

Category: 200

Number: 216

Subject: FEDERAL GRANT AWARDS POLICY

1. **PURPOSE:** This policy has been prepared in accordance with OMB 2 CFR 200 (Uniform Guidance). The purpose of this policy is to provide procedures for processing payments to vendors or contractors, to submit for and record Federal grant drawdowns (reimbursements), and to ensure Federal funds are spent only on allowable activities in accordance with the Uniform Guidance.
2. **AUTHORITY:** The Saginaw County Board of Commissioners.
3. **APPLICATION:** This policy applies to all departments that are awarded Federal Grants.
4. **RESPONSIBILITY:** The Controller's Office shall be responsible for the implementation and administration of this policy.
5. **DEFINITIONS:** Words used herein shall be given the same meaning as provided in the Uniform Guidance.
6. **Payments.**
 - 6.1 A drawdown is one way the County requests money from the Federal government for various Federal grants and programs. This is an authorization to draw funds from Federal agencies within a stated amount of time for payment of specified contract or grant costs incurred by the County.
 - 6.2 Federal grant drawdown requests can use a letter of credit or a required form.
 - 6.3 The County's payment methods must minimize the time elapsing between the transfer of funds from the US Treasury or the pass-through entity and the disbursement by the County to the vendor or contractor, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or other payment means.
7. **Cost Principles. Saginaw County:**
 - 7.1 Is responsible for the efficient and effective administration of the Federal award through the application of sound management practices.
 - 7.2 Assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
 - 7.3 Will employ whatever form of sound organization and management techniques may be necessary to assure proper and efficient administration of the Federal award.

- 7.4 Will provide for adequate documentation to support costs charged to the Federal award.
- 7.5 Will generally assure it is applying cost accounting principles on a consistent basis during the review and negotiation of indirect cost proposals.
 - 7.5.1 Wherever wide variations exist in the treatment of a given cost item, the reasonableness and equity of such treatments should be fully considered.
- 7.6 Acknowledges that any profit resulting from Federal financial assistance may not be earned or kept, unless expressly authorized by the terms and conditions of the Federal award.

8. PROCEDURE:

- 8.1 Determine the amount to be drawn. Generally, the amount drawn is the difference between revenues received and actual expenditures. Advance payments, if allowable, must be limited to the minimum amounts needed and should be timed in accordance with the actual, immediate cash requirement of the approved program or project. The timing and amount must be as close as is administratively feasible to the actual disbursements.
- 8.2 Prepare any necessary forms. Depending on the Federal program, forms may need to be completed and submitted with the drawdown request to enable the request of funds. Federal agencies require recipients to use only OMB-approved standard government-wide information collection requests to request payment.
- 8.3 Receipt transaction. Grant Funds received by Saginaw County are deposited by the County Treasurer. Journal entry into the accounting system is completed by the Treasurer's office when the funds are received electronically. Receipt transactions are distributed to the correct department by electronic notification, or inter-office mail.
- 8.4 Submit the transaction for certification. Using the Saginaw County Financial Management Instruction Guide for claims processing, the timing and amount of payment to vendors or contractors will be in accordance with the contract provisions. When the reimbursement method is used, the Federal awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonably believes the request to be improper. The County employee then submits the transaction and associated backup to the appropriate individual for certification and approval according to department procedures.
- 8.5 Categories of Costs. Two categories of costs may be charged to a Federal award:
 - 8.5.1 Direct costs, which are costs that can be identified specifically with a particular final cost objective or that can be directly assigned to such activities relatively easily with a high degree of accuracy, and

- 8.5.2 Indirect costs, which are costs that either benefit the activity in an indirect manner or directly benefit the activity, but are complex to identify and the cost outweighs the benefit of charging them directly.
- 8.5.3 Expenditures charged directly to a Federal grant award will follow all County policies and procedures, as well as Federal requirements applicable to those costs.
- 8.6 Prior written approval. Under any given Federal award, the reasonableness and ability to allocate certain items or costs may be difficult to determine. In order to avoid subsequent disallowance or disputes based on unreasonableness, prior written approval for indirect costs may be requested for the incurrence of special or unusual costs. Prior written approval should include the timeframe or scope of the agreement.
- 8.7 Limitations. The Federal award may be subject to statutory requirements that limit the allowability of costs. Costs must meet the following general criteria in order to be allowable:
 - 8.7.1 Be necessary and reasonable for the performance of the Federal award.
 - 8.7.1.1 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.
 - 8.7.2 Conform to limitations or exclusions regarding type or cost.
 - 8.7.3 Be consistent with the policies and procedures of Saginaw County.
 - 8.7.4 Be treated consistently with other comparable costs.
 - 8.7.5 Be determined in accordance with generally accepted accounting principles GAAP except as otherwise provided in the Uniform Guidance.
 - 8.7.6 Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally financed program.
 - 8.7.7 Be adequately documented.
- 8.8 Central service costs. Certain services, such as motor pools, computer centers, purchasing, accounting, etc., are provided on a centralized basis. Federal grant awards will include an amount of indirect expenditures, unless specifically disallowed by the terms of the grant award. No expenditures will be charged through both a direct cost and an indirect cost.

- 8.9 Personal services. Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the County. Compensation for personal services may also include fringe benefits and employee health and welfare costs, provided that the benefits are reasonable and required by law, labor agreement, or established policy.
- 8.10 Other costs. The allowability of those costs not specifically addressed within this policy will be as established in the Uniform Guidance.
9. CONFLICTING LANGUAGE: To the extent any of the language of this policy conflicts with the language of the Uniform Guidance, the language of the Uniform Guidance will prevail.
10. ADMINISTRATIVE PROCEDURES: None.
11. CONTROLLER/CAO LEGAL COUNSEL REVIEW: The Controller/CAO has determined that this policy as submitted to the Board of Commissioners contains the necessary substance in order to carry out the purpose of the policy. County Civil Counsel has determined that this policy as submitted contains content that appears to be legal activities of the Saginaw County Board of Commissioners.

Approved as to Substance:
Saginaw County Controller/CAO

Approved as to Legal Content:
Saginaw County Civil Counsel

ADOPTED: September 19, 2017