

Muskegon County Policies and Procedures Compliance Supplement

Muskegon County refers to authoritative guidance when administering federal grant awards. OMB's annual compliance supplement provides detail to specific activities addressed by the OMB Supercircular requirements for federal award recipients. Each section provides more specific detail for federal award management, as well as policy reference to ensure Departments are aware of where full policy information may be found.

Those policies and procedures established by the Muskegon County Board of Commissioners may be found at: <http://www.co.muskegon.mi.us/boardofcommissioners/policies.htm> . When referenced in this supplemental guidance, the following policies are generally mentioned.

1. Accounts Receivables and Debt Collections Policy #2007-362
2. Code of Conduct Policy #2010-54
3. Financial Policies of Muskegon County #2010-536
4. Grant Management Policy #2011-165
5. Muskegon County Board of Commissioners Personnel Rules
6. Purchasing Policy #2003-478
7. Responsible Engineering and Constructions Contracting Policy #2007-512

As with any supplemental guidance, staff is in place to assist any Departments that may have further questions or require technical assistance. Staff in both the OGC and Accounting Office is available to assist Departments with any federal award management compliance standards established with the OMB Supercircular requirements.

Activities Allowed/Unallowed and Allowed Costs/Cost Principles

The following Board approved policies have been established to ensure federal award management compliance:

1. Purchasing Policy #2003-478
2. Financial Policy #2011-165
3. Grant Management Policy #2011-165

General implementation guidance is provided below.

1. All grant expenditures will be in compliance with OMB Super circular 2CFR 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," State law, Government policy, and the provisions of the grant award agreement will also be considered in determining allowability.
2. Grant funds will only be used for allowable expenditures considered reasonable and necessary for the administration of the grant-funded program.
3. Grant expenditures will be approved by the Department Supervisor initially through the purchase order process, and again with the bill or invoice is received. This will be evidenced by signature or initials and date on the invoice.
4. Accounts payable disbursements will not be processed for payment by the Program Coordinator until necessary approval has been obtained through electronic systems approval process.

Cash Management

The following Board approved policies have been established to ensure federal award management compliance:

1. Cash Management Policy #

General implementation guidance is provided below.

1. The County's grants are typically awarded on a reimbursement basis. As such, program costs will be expended and disbursed prior to requesting reimbursement from the grantor agency.
2. Cash draws will be initiated by the Department analyst who will determine the appropriate draw amount based on balances and transactions recorded in the general ledger. Documentation of how this amount was determined will be retained, signed and dated and included with support documentation of the journal entry that records the draw.
3. Each cash draw will be reviewed by Department Supervisor who will sign/initial and date the

paperwork as evidence of review.

4. The physical draw of cash will be recorded by the Department analyst in the County's financial management system and through any other means required by the grant agreement.
5. Supporting documentation for a copy of the cash draw paperwork will be filed along with approved paperwork described above and retained for audit trail purposes.

Davis- Bacon Act

The following Board approved policies have been established to ensure federal award management compliance:

1. Financial Policies of Muskegon County #2010-536
2. Purchasing Policy #2003-478
3. Reasonable Engineering and Constructions Contracting Policy #2004-512

To ensure compliance with the Davis-Bacon Act, the Equal Employment Opportunity Office completes random tests throughout the fiscal year.

Equipment and Real Property Management

The following Board approved policies have been established to ensure federal award management compliance:

1. Financial Polices of Muskegon County #2010-536
2. Purchasing Policy #2003-478

General implementation guidance is provided below.

1. All equipment will be used in the program for which it was acquired or, when appropriate, other Federal programs.
2. When required, purchases of equipment will be pre-approved by the grantor or pass-through agency. Program Coordinator will be responsible for ensuring that equipment purchases have

been previously approved, if required, and will retain evidence of this approval.

3. Equipment records will be maintained, a physical inventory of equipment shall be taken, and an appropriate system shall be used to safeguard equipment.
4. When equipment with a current per unit fair market value of \$5,000 or more is no longer needed for a Federal program, it may be retained or sold with the Federal agency having a right to a proportionate amount of the current fair market value.
5. Proper sales procedures shall be used that provide for competition to the extent practical and result in the highest possible return.

Matching, Level of Effort and Earmarking

Muskegon County defines “matching,” “level of effort,” and “earmarking” consistent with the definitions of the OMB Super circular 2 CFR Part 200 Compliance Supplement:

1. Matching or cost sharing includes:
 - a. Requirements to provide contributions (usually non-Federal) or a specified amount or percentage of match Federal awards.
 - b. Matching may be in the form of allowable costs incurred or in-kind contributions (including third-party in-kind contributions).
2. Level of effort includes :
 - a. a specified level of service to be provided from period to period
 - b. a specified level of expenditures from non-Federal or Federal sources for specified activities to be maintained from period to period
 - c. Federal funds to supplement and not supplant non-Federal funding of services.
3. Earmarking includes:
 - a. Departments are required to document the minimum and/or maximum amount of percentage of the program’s funding that must/may be used for specified activities, including funds provided to subrecipients.
 - b. Earmarking may also be specified in relation to the types of participants covered.

The following Board approved policies have been established to ensure federal award management compliance:

1. Grants Management Policy #2011-165
2. Financial Policies of Muskegon County #2010-536

General implementation considerations are outlined below.

1. Compliance with matching, level of effort, and earmarking requirements will be the responsibility of the Program Coordinator.
2. Adequate documentation will be maintained to support compliance with matching, level of effort, and earmarking requirements. Such information will be made available to administration, auditors, and pass-through or grantor agencies, as requested.

Period of Availability

The following Board approved policies have been established to ensure federal award management compliance:

1. Grants Management Policy #2011-165
2. Financial Policies of Muskegon County #2010-536

General implementation considerations are outlined below.

1. Costs will be charged to an award only if the obligation was incurred during the funding period (unless pre-approved by the Federal awarding agency or pass-through grantor agency).
2. All obligations will be liquidated not later than 90 days after the end of the funding period (or as specified by program requirements).
3. Compliance with period of availability requirements will initially be assigned to the individual approving the allowability of the expense/payment. This will be subject to review and

approval in the central office as part of the payment processing.

Procurement, Suspension and Debarment

The following Board approved policies have been established to ensure federal award management compliance:

3. Grants Management Policy #2011-165
4. Financial Policies of Muskegon County #2010-536
5. Purchasing Policy #2003-478

General implementation considerations are outlined below.

1. Purchasing and procurement related to Federal grants will be subject to the general policies and procedures of the County as documented and approved by the Muskegon County Board of Commissioners.
2. Contract files will document the significant history of the procurement, including the rationale for the method of procurement, selection of the contract type, contractor selection or rejection, and the basis of contract price.
3. Procurement will allow for full and open competition.
4. The County is prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.
5. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (i.e., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

6. The County will include a suspension/debarment clause in all written contracts in which the vendor/contractor will certify that it is not suspended or debarred. The contract will also contain language requiring the vendor/contractor to notify the County immediately upon becoming suspended or debarred. This will serve as adequate documentation as long as the contract remains in effect.
7. At the time a new business entity is added to the vendor database and again whenever a purchase requisition/purchase order is created, the Accounts Payable /Purchasing team checks the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) for whether the vendor is currently suspended or debarred at that time. The results are stored as an attachment to the vendor record in the vendor file. A potential match will be followed-up on immediately.
8. If a vendor were to be found to be suspended or debarred, the County would immediately cease to do business with the vendor.

Reporting

The following Board approved policies have been established to ensure federal award management compliance:

1. Grants Management Policy #2011-165
2. Financial Policies of Muskegon County #2010-536

General implementation considerations are outlined below.

1. Reports will be submitted in the required frequency and within the required deadlines.
2. Reports will be completed using the standard forms (as applicable) and method of delivery (i.e., e-mail, grantor website, postal service, etc.).
3. Regardless of the method of report delivery, a copy of the submitted report will be retained along with any documentation necessary to support the data in the report. The report will evidence the date of submission in order to document compliance with timeliness requirements.

4. Financial reports will always be prepared based on the general ledger using the required basis of accounting (i.e., cash or accrual). In cases where financial data is tracked outside of the general accounting system (such as in spreadsheets or paper ledgers), this information will be reconciled to the general ledger prior to report submission.
5. Any report with financial-related data will either be prepared or reviewed by the Program Supervisor.
6. Preparation of reports will be the responsibility of Program Coordinator. All reports (whether financial, performance, or special) must be reviewed and approved prior to submission by a knowledgeable superior, which depending on the grant awarded may be required to be an administrator or Board member. Both the preparer and reviewer will sign and date the report and retain this documentation.
7. Copies of submitted reports with preparer and reviewer signatures and data will be filed with supporting documentation and any follow-up correspondence from the grantor or pass-through agency. Copies of all such reports will be made available to administration, auditors, and pass-through or grantor agencies, as requested.

Subrecipient Monitoring

Any federal awards for which the County acts as pass-through entity for paying subrecipients will meet the following subrecipient monitoring requirements to ensure compliance with OMB Super Circular 2 CFR 200. This procedure addresses the institutional responsibilities and assists Program Coordinators and Department business personnel to ensure that subrecipients comply with applicable Federal laws and regulations and with the provisions of any sponsored award that govern the subaward agreement.

Basic Principles

Monitoring – Muskegon County Responsibilities to subrecipients:

1. Informing the subrecipient of all applicable federal laws and regulations and all appropriate flow-down provisions from the prime award;
2. Reviewing the subrecipients audit results via the Federal Audit Clearinghouse (<http://harvester.census.gov/sac>) or by other means;
3. Reviewing any corrective actions cited by subrecipients in response to their audit findings,

- where the audit findings are related to the County's subawards to the subrecipients; and,
4. Issuing a management decision on subrecipient's audit findings within three (3) months after receipt of the audit results and ensuring the subrecipient takes appropriate and timely corrective action.

General Considerations

Muskegon County Subrecipient Monitoring responsibilities are shared among the following groups:

1. **Program Coordinators** have the primary responsibility for monitoring subrecipients' progress, including subrecipient technical progress reports, and ensuring Subrecipients abide by Federal regulations, and meet programmatic objectives outlined in the prime award terms and conditions.
2. **Department Budget Analyst** is responsible for assisting Program Coordinators in their monitoring responsibilities, reviewing subrecipient invoices, identifying and following up on questionable expenditures, if necessary, and maintaining documentation of Department monitoring efforts
3. **Office of Grants Coordination (OGC)** is responsible for ensuring that the County's subrecipient monitoring policies and procedures comply with federal and other applicable regulations and that those procedures are applied consistently. OGC is responsible for conducting subrecipient risk assessments, assisting in the developing monitoring plans, and reviewing results of subrecipient audit findings, corrective action plans, and other issues brought to their attention. OGC may provide further training and guidance in interpreting regulations and subrecipient award terms and conditions.

Procedures

Program Coordinators and Budget Analysts should use the following subrecipient monitoring procedures:

Proposal Stage - When collaboration with an outside organization is under consideration during proposal development, the Program Coordinator and Budget Analyst should:

1. Review the statement of work of that collaborator in accordance with the Muskegon County

Grants Policy.

2. Obtain a budget, budget justification, and statement of work from the collaborator, and review each document in accordance with project
3. Provide OGC with a summary of the subrecipient relationship and expected program or award deliverables from all proposed subrecipient organizations prior to proposal submission.

Subaward Management - During this phase, the Program Coordinator and Budget Analyst are responsible for:

1. Submitting a copy of the Subaward Agreement to the OGC.
2. Verifying that technical progress reports are being received and that work performed by Subrecipient is acceptable and conducted in a timely manner;
3. Maintaining regular contact with the Subrecipient regarding technical aspects of the project;
4. Performing site visits as necessary to review programmatic records and activities
5. Reviewing invoices regularly and documenting their review. Such documentation may include for example: Program Coordinator initials or authorizing signature on invoices, email communications, or approval stamps;
6. Submitting any modifications to Subaward contracts, including an updated and executed agreement to the OGC.

Subaward Closeout - At the conclusion of the Subaward Agreement, the Program Coordinator and Budget Analyst are responsible for ensuring the final technical report is received, and all project objectives/goals have been met to satisfy prime award program requirements.

The Office of Grants Coordination has established a subrecipient monitoring procedure as follows:

Proposal Stage - When the collaboration with an outside organization is included in a proposal to an external sponsor, OGC should:

1. Review the statement of work to confirm nature of relationship as that of a Subaward
2. Ensure that all required materials are received from Subaward and that they comply with sponsoring agency proposal requirements.

Subaward Management - Prior to issuing a new Subaward Agreement, OGC should:

1. Retrieve audit reports from Federal Audit Clearinghouse (FAC) and conduct an initial subaward risk assessment of past audit performance.
2. Inform Subrecipient of CFDA#, DUNS, Federal Award ID Number (FAIN), total amount of parent award and award date, federal awarding agency name, award determination (*in accordance with 2 CFR Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards"*)
3. Provide 10% de minimis facilities and administrative cost rate for those subrecipient organizations without a federally negotiated facilities and administrative cost rate agreement or an indirect cost allocation plan
4. Incorporate all applicable federal, sponsor, and County terms and conditions into Subaward Agreement
5. Verify that Subaward organization and Subaward Program Coordinator are not debarred or suspended from receiving Federal funds
6. Verify Subaward cost share commitment is documented and certified by Subaward organization, as applicable
7. Review Subaward organization audit reports from FAC annually and issue management decisions in response to any audit findings within (3) month period

Subaward Closeout - After the Subaward has concluded, OGC should:

1. Verify with Muskegon County Program Coordinator that all final technical progress reports and project deliverables have been received
2. Collect all required closeout materials from subrecipient
3. Obtain from Subrecipient a final certification of project effort [*in accordance with 2 CFR 200*]
4. Issue final modification, if applicable, to de-obligate any outstanding balance on the Subaward Agreement.