. All departments or agencies of the governmental unit desiring to claim indirect costs under Federal awards must prepare an indirect cost rate proposal and related documentation to support those costs. The proposal and related documentation must be retained for audit in accordance with the records retention requirements contained in 200.333 Retention Requirements for Records.

## M Program Reporting and Financial Audit

7. The agency will 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.
8. Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with 200.510-financial statements.
9. 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.
10. 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.

## N Fixed Asset Reporting

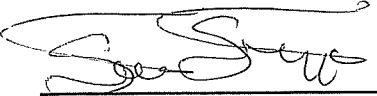
1. The agency procedures follow federal regulations found in part 200.310 thru 200.316, which refers to capitalization of items purchased that exceeds \$5,000 and has a shelf life of more than 12 months. Items purchased with federal dollars and exceeding this limit must be individually identifiable in 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, as a minimum, meet the following requirements:
  - a) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
  - b) A physical inventory of the property must be conducted and the results reconciled with the property records at least once every two years.
  - c) 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 investigated.
  - d) Adequate maintenance procedures must be developed to keep the property in good condition.
  - e) If the agency 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 agency's purchasing policy and should be disposed of in a manner that is in the best interest of the agency. 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:
  - a) 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 awarding agency.
  - b) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's percentage of participation in the cost of the original purchase.

## O Records Retention

1. The agency will comply with all federal guidelines regarding retention of grant records. At a minimum the Agency shall keep records that fully show:
  - a) The amount of funds under the grant or sub grant;
  - b) How the Agency uses the funds;
  - c) The total cost of the project;
  - d) The share of that cost provided from other sources; and
  - e) Other records to facilitate an effective audit,
  - f) Other records to show compliance with federal program requirements
2. All records must be retrievable and available for programmatic or financial audit. The agency 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 district 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.

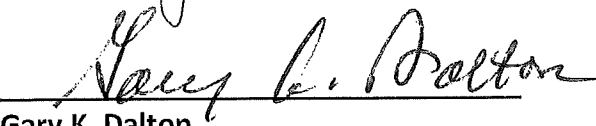
TOOELE COUNTY HUMAN SERVICES  
FEDERAL AWARD POLICY AND PROCEDURES  
ADOPTED: \_\_\_\_\_

SIGNATURE PAGE REQUIRED

By:   
Tom Tripp, Tooele County Commission

Its: Chair —

Date: 20 Aug 2020

By:   
Gary K. Dalton

Its: Behavioral Health Administrator  
Department of Human Services

Date: Aug. 18, 2020

Approved As To Form:

 08/18/2020  
Colin Winchester  
Tooele County Attorneys' Office