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**ABC, INC.**

**ACCOUNTING POLICIES AND PROCEDURES**

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# INTRODUCTION

The Accounting & Financial Policies & Procedures Guide has been prepared to document the internal accounting procedures for the A Big Company (ABC). Its purpose is to ensure that assets are safeguarded, financial statements are in conformity with generally accepted accounting principles (GAAP), and finances are managed with responsible stewardship.

ABC has made every effort to ensure that the procedures in this manual follow all federal, state, and local laws and regulations. In the event that federal, state, or local regulation conflicts with any provision contained in this

manual, the appropriate law or regulation shall prevail, and the provision deemed amended to the extent necessary to comply with the applicable law or regulation.

## Organization and Purpose

ABC is a regional planning council established in 1978 as authorized under NYS General Municipal Law Chapter 24 Articles 12-B and 5-G. Regional planning councils are considered an agency of a political subdivision or municipality. ABC is organized as an intergovernmental agency, whose membership is comprised of the following counties: Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster, and Westchester. No one county exerts control such that ABC is not considered part of any other reporting entity, including any of its participating counties.

Major issues that ABC considers are water resource management, regional economic development, environmental planning and sustainability, materials management, and marketing of the seven-county region.

## Tax Status

As a public benefit corporation of the State of New York, ABC is exempt from federal, state, and local income taxes.

# DEFINITIONS & CROSSWALK

A select number of terms are defined below to facilitate the reading and understanding of the ABC Accounting & Financial Policies & Procedures Guide.

* Bills Paid Tracker Spreadsheet: An ABC tracking sheet for internal use by the Administrative Manager, Deputy Director, and Executive Director to ensure timely payment of all payments due from ABC.
* Contract: For the purpose of this Guide, contract shall be used to refer to agreements entered into between ABC and an outside party to provide a services to that party, typically a local government.
* Expense Reimbursement Form: Refers to an internal form prepared by ABC staff for reimbursement of expenses incurred in the execution of funded work under grants or contracts.
* Grant: For the purpose of this Guide, a grant is defined as an award of financial assistance, usually from a governmental agency or foundation, primarily for carrying out a public purpose of support or stimulation.
* Grant Tracking Workbook: An ABC tracking sheet for internal use by the Administrative Manager, Deputy Director, and Executive Director that tracks grant or contract spending.
* Invoice: Refers to requests for payment submitted by consultants or sub-contractors with an approved agreement for completion of a scope of work approved under an ABC grant or contract.
* Receivables Tracker Spreadsheet: An ABC tracking sheet for internal use by the Administrative Manager, Deputy Director, and Executive Director to ensure timely receipt of reimbursements on grants or contracts due to ABC.
* Reimbursement Requests: Refer to requests for payment submitted to grants or contracts for funded work.

# ACCOUNTING & FINANCIAL MANAGEMENT

## Awards and Agreements

### Overview

The A Big Company (ABC) pursues external funding for its various programmatic areas from local, New York State, and Federal funding sources as well as foundations. Table 1. Oversight and Approval of Awards and Agreements below provides a snapshot of the staff responsible for activities associated with the oversight and approval of awards and agreements.

#### Table 1. Oversight and Approval of Awards and Agreements

|  |  |
| --- | --- |
| **Responsible Party** | **Action** |
| Executive Director | Review, approve, and sign grant applications, awards, and amendments. |
| Deputy Director | Review and approve grant applications, awards, and amendments. |
| Administrative & StrategicProjects Manager | Set up and maintain grant electronic and paper files. |
| Executive Director | Monitor grants. |
| Deputy DirectorExecutive Director | Oversee grants. |
| Grant Manager (grant specific) | Administer grants. |

### Oversight and Approval of Awards and Agreements

Individual programmatic departments are responsible for preparing proposals for projects that the department intends to pursue. All proposals shall be reviewed and approved by the Executive Director and Deputy Director via the ABC’s internal review process to ensure the program goals are appropriate and the proposed budget includes all appropriate costs. All appropriate costs include the funding source providing its fair share of ABC’s administrative, management, and other organization-wide costs. Final proposals shall be presented in writing to the Board of Directors, unless directed otherwise by the Board. For each award, an employee within the

department responsible for administering the award will be designated as "grant manager”.

When a grant is received or renewed, a copy of the executed or amended grant agreement must be forwarded to the Administrative & Strategic Projects Manager (Administrative Manager). The Administrative Manager will set up a permanent electronic and, were needed, paper file for the grant and maintain the contract along with other financial correspondence regarding the grant. The grant file will document major actions from the award of the grant through its closeout (i.e., award documents; fiscal information including Federal Financial Reports, procurement documentation, payment requests, etc.; pre-award documentation including application, contracting process, intergovernmental review, etc.; post-award documentation including deliverables, progress reports, and correspondence with funder; and closeout documents).

Each grant manager shall attend a training on grant management prior to beginning his or her role as a grant manager (or as early in their functioning as a grant manager as practical). Thereafter, all grant managers, the Deputy Director, Administrative Manager, and Executive Director shall attend refresher/update courses on grant management as needed.

## Accounting and Financial Management Systems

### Measurement Focus and Basis of Accounting

As a local government, the fund financial statements of ABC are prepared on a modified accrual basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of

presentation differs from accounting principles generally accepted in the United States of America (GAAP) in that certain revenues are recognized when received rather than earned and certain expenses are recognized when paid rather than when the obligation is incurred.

The government-wide financial statements are reporting using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which ABC gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reporting using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. ABC considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general ton-term debt, claims and judgements, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

### Tracking of Revenues and Expenditures

ABC’s financial management system tracks revenues and expenditures and provides financial results separately for each grant award and agreement. Each funding source and application of funds is identified and maintained with records that show obligations, unobligated balances, assets, outlays, income, and interest (when applicable). ABC tracks this information through the QuickBooks software system and supporting Microsoft Excel spreadsheets for any information that cannot be tracked in QuickBooks.

### Source & Application of Funds

ABC employs a system of codes to ensure an accounting structure that provides accurate and complete information about all financial transactions. When ABC is awarded a new grant or contract, the Executive Director coordinates ABC’s external bookkeeper to develop the appropriate code, which is used as the internal identifier for that grant or contract in our financial systems. Project staff are informed of this code.

All transactions are linked to two codes – one code that declares the reason for the transaction (i.e., the grant or contract, plus a sub-project under a grant or contract where appropriate, referred to as a sub-code, associated with the transaction), and a second code that declares the type of transaction (i.e., salaries, project supplies, travel, etc.). By delineating a reason for the transaction, an associated grant or contract is identified, which ultimately traces the cost to the source of funds.

### Comparison of Outlays to Budget Amounts

ABC’s financial management system reports and allows a comparison of outlays to budgeted amounts for each assistance agreement award. The Administrative Manager records grant receivables and income in an Excel-based Grant Tracking Workbook as it is earned and billed during the grant year. The Executive Director is responsible for monitoring budget-to-actual expenditures throughout the grant year. Accounting and program staff meet weekly and discuss grant fiscal results and any action needed to be taken as appropriate.

### Maintenance of Source Documentation

Project staff are responsible for collecting records that identify adequately the source and application of funds for all funded activities; on certain grants or contracts, project staff may include the Executive Director or Deputy Director. The Executive Director and Deputy Director review records for adequacy. Once determined to be adequate, the Administrative Manager is responsible for maintaining the records. These records contain information pertaining to local, state, and federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest, and are fully supported by source documentation. For these purposes, source documentation is defined as the original document that contains the details of a business transaction. Source documentation captures the key information about a transaction, such as the names of the parties involved, amounts paid, the date, and the substance of the transaction. Examples of source documents include invoices, receipts, check stubs, and bank statements.

### Procedures for Drawing Funds and Advanced Payments

ABC’s procedures for drawing funds and issuing advance payments identify who is authorized to request payment from any grant or contract source; what procedures are used to verify that the requests and payments are accurate; procedures for drawing funds and advanced payments and for tracking of payments received and deposited; what support documents are required for the draw of funds or for making payments and their processing; when drawdown of funds occur and how they are drawn; and how to minimize the time elapsed between receiving federal funds and their disbursement.

1. ***Personnel Authorized to Request Payment from Any Grant or Contract Source***

The Executive Director and Deputy Director are authorized to draw down funds. The grants and contracts held by ABC typically require drawn down of funds on a reimbursement basis where funds are not drawn down until they have been spent. Advanced payments are permitted in some contracts.

1. ***Procedures Used to Verify that Requests & Payments are Accurate***

As part of the contracting process, ABC creates Grant Tracking Workbooks in Excel for each grant or contract to track grant or contract expenditures throughout the contract term. The Grant Tracking Workbooks show remaining funds as well as the average funds available per month for the remaining funds on the grant or contract. The Grant Tracking Workbooks include the individual grant contract number, the internal financial system contract name, the contract term, the granting agency, the total funds awarded and allowable for draw down for that grant or contract, the reimbursement requests by date requested, and the remaining funds available.

As part of the drawdown process, the Deputy Director enters that period’s drawdown amount into the appropriate Grant Tracking Workbook to affirm that the contract is tracking as expected per approved budget, thereby providing a summary of funds drawn to date and an analysis/comparison of budget versus actual expenditures. The Executive Director reviews the entries for correctness and discusses with the Deputy director any diversions from monthly/quarterly drawdown projections.

Grant or contract funds are received from each granting entity by either check or wire transfer. Drawdowns submitted to granting entity program managers via email are paid via check and received by mail. Drawdowns submitted via the granting entity’s portal are received via wire transfer.

1. ***Procedures for Drawing Funds & Advanced Payments, for Tracking of Payments Received & Deposited***

The Deputy Director prepares reimbursement requests and supporting documentation in accordance with the associated grant and contract requirements, ensuring that all expenses submitted for reimbursement are reasonable, allowable, allocable, and accurate. The Executive Director reviews all reimbursement requests and verifies that the requests are accurate. Reimbursement requests are submitted by the Deputy Director via the grant-appropriate reimbursement request platform, as noted in section e) below.

All reimbursement requests are provided to the Administrative Manager, who prints hardcopies and files them in the correct grant or contract hardcopy and electronic invoicing folder, and enters the requests into ABC’s Excel-based Receivables Tracker Spreadsheet. The Receivables Tracker Spreadsheet indicates the date reimbursement requests are submitted, the payer, the internal contract name, the amount to be received, the date payment is expected based on the grant or contract terms, the date received, and the internal transaction code and/or sub-code.

The tracking of reimbursement requests received and deposited differs based on payment method.

* + For payments received by check via mail:
		- The receipt date of the payment is noted on the envelope by the Administrative Manager or Executive Director.
		- The Administrative Manager enters the payment date into the Receivables Tracker Spreadsheet and reviews the payment amount against the hardcopy documentation received from the grant entity, noting any discrepancies, and provides the Deputy Director with the reimbursement request packet and check stub.
		- The Deputy Director confirms that the payment amount in the Receivables Tracker Spreadsheet matches the amount on the check stub and the amount in the Grant Tracking Workbook, noting any discrepancies. Any discrepancies are brought to the attention of the Executive Director, who determines the follow-up needed with the grant entity.
		- The Administrative Manager enters the deposit information on the check and provides to the Executive Director or, if unavailable, the ABC Board Chair, for signature.
		- The Administrative Manager attaches the check stub to the reimbursement request packet and deposits the check, attaches the hardcopy deposit slip to the reimbursement request packet, and provides to the Executive Director for final review.
		- The Executive Director reviews the reimbursement packet with deposit slip, indicating its completeness, and the Administrative Manager closes the reimbursement request hardcopy file by stapling all related documentation.
	+ For payments received via wire transfers:
		- The Executive Director confirms receipt of payments as part of the monthly QuickBooks reconciliation conducted and downloads proof of payment receipt from ABC’s online banking platform.
		- The Executive Director provides the proof of deposit to the Administrative Manager, who provides reimbursement request packets to Deputy Director for review of deposit against packet, grants expenditures tracking workbooks, and Receivables Tracker Spreadsheet, noting any discrepancies. The Executive Director determines the follow-up needed with the grant entity for any discrepancies.
		- Administrative Manager enters receipt date into the Receivables Tracker Spreadsheet and closes the reimbursement request hardcopy file by stapling all related documentation.

After the drawdown request has been finalized, the Receivables Tracker Spreadsheet is used to correctly allocate the funds in QuickBooks to their respective grants or contracts when they arrive. The allocation of

funds in QuickBooks is conducted by the Executive Director on a monthly basis by the 15th of the month as part of the monthly reconciliation process conducted by ABC’s external bookkeeper. The Deputy Director reviews the QuickBooks allocations to ensure that the amount loaded into each grant equals the requested draw down amount.

1. ***Support Documents Required for the Draw of Funds or for Making Payments and Their Processing***

Supporting documents are required for the draw of funds and for issuing payments. Supporting documentation for expenses includes staff timesheets and expense reimbursement forms with associated approvals as well as consultant invoices. Supporting documentation preparation and approvals for listed expenses include:

* + Staff Timesheets: All full-time salaried staff on a not less than every three-day basis allocate their time on their respective Excel-based time tracker workbook to the appropriate grants or contracts, or administrative activities, for work performed, and paid time off taken. The workbook rolls up hours worked into a timesheet tab. All hours are reviewed and reconciled by staff by the second day of every month. Staff print and sign timesheets prior to providing them to management. Management reviews timesheets for their respective staff, addressing any discrepancies found or questions identified before approving the timesheets with their signature. Management and/or staff make approved timesheets available to the Executive Director for final review. Reviewed timesheets are filed by the Administrative Manager.
	+ Expense Reimbursement Forms: ABC staff complete expense reimbursement forms as needed on a monthly basis by the second day of the month and provide to the Deputy Director for review along with all back-up documentation. Back-up documentation includes receipts (tolls, meals, parking, lodging, meetings) and mileage (print out of google maps showing departure and arrival points in alignment with travel points on expense reimbursement form). The Deputy Director reviews the expense reimbursement forms to confirm that reimbursement amounts are applied to the correct grant or contract; all back-up documentation has been provided; and expenses for which reimbursement is being requested are reasonable, allowable, allocable, and accurate. The Deputy Director provides the Administrative Manager with approved, signed expense reimbursement forms for the Administrative Manager to log into the Bills Paid Tracker Spreadsheet. The Deputy Director reviews the Bills Paid Tracker Spreadsheet and notes that all information is correct prior to the Executive Director’s writing of the expense reimbursement check.
	+ Consultant Invoices: Consultant invoices are submitted by consultants or sub-contractors with an approved agreement for completion of a scope of work approved under an ABC grant or contract. Invoices are submitted to the Deputy Director, who reviews the invoice against the approved consultant or sub-contractor agreement to confirm that it is reasonable, allowable, allocable, and accurate, noting any discrepancies. The Executive Director determines the follow-up needed with the consultant or sub-contractor for any discrepancies. The Deputy Director provides the Administrative Manager with the approved invoice for the Administrative Manager to log into the Bills Paid Tracker Spreadsheet. The Deputy Director reviews the Bills Paid Tracker Spreadsheet and notes that all

information is correct prior to the Executive Director’s writing of the invoice payment check. The Administrative Manager mails the invoice payment check, along with a copy of the original invoice, and closes the invoice payment request by stapling all related documentation and filing the hardcopy in the appropriate grant or contract folder.

1. ***Occurrence of Drawdown of Funds & How They are Drawn***

ABC draws down on grant or contract funds based on the schedule specific to the grant or contract. Funds are typically drawn down on a monthly or quarterly basis, unless the granting entity requires another timeframe for

accessing of funds. How funds are drawn down is also specific to the granting entity. Some drawdowns are submitted via email to the granting entity program manager and others are submitted on the granting entity’s online portal.

1. ***How Time Elapsed Between Receiving Federal Funds & Their Disbursement is Minimized***

In practice, it is ABC’s preference to draw down on funds on a reimbursement basis. When advanced payments are requested, the timing of the drawdowns must be as close as administratively feasible to actual disbursements of funds. Disbursement within 5 business days of drawdown will comply with this requirement.

### Written Procedures on Costs Charged to Grants

ABC ensures that costs charged to grants are reasonable, allocable, allowable. Annual financial reports and reimbursement requests are generated as stipulated in grant/contract terms per the schedule noted in the grants/contracts (monthly or quarterly basis). This applies to both federal and non-federal grants, awards, and contracts. The organization follows the Cost Principles of Subpart E CFR [§200.400](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFR1f52baf5ea70fff/section-200.400) with allocation and allowability in subsections 403; 404; 405; 408; and 410.

1. ***Factors Affecting Allowability of Costs*** [***(§ 200.403***](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRea20080eff2ea53/section-200.403)***)***

Except where otherwise authorized by statute, costs must meet the following general criteria to be allowable under federal awards:

* + Be necessary and reasonable for the performance of the federal award and be allocable thereto under these principles.
	+ Conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amount of cost items.
	+ Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-federal entity.
	+ 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 (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
	+ Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period. See also § 200.306(b).
	+ Be adequately documented. See also §§ 200.300 through 200.309 of this part.
	+ Cost must be incurred during the approved budget period. The federal awarding agency is authorized, at its discretion, to waive prior written approvals to carry forward unobligated balances to subsequent budget periods pursuant to § 200.308(e)(3).
1. ***Reasonable Costs (***[***§ 200.404***](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRea20080eff2ea53/section-200.404)***)***

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 the non-Federal entity is predominantly federally funded. In determining reasonableness of a given cost, consideration must be given to:

* + Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
	+ The restraints or requirements imposed by such factors as: sound business practices; arm's- length bargaining; Federal, state, local, tribal, and other laws, and regulations; and terms and conditions of the Federal award.
	+ Market prices for comparable goods or services for the geographic area.
	+ Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.
	+ Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.
1. ***Allocable Costs (***[***§ 200.405***](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRea20080eff2ea53/section-200.405)***)***

A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

* + Is incurred specifically for the Federal award.
	+ Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
	+ Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.
	+ Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons.

### Procedures for Receiving and Depositing Advanced Federal Payments

Should a time come where ABC requires advance funding, ABC will first communicate the need to the Project Officer and then follow all applicable steps to complete the process in accordance with the grant terms & conditions. To eliminate the likelihood of earning interest on federal funds, the timing and amount of cash advances shall be as close as is administratively feasible to actual disbursements but will be expended within 5 (five) business days. Should it not be administratively feasible to expend advanced federal payments within this timeframe, advanced federal payments will be deposited into a separate federally insured bank account within 10 (ten) business days at ABC’s current bank, JPMorgan Chase Bank, N.A.

## Requirements for Separation of Duties and Internal Controls

ABC has implemented practices to ensure adequate separation of duties so that funds are safeguarded and used only for allowable costs. The division of responsibilities is outlined below. ABC’s currently contracts with XYZ CPAs, LLP for bookkeeping services.

|  |
| --- |
| **Division of Responsibilities** |
| **Responsibility** | **Board of Directors** | **Executive Director** | **Deputy Director** | **Administrative Manager** | **Bookkeeper** |
| Reviews and approves the annual budget. | X |  |  |  |  |
| Reviews annual and periodic financial statements andinformation. | X |  |  |  |  |
| Reviews Executive Director’s performance annually andestablishes salary. | X |  |  |  |  |
| Two members of the Board are appointed as Officers by theBoard to be authorized signers on the bank accounts. | X |  |  |  |  |
| Reviews and approves all contracts over $10,000.00. | X |  |  |  |  |
| Reviews and approves all non-budgeted expenditures over$5,000.00. | X |  |  |  |  |
| Reviews and advises staff on internal controls and accountingpolicies and procedures. | X |  |  |  |  |
| Reviews all financial reports. |  |  | X |  |  |
| Reviews and approves all financial reports including cash flowprojections. |  | X |  |  |  |
| Develops an appropriate budget annually. |  | X |  |  |  |
| Reviews and signs all issues checks and approves checkpreparation procedures. |  | X |  |  |  |
| Reviews and approves all contracts under $10,000.00. |  | X |  |  |  |
| Reviews and approves all grant submissions. |  | X |  |  |  |
| Processes inter-account bank transfers. |  | X |  |  |  |
| Is on-site signatory for all bank accounts. |  | X |  |  |  |
| Opens all bank statements, review for any irregularities, andreviews completed monthly bank reconciliations. |  | X |  |  |  |
| Oversees the adherence to all internal controls. |  | X |  |  |  |
| Approves all program expenditures. |  | X | X |  |  |
| Monitors program budgets. |  | X | X |  |  |
| Reviews all payrolls and is responsible for all personnel files. |  | X |  |  |  |
| Reviews and manages cashflow. |  | X |  |  |  |
| Reviews and approves all reimbursements and fund requests. |  | X | X | X |  |
| Assists with Executive Director with development of annual andprogram budgets. |  |  | X |  |  |
| Reviews all incoming and outgoing invoices. |  | X | X | X |  |
| Manages the petty cash fund. |  | X |  |  |  |
| Receives and opens all incoming accounting mail, includingbank statements. |  | X |  |  |  |
| Monitors and manages all expenses to ensure most effective useof assets. |  | X | X |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Monitors grant reporting and appropriate release of funds. |  | X | X |  |  |
| Oversees expense allocations |  | X | X |  |  |
| Monitors and makes recommendations for asset retirement andreplacement. |  | X | X |  |  |
| Reviews, revises, and maintains internal accounting controls andprocedures. |  | X | X |  |  |
| Prepares county contribution and donor thank you letteracknowledgements. |  | X |  |  |  |
| Responsible for data entry into QuickBooks accounting systemand integrity of accounting system data. |  |  |  |  | X |
| Reviews data entry into accounting system and integrity ofaccounting system data. |  | X | X |  |  |
| Processes invoices. |  |  | X | X |  |
| Prepares checks for signature. |  |  |  | X |  |
| Makes bank deposits. |  |  |  | X |  |
| Processes payroll. |  |  |  |  | X |
| Maintains general ledger. |  |  |  |  | X |
| Prepares monthly and year-end financial reports. |  | X |  |  | X |
| Reconciles all bank accounts. |  |  |  |  | X |
| Mails consultant / sub-contractor checks. |  |  |  | X |  |
| Manages Accounts Receivable. |  | X | X | X |  |

## Financial Performance Reports

ABC monitors and provides project, program, and financial performance reports to the awarding agency. Staff within the organization prepare and submit financial performance reports are required. For federal funding sources, this includes Interim/Final Financial Status Reports (SF-425) as required at least annually.

Federally funded projects require ABC to prepare regular updates on the status of program implementation. Reporting requirements are typically found in the award’s terms and conditions. The Executive Director will review funder grant documentation to determine frequency and format of technical reports, incorporating

reporting requirements into each grant’s or contract’s Grant Tracking Workbook. Once under contract, the Executive Director creates Outlook calendar reminders for report due dates and one month prior, for the life of the grant or contract term. Where grants or contracts require programmatic reports to include financial statement of expenditures, these reports shall be prepared by the Executive Director with the support of the applicable Grant Manager and Deputy Director. Outlook calendar reminders are also created by the Executive Director for one month prior to the due date as well as the due date. For federal grants or contracts, the Executive Director or the Deputy Director will prepare and submit an Interim/Final Financial Status Report (SF- 425) annually.

## Records Retention Policy & Schedule

ABC retains, protects, and maintains necessary records and documents as prescribed by laws, regulations, and contractual agreements to corroborate the existence of assets and liabilities, occurrence of business transactions, and completion of contractual obligations. The below Retention Schedule sets forth guidelines that apply to all ABC employees and to all information generated or received in the transaction of ABC’s business. The objective of the Retention Schedule is to protect and maintain adequate documentation and to ensure that records no longer needed will be discarded at the appropriate time. The Administrative Assistant, Deputy Director, and Executive Director can reference “Records Retention Guidelines” for additional records retention requirements.

|  |
| --- |
| **Retention Schedule** |
| Accounts receivables ledgers and schedules | 7 years |
| Audit reports / annual financial statements | permanently |
| Bank reconciliations | 3 years |
| Invoices substantiating the acquisition cost of eachunit capital equipment (see Equipment) | 5 years |
| Grants | 7 years after completion |
| Quotes substantiating the purchase of smallpurchases (see Procurement) | 5 years |

## Indirect Cost Rates Procedure

ABC submits Indirect Cost Proposals on an annual basis, following the applicable cognizant federal agency’s guidelines, namely the US Department of Commerce Economic Development Administration. Specifically, the Executive Director and Deputy Director prepare the proposal for submission to the cognizant federal agency.

## System for Award Management

The System for Award Management (SAM) enables informed decisions about whether vendors and/or contractors will be engaged for work under the grant award. Registration in SAM enables non-federal entities to bid on federal contracts or other procurement opportunities. It also allows non-federal entities to apply for grants, loans, and other financial assistance programs. ABC’s Deputy Director will register and/or update organization information in the SAM portal once annually as required by federal grant agreements to maintain SAM compliance.

### SAM Updating Procedure

The Deputy Director will submit financial information through the SAM.gov portal. This information is downloaded from QuickBooks and represents an up-to-date financial picture. SAM updates must be completed by December 15th annual to receive federal grants. Reminders for annual SAM updates are created by the Executive Director, with invitations sent to the Deputy Director and Administrative Manager. The update steps are outlined below.

* Step 1: Go to the homepage: [www.sam.gov.](http://www.sam.gov/)
* Step 2: Login to the website for user verification before gaining access to the renewal functionality. Enter the username and password for the Entity Administrator associated with the entity registration, and then click the "Log In” button.
* Step 3: Select “Entity Registrations” on the left-side.
* Step 4: Click “Existing Entity Registrations” to view the registrations to which you have access.
* Step 5: Select the entity record that you want to update from the Entity List box and click the "Update" button to begin the renewal.

## Federal Funding Accountability & Transparency Act (FFATA) Subaward Reporting System (FSRS)

Prime Grant Recipients awarded a new federal grant greater than or equal to $25,000 are subject to FFATA/FSRS subaward reporting requirements as outlined in the Office of Management and Budgets guidance. The Prime Grant Recipient is required to file a FFATA subaward report by the end of the month following the month in which the Prime Grant Recipient awards any subaward greater than or equal to $30,000.

### FSRS Procedures and Information for Prime Grant Recipients

The FSRS Reporting System is accessible at <https://www.fsrs.gov/>. The Awardee User Guide can be accessed at <https://www.fsrs.gov/documents/FSRS_Awardee_User_Guide.pdf>.

# PAYROLL

## Fringe Benefits Statement

ABC defines fringe benefits as allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. ABC provides fringe benefits to its full-time salaried employees and part-time hourly employees working 30 (thirty) hours or more on average per week.

Fringe benefit costs are allowable to the extent that the benefits are reasonable and are required by law, and are an established policy of ABC as a quasi-governmental unit. Fringe benefits are equitably charged and applied across all grants in line with each employees specific benefits package.

ABC’s current fringe benefits package includes paid time off (holidays, vacation, personal, sick), health insurance (paid at 80% employer contribution for medical and no employer contribution for dental and vision), family and medical leave, life insurance, employer taxes (Medicare, social security, unemployment), and

worker’s compensation.

## Timesheets

ABC pays all employees on a bi-weekly basis, with 26 (twenty-six) pay periods annually. Employee timesheets are generated using an Excel-based workbook housed on ABC’s Teams platform. Timesheets are completed to include all specific time spent on each grant or project, as well as a specific task/activity from an approved work plan, delineated by appropriate grant codes. All non-reimbursable administrative work and all non- working hours (i.e., vacation, personal, sick, holiday, etc.) will also be recorded on timesheets and defined by appropriate grant codes. Staff track time away from the office (i.e., vacation, sick, personal, etc.) and management review time records of their staff for the pay period and compare timesheets for accuracy. Work completed remotely is tracked on an organizational remote calendar, with personal calendars, which are shared organization-wide, indicating hours worked-off site while at meetings or conferences. ABC applies salaries, wages, and benefits consistently to both federally and non-federally funded projects for the same labor categories.

### Consistent Application of Salaries, Wages, and Benefits

All ABC salaries and wages charged to grants or contracts are supported by a system of internal controls as noted in this section, Payroll, and section d) What Support Documents are Required for the Draw of Funds or for Making Payments and Their Processing. ABC approval procedures provide reasonable assurance that the personnel costs incurred are accurate, allowable, and properly allocated.

ABC’s systems of internal controls ensure that:

* total compensation paid to employees is reasonable according to the work performed on the grant or contract agreement.
* compensation is made in accordance with established policies for ABC.
* compensation policies are consistently applied to both government and non-government activities.
* staff attest to their time at the end of each month, which may include one or more pay periods, through their signature on their timesheet.
* management verifies the accuracy of the time and approves the hours for the staff that report to them.

### Salaried Employees

For full-time salaried employees, management verifies the accuracy of timesheets and signs all timesheets for staff that report to them. Timesheets are submitted on a monthly basis according to the schedule outlined in this Guide in section d) What Support Documents are Required for the Draw of Funds or for Making Payments and Their Processing. The approval process for full-time salaried employee timesheets is also found in section d).

***Part-Time Hourly Employees***

For part-time hourly employees, staff sign their timesheets submitted at the end of each pay period. Management verifies the accuracy of timesheets and signs all timesheets for staff that report to them.

**TRAVEL**

ABC staff are permitted to engage in travel for work performed under funded grants or contracts.

**Travel Authorization**

Staff are required to obtain travel authorizations and approvals prior to travel. All requests must be authorized in advance by appropriate management, even if no advance of funds is being requested.

Requests for travel are received by appropriate management as part of individual check-ins with staff, ABC’s weekly staff meetings, or separate or via email request. Approvals are provided either verbally or via email on determination that travel costs are allowable, allocable, and reasonable, as outlined in the below bullets.

Approved travel is placed by the requesting staff on their calendar. (Staff’s individual Outlook calendar is shared with all ABC staff members.)

* Travel that will include a reimbursement request for mileage, parking, or tolls may be approved verbally at the time of the request, or via email if the original request is received via email. Mileage is verified as part of the Expense Reimbursement Forms approval process described in this Guide in section d) What Support Documents are Required for the Draw of Funds or for Making Payments and Their Processing, subsection Expense Reimbursement Forms.
* Travel that will include a reimbursement request for lodging or air travel may only be approved via email once the appropriate back-up documentation with expected costs is received via email by management. This process is also to be applied for requests for advanced payments for travel, with the additional review of the Administrative Manager required for final approval.

**Travel Expenditures**

Receipts to support actual costs must be submitted after each trip. Receipts are coded on Expense Reimbursement Forms, allowing identification of the specific funded project for which they were incurred. The review process for travel expenditures is found in this Guide in section d) What Support Documents are Required for the Draw of Funds or for Making Payments and Their Processing, subsection Expense Reimbursement Forms.

* Travel associated with a specific funded project will be billed to that grant only and reviewed to ensure that travel costs are allowable, allocable, and reasonable.
* Lodging will only be covered with grant or contract funds up to the current federally accepted rate. As rates vary by location and date, staff must adhere to the current rates noted in <https://www.gsa.gov/travel/plan-book/per-diem-rates>.
* Prior to staff’s attendance of any grant or contract funded travel, staff must ensure that adequate funds are in the grant budget by confirming with appropriate management, or Deputy Director or Executive Director.
* Travel expenses must be allocable to the grant project.

**EQUIPMENT**

Capital Equipment is defined by the United States Office of Management and Budget as “tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit.” The below subsections apply to capital equipment meeting this definition.

**Equipment and Property Management**

ABC records all capital assets at historical cost as of the date acquired. The acquisition cost includes installation charges and freight. All costs associated with making the asset serviceable are capitalized. Invoices substantiating the acquisition cost of each unit of property shall be retained for a minimum of three years.

Equipment with an economic useful life of 12 months or less are expensed for financial statement purposes, regardless of the acquisition or production cost. Equipment acquired with external support becomes the property of the organization unless restricted by the funding organization. ABC will obtain prior approval from the awarding agency prior to purchasing capital equipment.

**Inventory and Maintenance**

To ensure the proper receipt and tracking of equipment, ABC tags all equipment at the time of acquisition and performs a physical inventory of equipment purchased with grant funds every two years. ABC verifies the existence and condition of the equipment and the accuracy of records related to equipment. ABC establishes maintenance procedures and records of the operational condition of equipment. The Executive Director is notified by the Administrative Manager of condition, location, loss, or damage to equipment. Records are submitted by the Administrative Manager to the Executive Director for review and approval. ABC’s bookkeeper will notify the Executive Director and Administrative Manager when equipment items have depreciated below $5,000. The Executive Director or Deputy Director will contact the federal awarding agency to have the item removed from the tracked inventory procedures.

**Recordkeeping**

ABC maintains records tracking equipment, including acquisition date, cost, description, serial number (or similar identification number like a model number), source of funding (e.g., Federal Award Identification Number, or FAIN), percentage of federal participation in the cost of the equipment, title holder, location, status of equipment (i.e., use and condition), and disposition data. This information is maintained by the Administrative Manager and reviewed by the Executive Director once every two years. If an item is purchased with federal grant funds, the funding source, award number, and percentage of federal participation will be included in the equipment tracking database.

**Disposal of Federally Funded Equipment**

If an item of equipment is determined to be obsolete, and the item’s value exceeds $5,000, disposition rules are followed. This may include requesting disposition instructions from the awarding agency. Disposition practices require compensating the federal awarding agency for its proportion of the original cost applied to the fair

market value. The Executive Director is notified by the Administrative Manager prior to the disposal of an asset purchased with federal funds.

**PROCUREMENT**

Procurement is the process for obtaining supplies, expendable property, equipment, real property, and services, including contracting, consultant agreements, sub-awards or sub-grants, or any other types of agreements that transfers federal, state, and other funds outside of ABC for the purpose of fulfilling the grant or contract agreement. This section provides the ABC’s procurement policies and procedures for supplies, expendable property, equipment, real property, and services. The section titled Services of Outside Organizations addresses procurement requirements for contracting, consultant agreements, sub-awards or sub-grants.

**Purchasing Authority**

No purchases shall be made without the prior approval of the Executive Director, or in their absence, the Deputy Director. Additional purchasing authority processes are noted, where applicable, in the sectioned title Purchasing with Federal Award Funds. Once a purchase has been approved by the Executive Director, purchases may be placed by the Deputy Director.

**Guidelines for Purchases**

Purchases are evaluated to ensure they are reasonable, allocable, and allowable. The vendor or contractor that meets the required quality standards at the lowest cost are selected. Regardless of the cost of acquisition, ABC avoids purchasing unnecessary items. Where applicable, ABC evaluates lease versus purchase options to determine which is more economical.

As part of the grant application process, the Deputy Director, Executive Director, and designated grant manager shall identify any purchase requests that will be necessary for the successful execution of a grant or contract agreement. The designated grant manager shall indicate the timing for initiation of the purchasing process for supplies, expendable property, equipment, real property, and services associated with grant or contract implementation. The Deputy Director will confirm the timing.

Considerable authority has been entrusted to employees who make purchasing decisions. The convenience afforded through decentralization is coupled with full responsibility for decisions and a complete understanding of the procurement and purchasing policies and procedures of ABC. All ABC employees are informed of and made aware of the purchasing policies and procedures for awarded grants (local, state, or federal). All purchasing decisions are made in the best interests of ABC and its related funders. All purchases are authorized by the Deputy Director or Executive Director prior to their processing by the authorized employee.

**Purchasing with Federal Award Funds**

Purchases made when procuring property or services through a federal award with federal funds follow the procurement standards under the Federal Uniform Grants Guidance. Procurement transactions maximize free and open competition. Written solicitations have a clear scope of work, requirements and features prospective bidders must meet, a preference to conserving natural resources and the environment, and positive efforts to use small, disadvantaged and minority owned firms when possible. ABC documents the reason for the type of procurement bid used, the basis for contractor selection, a justification for lack of competition or sole-source procurement, and the basis for award cost and price.

Purchase requirements are based on the current federally adopted simplified acquisition thresholds (SAT). Purchases exceeding $10,000 are subject to pre-award review by the federal entity to ensure procurement procedures are adequate. Special consideration is given to environmentally friendly, and energy efficient products/services (see 2 CFR 200.322). Quotes and bids must include specifications and qualifying characteristics to be considered by the vendor/contractor, including delivery and time frame, the scope of work, references, and other relevant specifications. Quotes must be provided by the vendor as a written statement regarding the price for a specific good or service.

Under [2 CFR 200.324(a)](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d/section-200.324), recipients must perform a cost or price analysis in connection with every procurement action other than micro-purchases and simplified acquisitions, including contract modifications. Price analysis includes the comparison of price quotations submitted, market prices, bid prices for firm fixed-price contracts or similar information. A price analysis is an examination of the price proposed and an assessment or evaluation as to whether it is fair and reasonable. Cost analysis is the review and evaluation of each element of cost to determine reasonableness.

As needed, the terms of a contract made to be paid for with federal funds shall be negotiated to ensure terms are acceptable to the grant or contract. The Deputy Director and Executive Director are authorized to negotiate the terms of a contract. Purchases made with federal funds shall be received and deemed acceptable by the grant manager prior to payment being made.

***Purchase Threshold Requirements***

Purchase Thresholds and categories are defined as bulleted below, as referenced from [2 CFR 200.320](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d/section-200.320):

* Micro-Purchases (Purchases under $10,000)
* Small Purchases ($10,001 – $250,000)
* Competitive Purchases/Sealed Bids ($250,001+)
* Noncompetitive Proposals

For all purchases (single or cumulative) over $10,000 from a single vendor within a fiscal year, written price or rate quotes will be obtained from an adequate number of qualified sources.

1. ***Micro-Purchases (Purchases under $10,000)***

Competitive quotations are not required if the prices are reasonable. Selection will be based on the quality and cost, with every effort made to identify 3 (three) price quotes. To the extent practicable, purchases will be distributed equitably among qualified suppliers. Price quotes are to be obtained by the grant manager or Administrative Manager, and reviewed and approved by the Deputy Director prior to final review and approval by the Executive Director.

1. ***Small Purchases ($10,001 – $250,000)***

ABC will obtain price quotes for small purchases, with every effort made to obtain 3 (three) price quotes. Price quotes may be formal (i.e., a quote submitted to ABC on vendor letterhead) or informal (i.e., phone call or web search) from an adequate number of sources, but not less than three. All quotes, including phone calls, web searches, etc., will be documented and kept on file for 5 (five) years. Evaluation and selection of supplies/vendors shall be determined by performing a cost analysis, as noted in “Best Practice Guide for

Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements”. Price and cost analyses will be performed by the grant manager and reviewed by the Deputy Director prior to Executive Director approval to proceed with the purchase.

1. ***Competitive Purchases/Sealed Bids ($250,001+)***

Sealed bids will be used when the selection of the successful bidder can be made principally on the basis of price. Invitation for bids will define the items or services needed to allow bidders to properly respond.

Descriptions will not contain features that unduly restrict competition, such as requiring certain brands or manufacturers of items. Bids will be solicited from an adequate number of know supplies providing sufficient response time. Price and cost analyses will be performed by the grant manager and reviewed by the Deputy Director prior to Executive Director approval to proceed with the purchase.

1. ***Noncompetitive Proposals***

Procurement shall be conducted competitively to the maximum extent possible. Procurement by non- competitive proposals must have prior approval from any/all federal funding sources. Procurement by non- competitive proposals may be used only when the award of a contract is not feasible using small purchase procedures, sealed bids, or competitive proposals and one of the following applies:

* + The item is available only from a sole source, based on a good faith review of available sources.
	+ An emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause severe injury to ECA, as may arise by reason of flood, earthquake, epidemic, riot, equipment failure, or similar event. In such cases, there must be an immediate and serious need for supplies, services, or construction such that the need cannot be met through any other procurement methods, and the emergency procurement shall be limited to those supplies, services, or construction necessary to alleviate the emergency; or
	+ After solicitation of a number of sources, competition is determined inadequate.

Written justifications for using such procedures shall support all procurements based on noncompetitive proposals, and shall be provided by the grant manager. The Deputy Director shall review and approve the justification in writing and provide the approved justification to the Executive Director, who will forward the approved justification to the Administrative Manager for filing of hardcopy in the grant or contract file.

The reasonableness of the price for all procurement based on noncompetitive proposals shall be determined by performing price and cost analyses, as noted in “Best Practice Guide for Procuring Services, Supplies, and

Equipment Under EPA Assistance Agreements”.

**Conflict of Interest**

The following shall constitute the ABC Conflict of Interest Statement: No compensated officer, employee, or agent of ABC shall participate in selection, award, or administration of a contract supported by grant or contract funds or otherwise if a real, apparent, or potential conflict of interest exists. Such a conflict would arise when a compensated officer, employee, agent, or any immediate family member thereof, business or personal partner, or an organization which previously or currently employs or is about to employ any of the parties indicated herein, has a personal benefit, or a financial or other interest in the firm selected for an award.

Compensated officers, employees, and agents of ABC shall neither solicit, nor accept, or offer gratuities, favors, or anything of monetary value from and/or to contractors, or parties to contracts and sub agreements. However, compensated officers, employees, and agents of the organization may offer or receive gratuities and/or gifts of appreciation for situations in which the financial interest is not substantial or the gratuity and/or gift is an unsolicited item of nominal value.

Any compensated officer, employee, or agent of ABC in violation of said ABC Conflict of Interest Statement shall be subject to disciplinary action and/or penalty that could ultimately result in termination of employment.

The Executive Director and/or Board of Directors reserve the right to terminate employment effective immediately upon discovery of the incident depending on the nature and severity of offense.

Each new employee of ABC will be introduced to and trained on the ABC Conflict of Interest Statement upon hire and shall be required to acknowledge receipt and understanding in writing of the ABC Conflict of Interest Statement. All employees will be periodically trained on the Statement requirements thereafter.

**SERVICES OF OUTSIDE ORGANIZATIONS**

ABC will sometimes retain the services of outside organizations in performing the work of a grant or contract. These services will fall under one of the following three types of procurements: General Procurements (Contracts), Consultants, or Sub-recipient agreements. Before entering into any agreement with any organization, ABC will check the status of the organization on [www.sam.gov](http://www.sam.gov/) to assure that they are not subject to disbarment or suspension. Often a contract or sub-recipient will be written into the grant proposal. In all cases, the contractor/sub-recipient must be approved by the granting agency.

If federal funds are to be transferred to other organizations or consultant, a formal, written subaward, contract, or consulting agreement, which will be developed by the Deputy Director, must be reviewed and approved by the Executive Director. ABC will refer to [2 CFR 200.331](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR031321e29ac5bbd/section-200.331) regarding distinctions between subawards and contracts, and will ensure any subawards comply with these standards and are not used to acquire commercial goods or services for the recipient.

**General Procurements and Sub-Recipient Agreements**

***General Procurements (Contracts)***

A procurement is considered a general procurement (Contract) if it is made from an organization that normally provides such goods and services to many organizations as part of its operations and if it operates in a competitive environment. This entity shall be known as a contractor. For general procurements, a contract or letter of agreement will be drawn up and signed by both parties. The contract or letter of agreement will clearly outline the services, materials, or supplies that will be performed or purchased, the total cost of such services or goods, and a clear delivery date of such services or materials. The contract or agreement will include a termination clause.

***Sub-Recipient Agreements***

The procurement of goods and services will be considered a sub-recipient on a grant if that organization completes a significant and substantive part of the effort, if that organizations work has its performance measured against whether the objectives of the program are met, if the organization has responsibility for programmatic decision making and if the organization has responsibility for adherence to applicable program compliance requirements.

A sub-recipient agreement will be drawn up and signed by both organizations. This agreement will include a description of the work to be performed, the period of performance for the work, the method by which the sub- recipient will be monitored and evaluated on their efforts, and the total cost of the work to be performed. The agreement will contain all the regulatory requirements of the grant or award as well as the CFDA title and number, award name and number, award year, and the name of the federal agency providing the funding. The sub-recipient will be required to file progress reports and the frequency of the reports will be outlined in the agreement. Progress reports will include a comparison of actual accomplishments with the goals and objectives established for the period. For example, progress reports required quarterly would be submitted 30

days after the end of each quarter; yearly progress reports would be filed within 90 days of the end of the year. Finally, a termination clause will be included in the Sub-Recipient agreement.

***Contractor/Sub-Recipient Monitoring***

The ABC grant manager will monitor the performance of sub-recipients and contractors by monthly contact, or site visits if applicable, to provide a reasonable assurance the organization is administering the funds in compliance with the laws, regulations, and provisions of the grant and that the performance goals are achieved. In addition and as required by laws and regulations, a copy of the organization’s most recent Uniform Guidance audit report (Single Audit) will be requested by the grant manager and be kept on file by the Administrative Manager for each sub-recipient.

Any sub-recipient or contractor receiving more than $25,000 from a single award will be reported on the FFATA website by the Deputy Director. The report will be filed by the end of the month following the signing of the contract or sub-recipient agreement.

Whether funds are transferred to other entities via subawards or contracts, ABC will follow these standards:

* + Require entity to provide active Unique Entity Identifier (UEI) number and record of registration with SAM.gov before entering into an agreement;
	+ Confirm that a subrecipient is not suspended or debarred from receiving federal funds by searching the Excluded Parties List System (EPLS), which has been consolidated under SAM (<https://www.sam.gov/portal/public/SAM/>);
	+ Ensure that proposed costs are necessary, reasonable, and allocable;
	+ Ensure that any subawards to 501(c)(4) organizations do not involve lobbying activities;
	+ Obtain funder consent before making a subaward to a foreign or international organization, or subaward to be performed in a foreign country;
	+ Obtain funder approval for any new subaward work that is **not** outlined in the approved work plan in accordance with 40 CFR Parts 30.25 and 31.30, as applicable;
	+ Establish agreements in writing;
	+ Incorporate provisions that ensure compliance with requirements of a federal grant as well as federal requirements of all procurements, regardless of source of funds; subrecipients must follow all guidelines of federal grant just as ABC;
	+ Monitor the performance of their subrecipients and ensure that they comply with all applicable regulations, statutes, and terms and conditions which flow down in the subaward;
	+ Address reporting of subawards to FFATA Subaward Reporting System (fsrs.gov) for all obligating actions of $25,000 or more in federal funds (not including Recovery Act funds)
	+ Include enforcement procedures for noncompliance including conditions under which termination may occur.

**Consultants**

ABC may secure a contract with a consultant, defined as an individual with specialized skills who, although not on the recipient’s payroll as an employee, provides personal services to the recipient under an agreement which essentially establishes an employer-employee relationship between the recipient and the individual providing the services. Normally a consultant expense will be included in the budget proposal submitted to the federal agency. A consulting agreement will be drawn up and signed by both the Consultant and the ABC.

The consulting agreement will contain a complete description of the services to be performed, the agreed upon price for such services, and the period of performance for the services. The consulting agreement must specify

pay rates that include base rate, fringe benefits, and overhead. The agreement will also outline measures of performance that must be met by the consultant, the process for evaluation of performance, as well as all the regulations required by the grant agreement. Finally, the agreement will include a termination clause.

***Consultant Rates***

Federal funds may not reimburse recipients for compensation they pay to individual consultants on an hourly, daily, or other basis that has the effect of exceeding the amount paid to federal employees at Level IV of the Executive Schedule. The cap on compensation for individual consultants is statutory, applies to all recipients including states, and may not be waived by federal agencies. The consultant fee cap only covers personal compensation. Reimbursements ABC pays to consultants for overhead and travel costs are not subject to the consultant fee cap. When the consultant fee caps apply often involve complex issues that are best resolved by federal granting entity program manager; the ABC grant manager shall contact the program manager to obtain guidance.

Prior to entering into a consulting agreement, the ABC grant manager shall calculate the maximum daily rate and the daily pay limitation using the Office Of Personnel Management’s [Fact Sheet: How to Compute Rates of](https://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/fact-sheets/how-to-compute-rates-of-pay/) [Pay](https://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/fact-sheets/how-to-compute-rates-of-pay/) and [Fact Sheet: Expert and Consultant Pay](https://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/fact-sheets/expert-and-consultant-pay/). The calculations shall be reviewed and approved by the Deputy Director prior to final approval by the Executive Director. The maximum daily rate can be determined by following these steps:

* + Divide the Level IV salary by 2087 to determine the hourly rate. Rates must be rounded to the nearest cent, counting one-half cent and over as the next higher cent (e.g., round $18.845 to $18.85).
	+ Multiply the hourly rate by 8 hours. The product is the maximum daily rate.

***Exclusions from Consultant Compensation Limitations***

Contracts or subcontracts with multi-employee firms for services are not affected by the consultant compensation limitation in [2 CFR 1500.10](https://www.ecfr.gov/current/title-2/subtitle-B/chapter-XV/part-1500/subpart-D/subject-group-ECFR91e19bb476f6a08/section-1500.10) provided the contractor or subcontractor rather than the recipient selects, directs, and controls individual employees providing consulting services. Note that contracts with individual consultants or consulting firms are subject to the competitive procurement requirements in 2 CFR Part 200.

The consultant compensation limitation does not apply to fixed priced contracts such as those structured as lump sum payments for completion of a study or design of a training course.

**DISADVANTAGED BUSINESS ENTERPRISES (DBE)**

It is the policy of ABC to ensure that Disadvantaged Business Enterprises have an equal opportunity to receive and participate in contracts. It is also the practice of ABC to ensure nondiscrimination in the award and administration of contracts; to create a level playing field on which DBEs and small businesses can compete fairly for contracts; to ensure that the DBE program is narrowly tailored in accordance with applicable law; to ensure that only firms that fully meet eligibility standards are permitted to participate as DBEs; to help remove barriers to the participation of DBEs and small businesses in federally funded contracts; and to assist the development of firms that can compete successfully in the marketplace outside the DBE program.

Whenever possible, DBE and Small Business Enterprises (SBE) contractors and vendors shall be given procurement preference when multiple bids have been received that are equal in value and services to be provided. When services or goods related to capital projects are to be procured, staff shall comply with all SBE and DBE requirements outlined in the funding agreements. These Good Faith Efforts are methods used by

ABC to ensure DBEs have the opportunity to compete for procurements funded by federal financial assistance dollars.

ABC documents the methods used to adhere to the Good Faith Efforts and will retain the documentation in the records of the organization. Documentation will include, but is not limited to, email logs, phone logs, electronic searches and communication, handouts, flyers, or similar records. In addition, if one or more of the Good Faith Efforts cannot be performed, the circumstances that have prohibited the full execution of each step will be documented and retained.

These efforts include:

I.          Placing qualified DBE Vendors on solicitation lists;

II.        Soliciting DBE Vendors whenever they are potential sources;

III.       Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by DBE Vendors;

IV.       Establishing delivery schedules, where requirement permits, which encourage participation by DBE Vendors;

V.        Using services and assistance, as appropriate, of such organizations as Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and

VI.       Requiring the prime contractor, if subcontracts used, to take affirmative steps listed in paragraphs (i) through (v) of this section.

[Appendix A to 40 CFR Part 33](https://www.ecfr.gov/current/title-40/chapter-I/subchapter-B/part-33/appendix-Appendix%20A%20to%20Part%2033) requires that each procurement contract signed by a federal financial assistance agreement recipient, namely ABC, include the following term and condition:

The contractor shall not discriminate on the basis of race, color, national origin or sex in the performance of this contract. The contractor shall carry out applicable requirements of 40 CFR part 33 in the award and administration of contracts awarded under [federal] financial assistance agreements. Failure by the contractor to carry out these requirements is a material breach of this contract which may result in the termination of this contract or other legally available remedies.

As applicable, ABC will submit the required MBE/WBE Utilization Form<https://www.epa.gov/grants/epa-form-5700-52a-united-states-environmental-protection-agency-minority-business>(at least annually) to applicable federal agencies for any assistance agreement when: funds are budgeted for procuring construction, equipment, services and supplies (including funds budgeted for direct procurement by the recipient or procurement under sub-awards or loans in the “Other” category) with a cumulative total that exceed the Simplified Acquisition Threshold (SAT) (currently, $250,000), including amendments and/or modifications? Note: The threshold will be automatically revised whenever the SAT is adjusted; See 2 CFR Section 200.1)

**MATCH**

ABC match on federal, state, or other financial assistance agreements is met as authorized by the funding entity. For example, certain state grants allow for match requirements to be met through in-kind contributions, such as volunteer hours that are valued at the state’s pre-defined rates. Other match requirements are met through ABC member county contributions.

**PROGRAM INCOME**

Program income is defined as being directly generated by an assistance agreement supported activity or earned only as a result of the agreement during the assistance agreement period (2 CFR 200.307). ABC does not typically derive program income from financial assistance agreements. Were the generation of program income derived during an assistance agreement period, ABC shall comply with all program income requirements, including:

* + Documenting how the program income is being generated and reported.
	+ Reinvesting the program income in the project by deducting it from the total project costs, expanding the scope of work, or applying it towards match/cost share requirements.