

**POLICIES & PROCEDURES APPLICABLE TO FEDERAL AWARDS AS
REQUIRED BY 2 C.F.R. 200**

Date Adopted:

Minute Book:

Table of Contents

I. CASH MANAGEMENT FOR FEDERAL FUNDS	2
II. DETERMINATION OF ALLOWABLE COSTS	2
III. TRAVEL POLICY	3
IV. PROCUREMENT POLICY.....	4
A. CONFLICT OF INTEREST POLICY.....	4
B. GENERAL PROCUREMENT STANDARDS	6
C. COMPETITION	7
D. PROCUREMENT METHODS	9
E. CONTRACTING WITH SMALL AND MINORITY BUSINESSES, WOMEN'S BUSINESS ENTITIES, AND LABOR SURPLUS AREA FIRMS	12
F. CONTRACT COST AND PRICE	12
G. BONDING REQUIREMENTS	13
H. COMPENSATION – PERSONAL SERVICES.....	13
I. COMPENSATION – FRINGE BENEFITS	14
J. CONTRACT PROVISIONS	14
V. EQUIPMENT AND SUPPLIES	15
VI. RELATION TO OTHER COUNTY POLICIES.....	17

I. CASH MANAGEMENT FOR FEDERAL FUNDS

The Houston County Commission (“County”) shall follow the cash management procedures provided herein that are generally applicable to the management of federal funds; except as otherwise provided in the federal Assistance Listing for a particular federal award.

The County will minimize the time between the receipt of federal funds or other pass-through entity, and the disbursement of those federal funds. Federal funds will only be requested to meet immediate cash needs for reimbursement not covered by prior receipts and anticipated disbursements that are generally fixed, such as monthly program salaries and benefits. Disbursements will be made within 30 calendar days after receipt of funds.

The County will maintain financial records that account for the receipt, obligation, and expenditure of each federal program fund. Cash balances for each federal program funds and for the aggregate of all federal program funds will be monitored.

Except as is exempted by the federal award, County procedures to minimize the cash balances in federal program funds are expected to prevent the aggregate cash balances of federal program funds from earning \$500 or more for the fiscal year if maintained in interest-bearing accounts. The federal program funds will not be maintained in an interest-bearing bank account if the County determines that banking requirements for minimum or average balances are so high that an interest-bearing account would not be feasible. Federal program funds will be maintained in insured checking accounts that are subject to the state requirements for public deposits in the SAFE program.

Reference: 2 C.F.R. § 200.305 and 2 C.F.R. § 200.302(b)(6).

II. DETERMINATION OF ALLOWABLE COSTS

Before instituting a financial transaction that will require the expenditure of federal funds, the County will determine that the proposed transaction meets the requirements for allowable costs for the federal program. Actions to determine allowable costs will assure that:

- A. The proposed expenditure is included in the federal program budget;
- B. The proposed expenditure is reasonable and necessary for the federal program;
- C. The proposed expenditure is consistent with procedures for financial transactions of the County including:
 - 1. Purchase order approval procedures;
 - 2. Contract review and approval procedures;
 - 3. Applicable competitive purchasing procedures; and
 - 4. Documentation supports allowability of transaction.

Before payments are made from federal funds, the federal program director and the County will determine that the federal program expenditure complies with the terms and conditions within the federal award follows general accepted accounting principles; complies with state, local, and federal laws, rules, and regulations; and that any Personally Identifiable Information collected as part of the program is reasonably protected, as applicable.

Reference: 2 C.F.R. § 200.302(b)(7), 2 C.F.R. § 200.303, 2 C.F.R. § 200.403, and other requirements under 2 C.F.R. § 200.302.

III. TRAVEL POLICY

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by county employees who are in travel status on official business of the County. The County's travel policy provides for reimbursement and payments for travel costs of employees paid from federal funds that is consistent with the travel costs for county employees paid from state or local funds.

The County shall pay the rates and amounts stated under Policy #49, Travel Reimbursement, as amended, which currently states as follows:

County employees are authorized to receive reimbursement for county-related travel expenses incurred when traveling outside Houston County. Reimbursable expenses include:

- Mileage reimbursement for use of personal vehicle. The county will reimburse at the same rate as established by the State of Alabama.
- Hotel Expense
- Meal Expense. Tips should not exceed normal local custom and in no case should tips exceed 20% of the meal cost.
- Gasoline purchased for county vehicles.
- Parking expense
- Transportation cost other than mileage
- Miscellaneous incidental non personal expense

In order to be reimbursed for travel expense all employees must complete a county Expense Report Form, obtain an authorizing signature from their Department Head and submit the Expense Report Form to the Accounting Department.

All submitted expenses must have a detailed itemized list, including an itemized list for food purchases, supporting the expenses submitted for reimbursement.

The cost of alcohol purchases will not be reimbursed by the county.

Departmental annual travel expense cannot exceed the department's budgeted annual travel expense as approved by the Houston County Commission.

The county will provide a cash travel advance upon request. If an employee receives a travel advance he/she must submit the required signed Expense Report Form within 14 days after the expense is incurred. The expense report must indicate the travel advance amount and must include a detailed itemized list of all expenses. If the travel advance exceeds the travel expenses, the employee must return to the county the excess cash advance portion at the time the expense report is submitted.

Reference: 2 C.F.R. § 200.474.

IV. PROCUREMENT POLICY

As used herein, the term "procurement" means the purchase of services and the purchase or lease of goods by the expenditure or anticipated expenditure of federal or state grant funds. "Grant funds," "grant monies," or "federal awards" mean funds received through federal and state grants, whether those funds come directly from a federal or state agency or from a pass-through entity.

This policy applies to all contracts, purchase orders, and expenditures of federal awards for the procurement of labor, goods, and services. Its purpose is to establish efficient and economical procurement procedures.

The applicable law for this policy includes the federal procurement standards set out at 2 C.F.R. § 200.318 through § 200.326; the state competitive bid law applicable to the purchase or lease of goods and services found at ALA. CODE § 40-16-50, *et seq.*, as amended; and the state competitive bid law applicable to construction and improvement of public works found at ALA. CODE § 39-2-1, *et seq.*, as amended, are applicable to procurements hereunder.

The Alabama Ethics Law found at ALA. CODE § 36-25-1, *et seq.*, as amended, including its conflict of interest provisions, is applicable to county officials and employees. **To the extent of conflict between the requirements of this policy and federal or state requirements, the stricter of the two shall apply.** Individual federal awards may contain further requirements unique to those federal awards and in addition to the requirements of this policy.

A. CONFLICT OF INTEREST POLICY

Generally, a conflict of interest exists when a county official or county employee participates in a matter that is likely to have a direct effect on his or her personal and financial interests. A financial interest may include, but is not limited to, stock ownership, partnership, trustee relationship, employment, potential employment, or a business relationship with an applicant, vendor, or entity. A county official or county employee may not participate in his or her official capacity in a matter that is likely to have direct and predictable effects on his or her financial interests.

Each county official or county employee will abide by the federal and state laws and regulations that address conflict of interest standards. In general, the federal rules provide that:

No employee, officer, or agent of the board shall participate in selection, or in the award, or administration of a contract supported by federal funds if he or she has a real or apparent conflict of interest. Such a conflict 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 the firm considered for a contract. The board's officers, employees, or agents will neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to subcontracts.

The county's conflict of interest policies include adherence to the Alabama Ethics Law, which defines conflict of interest as:

A conflict on the part of a public official or public employee between his or her private interests and the official responsibilities inherent in an office of public trust. A conflict of interest involves any action, inaction, or decision by a public official or public employee in the discharge of his or her official duties, which would materially affect his or her financial interest or those of his or her family members or any business with which the person is associated in a manner different from the manner it affects the other members of the class to which he or she belongs. A conflict of interest shall not include any of the following:

a. A loan or financial transaction made or conducted in the ordinary course of business.

b. An occasional nonpecuniary award publicly presented by an organization for performance of public service.

c. Payment of or reimbursement for actual and necessary expenditures for travel and subsistence for the personal attendance of a public official or public employee at a convention or other meeting at which he or she is scheduled to meaningfully participate in connection with his or her official duties and for which attendance no reimbursement is made by the state.

Any campaign contribution, including the purchase of tickets to, or advertisements in journals, for political or testimonial dinners, if the contribution is actually used for political purposes and is not given under circumstances from which it could reasonably be inferred that the purpose of the contribution is to substantially influence a public official in the performance of his or her official duties.

A county official or county employee may not review applications, proposals, or participate in the evaluation or selection process where his or her participation in the review process would create the appearance that he or she is: (a) giving preferential treatment, (b) losing independence and impartiality, (c) making decisions outside official and appropriate channels, or (d) harming the public's confidence in the integrity of the county.

Situations and circumstances presenting an actual conflict or the appearance of a conflict should be brought to the immediate attention of the chairman. A county official or county employee who has knowledge of a possible conflict of interest should identify the conflict and notify the chairman. The chairman will document his or her actions related to the reported conflict of interest. Resolution can consist of disqualification, recusal, waiver, or other appropriate measures. Appropriate measures may include reporting a conflict of interest to the Alabama Ethics Commission, the Alabama Attorney General, or the appropriate federal agency.

Reference: 2 C.F.R. §200.112, ALA. CODE § 36-25-1, et seq.

B. GENERAL PROCUREMENT STANDARDS

1. When procuring goods and services, the county will comply with the more restrictive procurement procedures imposed pursuant to the county's procurement policy, the procurement procedures found in ALA. CODE § 41-16-50, *et seq.* and ALA. CODE § 39-2-1, *et seq.*, whichever is applicable, or 2 C.F.R. § 200.318.

2. Oversight must be maintained to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
3. The acquisition of unnecessary or duplicative items must be avoided. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis must be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
4. Entry into state and local intergovernmental agreements or inter-entity agreements, where appropriate, for procurement or use of common or shared goods and services is encouraged.
5. Use of federal excess and surplus property in lieu of purchasing new equipment and property when such use is feasible and will reduce project costs is encouraged.

Use of value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions is encouraged. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

6. Contracts shall be awarded 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, suspension or debarment by either the federal government (by and through the SAM) or by the state consistent with ALA. CODE § 41-4- 162, and financial and technical resources.
7. Records must be maintained sufficient to detail the history of each procurement. Such records are to include, but not necessarily be 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. Records must be maintained for the retention period specified for the federal award from which procurement funds are expended.
8. Preference against time and materials contract.
 - a. A time and materials type contract may be used only after a determination that no other contract is suitable. The contract must include a ceiling price that the contractor exceeds at its own risk. A high degree of oversight must be asserted in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.
 - b. Time and materials type contract means a contract whose cost to the County is the sum of:
 - i. The actual cost of materials; and
 - ii. Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

9. The County alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the County of any contractual responsibilities under its contracts.

Reference: 2 C.F.R. §§ 200.206 & 200.318.

C. COMPETITION

1. All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards set out in 2 C.F.R. §§ 200.317 through 200.326. Contractors that develop or draft specifications, requirements, statements of work, invitations for bids, or requests for proposals must be excluded from competing for such procurements. Situations considered to be restrictive of competition include, but are not limited to:
 - a. Placing unreasonable requirements on firms in order for them to qualify to do business;
 - b. Requiring unnecessary experience and excessive bonding;
 - c. Noncompetitive pricing practices between firms or between affiliated companies;
 - d. Noncompetitive contracts to consultants that are on retainer contracts;
 - e. Organizational conflicts of interest;
 - f. Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and
 - g. Any arbitrary action in the procurement process.
2. Procurements must be conducted in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.
3. All solicitations must:
 - a. 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; and

- b. Identify all requirements which must be fulfilled and all other factors to be used in evaluating bids or proposals.
4. Prequalified lists of persons, firms, or products which are used in acquiring goods and services must be current and include sufficient qualified sources to ensure maximum open and free competition. Potential bidders may not be precluded from qualifying during the solicitation period.
 5. Sole source funding (solicitation from only one source) can only be awarded in the following circumstances:
 - i. The cost for goods or services does not exceed the micro-purchase threshold of \$10,000 (this threshold is periodically adjusted for inflation);
 - ii. The good or service is only available from a single source;
 - iii. The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation ;
 - iv. With advance permission from the federal awarding agency; or
 - v. If after completing a solicitation using one of the procurement methods in Section D below, competition is determined inadequate.

Some federal awarding agencies impose additional and more stringent requirements for sole source funding. The County should review the federal awarding agency's specific requirements before pursuing a sole source procurement.

Reference: 2 C.F.R. §§ 200.319 and 200.320.

D. PROCUREMENT METHODS

1. When procuring materials, supplies, or services, the county will comply with the more restrictive procurement procedures imposed pursuant to the county's procurement policy, the procurement procedures found in ALA. CODE § 41-16-50, *et seq.* and ALA. CODE § 39-2- 1, *et seq.*, whichever is applicable, or 2 C.F.R. §200.318.
2. Unless the county's procurement policy is more restrictive, the procurement of all labor, materials, and services must conform to one of the following methods:
 - a. *Micro-purchases*: Procurement of materials, supplies, or services, the aggregate dollar amount of which is less than or equal to the micro-purchase threshold of \$10,000 (this

threshold is periodically adjusted for inflation) may be awarded without soliciting competitive quotes if the price is deemed to be reasonable. To the extent practicable, such awards must be distributed equitably among qualified suppliers.

- b. The procurement of any materials, supplies, or services the aggregate value of which is greater than \$10,000, shall be in conformance with the competitive procurement procedures, set forth in (c), (f), and (g) below, **even if the procurement of the goods or service would otherwise be exempt from the bidding requirements found in ALA. CODE § 41-16-50, et seq. and ALA. CODE § 39-2-1, et seq.**

Informal small purchase procedure: When procuring materials, supplies, or services by the small purchase procedure, at a minimum, the county must obtain price or rate quotations. Whenever possible, quotes should be obtained from not less than three (3) vendors. Quotations may be secured via fax, email, telephone, or otherwise. All solicitation efforts and quotations must be documented in the file. The small purchase procedure may be used in the following circumstances:

- i. Procurement of any materials, supplies, or services (other than materials, supplies, or services associated with a public works project) the aggregate cost of which is greater than \$10,000, but less than \$15,000 (or that amount set out in ALA. CODE § 41-16-50(a), as the same may be amended from time to time);
 - ii. Procurement of materials, supplies, or services (other than materials, supplies, or services associated with a public works project) that would otherwise be exempt from the bidding requirements under ALA. CODE § 41-16-51, the aggregate cost of which is greater than \$10,000, but less than or equal to \$250,000. Alternatively, the County may elect to procure these materials, supplies, or services through formal procurement procedures set forth in (f) and (g) below.
 - iii. Procurement of materials, supplies, or services for public works projects involving an amount that is greater than \$10,000, up to \$50,000 (or that amount set out in ALA. CODE § 39-2-2(a)(1), as the same may be amended from time to time); or
 - iv. Procurement of materials, supplies, or services for public works projects that would otherwise be exempt from the bidding requirements under Title 39 of the Code of Alabama the aggregate cost of which is greater than \$10,000, but less than or equal to \$250,000. Alternatively, the County may elect to procure these materials, supplies, or services through formal procurement procedures set forth in (f) and (g) below.
- c. *Formal procurement by sealed bids pursuant to ALA. CODE § 41-16-50 or ALA. CODE § 39-2-2(a)(1).* Formal procurement by sealed bids as defined in subsection (f) below is required for materials, supplies, or services as follows:
 - i. The procurement of materials, supplies, or services that are subject to the bidding

- requirements of ALA. CODE § 41-16-50, the aggregate cost of which is greater than or equal to \$15,000 (or that amount set out in ALA. CODE § 40-16-50, as the same may be amended from time to time); and
- ii. The procurement of materials, supplies, or services for public works projects involving an amount that is greater than \$50,000 (or that amount set out in ALA. CODE § 39-2-2(a)(1), as the same may be amended from time to time).
- d. *Formal procurement of materials, supplies, or services that are exempted from the bid requirements under ALA. CODE §§ 41-16-51 & 39-2-2(d)-(j).* If the aggregate cost of the materials, supplies, or services exempted under either ALA. CODE §§ 41-16-51 & 39-2-2(d)-(j) is greater than \$250,000, either sealed bids or proposals, as appropriate, may be utilized for procurement.
- e. Sealed bids refers to a bid process by which bids are publicly solicited for a firm fixed price contract (lump sum or unit price) and are awarded to the responsible bidder whose bid, conforming with all the material terms and conditions the invitation for bids, is the lowest in price. This will typically be the preferred method for construction projects.
- i. In order for sealed bidding to be feasible, the following conditions should be present:
 - 1) A complete, adequate, and realistic specification, or purchase description is available;
 - 2) Two (2) or more responsible bidders are willing and able to compete effectively for the business; and
 - 3) 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.
 - ii. If sealed bids are used, the following requirements apply:
 - 1) 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;
 - 2) Invitations for bids must be publicly advertised in accordance with state law;
 - 3) 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;
 - 4) All bids must be publicly opened at the time and place prescribed in the invitation for bids;
 - 5) A firm fixed price contract award must be made in writing to the lowest responsive and responsible bidder, except where all bids are rejected. 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,
 - 6) Any or all bids may be rejected if there is a sound, documented reason.

- f. Proposals refers to a procurement method in which either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when conditions are not appropriate for the use of sealed bids. They are awarded in accordance with the following requirements:
 - i. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified offerors. Any response to publicized requests for proposals must be considered to the maximum extent practical;
 - ii. The County must have a written method for conducting technical evaluations of the proposals received and making selections;
 - iii. Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the County, with price and other factors considered; and
 - iv. The County may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated and the most qualified offeror 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 that are a potential source to perform the proposed effort.

Reference: 2 C.F.R. § 200.320.

E. CONTRACTING WITH SMALL AND MINORITY BUSINESSES, WOMEN'S BUSINESS ENTITIES, AND LABOR SURPLUS AREA FIRMS

1. All necessary affirmative steps must be taken to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.
2. Affirmative steps must include:
 - a. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
 - b. Assuring that small and minority businesses and women's business enterprises are solicited whenever they are potential sources;
 - c. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses and women's business enterprises;
 - d. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses and women's business enterprises;
 - e. Using the services and assistance, as appropriate, of such organizations as the Small

Business Administration and the Minority Business Development Agency of the Department of Commerce; and

- f. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in subparts 2.a. through 2.f. of this section.

Reference: 2 C.F.R. § 200.321.

F. CONTRACT COST AND PRICE

1. A cost or price analysis must be performed in connection with every procurement action greater than \$250,000 (as may be adjusted by Federal Regulation from time to time), including contract modifications. The method and degree of analysis will depend on the facts surrounding the particular procurement situation, but as a starting point, independent estimates must be made before receiving bids or proposals.
2. Profit must be negotiated as a separate element of the price for each contract in which there is no price competition (e.g., a qualifications-based A/E proposal) and in all cases where cost analysis is performed. Consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.
3. Costs or prices based on estimated costs for contracts are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the County entity under 2 C.F.R. Subpart E-Cost Principles.
4. The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

Reference: 2 C.F.R. § 200.324.

G. BONDING REQUIREMENTS

The County requires bonds as set out in ALA. CODE § 40-16-50, *et seq.*, and ALA. CODE § 39-2- 1, *et seq.*, as amended.

At a minimum, the County shall require the following:

1. A bid guarantee from each bidder equivalent to five percent (5%) of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
2. A performance bond on the part of the contractor for one hundred percent (100%) of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor’s obligations under such contract.

3. A payment bond on the part of the contractor for one hundred percent (100%) of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

Reference 2 C.F.R. § 200.326.

H. COMPENSATION – PERSONAL SERVICES

The County requires documentation to accurately reflect the work performed by any employee whose personnel costs are charged to federal awards. Each such employee shall submit a timesheet that is signed by the employee and his/her supervisor. The employee and supervisor shall certify that the time being charged to the federal award is accurate, allowable, and properly allocated.

The timesheet shall reasonably reflect the employee’s total activity for the pay period, including any activity that is not federally funded. The federally funded activity may be reflected as time or percentage of the workday. The timesheet shall in all other respects comply with the County’s established accounting practices and procedures.

Reference 2 C.F.R. § 200.430.

I. COMPENSATION – FRINGE BENEFITS

Where appropriate, the County may charge the costs of fringe benefits to federal awards, provided that such fringe benefits are provided through an established policy of the County. Under no circumstances will the County charge to a federal award automobile costs for automobiles furnished by the County to an employee.

Leave shall be charged only if it is provided pursuant to the County’s written leave policy found at Rule 6 – Attendance and Leave of Absence in the employee handbook, as amended; the costs are equitably allocated to all related activities; and the accounting basis selected for costing each type of leave is consistently followed by the County.

Reference 2 C.F.R. § 200.431.

J. CONTRACT PROVISIONS

Contracts must contain applicable provisions included in the award document. In addition, all contracts must contain all applicable provisions of 2 C.F.R. § 200, Appendix II, and as set forth in the federal award. At a minimum, the following provision should be included, as applicable:

1. Contracts that are greater than \$250,000 (as may be adjusted by federal regulation) must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
2. Contracts greater than \$10,000 must address termination for cause and for convenience by

the County, including the manner by which it will be affected and the basis for settlement.

3. All contracts must include a provision requiring that the contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.
4. Contracts for construction greater than \$2,000 must be in compliance with the Davis-Bacon Act and require contractors to pay wages to laborers and mechanics at a rate not less than prevailing wage, unless specifically exempted by the federal award.
5. Contracts in greater than \$100,000 involving the employment of mechanics or laborers must include a provision for compliance with the Contract Work Hours and Safety Standards Act (40 U.S.C. § 3701, *et seq.*), including payment of overtime for work above 40 hours per week and a statement that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous.
6. Contracts greater than \$150,000 must be in compliance with the Clean Air Act, codified as 42 U.S.C. § 7401, *et seq.*, and the Federal Water Pollution Act, codified as 33 U.S.C. § 1251, *et seq.*
7. Contracts should contain a certification from the contractor that that contractor has not been debarred, suspended, or otherwise excluded by any federal agency, as reported on the SAM exclusions list, or by the State of Alabama Department of Finance.

Reference: 2 C.F.R. § 200.327 and Appendix II.

V. EQUIPMENT AND SUPPLIES

Equipment and supplies procured with federal funds (in whole or in part) must be used, managed, and disposed of properly.

- A. Equipment is personal property with a useful life of over one (1) year with a per unit cost that exceeds \$5,000.
 1. Equipment must be used to further the federally funded project for which it was acquired as long as that Equipment is needed for that project.
 2. To encourage efficiency and non-duplication of resources, the Equipment may be used on

other federally funded projects or other projects of the County, provided that the secondary use does not interfere with the original project for which it was originally procured.

3. During the period of performance, the County must not charge for use of federally funded Equipment for a fee less than equivalent services in the private sector.
 4. The County must keep an inventory of Equipment procured through federal funds, including a description, a County identification number, associated federal project used, acquisition date, cost of the property, and any disposition data (cost of sale and date of disposal), if applicable.
 5. The County shall develop a system to ensure adequate safeguards to prevent loss, damage, or theft. Any loss, theft, or damage should be investigated. On at least an annual basis, County should take a physical inventory of the Equipment.
 6. All Equipment must be maintained in accordance with established maintenance procedures (typically the manufacturer's guidelines). Equipment may be replaced in future years using federal funds. The County should attempt to trade in or sell the Equipment and use the proceeds to offset the costs of the replacement Equipment.
 7. If the Equipment is replaced or is no longer needed to support the original federally funded program, the Equipment (including Equipment to be replaced) should be disposed of as follows:
 - i. If the current fair market value is \$5,000 or less, the Equipment may be retained or sold in a manner that ensures the highest possible return to the County;
 - ii. If the current fair market value is more than \$5,000, the federal agency awarding the grant will provide disposition guidance (either to sell or transfer the Equipment to designated entity);
 - iii. If no disposition guidance has been received by the County within 120 days, the County may: (a) retain the Equipment, (b) transfer the property to the federal government or designated entity; or (c) sell the equipment in a manner that ensures the highest possible return to the County. In the event that the property is sold, the County must remit the proceeds of the sale to federal agency awarding the grant based upon the following calculation:
$$[\text{Cost of the sale}] \times [\text{Percentage of federal funds in the Original Purchase}] - \$500$$
- B. Supplies are personal property that is less than \$5,000.
1. Supplies must be used to further the federally funded project for which it was acquired as long as that Equipment is needed for that project.
 2. During the period of performance, County must not charge for use of federally funded

Supplies for a fee less than equivalent services in the private sector.

3. If at the end of the award program, residual inventory of Supplies exceeds an aggregate value of \$5,000, the County may either (a) retain the property for use on other activities; or (b) sell the property in a manner that ensures the highest possible return to the County. In the event that the property is sold, the County must remit the proceeds of the sale to the federal agency awarding the grant based upon the following calculation:

[Cost of the sale] x [Percentage of federal funds in the Original Purchase] - \$500.

Reference: 2 C.F.R. §§ 200.313 & 200.314.

VI. RELATION TO OTHER COUNTY POLICIES

This policy supplements and does not supplant County Policy #4 “Purchasing Policy & Procedures,” Policy # 52 “Spending Efficiency Program,” or any other policy in effect at the time this policy is adopted by the County or any other policy that the County may adopt or modify in the future except as expressly stated.