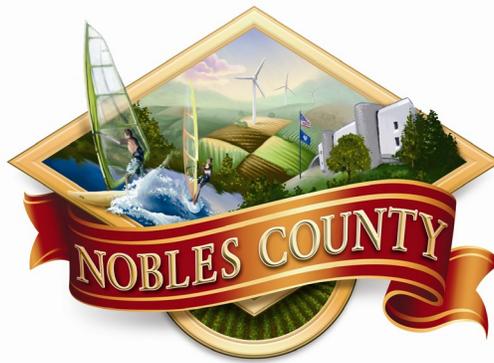


Board of Commissioners

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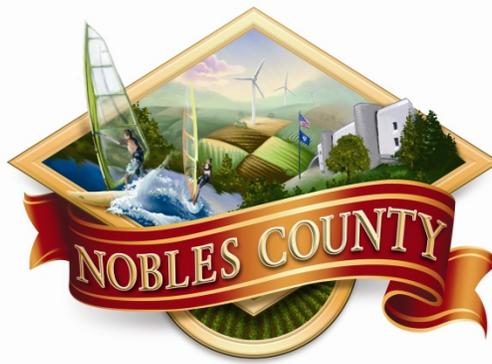
“In cooperation with our citizens, we improve the quality of life for individuals, families and communities by fostering a healthy economy and environment.”

“Looking Forward with Purpose”

**COUNTY BOARD REGULAR BOARD MEETING
PROPOSED ADDENDUM
TUESDAY, DECEMBER 21, 2021, 9:00 A.M.
NOBLES COUNTY BOARD ROOM**

7.4 (D) Finance – Policy Updates

1. Budget a Programs Revisions Policy
2. Charging of Costs Policy
3. Cost Sharing and Matching Policy
4. Equipment Standards Policy
5. Grant Award and Closeout Policy
6. Monitoring and Reporting Policy
7. Procurement Standards Policy
8. Subrecipient Policy



“In cooperation with our citizens, we improve the quality of life for individuals, families and communities by fostering a healthy economy and environment.”

“Looking forward with purpose.”

COMMISSIONER BRIEFING

Policy Updates

Finance Department

Amy Dykstra, Finance Director

Time needed 5 minutes

Issue:

We have a number of financial policies that need to be updated for the upcoming Single Audit.

Discussion:

Policies to be updated include:

- Budget a Programs Revisions Policy
- Charging of Costs Policy
- Cost Sharing and Matching Policy
- Equipment Standards Policy
- Grant Award and Closeout Policy
- Monitoring and Reporting Policy
- Procurement Standards Policy
- Subrecipient Policy

Options:

- Approve the policy updates.
- Do not approve the policy updates.

Recommendation:

- Approve policy updates.

Attachment:

- Copies of policies

Budget and Program Revisions Policy

In accordance with 2 CFR Part §200.308, it is the policy of Nobles County to report deviations from budget or project scope or objective. It is also the policy of Nobles County to request prior approval from Federal awarding agencies for any of the following program or budget revisions:

1. Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).
2. Change in a key person specified in the application or the Federal award.
3. The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.
4. The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with Subpart E—Cost Principles.
5. The transfer of funds budgeted for participant support costs to other categories of expense.
6. Unless described in the application and funded in the approved Federal awards, the subawarding, transferring or contracting out of any work under a Federal award. This does not apply to the acquisition of supplies, material, equipment or general support services.
7. Changes in the amount of approved cost-sharing or matching provided by Nobles County. No other prior approval requirements for specific items may be imposed unless a deviation has been approved by OMB.
8. For construction Federal awards, prior written approval will be requested promptly from the Federal awarding agency for budget revisions whenever:
 - a. The revision results from changes in the scope or the objective of the project or program.
 - b. The need arises for additional Federal funds to complete the project.
 - c. A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with applicable OMB cost principles listed in Subpart E—Cost Principles.

Charging of Costs to Federal Awards

Overview

It is the policy of Nobles County that only costs that are reasonable, allowable and allocable to a Federal award shall be charged to that award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to Federal awards.

Segregating Unallowable From Allowable Costs

The following steps shall be taken to identify and segregate costs that are allowable and unallowable with respect to each federal award:

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.
2. Accounting personnel shall be familiar with the allowability of costs provisions of 2 CFR Part 200 Subpart E—Cost Principles particularly:
 - a. The list of specifically unallowable costs, such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
 - b. Those costs requiring advance approval from Federal agencies in order to be allowable in accordance with §200.407 Prior written approval.
3. No costs shall be charged directly to any Federal award until the cost has been determined to be allowable under the terms of the award and/or 2 CFR Part 200 Subpart E—Cost Principles.
4. For each Federal award, an appropriate set of general ledger accounts shall be established in the chart of accounts of Nobles County to reflect the categories of allowable costs identified in the award or the award budget.
5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a Federal award or to activity associated with a Federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e. if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit.)

Criteria for Allowability

It is the policy of Nobles County that all costs must meet the following criteria in order to be treated as allowable direct or indirect costs under a Federal award:

1. The cost must be "reasonable" for the performance of the award, considering the following factors:
 - a. Whether the cost is of a type that is generally considered as being necessary for the operation of the organization or the performance of the award;
 - b. Restraints imposed by such factors as generally accepted sound business practices, arm's length bargaining, Federal and state laws and regulations, and the terms and conditions of the award;
 - c. Whether the individuals concerned acted with prudence in the circumstances;
 - d. Consistency with established policies and procedures of the Organization, deviations from which could unjustifiably increase the costs of the award,
2. The cost must be "allocable" to an award by meeting one of the following criteria:
 - a. The cost is incurred specifically for a Federal award;
 - b. The cost benefits both the Federal award and other work, and can be distributed in reasonable proportion to the benefits received; or
 - c. The cost is necessary to the overall operation of the Organization, but, where a direct relationship to any particular program or group of programs cannot be demonstrated,
3. The cost must conform to any limitations or exclusions of 2 CFR Part 200 or the Federal award itself,
4. Treatment of costs must be consistent with policies and procedures that apply to both Federally financed activities and other activities of the Organization,
5. Costs must be consistently treated over time,
6. The cost must be determined in accordance with generally accepted accounting principles,

7. Costs may not be included as a cost of any other Federally financed program in the current or prior periods,
8. The cost must be adequately documented,

Direct Costs

Direct costs include those costs that are incurred specifically for one award or non-Federal function. Nobles County identifies and charges these cost exclusively to each award or program. Each invoice shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure. Invoices are approved by the appropriate Department Head and reviewed by the Finance Department.

Charges to Federal awards for salaries and wages will based on records that accurately reflect the work performed. These records are:

1. supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
2. incorporated into the official records of the non-Federal entity;
3. Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
4. Encompass both federally assisted and all other activities compensated by Nobles County
5. Comply with other established accounting policies and practices of Nobles County
6. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
7. Records may reflect categories of activities expressed as a percentage distribution of total activities

Budget estimates (estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes. These estimates produce reasonable approximations of the activity actually performed. Any significant changes in the corresponding work activity are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term. After-the-fact interim charges made to a Federal awards based on budget estimates will be reviewed. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

Time sheets and labor and benefit distribution reports are also submitted on a regular basis reflecting employees' work and which programs directly benefited from their effort. Time sheets and labor and benefit distribution reports shall serve as the basis for charging salaries directly to Federal awards and non-Federal functions.

For employees whose daily activities do not vary, a monthly OR quarterly assessment of time that will be spent on federal awards will be completed. At the end of the month quarter, the employees will certify that the estimates were accurate, or will report that adjustments need to be made based on actual time spent. These certifications will also be signed by a supervisor with direct knowledge of the employee's activities.

Equipment purchased for exclusive use on a federal award and reimbursed by a federal agency shall be accounted for as a direct cost of that award (i.e. such equipment shall not be capitalized and depreciated).

Indirect Costs

Indirect costs are those costs that either benefit more than one award (overhead costs) or non-federal function or that are necessary for the overall operation of Nobles County (management and general costs).

Nobles County maintains an annual indirect cost budget. Use of the automatic extension is considered and may be deemed appropriate if the activities of Nobles County have not altered significantly from the previously approved indirect cost rate. If the automatic extension is not chosen or cannot be used, a new indirect cost budget is prepared and submitted to the Cognizant or Oversight Agency for approval. The indirect cost rate approved is used when determining the overhead applied to each federal award.

Examples of the types of expenditures normally included in the indirect cost pool are:

1. General administration
2. Salaries and benefits of the executive officers, finance, accounting and administrative personnel
3. Depreciation of equipment and buildings
4. Office rent and maintenance
5. General office repairs and maintenance

Nobles County's independent auditor has the responsibility of reviewing the indirect cost rates. These rates are submitted to the Cognizant or Oversight Agency and will be binding on all other federal agencies and their contracting officers unless specifically prohibited by statute.

Accounting for Specific Elements of Cost

Nobles County shall utilize the following methods of charging specific elements of cost to federal awards as direct or indirect costs:

Salaries and Wages - Salaries and wages shall be charged directly and indirectly based on the functions performed by each employee, as documented on each employee's timesheet, as follows:

Direct costs - The majority of the employees charge their time directly since their work is specifically identifiable to specific grants **or** other (non-federal) programs or functions of the organization.

Indirect costs - Some staff charge 100 percent of their salary costs indirectly.

Mixed charges - Some employees may charge their salary costs to both direct and indirect activities.

Compensated absences (vacation leave earned, sick leave used, and holiday pay) are considered part of salary costs. The accounting system of Nobles County records salaries associated with compensated absences as a direct or indirect cost in the same manner that salary costs are recorded.

Employee Benefits - Nobles County incurs costs for the following statutory and non-statutory employee benefits:

FICA

Unemployment insurance

Worker's compensation

Health insurance

Contributions to pension plan

The total cost of all of the preceding employee benefits shall be determined by summing the cost associated with each benefit. This total employee benefit costs shall then be allocated directly and indirectly in the same proportions as salaries and wages.

Occupancy Expenses - Monthly rent expense and related pass-through expenses shall be allocated directly and indirectly, based on approximate square footage of space utilized, as follows:

Direct costs - The cost of space occupied by staff whose salaries are directly charged to federal awards is charged directly to those same awards

Indirect costs - The costs of space occupied by staff whose salaries are indirectly charged is also charged indirectly. The cost of space for staff whose salaries are charged on a mixed basis (directly and indirectly)

shall be allocated on a mixed basis in the same ratio as their salaries are allocated. The cost of space associated with common areas, such as hallways, restrooms, and conference rooms, shall be accounted for as an indirect cost.

Utilities - Utilities costs incurred include electricity and water. Such utilities costs shall be charged directly and indirectly in the same proportion as occupancy costs.

Supplies and Materials - To the maximum extent possible, office supplies and materials are charged directly to the grant or program/function that uses the supplies or materials, based on the completion of a supplies usage form. All supplies and materials used by staff who are engaged in indirect activities shall be charged indirectly.

Postage and Shipping - To the maximum extent possible, postage and shipping costs shall be charged directly to the grant or program/function that benefits from the postage or shipping costs, based on the postage log kept near the postage machine and the UPS/FedEx shipping logs.

Photocopying and Printing - Photocopying costs include all paper and copy supplies, copier maintenance charges and the actual lease cost of the copier. Photocopying costs shall be charged directly and indirectly based on the user codes input into the copier prior to making photocopies.

All printing costs are charged directly to the benefiting grant or program/function.

Communications - Communications costs include the costs of local telephone service and long distance telephone charges, including charges associated with telephone calls, facsimile transmissions, and Internet dial-up connections. Local telephone service costs are charged directly and indirectly based upon the number of telephone units assigned to Nobles County. Each telephone unit is identified to either a direct or an indirect activity, as determined annually based on an approximation of time charges of employees associated with each telephone unit. No telephone units shall be charged as mixed-use units due to the immateriality of the costs involved. For example, if Nobles County has 100 telephone units and 15 of those units are assigned to employees who work directly on a particular grant, 15 percent of each month's local telephone service costs shall be allocated to that grant. Long-distance telephone calls are charged either directly or indirectly based upon whether a direct or indirect activity benefits from the transmission.

Outside Services – Nobles County incurs outside service costs for its annual audit, legal fees, and for staff development specialists. Outside service costs shall be charged as follows:

Audit fees - Cost of the financial statement audit and preparation of Form 990 shall be charged as an indirect cost. Additional audit costs associated with that portion of the audit associated with a single audit shall be charged directly to the audited programs, based on estimates received from the independent CPA firm.

Legal fees - Legal fees shall be charged directly to the program/function that benefits from the services. Legal fees that are not identifiable with specific direct grants or programs shall be charged indirectly.

Staff Development Specialists - Costs associated with staff development specialists shall be charged directly to the program/function that benefits from the services. Fees that are not identifiable with specific direct grants or programs shall be charged indirectly.

Insurance - To the extent that insurance premiums are associated with insurance coverage for specific grants or programs, those premium costs shall be charged directly. All insurance costs that are not identifiable with specific direct grants or programs (such as the Organization's general liability coverage) shall be charged indirectly.

Credits - The applicable portion of any credits resulting from cash discounts, volume discounts, refunds, write-off of stale outstanding checks, trade-ins, scrap sales or similar credits shall be credited directly or indirectly in the same manner as the purchase that resulted in the credit.

Cost Sharing and Matching Policy

Any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of Nobles County's cost sharing or matching when such contributions meet all of the following criteria:

1. They are verifiable from Nobles County's records;
2. They are not included as contributions for any other Federal award;
3. They are necessary and reasonable for accomplishment of project or program objectives;
4. They are allowable under 2 CFR Part 200 Subpart E – Cost Principles;
5. They are not paid by the Federal government under another Federal award, except where authorized by Federal statute to be used for cost sharing or matching;
6. They are provided for in the approved budget when required by the Federal awarding agency.
7. They conform to all other provisions 2 CFR Part 200.

Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only if prior approval of the Federal awarding agency is obtained.

It is the policy of Nobles County to value contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or Federal agency regulations identify specific values to be used. The value of donated space will not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

Contributed volunteers services furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor used for cost sharing or matching purposes shall be valued at rates consistent with those rates paid for similar work in the organization (match up experience and skill level), including an estimate of reasonable fringe benefits. In cases in which the required skills are not found in the organization, rates used shall be consistent with those paid for similar work in the labor market in which Nobles County competes. It is the policy of Nobles County to require volunteers to document and account for their contributed time in a manner similar to the time-keeping system followed by internal employees.

When a third-party organization furnishes the services of an employee, Nobles County will value these services at the employee's regular rate of pay plus an amount of fringe benefits that is reasonable, necessary, allocable, and otherwise allowable, provided these services employ the same skill(s) for which the employee is normally paid.

Equipment Standards Policy

Nobles County may occasionally purchase equipment and furniture that will be used exclusively on a program funded by a Federal agency. In addition to the general property and equipment policies of Nobles County, equipment and furniture charged to Federal awards will be subject to certain additional policies as described below.

For purposes of Federal award accounting and administration, "equipment" shall include all assets with a unit cost equal to the lesser of \$5,000 or the capitalization threshold utilized by Nobles County.

All purchases of "equipment" with federal funds shall be approved in advance in writing by the federal awarding agency. In addition, the following policies shall apply regarding equipment purchased and charged to federal awards:

1. Any equipment that is owned by the Federal government and given to Nobles County for use in a program shall be marked as such.
2. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to Federal awards.
3. Equipment will be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and Nobles County will not encumber the property without prior approval of the Federal awarding agency.
4. Property records will be maintained that include the following:
 - a. a description of the property,
 - b. a serial number or other identification number,
 - c. the source of funding for the property (including the FAIN),
 - d. who holds title,
 - e. the acquisition date,
 - f. and cost of the property,
 - g. percentage of Federal participation in the project costs for the Federal award under which the property was acquired,
 - h. the location, use and condition of the property,
 - i. any ultimate disposition data including the date of disposal and sale price of the property.
5. A physical inventory of the property will be taken and the results reconciled with the property records at least once every two years.
6. A control system will be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
7. Maintenance procedures will be in effect to keep the property in good condition.
8. When no longer needed for the original program or project, equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:
 - (i) Activities under a Federal award from the Federal awarding agency which funded the original program or project, then
 - (ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.
9. When equipment is no longer needed, Nobles County will request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:
 - a. Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.

- b. Items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit Nobles County to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

Grant Award Procedures

Preparation and Review of Proposals

Individual departments are responsible for preparing proposals for projects that the department intends to pursue. However, all proposals shall be reviewed by the Finance Director prior to submission to government agencies or other funding sources. Final proposals shall be reviewed and approved in writing by the County Administrator.

Post-Award Procedures

After an award has been made, the following steps shall be taken:

1. Verify the specifications of the grant or contract. The Finance Department shall review the terms, time periods, award amounts and expected expenditures associated with the award. A CFDA (*Catalog of Federal Domestic Assistance*) number shall be determined for each award. All reporting requirements under the contract or award shall be summarized.
2. Create new general ledger account numbers. New accounts shall be established for the receipt and expenditure categories in line with the grant or contract budget.
3. Gather documentation. A file is established for each grant or contract. The file contains the proposal, all correspondence regarding the grant or contract, the final signed award document and all reports submitted to the funding sources.

Compliance with Laws, Regulations and Provisions of Awards

Nobles County recognizes that as a recipient of Federal funds, it is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To ensure that the county meets this responsibility, the following policies apply with respect to every grant or contract received directly or indirectly from a Federal agency:

1. For each Federal award, an employee within the department responsible for administering the award will be designated as "Grant/Project Manager" (GPM).
2. Each GPM shall attend a class on grant management prior to beginning their role as a GPM (or as early in their functioning as a GPM as practical). Thereafter, all GPM's shall attend refresher/update courses on grant management every two years.
3. The GPM shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract:
 - a. Read each award and prepare a summary of key compliance requirements and references to specific laws and regulations.
 - b. Review the "Appendix XI to Part 200 – Compliance Supplement" (updated annually) published by the Office of Management and Budget (OMB) for compliance requirements unique to the award and for compliance requirements common to all Federal awards.
 - c. Review the section of the Catalog of Federal Domestic Assistance applicable to the award.
4. The Finance Department shall forward copies of applicable laws regulations to the GPM (such as pertinent sections of compliance supplements, and other regulations).
5. The GPM and/or the Finance Department shall identify and communicate any special changes in policies and procedures necessitated by Federal awards as a result of the review of each award.
6. The GPM shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals, reviewing annual revisions to the "Appendix XI to Part 200 – Compliance Supplement", and communications with Federal awarding agency personnel.
7. The GPM shall cooperate with the Independent Auditors by informing the CPA firm as to applicable laws, regulations, and provisions of contracts and grants and communicating known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors.

Close Out of Federal Awards

Nobles County shall follow the close out procedures described in 2 CFR Part §200.343, and in the grant agreements as specified by the Federal awarding agency or pass-through entity:

1. Nobles County will submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by or the terms and conditions of the Federal award, unless an extension is approved.
2. Unless the Federal awarding agency or pass-through entity authorizes an extension, Nobles County will liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.
3. Nobles County will promptly refund any balances of unobligated cash that the Federal awarding agency or pass-through entity paid in advance or paid and that is not authorized to be retained by Nobles County for use in other projects.
4. Nobles County will account for any real and personal property acquired with Federal funds or received from the Federal government.

Monitoring and Reporting Policy

Financial Reporting

Nobles County strives to provide management, staff and funding sources with timely and accurate financial reports applicable to federal awards. Preparation of these reports shall be the responsibility of Finance Director / Fiscal Supervisor, subject to review and approval by Staff Accountant / Account Technician. Nobles County shall prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document. Information will be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances (as specified in the grant agreement).

Monitoring and Reporting Program Performance

Nobles County is responsible for oversight of the operations of the Federal award supported activities. It is the policy of Nobles County to monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring must cover each program, function or activity. Performance reports will be submitted at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity.

Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances (as specified in the grant agreement).

1. Annual reports will be submitted within 90 calendar days after the reporting period;
2. Quarterly or semiannual reports will be submitted within 30 calendar days after the reporting period.
3. Final performance report will be submitted within 90 calendar days after the period of performance end date, unless there is a justified request submitted

Reports will contain, for each Federal award, brief information on the following:

1. A comparison of actual accomplishments to the objectives of the Federal award established for the period. Where the accomplishments of the Federal award can be quantified, a computation of the cost (for example, related to units of accomplishment) will be included.
2. The reasons why established goals were not met, if appropriate.
3. Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

Procurement Standards Policy

Conflicts of Interest

No employee, officer, or agent of Nobles County will participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of Nobles County must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the financial interest is not substantial or the gift is an unsolicited item of nominal value. Disciplinary actions will be applied for violations of such standards by officers, employees, or agents of Nobles County.

Because of relationships with a parent company, affiliate, or subsidiary organization, Nobles County is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization and will not procure with those organizations.

Procurement Under Federal Awards

Procurement of goods and services whose costs are charged to federal awards received by Nobles County are subject to all of the specific purchasing policies of the organization. In addition, procurements associated with Federal awards are subject to the following supplemental policies:

1. Nobles County will avoid acquisition of unnecessary or duplicative items. Consideration will be given to consolidating or breaking out procurements to obtain a more economical purchase.
2. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
3. Nobles County will consider entering into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services, and using Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
4. Nobles County will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
5. Nobles County will maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
6. All procurement transactions will be conducted in a manner providing full and open competition. All prequalified lists of persons, firms, or products which are used in acquiring goods and services will be current and include enough qualified sources to ensure maximum open and free competition. Potential bidders will not be precluded from qualifying during the solicitation period.
7. All solicitations will incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name

or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated. All solicitations will also identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

8. All necessary affirmative steps will be taken to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.
9. A cost or price analysis will be performed in connection with every procurement action in excess of the Simplified Acquisition Threshold (\$150,000) including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, Nobles County will make independent estimates before receiving bids or proposals.
10. All procurement files will be made available for inspection upon request by a Federal awarding agency.
11. All contracts will require the contractor to certify in writing that it has not been suspended or disbarred from doing business with any federal agency.

Methods of Procurement

Nobles County will use one of the following methods of procurement.

1. Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$10,000 (or \$2,000 in the case of acquisitions for construction subject to the Davis-Bacon Act). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.
2. Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.
3. Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.

All purchases in excess of \$5,000 shall be made by obtaining oral or written quotations from at least two responsible contractors. All purchases of at least \$25,000, but less than \$100,000, shall be made by obtaining written quotations from at least three responsible vendors. All purchases of \$100,000 or more shall be made by obtaining competitive proposals from at least four responsible vendors. Sealed bids shall be utilized when required by the Federal awarding agency.

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

- a. A complete, adequate, and realistic specification or purchase description is available;
- b. Two or more responsible bidders are willing and able to compete effectively for the business;
- c. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

- a. The invitation for bids will be publicly advertised and bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids;
- b. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- c. All bids will be publicly opened at the time and place prescribed in the invitation for bids;
- d. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts,

- transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
- e. Any or all bids may be rejected if there is a sound documented reason.
4. Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:
 - a. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
 - b. Proposals must be solicited from an adequate number of qualified sources;
 - c. The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
 - d. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
 - e. Competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.
 5. Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:
 - a. The item is available only from a single source;
 - b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
 - c. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
 - d. After solicitation of a number of sources, competition is determined inadequate.

Suspension and Debarment

Nobles County will review all grant purchases to verify that purchases will not be made against contractors that are on the Debarment or Suspension list supplied by the Government. The county will review all requisition requests submitted for all grant accounts to make sure the contractor is not on the debarment list. This list is available at - <https://www.sam.gov/>. If a match is found, the program manager will be notified directly and Finance will not process the requisition. All results of searches will be attached to the filed paperwork for verification of search.

Provisions Included in all Contracts

It is the policy of Nobles County to include all of the following provisions, as applicable, in all contracts (including small purchases) with contractors and subawards:

1. **Remedies:** All contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (currently \$150,000) shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms.

2. **Termination:** All contracts in excess of \$10,000 shall contain suitable provisions for termination by Nobles County, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe the conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated due to circumstances beyond the control of the contractor.
3. **Equal Employment Opportunity:** All contracts shall contain a provision requiring compliance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
4. **Davis-Bacon Act, as amended (40 U.S.C. 3141-3148):** If included in the federal agency's grant program legislation, all construction contracts of more than \$2,000 awarded by Nobles County and its subrecipients shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). Under this Act, contractors are required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. It is the policy of Nobles County to place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. Nobles County shall also obtain reports from contractors on a weekly basis in order to monitor compliance with the Davis-Bacon Act. The county shall report all suspected or reported violations to the Federal awarding agency.
5. **Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333):** [Where applicable] All contracts awarded by Nobles County excess of \$100,000 for contracts that involve the employment of mechanics or laborers shall include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence
6. **Rights to Inventions Made Under a Contract or Agreement:** Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and Nobles County in any resulting invention in accordance with 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.
7. **Clean Air Act (42 U.S.C. 7401-7671q and the Federal Water Pollution Control Act (33 U.S.C. 1251 -1387), as amended:** Contracts and subawards of amounts in excess of \$150,000 shall contain

a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

8. **Debarment and Suspension (E.O.s 12549 and 12689):** For all contracts, Nobles County shall obtain from the contractor a certification that neither the contractor nor any of its principal employees are listed on the Excluded Parties List System in SAM.
9. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** For all contracts or Subgrants of \$100,000 or more, Nobles County shall obtain from the contractor or sub-grantee a certification that it will not and has not used Federal appropriated funds to pay any person or organization for influencing **or** attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Likewise, since each tier provides such certifications to the tier above it, Nobles County shall provide such certifications in all situations in which it acts as a sub-recipient of a sub-grant of \$100,000 or more.

Subrecipient Procedures and Policy

Making of Subawards

From time to time, Nobles County may find it practical to make subawards of federal funds to other organizations. All subawards in excess of \$5,000 shall be subject to the same procurement policies described in the Procurement Policy. In addition, all subrecipients must agree to the subrecipient monitoring provisions described in the next section.

With respect to sub-recipients with whom Nobles County has not recently had a subaward relationship, the County Administrator shall determine an appropriate level of pre-award inquiry that shall be performed. The purpose of such inquiry, which may involve a site visit to a potential subrecipient, is to gain assurance that a potential subrecipient has adequate policies and procedures in place to provide reasonable assurance that it is capable complying with all applicable laws, regulations and award provisions. In addition, Nobles County shall obtain the following documents from all new subrecipients:

- a. Articles of incorporation
- b. By-laws or other governing documents
- c. Determination letter from the IRS (recognizing the subrecipient as exempt from income taxes under IRC section 501 (c)(3))
- d. Last 3 years' Forms 990 or 990-EZ, including all supporting schedules and attachments (also Form 990-T, if applicable)
- e. Copies of the last 3 years' audit reports and management letters received from sub recipient's independent auditor (including all reports associated with audits performed in accordance with Single Audit Act, if applicable)
- f. Copy of the most recent internally-prepared financial statement and current budget
- g. Copies of reports of government agencies (Inspector General, state or local government auditors, etc.) resulting from audits, examinations or monitoring procedures performed in the last three years

Elements of Subaward

Nobles County will ensure that every subaward is clearly identified to the subrecipient as a subaward and include the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modifications. When some of this information is not available, Nobles County will provide the best information to describe the Federal award and subaward.

1. Subaward agreements shall include all information necessary to identify the funds as federal funding. This information shall include:
 - a. Subrecipient name (which must match registered name in DUNS);
 - b. Subrecipient's DUNS number;
 - c. Federal Award Identification Number (FAIN);
 - d. Federal Award Date;
 - e. Subaward Period of Performance Start and End Date;
 - f. Amount of Federal Funds Obligated by this action;
 - g. Total Amount of Federal Funds Obligated to the subrecipient;
 - h. Total Amount of the Federal Award;
 - i. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
 - j. Name of Federal awarding agency, pass-through entity, and contact information for awarding official,
 - k. CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;

1. Identification of whether the award is R&D; and
- m. Indirect cost rate for the Federal award (including if the de minimis rate is charged)
2. Subaward agreements shall identify all applicable audit requirements, including the requirement to obtain an audit in accordance with 2 CFR Part 200 Subpart F, if the subrecipient meets the criteria for having to undergo such an audit.
3. Subawards shall include a listing of all applicable Federal requirements that each subrecipient must follow.
4. Subawards shall require that subrecipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.
5. Subawards shall require that subrecipients submit financial and program reports to Nobles County on a basis no less frequently than quarterly.
6. Subawards shall require that subrecipients permit Nobles County and auditors access to the subrecipient's records and financial statements as necessary.

Monitoring of Subrecipients

When Nobles County utilizes Federal funds to make subawards to subrecipients, the county is subject to a requirement to monitor each subrecipient in order to provide reasonable assurance that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. In fulfillment of its obligation to monitor subrecipients, the following policies apply to all subawards of Federal funds made by Nobles County to subrecipients:

1. Nobles County will review programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern.
2. Nobles County will follow up with all subrecipients to determine whether all required audits have been completed. Nobles County will cease all funding of subrecipients failing to meet the requirement to undergo a Single Audit in accordance with 2 CFR Part 200 Subpart F. The county will follow-up and ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the subaward detected through audits, on-site review, and other means. Nobles County will issue a management decision for audit findings pertaining to the subaward as required by 2 CFR Part 200 §200.521 Management decision. Nobles County will consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.
3. Ongoing monitoring of subrecipients by Nobles County will inherently vary from subrecipient to subrecipient, based on the nature of work assigned to each subrecipient. The county will evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring, which may include consideration of such factors as:
 - a. The subrecipient's prior experience with the same or similar subawards;
 - b. The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with 2 CFR Part 200 Subpart F, and the extent to which the same or similar subaward has been audited as a major program;
 - c. Whether the subrecipient has new personnel or new or substantially changed systems;
 - d. The extent and results of Federal awarding agency monitoring (i.e. if the subrecipient also receives Federal awards directly from a Federal awarding agency).

Depending upon the pass-through entity's assessment of risk posed by the subrecipient, the following monitoring tools may *involve* any or all of the following:

- a. Regular contacts with subrecipients and appropriate inquiries regarding the program.
- b. Monitoring subrecipient budgets.

- c. Performing site visits to the subrecipient to review program operations, financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the subaward.
 - d. Providing subrecipients with training and technical assistance on program-related matters.
 - e. Establishing and maintaining a tracking system to assure timely submission of all reports required of the subrecipient.
4. Documentation shall be maintained in support of all efforts associated with Nobles County's monitoring of subrecipients.