

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR TILLAMOOK COUNTY, OREGON

FILED
4pm
JUN 27 2017
TASSI O'NEIL
COUNTY CLERK

In the Matter of Adopting Policies and)
Procedures over the Administration,)
Allowable Costs and Subrecipient)
Monitoring of Federal Awards)

ORDER #17- 056

This matter came before the Tillamook County Board of Commissioners on June 21, 2017 at the request of Deb Clark, Treasurer. The Board of Commissioners being fully apprised of the representations of the above-named person finds as follows:

1. The Board may establish rules and regulations in reference to managing the interest and business of the County under ORS 203.010, 203.035, 203.111 and 203.230.
2. The County receives Federal Awards and must comply with the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards as outlined on Exhibit A.
3. This OMB guidance supersedes and streamlines requirements from OMB Circulars A-21, A-87, A-110 and A-122 (which have been placed in OMB guidances), Circulars A-89, A-102 and A-133, and the guidance in Circular A-50 on Single Audit Act follow-up.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

4. The County shall follow the OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards as set forth in Exhibit A.
5. This order is to become effective June 21, 2017 and applies to all current and future federal awards.

///

///

///

DATED this 21st day of June, 2017

THE BOARD OF COMMISSIONERS
FOR TILLAMOOK COUNTY, OREGON

Aye Nay Abstain/Absent

Bill Baertlein
Bill Baertlein, Chair

Tim Josi
Tim Josi, Vice-Chair

David Yamamoto
David Yamamoto, Commissioner

ATTEST: Tassi O'Neil
 County Clerk

APPROVED AS TO FORM:

By: [Signature]
Special Deputy

[Signature]
William K. Sargent, County Counsel

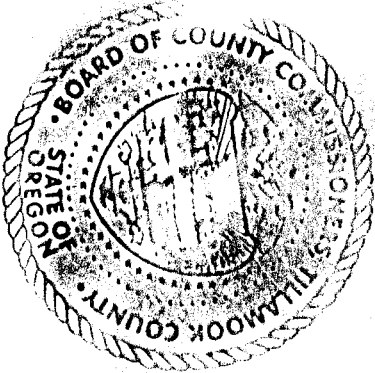


EXHIBIT A

FEDERAL AWARDS: ADMINISTRATION AND DEFINITIONS, ALLOWABLE COSTS AND SUBRECIPIENT MONITORING

PURPOSE:

1. To establish policies and procedures over the administration of Federal Awards.
2. To establish policies and procedures over the allowable costs of Federal Awards, including those passed through from the State of Oregon or other granting organizations.
3. To establish policies and procedures over monitoring Federal Awards and associated subrecipients.

APPLICABILITY:

Department heads, elected officials and other employees who have authority to administer Federal Awards.

GENERAL POLICY:

All Federal Awards are subject to the established requirements as set forth by the federal government in the Uniform Guidance for Federal Awards (Uniform Guidance) and other laws and regulations as required by the Federal Award Agreement and the granting agency.

DEFINITIONS:

1. Federal Award: Federal Financial Assistance that a non-federal entity receives directly from a federal awarding agency or indirectly from a pass-through entity, or a cost-reimbursement contract under federal acquisition regulations that a non-federal entity receives directly from a federal awarding agency or indirectly from a pass-through entity.
2. Federal Award Agreement: the instrument setting forth the terms and conditions of a Federal Award. The instrument is a grant agreement, cooperative agreement or any other agreement providing Federal Financial Assistance, or a cost-reimbursement contract awarded under federal acquisition regulations.

3. Federal Financial Assistance: assistance that non-federal entities receive to administer a Federal Award in the form of: grants, cooperative agreements, non-cash contributions, donations of property, direct appropriations, food commodities, loans, loan guarantees, interest subsidies or insurance.

RESPONSIBILITIES:

Every department head, elected official, employee or agent of the County (public official) who has authority to receive or expend Federal Financial Assistance is responsible for compliance with the policy. Each is responsible for ensuring that Federal Financial Assistance is administered in accordance with the purpose of the Federal Award Agreement and in compliance with all applicable laws and regulations.

Each is responsible for ensuring that costs associated with Federal Awards are allowable in accordance with the purpose of the Federal Award Agreement and in compliance with all applicable laws and regulations.

Federal Financial Assistance that is passed through to subrecipients for the purpose of carrying out a portion of a Federal Award imposes additional responsibilities. Each public official that has oversight responsibility over subrecipients is responsible for monitoring subrecipients to ensure that performance is in accordance with the Federal Award Agreement and in compliance with all applicable laws and regulations.

1. **Administration** – Each public official is responsible for ensuring that Federal Financial Assistance is administered in accordance with the purpose of the Federal Award Agreement and in compliance with all applicable laws and regulations. Each public official that has responsibility for administering a Federal Award shall:
 - a. Provide efficient and effective administration of the Federal Award through the application of sound management practices;
 - b. Administer federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal Award;
 - c. Comply with the cost principles established by the federal government, support the accumulation of costs as required by the cost principles, and provide adequate documentation to support costs charged to the Federal Award;
 - d. Apply costs and cost allocations related to indirect costs and administrative charges on a consistent basis and in accordance with federal cost principles and County policy (see Allowable Costs);

- e. Ensure that no profit results from the use of Federal Financial Assistance, unless explicitly authorized by the terms and conditions of the Federal Award (i.e. program income); and
- f. Establish a process of internal control, designed to achieve the objectives of the Federal Award, in a manner that also achieves the following:
 - i. Effective and efficient operations;
 - ii. Reliable reporting for internal and external use;
 - iii. Evaluating and monitoring compliance with all applicable laws and regulations;
 - iv. Taking prompt action when instances of noncompliance are identified;
 - v. Taking reasonable measures to safeguard protected personally identifiable information.

2. **Payments of Federal Awards** – Payment methods must minimize the time elapsing between the receipt of funds from the federal agency or pass-through entity and the disbursement of those funds by the County, whether the payment is made by electronic funds transfer, issuance or redemption of checks or warrants, or payment by any other means:

- a) Standard practice in the County is to operate Federal Awards on a reimbursement basis, wherein costs are incurred first, then reimbursement of those costs is requested from the federal agency or pass-through entity in order to minimize the time elapsing between transfer of funds;
- b) When the reimbursement method is not feasible, advance payments may be requested to administer a Federal Award with the following considerations:
 - i. Time elapsing between the receipt of funds from the federal agency or pass-through entity and the disbursement of those funds must be no more than three (3) business days;
 - ii. Funds that cannot be disbursed within three (3) business days must be deposited in an interest-bearing fund and cost center (program, service and/or project), and allocated a fair share of monthly interest earnings: and
 - iii. Interest earnings in excess of \$500 per year must be returned to the federal agency or pass-through entity.

3. **Conflict of Interest** – A public official, including any department head, elected official, employee or agent of the County, shall not participate in the selection, award of 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 public official, or any member of his or her immediate family, or an organization which employs or is about to employ any of the parties indicated herein, receives a financial or other personal benefit from an organization considered for a contract supported by a Federal Award. Violations of such standards by a public official will be subject to disciplinary action in accordance with County policies.

4. **Audit Requirements**

a) The County must procure or arrange for the County's audit as required by Section 200.508-200-200-512, under the uniform Guidance;

b) The County will prepare the following statements and schedules:

i. Financial statements that reflect its financial position, results of operations or changes in net assets and, where appropriate, cash flows for the fiscal year audited;

ii. Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements which must include the total Federal Awards expended;

c) Audit Finding Follow-Up – The County is responsible for follow-up and corrective action on all audit findings. The County will prepare a summary schedule of prior audit findings and a corrective action plan for current year findings;

d) Report Submission – The County will complete the data collection form within the earlier of thirty (30) days after receipt of the auditor's report or nine (9) months after the end of the audit period. The reporting package must include items as listed in the Uniform Guidance Section 200.512 (c).

5. **Allowable Costs** – Each public official is responsible for ensuring that costs associated with Federal Awards are allowable in accordance with the purpose of the Federal Award Agreement and in compliance with all applicable laws and regulations. The total cost of a Federal Award is the sum of the allowable direct and allocable indirect costs, less any applicable credits. Cost must meet the following criteria to be allowable under Federal Awards:

a) Be necessary and reasonable for the performance of the Federal Award and be allocable (chargeable or assignable) to that Federal Award in accordance with the relative benefits received;

- b) Conform to any limitations or exclusions set forth in the Uniform Guidance or in the Federal Award Agreement as to type or amount of cost items;
 - c) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the County;
 - d) Be given consistent treatment. A cost may not be assigned to a Federal Award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal Award as an indirect cost;
 - e) Be determined in accordance with generally accepted accounting principles (GAAP);
 - f) Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally financed program in either the current or a prior period;
 - g) Be adequately documented;
 - h) Comply with the general cost provisions of the Uniform Guidance, 2 CFR Section 200.420. Examples of unallowable costs include, but are not limited to: alcohol, bad debts, contributions and donations, entertainment costs, goods and services for personal use, lobbying, organization costs associated with incorporation fees, and selling and marketing costs (except for prior approval of federal awarding agency), and;
 - i) Receive prior written approval for certain items of cost as outlined in the Uniform Guidance, 2 CFR Section 200.407.
6. **Classifications of Costs** – All costs associated with Federal Awards shall be classified as direct or indirect costs. All allowable costs should be included in the budget of the financial plan of the Federal Award Agreement. Disallowed costs will not be charged to the Federal Award.
- a) **Direct Costs** – Those costs that can be identified specifically with a particular cost objective or that can be directly assigned to such activities easily and with a high degree of accuracy. Examples include, but are not limited to: payroll costs of employees who work directly on the Federal Award, materials and other expenses incurred in direct relation to administering the Federal Award, and subrecipient expenses;
 - b) **Indirect Costs** – Those costs incurred for a common or joint purpose benefitting more than one cost objective and/or not readily assignable to the cost objective benefitted. For example, administrative costs charged to the grant based on a

cost allocation plan or approved indirect cost rate would be considered indirect costs;

- c) **Disallowed Costs** – Those costs that the federal awarding agency or pass-through entity determines to be unallowable, in accordance with applicable federal statutes, regulations, and terms and conditions of the Federal Award. To determine whether a cost is allowed or disallowed, refer to: 1) the Federal Award Agreement and 2) section 200.420-475 General Provisions for Selected Items of Cost under the Uniform Guidance for Federal Awards. If unable to determine whether the cost is allowed or disallowed, contact the federal awarding agency or granting agency administering the Federal Award for further clarification.

7. Administrative Charges on Federal Awards – Administrative charges must be allocated as a reimbursable cost or in-kind cost to maintain consistency in the application of administrative charges.

- a) Departments will include administrative charges in the grant application in accordance with the County's approved cost allocation plan and/or indirect cost rate;
- b) Administrative charges will be included in the budget of the Federal Award approved by the awarding agency;
- c) If the Federal Award Agreement prohibits administrative charges or has a cap on those types of costs, the department will be responsible for including those costs as an in-kind match against the Federal Award, and;
- d) The Board of Commissioners may grant an exception to the allocation of administrative charges to a Federal Award.

8. Subrecipient and Contractor/Vendor Determinations – The County may pass through or subcontract Federal Financial Assistance to assist in administering the objectives of a Federal Award. Each department will determine if the subcontractor meets the definition of a subrecipient or contractor/vendor. This determination will occur during the contract review process.

- a) **Contractor/Vendor.** A contract is for the purpose of obtaining goods and services for the non-federal entity's own use and creates a procurement relationship with the contractor/vendor. Characteristics indicative of a procurement relationship between the County and a contractor/vendor are when the contractor/vendor:
 - i. Provides the goods and services within normal business operations;

- ii. Provides similar goods or services to many different purchasers;
 - iii. Normally operates in a competitive environment;
 - iv. Provides goods or services that are ancillary to the operation of the Federal Award; and
 - v. Is not subject to compliance requirements of the Federal Award as a result of the agreement, though similar requirements may apply for other reasons.
- b) Subrecipient. A non-federal entity that receives a subaward from the County to carry out part of a Federal Award is considered a subrecipient. A subrecipient's activities may include, but are not limited to:
- i. Determining eligibility;
 - ii. Having performance measured in relation to carrying out Federal Award objectives;
 - iii. Making programmatic decisions;
 - iv. Adhering to applicable program requirements specified by the Federal Award Agreement; and
 - v. Using Federal Financial Assistance to carry out program services for a public purpose.

9. **Subrecipient Monitoring** – When the County uses a subrecipient for the purpose of carrying out a portion of a Federal Award, The County must perform the following monitoring activities:

- a) Ensure the subaward includes the required information as defined in Section 200.331 (a) under the Uniform Guidance;
- b) Evaluate the subrecipient's risk of noncompliance with federal statutes, regulations and terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring;
- c) Monitor the activities of the subrecipient as necessary to ensure the subaward is used for authorized purposes, is in compliance with federal regulations and goals are achieved as defined by the subaward;
- d) Verify that the subrecipient is audited as required by the Uniform Guidance, Subpart F – Audit Requirements, and consider the results of those audits that

might necessitate further action. If an audit is not required, ensure adequate documentation is obtained for the reason and is appropriate;

e) Provide other monitoring as determined necessary by the risk assessment or the Federal Award Agreement; and

f) Take enforcement action on noncompliant subrecipients.

10. **Exceptions** – Other than the exception noted in Section 7.d, there are no exceptions to this policy.

11. **Periodic Review** – This policy will be reviewed by the Chief Financial Officer at least every three (3) years.

12. **Resource** – Office of Management and Budget, 2 CFR Chapter I, and Chapter II, Parts 200, 215, 220, 225, and 230. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (attached)