



**POLICIES AND PROCEDURES
FOR
FEDERAL AWARDS ADMINISTRATION**

April, 2024

Overview

Purpose - This manual has been prepared to document the policies and procedures for the administration of federal awards by the City of Gladstone, Michigan (the "City"). These policies and procedures are intended to be sufficiently comprehensive to adequately meet the requirements of 2 CFR 200 (the "Uniform Guidance"). However, in no case are these policies and procedures intended to supersede or limit federal or state laws or regulations, or the provisions of individual grant agreements.

Hierarchy of Authority - In the event that conflicting guidance on the administration of Federal awards is available, the City has deemed guidance from the Office of Management and Budget (OMB) to be most authoritative, followed by guidance from the grantor agency and finally the state and local agencies.

Revisions - Guidance provided by the Federal government through the OMB Compliance Supplement is expected to be updated each year. Such updates are considered by the City as they become available and policies and procedures will be revised accordingly.

The City Manager and designated representatives are authorized and required to establish and document operating procedures to ensure compliance with the provisions of federal and state regulations and the provisions of grant agreements. Such procedures are documented herein, and will be reviewed and updated as necessary.

Training - Accounting and finance personnel, and program administrators of Federal awards will be provided the necessary training through various mechanisms, such as: (1) consulting with the City's auditors as needed for clarification, (2) participating in various training opportunities, such as those offered by appropriate professional organizations, (3) reading guidance issued by the grantor agency, (4) participating in program related webinars.

Compliance Failures - Compliance failures, whether noted internally by management or through the external audit process, will be addressed immediately by reviewing the reason for the failure with responsible personnel and devising an improved process to encourage compliance in the future.

General Accounting and Financial Management

It is the policy of the City of Gladstone, Michigan (the “City”) to comply with all statutory, regulatory, and contractual requirements in the conduct of and accounting for its financial operations. The official books of record for the City will be maintained subject to the following provisions:

Commission Policies. The following policies have been separately reviewed and approved by the Commission, and are incorporated here by reference:

- City of Gladstone Internal Control and Accounting Procedures Policy

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Commission policies listed above:

1. The City will account for its operations in accordance with the Generally Accepted Accounting Principles (GAAP) applicable to local units of government.
2. The City will comply with the provisions of 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”).
3. The City will comply with all contractual requirements detailed in its duly executed grant agreements with awarding agencies.
4. The Commission will contract annually with an independent CPA firm for the purposes of conducting the City’s external financial audit. To the extent that the City has expended federal awards in excess of \$750,000, the City will have a single audit performed in accordance with 2 CFR 200.
5. The City Clerk shall maintain a book of official policies adopted by the Commission, in addition to this Policies and Procedures Manual.
6. The City shall be responsible for the maintenance of all accounting and financial records (including journals, timesheets, bank statements, audit reports, and similar documents). Such records shall be retained as required by contractual or regulatory requirements as described in the section of this manual titled “Records Retention”.

Purchasing and Procurement

It is the policy of the City of Gladstone, Michigan (the “City”) to ensure that all disbursements of City funds are properly reviewed and authorized, and consistent with sound financial management principles. In order to meet these objectives, all disbursements of City funds shall be subject to the following provisions:

Commission Policies. The following policies have been separately reviewed and approved by the Commission, and are incorporated here by reference:

- City of Gladstone Purchasing Policies & Procedures
- City of Gladstone Personnel Manual
- City of Gladstone Credit Card Policy

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Commission policies listed above:

1. Purchases made with federal funds will be made using one of the five allowable methods specified by the Uniform Guidance. Where such regulations differ from the general City policy, the more restrictive of the requirements shall apply.
 - *Micro-purchases* - Purchases of services and supplies with an aggregate cost of \$3,000 or less (or \$2,000 in the case of acquisitions for construction subject to the Davis- Bacon Act). Bids or quotations are not required, though the City will attempt to make the purchase in the most economical fashion possible.
 - *Small purchases* - Purchases of services or supplies with an aggregate cost of \$150,000 or less. Quotations must be obtained from an adequate number of qualified sources.
 - *Sealed bids* - Vendors are invited to bid based on detailed specifications.
 - *Competitive proposals* - Vendors are invited to submit a proposal based on detailed specifications. Unlike the sealed bid method, competitive proposals typically involve technical or professional services where the qualifications, experience, reputation, and other factors are considered in awarding the contract.
 - *Non-competitive proposals* - These purchases must be for an emergency, pre-approved by the grantor agency, or because the item is only available from a single source. This type of procurement should occur infrequently and be clearly documented. A Sole Source Vendor Justification Form has been drafted in the appendix of this manual.

Purchasing and Procurement - Continued

2. Invoices will be received by the City. The Department responsible for the purchase will submit the invoice to the City Office Clerk for entry into the City's payment software. At this time, the expenditure is considered for allowability under grant agreements (see "Allowable Costs/Cost Principles" in the single audit section of this manual).
3. Appropriate general ledger expense accounts will be noted on the approved invoices by the Department Head or City Treasurer.
4. When an employee incurs work-related expenses to be reimbursed by the City, the following requirements apply:
 - a. The employee reimbursement request form will be submitted to the Department Head/City Treasurer for approval. Once approved by the Department Head/City Treasurer, the reimbursement request form will then be submitted to the City Office Clerk along with all supporting receipts for processing of payment.
 - b. Receipts will be attached to the reimbursement request form for all expenses. If a receipt is not available, a reimbursement may not be made.
 - c. An employee will not be reimbursed for any expense that is disallowed by Federal cost principles.
 - d. Mileage will be reimbursed by the City at the standard IRS rate.
 - e. An employee making a disbursement using personal funds on behalf of the City may be subject to State sales tax, while payments made by the City directly are exempt from such tax due to its status as a local unit of government. As such, an employee will only incur a work-related expense with personal funds to the extent that it is not practical or reasonable for the purchase to be made directly by the City. This type of procurement should occur infrequently and be clearly documented.

Cash Receipts

In order to safeguard the funds of the City, cash receipts will be deposited promptly and in-tact.

Policies and Procedures. The following policies and procedures will be applied:

1. Cash and check collections at the City departments:
 - a. Cash and checks collected by the departments must issue receipts for all amounts received.
 - b. An individual from the department shall bring support, along with a receipt report to the Utility Billing Clerk/Cashier for deposit.
 - c. The receipt report is sent to the Utility Billing Clerk/Cashier office along with the related cash/checks. The Utility Billing Clerk/Cashier office ensure that the amounts agree and include the cash in the daily deposit. The Utility Billing Clerk/Cashier then compares the deposit slip to the accounting software report and post the transaction to the appropriate accounts. Postings are then independently reviewed as indicated by signature or initials on the posting report.
2. Electronic Funds Transfers / Credit Cards are processed, reconciled and reviewed by the Treasurer's Office. Departments can also receive credit card payments.
3. Wire transfers and ACH/EFT payments received for Federal and State grant funds will be recorded by the Treasurer's Office. The entries will be signed/initialed and dated by the preparer, and independently reviewed and approved.

Payroll and Timekeeping

The following provisions apply to the payment of employees and recording of time and effort (as required) in accordance with Federal Cost Principles.

Board Policies. The following policies have been separately reviewed and approved by the Board, and are incorporated here by reference:

- City of Gladstone Personnel Manual

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. All employees shall submit a timesheet for each pay period, with the following information:
 - a. The total number of hours actually worked each day
 - b. The use of any holiday, personal, vacation, sick, or other approved time off with pay
 - c. The total number of hours to be paid
 - d. The dated signature (or time stamped via accounting software) of the employee and the Department Head.
 - e. Submitted to Payroll for payment processing

In the event that an after-the-fact correction is necessary to an employee's timesheet due to errors in the allocation of time worked, such corrections must be submitted to Payroll by the Department Head in writing by both the employee and their Department Head.

2. Department Head time sheets must be reviewed by the City Manager's Office.
3. Timesheets are entered into the electronic payroll system. A Payroll report is generated by the Utility Billing Clerk/Cashier to support the number of hours worked for the pay period. This report is compared to the timesheets prior to processing and releasing the EFT.
4. Pay rates are established at the time of hire and updated as needed by the union or employee contracts.

Bank Reconciliations

The following procedures will apply to the reconciliation of bank accounts:

1. Bank reconciliations will be performed monthly for each bank account.
2. Bank reconciliations will be completed within 6 weeks of the month-end.
3. Bank reconciliations for all accounts will be prepared by the Treasurer's Office and subject to a signed, independent review and approval.

Journal Entries and Non-Routine Transactions

The city will occasionally need to record a general journal entry. Such transactions may relate to Federal awards. The following policies and procedures apply to all general journal entries:

1. General journal entries will be an allowable transaction type for recording: corrections and adjustments, accruals and reversing entries, EFT payments, ACH transfers to the extent that the entries can be reasonably supported.
2. All general journal entries will be filed sequentially and with adequate supporting documentation.
3. Each general journal entry will be signed/initialed and dated by the preparer.
4. All entries should be subject to review and approval by the Treasurer, who will also sign/initial as evidence of the control.

Capital Assets

The following provisions will govern the purchasing, accounting, and inventory of capital assets:

Board Policies. The following policies have been separately reviewed and approved by the Commission, and are incorporated here by reference:

- City of Gladstone Purchasing Policies & Procedures

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Procurement of capital assets will be governed by the City of Gladstone Purchasing Policies & Procedures.
2. Donated capital assets will be recorded at estimated fair value at the date of donation.
3. All capital assets will be depreciated using the straight-line method over estimated useful lives.
4. Capital asset records will be maintained by the Treasurer's office and updated at least annually at year-end for audit purposes.
5. To the extent that capital assets are purchased with Federal funds, such items will be flagged as "Federally-funded" in the financial accounting records in order to ensure the appropriate use of proceeds on sale (if applicable) in accordance with Federal guidelines.
6. A complete physical inventory of capital assets will be completed no less than once every two years. As part of this process:
 - a. Capital assets will be physically inventoried and compared to the records used for financial accounting purposes. Inconsistencies will be investigated and resolved and the financial accounting records will be adjusted accordingly.
 - b. A detailed listing of capital assets from the financial accounting records will be provided to building principals and other department heads for input on accuracy, completeness, and existence of assets. Inconsistencies will be investigated and resolved and the financial accounting records will be adjusted accordingly.
 - c. Remaining useful lives of capital assets will be reviewed for reasonableness and adjusted when considered necessary and appropriate.

Capital Assets - Continued

7. Other policies and procedures related to compliance with the provisions of the OMB Compliance Supplement are included within this manual in the section titled "Equipment and Real Property Management".

Long-Term Debt

The following provisions will govern the issuance of long-term debt (including, but not limited to: bonds and notes payable, capital assets, installment purchase agreements, and compensated absence):

Board Policies. The following policies have been separately reviewed and approved by the Board, and are incorporated here by reference:

- City of Gladstone Purchasing Policies & Procedures
- City of Gladstone Personnel Manual
- Collective Bargaining Agreements

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Compensated absences payable for earned but unused sick and vacation time, as provided for in bargaining agreements, will be recorded as a liability. Such accruals will be limited to the maximum payout based on these policies. A certain amount will be designated as current each year, based on management's estimate.

Grant Administration

1. Grant Development, Application, and Approval -

- a. Legislative Approval - The point at which legislative approval is required is determined by the requirements of the grant program. If the grant must be submitted by “an individual authorized by the legislative body”, then Board approval is required prior to submitting the application.
- b. Matching Funds - Grants that require state or local match must be coordinated through the County Administrator’s Office. At a minimum, funds must be identified within the existing budget to provide the match, or a budget amendment will be required. Depending on the nature of the grant, level of service provided once grant funds are depleted will be approved by the City Commission.

Refer to the section within this manual titled “Matching, Level of Effort, and Earmarking” for additional information on compliance with the provisions of the OMB Compliance Supplement.

- c. Grant Budgets - Most grants require the submission of an expenditure budget. The approved grant budget should be provided to the City Treasurer’s Office for input into the financial account system.

2. Grant Program Implementation -

- a. Notification and Acceptance of an Award - Official notification of a grant award is typically sent by a funding agency to the program director and/or other official designated in the original grant proposal. However, the authorization to actually spend grant funds is derived from the City Commission through the approval of a grant budget, unless the resolution authorizing the grant application authorizes the City Treasurer to amend the budget upon notification of the grant award.

Adoption of the grant budget as a component of the City-wide operating budget is deemed to be sufficient approval.

- b. Establishment of Accounts - When a new grant award is received, the program director will provide the City Treasurer’s Office with information needed to establish revenue and expense accounts for the project. Ordinarily, this information will include a copy of a summary of the project and a copy of the full project budget.

Grant Administration - Continued

- c. Purchasing Guidelines - All other City purchasing guidelines apply to the expenditure of grant funds. The use of grant funds does not exempt any purchase from normal purchasing requirements. All typical paperwork and bidding requirements apply. All normal approvals apply.

3. Financial and Budgetary Compliance -

- a. Monitoring Grant Funds - Individuals may use some internal mechanism (such as a spreadsheet) to monitor grant revenues, expenditures and budgetary compliance. This information is also maintained in the general ledger (the City's accounting system), and this is considered to be the City's "official" accounting system by the granting agencies.
 - b. Fiscal Years - Occasionally, the fiscal year for the granting agency will not coincide with the City's fiscal year. This may require adjustments to the City's internal budget accounts and interim financial reports as well as special handling during fiscal year-end close. It is the responsibility of the program director to bring such discrepancies to the attention of the City Treasurer's Office at the time the grant accounts are established.
 - c. Grant Budgets - When the general ledger accounting structure for a grant is designed, it will include the budget that was prepared when the grant application was submitted. The terms of each specific grant will dictate whether any budget transfers between budgeted line items will be permitted. In no case will the City be authorized to exceed the total budget authority provided by the grant.
4. Other Guidelines - Specific information on policies and procedures related to compliance with the provisions of the OMB Compliance Supplement have been addressed later in this manual and should be considered along with the information in this section.

Year-End Closing and Reporting

The following provisions will govern the year-end close-out process of the City for purposes of external financial reporting:

1. Accruals will be recorded as needed to ensure that revenues and expenditures are reported in the appropriate accounting period:
 - a. Accounts Payable Disbursements - Invoices for goods or services received during the previous fiscal year will be recorded as expense/accounts payable as of March 31. Such determinations will be made by the City Treasurer.
 - b. Payroll-Related Accruals - Costs of hourly personnel paid after Fiscal Year End for services performed during the previous year will be recorded as expenditures/salaries payable at Fiscal Year End. The amount will be based on hours worked during the fiscal year multiplied by the employee's hourly rate. Additional consideration will be made for FICA taxes, retirement benefits, health insurance, and related employee benefits.

Payroll accruals will be prepared and documented by City Treasurer.
 - c. Prepays - Payments made prior to year-end that cover goods or services to be received in a future period will be recorded as prepaid items as of March 31.
 - d. Inventory - Inventory will be counted as close as possible to Fiscal Year End. Amounts will be valued at current cost and provided to the City Treasurer for review and adjustment in the general ledger.
 - e. Receivables - General - Cash received after year-end for which a good or service was provided during the previous fiscal year will be recorded as revenue/accounts receivable. All such adjustments will be supported by appropriate documentation, such as remittance advices or dated subledgers.
 - f. Receivables - Grant - After all year-end expense accruals have been recorded, an entry will be recorded for the difference between grant expenditures and related grant receipts as of Fiscal Year End as revenue/grants receivable. Grant receivables will only be recorded to the extent that sufficient amounts remain in the grant award.

Year-End Closing and Reporting - Continued

7. The preparation of the year-end financial statements in accordance with GAAP will be outsourced to the independent external auditors, based on the City's trial balance. The draft financial statements provided by the auditors will be reviewed in detail by the City Treasurer's Office along with any audit-proposed journal entries, to ensure that the audited financial statements agree to the City's books and records.

Refer to the policy on "audits" within this manual for further information on audit requirements and related City policies.

8. To the extent that the City is required to have a single audit completed in accordance with 2 CFR 200, the City will accumulate the information necessary to prepare a schedule of expenditures of federal awards (SEFA or the "schedule") in accordance with Federal and State requirements. This schedule will be characterized as follows:
 - a. The schedule will include all federal financial assistance, including: grants, contracts, property, loans, loan guarantees, interest subsidies, cooperative agreements, insurance, or direct appropriations. Amounts will be reported whether received directly from the Federal government or through a pass-through agency (given that the City is determined to be a subrecipient and not a vendor).
 - b. Non-cash assistance will be identified as such in the schedule.
 - c. The schedule will be prepared on the same basis of accounting as the related financial statements.
 - d. Federal awards will be grouped based on Federal awarding agency. Each Federal award with current expenditures will be listed along with its CFDA number, pass-through grantor name (if applicable) and award/pass-through grantor number (if applicable). Such information will agree to the award documentation.
 - e. If the CFDA number of a Federal award cannot be reasonably determined, it shall be reported in the schedule using the two-digit prefix for the related Federal agency, followed by "UNKNOWN".
 - f. To the extent that amounts are passed-through to subrecipients, such amounts will be identified on the face of the Schedule by award number.
 - g. To the extent that a separate line item is included in the financial statements for Federal revenue, this amount shall agree to expenditures in the schedule. Any reconciling items will be disclosed in the footnotes to the schedule.

Year-End Closing and Reporting - Continued

- h. The footnotes to the schedule will disclose the significant accounting policies used in preparing the schedule.
- i. The footnotes to the schedule will disclose the method of charging indirect costs to federal awards (if applicable).

Annual Audit

Every Michigan government must have a financial statement audit completed each year by a certified public accounting firm.

Board Policies. The following policies have been separately reviewed and approved by the Commission, and are incorporated here by reference:

- None

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Commission policies listed above:

1. The City will have a financial statement audit completed annually as of its fiscal year ended March 31.
2. An adequate written agreement (the “engagement letter”) will be signed by the City and its independent auditors. It will contain information on: period to be audited, support to be provided, reporting requirements, fees, time requirements, contractual information, and a statement that the engagement is intended to meet governmental oversight agencies’ requirements (2 CFR 200, GAAS and GAS). A copy of the engagement letter will be provided each year to the Commission.
3. The City Treasurer’s Office shall be responsible for overseeing the process of preparing for the annual audit. In order to minimize errors in this process, all audit schedules and workpapers should be reviewed by an individual other than the preparer.
4. To the extent that expenditures of federal awards equal or exceed \$750,000, the City will also have a single audit completed in accordance 2 CFR 200. Refer to the section of this manual titled “Year-end Closing and Reporting” for information on the schedule of expenditures of federal awards.
5. The audit will be submitted electronically to the Michigan Department of Treasury on or before the statutory deadline. The electronic submission will be performed by the City’s independent auditors.
6. If a single audit is conducted, the data collection form and reporting package will be submitted electronically to the Federal Audit Clearinghouse as a joint effort between the City and its independent auditors.

General Information

Source of Information - Each year the Federal government (Office of Management and Budget) issues a comprehensive document on the compliance requirements each grant recipient is obligated to follow in general terms, along with program-specific guidance on various grant awards. Each of the compliance requirements are considered individually in this manual.

The following pages document the policies and procedures of the City related to compliance with such procedures, as applicable. In each year that the City is subject to a single audit, applicable compliance requirements are expected to be tested in detail by the City's independent auditors.

Objectives - The objectives of most compliance requirements are generic in nature. While the criteria for each program may vary, the main objective of the compliance requirement is relatively consistent across all programs. As such, the policies and procedures of the City have been based on the generic sense of the compliance requirement. For selected compliance requirements, this manual addresses the specific regulations applicable to individual grants. This is not intended to imply that a program is not subject to such policies if it is not specifically mentioned here. It is the intention of the City that all Federal awards are subject to the following policies and procedures.

Controls over Compliance - In addition to creating policies and procedures over compliance with provisions of Federal awards, the City has implemented internal controls over such compliance, generally in the form over administrative oversight and/or independent review and approval. In order to document these control activities, all independent reviews are signed/initialed and dated.

Documentation - The City will maintain adequate documentation to support both the compliance with applicable requirements as well as internal controls over such compliance. This documentation will be provided to the City's independent auditors and/or pass-through grantor agencies, as requested, during the single audit and program audits.

Board Policies. The following policies have been separately reviewed and approved by the Commission, and are incorporated here by reference:

- None

Source of Governing Requirements - The requirements for activities allowed or unallowed are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Activities Allowed/Unallowed and Allowable Costs/Cost Principles

The requirements for allowable costs/cost principles are contained in 2 CFR 200, subpart E, program legislation, Federal awarding agency regulations, and the terms and conditions of the award. The requirements for the development and submission of indirect (facilities and administration (F&A)) cost rate proposals and cost allocation plans (CAPs) are contained in 2 CFR part 200 Appendix X.

In order to ensure compliance with these requirements, the City of Gladstone, Michigan has implemented the following policies and procedures:

1. All grant expenditures will be in compliance with the Uniform Guidance. State law, City policy, and the provisions of the grant award agreement will also be considered in determining allowability. Grant funds will only be used for expenditures that considered reasonable and necessary for the administration of the program.
2. Grant expenditures will be approved by a Department Head initially through the purchase order process, and again when the bill or invoice is received. This will be evidenced by signature or initials and date on the invoice. Accounts payable disbursements will not be processed for payment by the Office Clerk until necessary approval has been obtained.
3. Payroll costs will be documented in accordance with the Uniform Guidance as described in the section of this manual titled "Payroll and Timekeeping".
4. The City will be permitted to charge indirect costs to federal grants at either (1) the federally negotiated indirect cost rate (if one exists) or (2) the de minimis rate of 10 percent. The selected rate will be applied to Modified Total Direct Costs (MTDC).

Cash Management

Source of Governing Requirements - The requirements for cash management are contained in 2 CFR 200.305, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

In order to ensure compliance with these requirements, the City of Gladstone, Michigan has implemented the following policies and procedures:

1. Currently, all of the City's grants are awarded on a reimbursement basis. As such, program costs will be expended and disbursed prior to requesting reimbursement from the grantor agency. The City will continue to monitor new grant agreements, and will follow the method of cash management (e.g., reimbursement basis, advances, etc.) as prescribed within the grant agreement.
2. Cash draws will be initiated by the City Treasurer's Office, who will determine the appropriate draw amount. Documentation of how this amount was determined will be retained and signed/dated.
3. Each cash draw will be reviewed by Treasurer's Office who will sign/initial and date the paperwork as evidence of the review.
4. The physical draw of cash will be processed through the means prescribed by the grant agreement for other awards by the Office Clerk's and monitored by the City Treasurer's Office.
5. A copy of the cash draw will be filed along with the approved paperwork described above and retained for audit purposes.

Eligibility

Source of Governing Requirements - The requirements for eligibility are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Grant administrators are aware of existence of such compliance requirements and will monitor grant agreements for any change in applicability. Formal policies and procedures will be developed, as needed, to meet changes in circumstances.

Equipment and Real Property Management

Source of Governing Requirements - The requirements for equipment and real property are contained in 2 CFR section 200.313 (equipment), 2 CFR section 200.311 (real property), 48 CFR section 52.245-1 (equipment and real property), program legislation, Federal awarding agency regulations, and the terms and conditions of the Federal award.

Board Policies. The following policies have been separately reviewed and approved by the Commission, and are incorporated here by reference:

- City of Gladstone Purchasing Policies & Procedures

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Commission policies listed above:

In order to ensure compliance with these requirements, the City of Gladstone, Michigan has implemented the following policies and procedures:

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. The County Administrator's Office 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, as described in the section of this manual titled "Capital Assets".

Matching, Level of Effort, and Earmarking

Source of Governing Requirements - The requirements for matching are contained in 2 CFR section 200.306, program legislation, Federal awarding agency regulations, and the terms and conditions of the award. The requirements for level of effort and earmarking are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

City of Gladstone, Michigan defines “matching”, “level of effort”, and “earmarking” consistent with the definitions of the OMB Compliance Supplement:

Matching or cost sharing includes requirements to provide contributions (usually non-Federal) of a specified amount or percentage to match Federal awards. Matching may be in the form of allowable costs incurred or in-kind contributions (including third-party in-kind contributions).

Level of effort includes requirements for (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, and (c) Federal funds to supplement and not supplant non-Federal funding of services.

Earmarking includes requirements that specify the minimum and/or maximum amount or percentage of the program’s funding that must/may be used for specified activities, including funds provided to subrecipients. Earmarking may also be specified in relation to the types of participants covered.

In order to ensure compliance with these requirements, the City of Gladstone, Michigan has implemented the following policies and procedures:

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

Period of Performance

Source of Governing Requirements - The requirements for the period of performance are contained in 2 CFR section 200.71 (definition of “obligations”), 2 CFR section 200.77 (definition of “period of performance”), 2 CFR section 200.309 (period of performance), 2 CFR section 200.343 (closeout), program legislation, Federal awarding agency regulations; and the terms and conditions of the award.

In order to ensure compliance with these requirements, the City of Gladstone, Michigan has implemented the following policies and procedures:

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 legislation).
3. Compliance with period of performance requirements will initially be assigned to the individual approving the allowability of the expense/payment. This will be subject to review and approval as part of payment processing.

Procurement, Suspension and Debarment

Source of Governing Requirements - The requirements that apply to procurement under grants and cooperative agreements are contained in 2 CFR sections 200.317 through 200.326, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

The requirements for non-procurement suspension and debarment are contained in OMB guidance in 2 CFR part 180, which implements Executive Orders 12549 and 12689, "Debarment and Suspension;" Federal awarding agency regulations in Title 2 of the CFR adopting/implementing the OMB guidance in 2 CFR part 180; program legislation; and the terms and conditions of the award.

Board Policies. The following policies have been separately reviewed and approved by the Commission, and are incorporated here by reference:

- City of Gladstone Purchasing Policies & Procedures
- City of Gladstone Personnel Manual

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Commission policies listed above:

1. Purchasing and procurement related to Federal grants will be subject to the general policies and procedures of the County (described in the section of this manual titled "Purchasing and Procurement").
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 provide for full and open competition.
4. The City 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.

Procurement, Suspension and Debarment - Continued

“Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (i.e., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. All non-procurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

5. The City 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 City immediately upon becoming suspended or debarred. This will serve as adequate documentation as long as the contract remains in effect.
6. When a vendor/contractor is expected to be paid federal funds of \$25,000 or more in a given fiscal year and a written contract does not apply, the Department Head will be responsible for conducting a search of the entity name on the federal excluded parties’ databases at www.sam.gov and provide to the City Treasurer’s Office. A screen shot will be printed for the procurement file as evidence of this process.
7. As an alternative to the procedures above, the City may request that the vendor/contractor sign a certification regarding suspension and debarment. The certification will be deemed to remain in effect unless notified otherwise by the vendor/contractor. A sample suspension/debarment certification form is included in the appendix to this manual.
8. If a vendor is found to be suspended or debarred, the City will immediately cease to do business with this vendor.
9. Executed contracts, suspension/debarment certificates and procurement files will be retained and filed by the City Treasurer’s Office.

Program Income

Source of Governing Requirements - The requirements that apply to program income are contained in 2 CFR section 200.80 (definition of “program income”), 2 CFR section 200.307 (program income), program legislation, Federal awarding agency regulations, and the terms and conditions of the Federal award.

In order to ensure compliance with these requirements, the City of Gladstone, Michigan has implemented the following policies and procedures:

1. Program income will include (but will not be limited to): income from fees for services performed, the use or rental of real or personal property acquired with grant funds, the sale of commodities or items fabricated under a grant agreement, and payments of principal and interest on loans made with grant funds. It will not include interest on grant funds unless otherwise provided in the Federal awarding agency regulations or terms and conditions of the award.
2. City of Gladstone, Michigan will allow program income to be used in one of three methods:
 - a. Deducted from outlays
 - b. Added to the project budget
 - c. Used to meet matching requirements

Absent specific guidance in the Federal awarding agency regulations or the terms and conditions of the award, program income shall be deducted from program outlays.

3. Program income, when applicable, will be accounted for as a revenue source in the same program code as the Federal grant.

Reporting

Source of Governing Requirements - Reporting requirements are contained in the following documents: Financial reporting, 2 CFR section 200.327; Monitoring and reporting program performance, 2 CFR section 200.328; Program legislation; Federal awarding agency regulations; and the terms and conditions of the award.

In order to ensure compliance with these requirements, the City of Gladstone, Michigan has implemented the following policies and procedures:

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. Preparation of financial reports will be the responsibility of the Department Head or the City Treasurer's office.
6. All reports (whether financial, performance, or special) must be reviewed and approved by the City Treasurer. Both the preparer and reviewer will sign and date the report and retain this documentation.
7. Copies of submitted reports 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 entity administration, auditors, and pass-through or grantor agencies, as requested.

Subrecipient Monitoring

Source of Governing Requirements - The requirements for subrecipient monitoring for the subaward are contained in 31 USC 7502(f) (2) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), 2 CFR sections 200.330, .331, and .501(h); Federal awarding agency regulations; and the terms and conditions of the award.

This requirement has not historically been applicable to any of the Federal grants of the City of Gladstone, Michigan. Grant administrators are aware of existence of such compliance requirements and will monitor grant agreements for any change in applicability. Formal policies and procedures will be developed, as needed, to meet changes in circumstances.

Special Tests and Provisions

Source of Governing Requirements - The laws, regulations, and the provisions of contract or grant agreements pertaining to the program

Board Policies. The following policies have been separately reviewed and approved by the Commission, and are incorporated here by reference:

- None

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Commission policies listed above:

1. The Department Head or City Treasurer's Office will be assigned the responsibility for identifying compliance requirements for special tests and provisions, determining approved methods for compliance, and retaining any necessary documentation.
2. Davis-Bacon Act:
 - a. The Department Head is responsible for identifying when Davis-Bacon Act requirements apply to a grant.
 - b. When requesting bids or proposal for such projects, the RFP/solicitation for bid will clearly state the applicability of the Davis-Bacon Act.
 - c. The Department Head will be responsible for obtaining weekly certified payrolls from vendors and subcontractors.
 - d. The Department Head, at their discretion, will be permitted to conduct surprise interviews of employees of contractors and subcontractors at job sites in order to verify the accuracy of data submitted in the certified payrolls.

City of Gladstone, Michigan
Policies and Procedures for Federal Awards Administration
Conflict of Interest

Transactions involved Federal awards are subject to all conflict-of-interest policies, as applicable:

Commission Policies. The following policies have been separately reviewed and approved by the Commission, and are incorporated here by reference:

- City of Gladstone Purchasing Policies and Procedures
- City of Gladstone Personnel Manual

City of Gladstone, Michigan
Policies and Procedures for Federal Awards Administration
Records Retention

The majority of the City's financial records are maintained by City Treasurer's Office. Records are maintained in accordance with the City and State "Retention and Disposal Schedule".

City of Gladstone, Michigan
Policies and Procedures for Federal Awards Administration
Appendix

Appendix A - Certification Regarding Suspension/Debarment Appendix B - Sole Source Vendor
Justification Form Appendix C - Receipt Exception Form

Certification Regarding Suspension and Debarment

By signing below, I agree that my company/organization of any of its principals, personnel, division or affiliates presently or in the past have not been debarred or suspended from entering into contracts with any federal, state or local governmental entity.

The company/organization has not been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under public transaction; violation of Federal or State anti-trust statutes, or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.

The company/organization is not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State or local).

The company/organization has not had one or more public transactions (Federal, State or local) terminated for cause or default.

The certifications made in this statement are deemed to be valid as long as the company/organization continues to conduct business transactions with the City of Gladstone, Michigan unless notification is made in writing to the City. The company/organization will notify the City immediately if any of the certifications made in this statement become invalid.

Company/Organization Name: _____

Certification Made by (Name and Title): _____

Date: _____

Sole Source Vendor Justification Form

It is the policy of the City of Gladstone, Michigan to provide for full and open competition in the procurement of goods and services. In certain situations, a purchase may only be available from a single source. In such instances, this Sole Source Vendor Justification Form is prepared in order to document the facts and circumstances and support the exception to the City's standard purchasing and procurement policies.

Date: _____

Vendor/Contractor: _____

Description of Purchase: _____

Reason for Sole Source Purchase:

- The product/service meeting the City's specifications is only available from one source.
- The purchase is for additional quantities of an item already used by the City
- The product or service is specifically required under provisions of a contract or grant agreement (describe in detail): _____

- Other (describe in detail): _____

Name of Individual Completing Form: _____ Date: _____

Name of Individual Approving Sole Source and Authorizing Purchase: _____ Date: _____

Employee Expense Report Receipt Exception Form

It is the policy of the City of Gladstone, Michigan (the "City") to require employees to submit receipts for all expenses (excluding mileage and meals) being claimed for reimbursement. If an employee is unable to provide a receipt for a claimed reimbursement, the following form should be attached to the expense report in lieu of the receipt.

Employee Name: _____

Amount Claimed for Reimbursement
Without Receipt: _____

Reason for not Providing Receipt: _____

My signature certifies that I have incurred the expense reported above using personal funds as part of my job duties at the City.

Employee Signature: _____

Date: _____

Supervisory Approval: _____

Date: _____