

POLICY TITLE: FEDERAL GRANTEE FINANCIAL MANAGEMENT COMPLIANCE
POLICY NUMBER: 5050

COMMITTEE APPROVAL DATE: 09/30/2019 **WRITTEN/REVISED BY:** M. SUUA
BOARD APPROVAL DATE: 11/17/2021 **SUPERSEDES:** 10/23/2019

POLICY:

5050 It is the policy of the Beach Cities Health District (“District”) to adhere to the grantee financial management requirements required by United States Department of Health and Human Services for the Substance Abuse and Mental Health Services Administration’s (SAMHSA) Office of Financial Advisory Services (OFAS) for all activities pertaining to the Drug Free Communities Grant.

SCOPE:

5050.1 SAMHSA Office of Financial Advisory Services requires that grant recipients adhere to specified management control principals to meet financial management requirements. The requirements ensure that accounting and personnel policies and procedures include the necessary controls.

5050.2 The District Policies and Procedures will comply with Title 45 CFR Part 75, including, specifically, Standards for Financial and Program Management, §75.300 *et. seq.*

5050.3 The District will practice Nondiscrimination on the basis of race, color, national origin, sex, age or disability and any additional broader categories as required by the state of California. The District will comply with Title 45 in the Electronic Code of Federal Regulations (e-CFR) Part 80.3 and District Policy 1070 on Nondiscrimination.

RESPONSIBILITY:

5050.4 It is the responsibility of all staff involved in managing and executing any Federal Grants received to follow the policies outlined here to comply with the seventeen grant financial management requirements.

5050.5 REQUIREMENTS:

5050.5.1 Advance Payments

5050.5.1.1 Advance payments are required under Department of Health and Human Services (HHS) awards, provided maintenance of both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the District, and financial management systems that meet the standards for fund control and accountability as established in 45 CFR §75.305.

5050.5.1.2 Advance payments are limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the program awarded by the grant.

5050.5.1.3 The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the District for direct program or project costs and the proportionate share of any allowable indirect costs. The District will make timely payment to contractors in accordance with the contract provisions.

5050.5.1.4 Whenever possible, advance payments will be consolidated to cover anticipated cash needs for all grant awards made by HHS.

5050.5.1.4.1 Advance payment mechanisms include, but are not limited to, Treasury check and electronic funds transfers and must comply with applicable guidance in 31 CFR Part 208.

5050.5.1.4.2 The District is authorized to submit requests for advance payments and reimbursements at least monthly when electronic fund transfers are not used, and as often as they like when electronic transfers are used, in accordance with the provisions of the Electronic Fund Transfer Act (15 U.S.C. 1693-1693r).

5050.5.1.5 To the extent available, the District will disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.

5050.5.1.6 Advance payments will be maintained in interest-bearing accounts, unless the following apply:

5050.5.1.6.1 The District receives less than \$120,000 in Federal awards per year.

5050.5.1.6.2 The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.

5050.5.1.6.3 The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

5050.5.1.6.4 A foreign government or banking system prohibits or precludes interest bearing accounts.

5050.5.2 Annual Audit

5050.5.2.1 The District will perform an annual audit per District Bylaws **Article VIII** and District **Policy 6220, Annual Audit**.

5050.5.2.2 The financial statement of the District with the auditor's certification, including any exceptions of qualifications as part of such certification, shall be published in the District by the Board pursuant to Section 6061 of the Government Code of the State of California.

5050.5.2.3 If federal awards exceed fiscal years expenditures of \$750,000, a Single Audit will be performed in accordance with **§§75.501** and **75.514** in Part 75 of Title 45 in the CFR.

5050.5.2.4 If subject to 45 CFR **§75.507**, the single purpose audit report will be submitted electronically to the Federal Audit Clearinghouse (FAC) within the earlier of thirty (30) days after receipt or nine months after the fiscal year's end.

5050.5.3 Accounting System

5050.5.3.1 The District will comply with **District Policy 6150: Fund Accounting** and **Policy 1040: Records Retention**.

5050.5.3.2 The District accounting system will have the ability to report revenue and expenditures separately by federal program.

5050.5.3.3 The District will maintain a chart of accounts.

5050.5.3.4 The District will maintain accurate, current, and complete disclosures of the financial results of each grant in accordance with the reporting requirements set forth in 45 CFR **§§75.341** and **75.342**, including records of all receipts and disbursements per **Policy 1040: Records Retention**.

5050.5.4 Bank Statements

5050.5.4.1 The District will establish a separate, insured bank account for the receipt and disbursements of the Federal Request transactions.

5050.5.4.2 Disbursements will be transferred in batch form from the District's general checking account and will be approved and reviewed by a grantee official not authorized to sign checks or part of the payment process but familiar with the financial activities of the grant.

5050.5.4.3 The individual reconciling the bank statements will be different from the person opening the statements.

5050.5.4.4 Bank statements will be opened (physically or electronically) and reviewed by a grantee official who is not authorized to sign checks, but familiar with its financial activities.

5050.5.4.5 Bank statements will be reconciled timely, but no later than within 25 days of receipt in the month following the statement date, by someone not authorized to sign checks.

5050.5.4.6 Bank statement reconciliation will be approved by a grantee official outside the payment process familiar with the financial activities of the grant.

5050.5.5 Disbursements/Procurement

5050.5.5.1 The District will comply with District **Policy 6140: Disbursement of Funds** and **Policy 6160: Purchasing** and will comply with the following federal grant requirements:

5050.5.5.1.1 Documentation will be maintained to support all disbursements electronically or hard copies annually by type of grant expenditure and/or vendor as applicable

5050.5.5.1.2 Disbursements will be pre-approved and indicate approval by whom for both small and large dollar purchases

5050.5.5.1.3 Expenditures will be disbursed according to the approved grant budget and sourced reasonably; the District will follow the procedures described in **Policy 6160: Purchasing**.

5050.5.5.1.4 Where formal bidding is required, the District will follow the procedures described in **Policy 6160: Purchasing**.

5050.5.5.1.5 Blank checks will be safeguarded in a locked cabinet restricted to designated staff.

5050.5.5.1.6 The Finance Department will segregate duties over creation of vendor accounts, check processing and signing of checks.

5050.5.5.1.7 Payments via Electronic Fund Transfer (EFT) methods are segregated by person entering the EFT transaction and approver.

5050.5.5.1.8 Two signatures are required on all federal grant checks over \$1,000.

5050.5.5.1.9 The District's CEO and CFO (Grant applicant Business Official) are designated authorized to sign checks.

5050.5.6 Matching or Cost-Sharing Contributions

5050.5.6.1 Matching or cost-sharing contributions of 100% are required as part of the SAMHSA grant. Such contributions will adhere to the requirements set forth in 45 CFR §§75.306, including:

5050.5.6.1.1 Matching or cost-sharing contributions will be verifiable from the recipient's financial records.

5050.5.6.1.2 Matching or cost-sharing contributions may only be used for a specific federally assisted project program and not duplicated for multiple programs.

5050.5.6.1.3 The matching or cost-sharing contributions will be necessary and reasonable for proper and efficient accomplishment of the project or program objectives.

5050.5.6.1.4 The matching or cost-sharing contributions may not be paid by the federal government under another award (except where authorized by federal statute to be used for cost-sharing or matching).

5050.5.6.1.5 The matching or cost-sharing contributions are allowable and provided for in the approved budget.

5050.5.7 Consultants and Contractors

5050.5.7.1 The District will comply with District **Policy 6160: Purchasing** and will comply with the following federal grant requirements:

5050.5.7.1.1 Work can only be outsourced to consultants and contractors for work directly related to the Grant within the expenditure budget approved and the time frame of the grant period.

5050.5.7.1.2 Require in-house capabilities will be evaluated before obtaining external assistance

5050.5.7.1.3 The selection process will follow and comply with the procedures described in **Policy 6160: Purchasing**.

5050.5.7.1.4 The District **Policy 6160: Purchasing** ensures all procurement transactions are conducted in a manner to provide full and open competition to the maximum extent practical.

5050.5.7.1.5 In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors who develop or draft grant

applications, or contract specifications, requirements, statements of work, invitations for bids and/or requests for proposals, shall be excluded from competing for such procurements.

5050.5.7.1.6 The District will follow the procedures described in **Policy 6160: Purchasing** for ensuring costs and fees are reasonable.

5050.5.7.2 Prior to selecting a new consultant or contractor, the Excluded Parties List System, within the System for Award Management (www.sam.gov/SAM/), will be checked to ensure the individual or entity is not prohibited from receiving federal funds.

5050.5.8 Expenditure Analysis

5050.5.8.1 The District will comply with District **Policy 6120: Budget Preparation** and will comply with the following federal grant requirements:

5050.5.8.2 Grant actual versus budgeted expenditures will be compared and analyzed monthly and variances larger than \$1,000 or 5%, whichever is greater, will be explained.

5050.5.8.3 All significant variances between grant actual and budgeted expenditures will be resolved to ensure total costs do not exceed the amounts budgeted for the grant period.

5050.5.9 Indirect Costs

5050.5.9.1 All costs included in the Federal Request and the Match by the District will be charged as direct cost and allocated as described in the approved budget for each cost objective.

5050.5.9.2 All allowable costs will comply with **45 CFR Title 75, Subpart E**.

5050.5.10 Credit Cards

5050.5.10.1 The District will designate a grant specific credit card and comply with District **Policy 6180: Credit Card Usage, Policy 4100 Expense Reimbursement** and with the following federal grant requirements:

5050.5.10.1.1 Credit card use will be controlled in accordance with **Policy 6180: Credit Card Usage**.

5050.5.10.1.2 Require all grant credit card expenditures be pre-approved.

5050.5.10.1.3 The grant credit card will limit individual amounts to \$1,000 unless approved for a higher amount by the grantee Business Official.

5050.5.10.1.4 The grant credit card will only incur types of expenditures approved in the grant budget.

5050.5.10.1.5 Prohibit personal expenditures in accordance with **Policy 6180: Credit Card Usage.**

5050.5.10.1.6 All receipts will be submitted for review and compared with credit card statements.

5050.5.10.2 Usage of credit cards to pay for any grant expenses, Federal Request and Match, will be pre-approved by Business Official.

5050.5.10.3 All grant expenses paid by credit cards will comply with **OMB Circular A-87**, Cost Principles for State, Local and Indian Tribal Governments, Codified in **2CFR Section 225.**

5050.5.11 Timekeeping

5050.5.11.1 The District will comply with **Policy 3240: Hours of Work and Overtime, Section 3240.7, Recording Hours Worked.**

5050.5.11.2 In general, the District will charge the Federal Request and Match salaries and wages to the grant based on actual employee activity as reflected in the District's timekeeping system, prepared after the-fact, that include the total activity for which the employee was compensated, certified by the employee and supervisor.

5050.5.11.3 If determined an undue burden, the District, being a local government entity, will charge salaries, wages and fringe benefits to the grant for the Federal Request and Match based on budget estimates, or other distribution percentages or use a substitute system that meets conditions in **\$75.430** in Part 75 of Title 45 in the CFR.

5050.5.12 Travel

5050.5.12.1 The District will comply with District **Policy 4100: Expense Reimbursement.**

5050.5.12.2 Travel applicable to the Federal Request and Match for the grant will be:

5050.5.12.2.1 Pre-approved if other than local mileage required,

5050.5.12.2.2 Reasonable with a stated purpose to perform requirements of the grant,

5050.5.12.2.3 Limit airfare to coach and car rental to mid-sized, unless otherwise justified

5050.5.12.2.4 Limit reimbursements to the rates published in Title 41 Code for the Federal Travel Regulations.

5050.5.12.2.5 Reimburse travel cost based on the District's employee expenditure reimbursement form listing each cost individually along with original receipts.

5050.5.12.3 Travel costs will comply with **\$75.474** in Part 75 of Title 45 in the CFR.

5050.5.13 Property Control

5050.5.13.1 The District will comply with District **Policy 6210: Accounting for Fixed Assets** and **Policy 6200: Fraud** and with the requirements of **\$75.320** in Part 75 of Title 45 in the CFR, including:

5050.5.13.1.1 It is the responsibility of the Finance Department to ensure that fixed assets purchased with federal funds are tagged whenever feasible, inventoried on a regular basis, no less than every other year, and accounted for by fund and asset category.

5050.5.13.1.2 It is the responsibility of the Finance Department to maintain records that include a description, cost, purchase date, source of funding, location, and condition of each property item purchased with federal funds.

5050.5.13.1.3 To prevent loss and theft, the District will enforce **Policy 6200: Fraud** and will maintain reasonable physical safeguards to Property (e.g., limiting access, security cameras where feasible, etc.).

5050.5.14 Conflict of Interest

5050.5.14.1 The District will comply with District **Policy 1020: Conflict of Interest** and **Policy 1030: Conflict of Interest Code**.

5050.5.14.2 Conflict of Interest policy and procedures will comply with pg. II-7 of the HHS Grants Policy Statement.

5050.5.15 Drug-Free Workplace

5050.5.15.1 The District will comply with District **Policy 3825: Alcohol and Drug Abuse**.

5050.5.15.2 Drug-Free Workplace policy and procedures will comply with Governmentwide Requirements for Drug-Free Workplace §§ 630.200 – 630.230 of Title 45 CFR Part 630.

5050.5.15.3 For employees directly engaged in the performance of work under the federal grant award, the following requirements will apply:

5050.5.15.3.1 The unlawful manufacture, distribution, dispensing, possession, or use of controlled substances is prohibited in the workplace.

5050.5.15.3.2 Employees must notify management, as a condition of employment, in writing within five calendar days, if they are convicted of violating a criminal drug statute.

5050.5.15.3.3 Appropriate personnel action must be taken, within 30 calendar days, against any employee convicted of violating a criminal drug statute up to and including termination or require the employee to participate satisfactorily in a federal, state, local, or law enforcement-approved drug abuse assistance or rehabilitation program.

5050.5.15.3.4 Federal agencies must be notified in writing, within 10 calendar days, if any employee engaged in the performance of an award is convicted of violating a criminal drug statute.

5050.5.16 Allowability of Costs

5050.5.16.1 To be allowable under a federal award, costs must be reasonable, allocable, and adequately documented:

5050.5.16.1.1 A cost is reasonable if it does not exceed what a prudent person would incur under similar circumstances.

5050.5.16.1.2 A cost is allocable to a federal award to the extent the goods or services benefited the program.

5050.5.16.1.3 A cost is adequately documented if it is supported by accounting records and source documentation, such as purchase orders, vouchers, invoices, payroll allocation reports, payroll summaries, timesheets, etc.

5050.5.16.2 Allowable costs will comply with **\$75.403** in Part 75 of Title 45 in the CFR.

5050.5.17 Program Income

5050.5.17.1 The District is not anticipating the receipt of any income as it relates to the Federal request and Match, but in case it does, the District will adhere to requirements outlined below:

5050.5.17.2 Any program income relating to the federally funded project will be used solely to further the project or program objectives or to finance the non-federal share.

5050.5.17.3 Program income may be deducted from the total federal share of project or program allowable costs.

5050.5.17.4 Program income will comply with **\$75.307** in Part 75 of Title 45 in the CFR.

EXCEPTIONS:

5050.6 The Chief Executive Officer is the only person authorized to make exceptions to this policy.