



ARAPAHOE COUNTY
COLORADO'S FIRST

Board Summary Report

Date: October 5, 2020
To: Board of County Commissioners
From: Todd Weaver, Finance Director
Subject: Adoption of Updated Financial Policies for Purchasing Card Use and Grant Application, Management, and Subrecipient Monitoring

Request and Recommendation

The purpose of this Consent Agenda item is to approve updates to the financial policies for purchasing card use as well as grant application, management, and subrecipient monitoring. Each of these financial policies will replace and supersede the current policies in place.

Background

The attached financial policies were updated earlier in 2020 and reviewed by the E-Team in August and September and by the Board of County Commissioners in early October. The Purchasing Card Policy has been in place for a number of years and the attached policy updates the policy, process, forms, training, and communications planning to develop a more comprehensive and efficient purchasing card program.

The Grant Application, Administration and Policy, and Sub-Recipient Monitoring policies are not much different than the practices the County has operated under for a number of years. Unfortunately, these grant policies were never formally adopted and there is a need to do so. Once adopted, the policies will be distributed to all grant-related divisions and will post it on the County Intranet. The new grant policies are split into three separate policies. The first two, the grant application and approval policy and the grant administration and reporting policy, divide up the previous policy with a few minor changes, while the third policy, the grants sub-recipient monitoring policy is largely new but incorporates the necessary language provided for in the Uniform Guidance for Federal Awards that the County is required to comply with for the use of such funds.

Links to Align Arapahoe

The adoption and use of financial policies that include appropriate financial controls and best practices is in keeping with the County's pursuit of Fiscal Responsibility and responsible spending of taxpayer dollars.

Alternatives

The Board could choose not to adopt these revised policies and ask for revisions or edits by the Finance Department.

Fiscal Impact

There is no direct fiscal impact of adopting these financial polices but they we assist the Finance Department in monitoring and managing the County's finances.

Reviewed By:

Todd Weaver, Finance Director
John Christofferson, Deputy County Attorney

RESOLUTION NO. 20_____ It was moved by Commissioner _____ and seconded by Commissioner _____ to adopt a resolution approving revisions to the Arapahoe County Purchasing Card Policy (Financial Policy 10.7) and the adoption of the Grant Application and Approval Policy (Financial Policy 9.1), Grant Administration and Reporting Policy (Financial Policy 9.2), and the Grant Sub-Recipient Monitoring Policy (Financial Policy 9.3), as presented to the Board on this day.

The vote was:

Commissioner Baker, ____; Commissioner Conti, ____; Commissioner Holen, ____; Commissioner Jackson, ____; Commissioner Sharpe, ____.



I. Authority

The Board of County Commissioners (BoCC) is the policy board responsible for setting expenditure policies for Arapahoe County. In adopting this policy, the BoCC is granting the authority and responsibility for developing and administering expenditure procedures in alignment with these policies to the Finance Director. The Finance Director may further delegate this authority and responsibility to designees in the Finance Department.

II. Purpose and Scope

This policy applies to the issuance, use and termination of all County Purchasing Cards, hereinafter called "Card". The Purchasing Card Program is designed to allow authorized County staff to efficiently make certain immediate, low-value purchases. These Cards are to be used solely for official County purchases. The Purchasing Card Program will be administered by the Finance Department in order to ensure compliance with County Financial Policies. Department Directors, Elected Officials, their designees and authorized employees are expected to read, understand and abide by these policies, and to be aware that all purchases made with these Cards are a matter of public record and therefore subject to Colorado Open Records requests.

The establishment of a Purchasing Card policy for the County:

- A. Ensures a clear and concise understanding of the policies and procedures regarding proper use of County Purchasing Cards.
- B. Provides a clear and concise expectation of all stakeholders and their responsibilities.
- C. Provides consistency with the County's goals of fiscal responsibility and the responsible use of taxpayer money.

III. Definitions

- A. **Account Limit** – The maximum account balance permitted to be outstanding during any month.
- B. **Bank** – Vendor providing Purchasing Card services for the County.
- C. **BoCC** – Board of County Commissioners.
- D. **Card** – The word "Card" refers to Purchasing Cards and Department Cards.
- E. **Card Controls** – Controls built into the Card that enforce limits on the amount that can be spent on any one transaction, on the maximum account balance permitted, and the types of goods or services that can be purchased with the Card.
- F. **Cardholder** – An individual who is authorized by his or her Department Director, Elected Official or designee to use an individually assigned Card to make purchases for official County use only.
- G. **Department Cards** – Accounts dedicated to a specific vendor, issued to a department, without a designated Cardholder.
- H. **Designee** – A person who is authorized to act on behalf of an Elected Official or Department Director.
- I. **Disputed Charge** – Occurs when the card holder questions the validity of a transaction charged to the account and may include the following; billed for an incorrect amount, billed more than once, billed for a purchase made by other means, a credit not issued for

- merchandise returned, damaged merchandise, merchandise not received or not received as described, billed for a cancelled service, reservation or order. The Card may stay active while the dispute is resolved with the merchant.
- J. **Fraudulent Charge** – Occurs when there are unauthorized transactions made with a lost, stolen, or counterfeit card or number and requires immediate cancellation and reissue of the Card.
 - K. **High-Risk Codes** – Merchant category codes that are blocked on all Cards as they are deemed an inappropriate use of County funds (e.g. alcohol, cash withdrawals, etc.). They are predetermined and non-negotiable.
 - L. **Learning Management System (online)** – The system used by the County for tracking employee training.
 - M. **Merchant Category Codes (MCC)** – A system of four-digit codes designed by the credit Card and banking networks to identify a merchant's principle line of business for the purposes of allowing organizations to control the types of purchases their Cardholders can make.
 - N. **MCC Code Groups** – MCC Code Groups limit the types of purchases that can be made by MCC code, by transaction limits, by account limits or other criteria and are designed to match the needs and duties of Cardholders throughout the County.
 - O. **Purchasing Card** – A charge Card used for business purchases of goods and services that has limits set on the types of commodities that can be purchased with it, the amount that can be purchased in any one transaction, and an overall account limit.
 - P. **Purchasing Card Administration Group** – Also known as Finance Purchasing Card Admin email group that can be reached at PCardAdmin@arapahoegov.com. This group consists of the Purchasing Card Administrator, Purchasing Card Coordinator and Purchasing Card AP Controller. It receives email inquiries regarding Purchasing Card policy, issuance, use, reconciliation, GL posting and support questions.
 - Q. **Purchasing Card Administrator** – A Finance Department employee who oversees the entire Purchasing Card Program and is the primary liaison with the Bank.
 - R. **Purchasing Card Coordinator** – A Finance Department employee who is responsible for Purchasing Card requests; ordering and distributing Cards; maintaining signed Cardholder Agreements; working with Cardholders, Reconcilers and the Bank to resolve purchasing Card disputes, issues and errors; and monitoring Cardholder separation from service for Card cancellation purposes. The Card Coordinator is also responsible for all changes to the Card.
 - S. **Purchasing Card AP Controller** – A Finance Department employee responsible for setting up all users and GL accounts in the Bank's online payment management system; training Cardholders, reconcilers and approvers; monitoring online Card statements; notifying Reconcilers when the statements are ready for processing; and ensuring that all statements are received and reviewed for completeness. The Purchasing Card AP Controller is also responsible for maintaining all electronic and hard copies of statements with attached receipts from all Cardholders in the appropriate directories for audit purposes. Sets card and transaction limits and available MCC Code Groups for each Cardholder.
 - T. **Reconciler** – The individual(s) designated by the Department Director, Elected Official or designee responsible for reconciling transactions in accordance with existing policies and procedures.
 - U. **Suspended Card** – A Card that is temporarily blocked from usage.
 - V. **Transaction Limit** – The maximum amount that can be used per transaction for a purchase.
 - W. **Vendor** – A supplier or seller of goods or services.

IV. Policy

The use of a Card is a privilege, not a right. In order to maintain that privilege, the Cardholder must read, understand and abide by the policies contained herein and the related procedures. Failure to abide by these policies may result in the suspension or revocation of the Card and/or disciplinary action, up to and including termination.

A. Card Authorization and Issuance

- The Department Director, Elected Official or designee must approve the issuance of a new Card. (See the Purchasing Card Authorization Form).
 - The Department Director or Elected Official may authorize an employee in their department/office as the designee; this designation must be made in writing (email or memo) to the Purchasing Card Coordinator.
 - The issuance of the Purchasing Card will occur upon receipt of an approved Purchasing Card Authorization Form.
- New Cardholders must take a training class and complete an exam where they will learn about the Card policies and procedures.
 - These classes will be offered through the County's Learning Management System.
 - New Cardholders must sign the Cardholder Agreement on the Purchasing Card Authorization Form affirming that they understand and will abide by these Card policies before receiving their Card.

B. Card Usage, Limitations and Restrictions

- The Purchasing Card program is designed to allow authorized County staff to make certain immediate, low-value purchases for official County business.
- The Card can be used at most merchants unless blocked by the Card's MCC Code Group.
- The Card may be used for in-store purchases as well as phone, fax, mail and online orders.
- For purposes of preventing duplicate payments, the Card **cannot** be used to pay existing invoices, unless specifically authorized by the Finance Department.
- Cardholders should not allow anyone else to use their Card or Card number. If employees need assistance, they may contact the Purchasing Card Administration Group.
- The Department Director, Elected Official or designee assigns a credit limit to each authorized Card.
 - Increases in the transaction limit or Card limit must be approved by the Department Director, Elected Official or their designee, and submitted in writing to the Purchasing Card Administration Group and detail the amount of the increase, the duration and business need for the increase. Depending on the request, the Purchasing Card Administration Group may refer such approval to the Finance Department's Accounting Manager.
- The most common individual transaction limit is \$4,999. Cardholders are not permitted to avoid the single transaction limit by splitting the purchase into multiple transactions.
 - For example, splitting the purchase into six separate transactions of \$1,000 each in order to avoid the \$4,999 limit is not permitted.
- Violations of these limitations and restrictions may result in the suspension or revocation of the Cardholder's privileges.
- The Cardholder may be responsible for reimbursement to the County for all costs associated with misuse of the Card.

C. Permitted Purchases

- The Card is intended for immediate, low-value purchases needed during the normal course of business.
- The goods or services being purchased must be budgeted in the Department or Office to which the Card is assigned.
- Purchases of goods and services must comply with the Purchasing Policy.

D. Prohibited Purchases

- Personal use of the Card, or use for non-County business purposes, is not authorized under any circumstances. This prohibition is true regardless of intent to reimburse the County with personal funds later.
- Items not permitted by any other County policy (purchasing/travel/other).
- Purchases that should be made with Purchase Orders; see the County Purchasing Policy.
- Capital leases
- Computers
- Software
- Recurring user agreements
- Cell phone services
- Gifts for employees, unless authorized by the Department Director or Elected Official for a specific County purpose.
- Food purchases without proper backup, per other applicable expense policies, or for non-County related business.
- Other items easily convertible to cash, such as unauthorized gift cards/certificates.
- Items vulnerable to duplicate payment (travel expenses and payments of invoices), e.g.:
 - Tips, excessive
 - Travel: Food, in violation of policy
 - Travel without appropriate backup
- Items perceived to be inappropriate for County business purposes, e.g., alcohol/illicit substances.
- Items with Merchant Category Codes flagged as High-Risk Codes (e.g., Gambling, Lottery, Dating/Escort Services).
- This list is not exhaustive; please contact the Purchasing Card Administration Group with questions regarding specific items.

E. Sales Tax-Exempt

- Arapahoe County is **tax-exempt** and therefore should not be charged sales tax within the State of Colorado.
 - It is the Cardholder's responsibility to ask the merchant to not charge sales tax.
 - The County's tax-exempt ID number is imprinted on the face of the Card, and wallet-sized laminated copies of the County's tax exemption certificate are available from the Finance Department to assist in this effort.
 - Repeated submission of in-state receipts with sales tax may result in suspension of Card privileges.
 - Although many states do not honor the tax-exempt status of counties in a different state, it is the responsibility of the Cardholder to request it.
 - Although some online businesses may not honor the tax-exempt status of the County, it is the responsibility of the Cardholder to make the request.

F. Lost or Stolen Cards

- Cardholders are responsible for the security of their Card.
 - If a Cardholder believes his or her Card has been lost or stolen, the Cardholder shall immediately contact the Purchasing Card Coordinator so that the Card can be deactivated to prevent any fraudulent charges.
 - In the event the Card is lost or stolen, the Cardholder shall notify his or her supervisor.

- Cardholders who repeatedly report their Cards lost or stolen may lose their Card privileges.

G. Receipts

- Cardholders must obtain and remit itemized receipts for all goods and services purchased.
 - Receipts showing only the total of the purchase **are not** adequate.
 - Itemized receipts must detail the merchandise, the unit price, number of units purchased, freight, business purpose of a meal, etc.
 - Receipts for travel must meet the requirements as detailed in the County's current travel policies.
 - Receipts must be submitted to the Cardholder's reconciler or electronically via the Bank's online payment management system, depending on the department's reconciliation approach.
- If a Cardholder has lost a receipt, he or she must submit a Missing Receipt Affidavit Form attesting to the fact that the receipt was lost but that the charge was made by the Cardholder, is for the correct amount and purchase description, reflects legitimate County purposes, and is in accordance with County Financial and other policies.
 - Repeated lack of receipts may result in the suspension or revocation of the Cardholder's Card privileges.

H. Coding and Review of Purchases

- It is the Cardholder's responsibility to attest that the charges are legitimate County business charges.
 - Cardholders failing to submit detailed receipts or failing to submit completed paperwork on a timely basis may have their Card privileges suspended or revoked.
- It is the Reconciler's responsibility to ensure that all the information is verified, coded correctly, reconciled and accompanied by detailed receipts.
- Card statements and receipts will be reviewed periodically by the Finance Department to ensure that these policies are properly followed.

I. Disputed or Fraudulent Charges

- If there is a discrepancy between a Cardholder's receipts and statement, the Cardholder or the Reconciler must address the issue quickly by contacting the merchant and having them correct the charge.
- Any fraudulent charges that were not authorized by the Cardholder must be reported immediately to the Purchasing Card Coordinator.
- Prompt reporting of any disputed or fraudulent charges will help to prevent the Cardholder's Department or Office from being held responsible for these charges.

J. Separation from Service or Change in Job Duties or Position

- Upon leaving the employment of Arapahoe County Government for any reason, a Cardholder must surrender the Card, as well as any receipts and required forms, to the Reconciler, their Supervisor, or their Department Director, Elected Official or designee.
- The Department designee or Reconciler is responsible for notifying the Purchasing Card Coordinator upon a Cardholder's separation from service.
- The Purchasing Card Coordinator must cancel the separated employee's Card immediately with the Bank.
 - If the Card is not canceled within two (2) business days of the employee's separation from service, the Department or Office may be liable for charges transacted after the employee's separation from service.

K. Monitoring Card Activity

- The Purchasing Card Administrator will conduct random audits throughout the year and assess possible violations according to the policy.
 - Any possible violations will be addressed with the Cardholder.
 - The Cardholder should provide enough detail and support for the transaction to justify it as a normal business expense.
 - If the transaction is still unclear, the Accounting Manager will review the supporting documents and explanation to assess the transaction.

L. Card Accountability

- Cardholders and Reconcilers all have certain responsibilities (see Responsibilities of Parties Section) that must be met for the Purchasing Card Administrator and Purchasing Card Controller to complete their work and to keep the County's assets safe.
- The Finance Department will perform random audits of Cardholders and their activity to ensure the Cardholders are abiding by the Card Policy.
- If those responsibilities are not met, the Cardholder's Card privileges may be suspended or revoked, depending on the severity of the policy violation.
- Card Suspension/Deactivation
 - The Cardholder and their supervisors will be notified when violations are found, provided with the audit details and reason for the violation.
 - The Purchasing Card Administration Group may deactivate the Card and notify the Cardholder and their supervisor when the Card will be activated again, or whether a reinstatement affidavit form will be required.
 - The Cardholder will be required to review the Purchasing Card Policy through the County's Learning Management System.
- The Purchasing Card Administration Group will notify the Elected Official/Department Director/designee, the supervisor, and the Cardholder about the reinstatement process.
- If there are questions regarding Cardholder violations, or for further information, contact PCardAdmin@arapahoegov.com.

V. Responsibilities of Parties

A. Department Directors, Elected Officials or their designees are responsible for:

- Appointing designees, Reconcilers and their backups. Designees are not allowed to assign other designees.
- Approving Purchasing Card Authorization Forms.
- Working with the Purchasing Card Coordinator to assign the appropriate MCC Code Groups, monthly credit limits and per transaction limits for all their Card requests.
- Changes to a Cardholders Card privileges (limits, MCC codes, etc.) must be approved by the Department Director, Elected Official or their designee, and submitted in writing to the Purchasing Card Administration Group.
- Working with the Purchasing Card Coordinator in the event of a Card suspension, revocation or reinstatement under the Card Accountability Program.

B. Cardholders are responsible for:

- Reading, reviewing and signing the Purchasing Card Authorization form.
- Abiding by this and all other County Financial and other Policies.
- Safeguarding the Card and immediately reporting loss or theft of the Card to the Purchasing Card Coordinator and their supervisor.

- Not permitting anyone else to use their Card or Card number, even for legitimate County purchases.
- Keeping detailed receipts for all charges and submitting them to their Reconciler on a timely basis or electronically via the Bank's online payment management system.
- Returning the Card and receipts for all outstanding charges to the Department before leaving the employment of Arapahoe County.

C. Reconcilers are responsible for:

- Routing statements to the Cardholders they are responsible for as soon as they are available.
- Assisting Cardholders with accounting coding or other processing.
- Reconciling statements to respective receipts and locating missing documentation.
- Submitting scanned copies of signed statements and receipts to the Purchasing Card Administrator.

D. Purchasing Card Administrator is responsible for:

- Serving as the liaison between the County and the Bank for the Purchasing Card Program.
- Designing, setting and maintaining MCC Code Groups.
- The Purchasing Card Administrator can delegate this authority to the Purchasing Card Coordinator.

E. Purchasing Card Coordinator is responsible for:

- Distributing all Cards.
- Authorizing, activating, de-activating and canceling Cards.
- Obtaining and maintaining Cardholder Agreements.
- Assisting Cardholders and Reconcilers in resolving disputed charges.
- Monitoring lists of employees who have separated from service in order to assist in canceling Cards within two days of separation from service.

F. Purchasing Card AP Controller is responsible for:

- Setting up Account and Transaction Limits and MCC groups for each Cardholder.
- Notifying Reconcilers when statements are ready for processing.
- Training Cardholders, Reconcilers, etc.
- Ensuring that all Card statements are returned, reconciled and signed, and that all detailed receipts are attached on a timely basis each period.
- Maintaining all receipts and signed statements for audit purposes.
- Posting monthly charges to the General Ledger.
- Resolving issues with the Bank.
- Setting up users, Reconcilers and General Ledger accounts in the Bank's online payment management system.

VI. Related Documents and Procedures

- Purchasing Card Authorization Form
- Missing Receipt Affidavit Form

This policy supersedes and replaces Purchasing Card Policy 5.4 (2015).



Arapahoe County Finance Department

Grant Application and Approval Policy

Policy No.: 9.1
Version: 1.0
Resolution No.: 20XXXX
Effective Date: XX/XX/2020
Owner: Finance Department
Accounting Division

I. Authority:

The Board of County Commissioners has exclusive power to adopt the grant application and approval policy to help support the county government, including all offices, departments, boards, and commissions. The Finance Department is responsible for carrying out the policy directives of the Board of County Commissioners and establishing the necessary procedures to do so.

II. Purpose and Scope:

The purpose of the grant application and approval policy is to provide a uniform method of applying for grants, the roles and responsibilities of the parties, and record retention that will align with the goals of Arapahoe County.

This policy relates to all discretionary grants for which departments/offices are generating the application or the response to a request for a proposal for grant funding, including those grants that have been previously approved and are being renewed.

- A. The establishment of a Grant Application and Approval Policy for the County:
 - 1. Ensures proper oversight of all funds appropriated to the County.
 - 2. Minimizes the County's risk of non-compliance with grant requirements.
 - 3. Ensures proper administration and accounting of all grants.
 - 4. Compliance with these rules help grant staff meet agency and organizational expectations, avoid sanctions, and facilitate stronger partnerships between the grantor, grantee and sub-recipients.

III. Definitions:

- A. Advance Funding Grants – These are grants where the granting agency advances the funds to the County before any expenses have been incurred.
- B. BoCC – Board of County Commissioners.
- C. CFDA # – The Catalogue of Federal Domestic Assistance number given to each federal grant for identification and classification purposes.
- D. Discretionary grants – Grants that the requesting department are actively and voluntarily pursuing.
- E. Formulary grants – A mandatory grant that is awarded based on statistical criteria for specific types of work. The authorizing legislation and regulations define the statistical criteria and the amount of funds to be distributed. These may be Federal or State funded.
- F. Grant Inventory – Each year the Finance Department conducts an annual inventory of all departments and offices for all the active grants they are administering as of that date and during the fiscal year in order to formulate a preliminary SEFA for the auditors for single audit planning purposes and for submission to the BoCC.

- G. IG Rents – Intergovernmental (IG) rents are the mechanism by which the County sets aside funds annually in order to fund the replacement of the related asset at the end of its useful life.
- H. Pass-through grants – Some grants that are awarded by the State and other agencies have federal dollars flowing or passing through them and therefore are subject to the single audit regulations and must be included in the SEFA.
- I. Reimbursement grants – Grants requiring the County to expend its own funds initially and then apply for reimbursement by the granting agency.
- J. Requesting department – The department or office that is submitting the grant application, administering the grant if the grant is awarded, and taking full responsibility for grant compliance and reporting.
- K. Request for proposal/application – Grants that the State or other grantors solicit the County to apply for and require a proposal be prepared by the County for consideration.
- L. SEFA – The Schedule of Expenditures of Federal Awards that is required to be included in the County’s annual financial statements or Comprehensive Annual Financial Report (CAFR) and filed with the federal government within a certain time period after year end.
- M. Single Audit – Governments are required to complete a Single Audit in accordance with the Title 2 CFR Part 200, Subpart F, if expenditures of federal financial assistance are in excess of a certain dollar threshold during the fiscal year.
- N. Study Session – A way for the Board of County Commissioners to review and approve the item.
- O. Drop-In – A way for the Board of County Commissioners to review and approve a non-controversial item that will take 5-10 minutes to request direction from the BOCC or to provide them with information.

IV. Policy:

A. General

1. The goals and objectives of the County departments should be established early in the planning process and should not change based on changes in the availability of different funding sources sought and received.
2. If grant policies and regulations conflict with regulations and policies of the County, the federal and state regulations will prevail unless less restrictive than County policies where County policy prevails.
 - a) For example, Human Services and Homeland Security may have additional requirements.
3. No grant shall be accepted that will incur management reporting costs greater than the grant amount.
 - a) Such costs include, but are not limited to, indirect costs, overhead, and any other items needed to administer the grant.
4. Formulary Grants
 - a) Although they still need to abide by all relevant Federal, State, grant and single audit compliance regulations, formulary grants that departments receive as a matter of course annually from the State are not addressed in this policy as it pertains to the “Application” and “Approval” policies; all other policies, including 9.2 Grant

Administration & Reporting and 9.3 Grant Sub-Recipient Monitoring do apply to Formulary grants.

- b) Federal funding that the County administers but does not apply for is excluded from this policy as it pertains to the “Application” and “Approval” sections; however, policies 9.2 Grant Administration & Reporting and 9.3 Grant Sub-Recipient Monitoring do apply to these type of funds.
5. Advance Funding Grants
 - a) The BoCC strongly encourages that the County not enter into any advance funding grants; however, if it is necessary, the requesting department must make advanced arrangements for managing the cash received. See Responsibilities of Parties, Requesting Departments, section C.

B. Application

1. Contact with the County Attorney’s Office and the Finance Department for feedback early in the application process is highly encouraged in order to catch and address compliance, budgetary and other operational issues.
2. The requesting department must fill out the grant application in full in the Contract Management System for review as soon as possible in order to allow enough time for review by the County Attorney’s Office and the Finance Department. All related documents should be submitted to the Contract Management System including, but not limited to:
 - a) Completed Grant Evaluation Form.
 - b) Application instructions, certified assurances, and any other required attachments or guidance documentation, completely filled out and followed.
 - c) Online applications such as Grants.gov for Federal grants and Colorado Grants Management System (COGMS) for State grants that have all of the application items filled in, and a link to all instructions, certifications, requirements, program descriptions and other relevant information included for reviewers.
3. Generally speaking, a **minimum** of one week for the County Attorney’s Office and one week for the Finance Department is preferred to review the application and grant. Last-minute opportunities for advantageous grant applications will be expedited as much as possible by the reviewing departments given resource constraints and the complexity of the grant, but a thorough review and evaluation will not be omitted due to time constraints.
4. The filling out of the Grant Evaluation Form and the review of the complete application by both the County Attorney’s Office and the Finance Department **is required** even if the requesting Department Director or Elected Official has signing authority for the grant.
5. A copy of the Grant Evaluation Form must be retained with the grant records by the requesting department and by the Finance Department for future reference.
6. Access to online applications such as Grants.gov mentioned above will be given only to staff members designated by the Finance Department.

C. Approval

1. All grant applications, agreements or contract awards must be approved by the Board of County Commissioners (BoCC) by a resolution adopted in a Public Hearing unless the Department Director or Elected Official has received authority in the annual adopted signing resolution and the grant is eligible for such treatment.
 - a) Presenting the grant application to the BoCC will only occur once it has gone through the full application policy as noted above, and not until then (see Section B).
2. Some grant applications obligate the County at the application process; others do not obligate the County until the contract award is signed. Therefore, all grants requiring BoCC approval will be evaluated and approved by the BoCC at the application stage before submission of the application.
 - a) The resolution giving the Department Director, Elected Official or designee authority to sign and submit the application should also give them authority to sign the grant award when received.
3. All grant applications should be submitted to the BoCC for approval in a study session or a drop-in.
4. Electronic submission of the application requiring the submitter to certify that they are officially authorized to represent and bind the County will require specific authorization in the form of an adopted resolution.

D. Responsibilities of Parties

1. Requesting Department
 - a) Is responsible for the complete and accurate completion of the grant application.
 - b) Assign a Finance Officer for grants requiring such a designation.
 - c) Advance Funding Grants
 - (1) Appropriate arrangements must be made in advance of applying or accepting such a grant whereby the requesting department has developed a process to track the advance funding to ensure proper cash management of the funds throughout the duration of the grant.
 - (2) The requesting department will work with the Finance Department to ensure there are processes in place for proper cash management and reporting of the funding before the application is submitted.
2. County Attorney's Office
 - a) Is responsible for reviewing the grant application, agreement or award for legal compliance issues.
3. Finance Department
 - a) Is responsible for reviewing the grant application, agreement or award for:
 - (1) Inclusion in the SEFA if federal dollars are included
 - (2) Equipment purchases

- (a) Ensuring purchasing policies and requirements are followed when getting estimates or purchasing grant-funded equipment, goods or services, including checking vendor debarment lists at every step in the process and documenting those checks
 - (b) Ensuring a fixed asset number is assigned so that purchase order can be created, if necessary.
 - (c) Arranging for IG rents to be set up if it is anticipated that the equipment will eventually need to be replaced with County funds
- (3) Ensuring budget supplementals are arranged in conjunction with the requesting department or office for receiving the grant award, appropriating the use of the grant proceeds, and any IG rents that may be needed
- b) Is responsible for inquiring about appropriate processes in place to track grant expenditures and reimbursements appropriately and in compliance with requirements.
 - c) Is responsible for setting up of special fields in the County's SAP financial system and training on their usage.
 - d) Is responsible for maintaining a copy of the completed Grant Evaluation Form for future reference.

V. Related Documents and Procedures:

- A. Title 2 CFR Part 200
- B. Basis of Accounting 5.1
- C. Financial Reporting Policy 5.2
- D. Grant Application Procedures 9.1.1
- E. Grant Evaluation Form

This policy supersedes and replaces the Grant Application and Approval Policy 4.4 dated 02/14.



Arapahoe County Finance Department

Grant Administration and Reporting Policy

Policy No.: 9.2
Version: 1.0
Resolution No.: 20XXXX
Effective Date: xx/xx/2020
Owner: Finance Department
Accounting Division

I. Authority:

The Board of County Commissioners has exclusive power to adopt the grant administration and reporting policy to help support the county government, including all offices, departments, boards, and commissions. The Finance Department is responsible for carrying out the policy directives of the Board of County Commissioners and establishing the necessary procedures to do so.

II. Purpose and Scope:

The purpose of the grant administration and reporting policy is to provide a uniform method of administering and reporting of grants, roles and responsibilities of the parties, and record retention that will align with the goals of Arapahoe County.

This policy relates to all grants for which departments/offices are currently administering grant funding, including those grants that have been previously approved and are being renewed.

A. The establishment of a Grant Administration and Reporting Policy for the County:

1. Ensures proper oversight of all funds appropriated to the County.
2. Minimizes the County's risk of non-compliance with grant requirements.
3. Ensures proper administration and accounting of all grants.
4. Ensures proper reporting of all grants within the control of the County.
5. Compliance with these rules help grant staff meet agency and organizational expectations, avoid sanctions and facilitate stronger partnerships between the grantor, grantee and sub-recipients.

III. Definitions:

- A. Advance Funding Grants – These are grants where the granting agency advances the funds to the County before any expenses have been incurred.
- B. BoCC – Board of County Commissioners.
- C. CAFR – Comprehensive Annual Financial Report.
- D. CFDA # – The Catalogue of Federal Domestic Assistance number given to each federal grant for identification and classification purposes and must be included in the annual SEFA for single audit purposes.
- E. Discretionary grants – Grants that the requesting department are actively and voluntarily pursuing.
- F. Formulary grants – A mandatory grant that is awarded based on statistical criteria for specific types of work. The authorizing legislation and regulations define the statistical criteria and the amount of funds to be distributed. These may be Federal or State funded.
- G. Grant Inventory – Each year the Finance Department conducts an inventory of all departments and offices for all the active grants they are administering as of that date

- and during the fiscal year in order to formulate a preliminary SEFA for the auditors for single audit planning purposes and for submission to the BoCC.
- H. IG Rents – Intergovernmental (IG) rents are the mechanism by which the County sets aside funds annually in order to fund the replacement of the related asset at the end of its useful life.
 - I. OIG – Office of Inspector General is the agency that conducts audits of Federal grants to ensure that they are compliant with all regulations.
 - J. Pass-through grants – Some grants that are awarded by the State and other agencies have federal dollars flowing or passing through them and therefore are subject to the single audit regulations and must be included in the SEFA.
 - K. Reimbursement grants – Grants requiring the County to expend its own funds initially and then apply for reimbursement by the granting agency.
 - L. Requesting department – The department or office that is submitting the grant application, administering the grant if the grant is awarded, and taking full responsibility for grant compliance and reporting.
 - M. Request for proposal/application – Grants that the State or other grantors solicit the County to apply for and require a proposal be prepared by the County for consideration.
 - N. SEFA – The Schedule of Expenditures of Federal Awards that is required to be included in the County's annual financial statements or Comprehensive Annual Financial Report (CAFR) and filed with the federal government within 30 days of the audit opinion.
 - O. Single Audit – Governments are required to complete a Single Audit in accordance with the Title 2 CFR Part 200 Subpart F, if expenditures of federal financial assistance are in excess of a certain dollar threshold during the fiscal year.
 - P. Study Session – A way for the Board of County Commissioners to review and approve the item.
 - Q. Drop-In – A way for the Board of County Commissioners to review and approve a non-controversial item that will take 5-10 minutes to request direction from the BOCC or to provide them with information.

IV. Policy:

A. General

1. If grant policies and regulations conflict with regulations and policies of the County, the federal and state regulations will prevail unless less restrictive than County policies where County policy prevails.
 - For example, Human Services and Homeland Security may have additional requirements.
2. Formulary Grants
 - a) Although they still need to abide by all relevant Federal, State, grant and single audit compliance regulations, formulary grants that departments receive as a matter of course annually from the State are required to follow policies 9.2 Grant Administration & Reporting and 9.3 Grant Sub-recipient Monitoring.

- b) Federal grant funding that the County administers but does not apply for are required to follow policies 9.2 Grant Administration and Reporting and 9.3 Grant Sub-recipient Monitoring.

B. Administration and Reporting

1. All grant responsibilities, administration, compliance, reporting and other items as needed, reside with the requesting department.
 - a) The requesting department must therefore designate its own finance officer who will be responsible for maintaining, tracking and reporting on all the grants within the Department or Office.
 - b) The Finance Department will provide training and assistance in grant administration but will not prepare or sign the reports, as only those parties directly involved in the administration of the grant will have sufficient knowledge to attest to the required reports.
2. Every department will participate in the grant inventory conducted at the end of year for consideration by the independent auditors for reporting purposes in the Comprehensive Annual Financial Report (CAFR) and for reporting to the BoCC.
3. The Finance Department will be available as a resource to assist the departments in administering and tracking the grant if it is being tracked within the County's SAP financial system.
 - a) Reconciliation between any outside tracking system and the County's financial system will be the responsibility of the requesting department.
 - (1) See the *Basis of Accounting Policy 5.1* for the book of record of the County
4. All requesting departments are responsible for handling all OIG, single and other audits.
 - a) The requesting departments are responsible to pay for all related expenses of such audits, even if they are not covered in the grant award.
 - b) The requesting department is required to notify the Finance Department if the granting agency requested an audit.
 - (1) The Finance Department will offer assistance in these audits, but the requesting department will be the responsible party.

C. Responsibilities of Parties

1. Requesting Department
 - a) Is responsible for the administration of the grant, including meeting all accounting, purchasing, budgeting and reporting requirements and signing all documents and reports.
 - b) Is the Finance Officer for grants requiring such a designation.
 - c) Is responsible for ensuring that appropriate accounting and internal controls are set in place and in compliance with any grant or OMB requirements.
 - d) Is responsible for handling all audits such as OIG, single audit and other program audits.

- e) Participates in the grant inventory to be conducted by the Finance Department annually.
- f) Is responsible for paying all costs related to audits, even if the grant does not cover audit costs.
 - (1) If the Department wants to pay for a grant-related item through a PCard, the Department must contact the Accounting Manager for approval and ensure there are no compliance issues with the transaction.
- g) Is responsible for retaining all documentation related to the grant for a period of no shorter than 7 years after the close of the grant, including but not limited to:
 - (1) Application and instructions
 - (2) Compliance requirements
 - (3) Resolution approving the grant application, agreement or award
 - (4) Grant Evaluation Form
 - (5) All reports and associated documentation submitted to the granting agency
 - (6) All internal documentation, requests, and other items for the purposes of an audit trail
 - (7) Other required attachments and documents
 - (8) Tracking and reporting of the costs associated with reimbursements grants
 - (9) Cash management, tracking and reporting of the costs associated with advancing funding grants
 - (10) Tracking all capital assets purchased through their grant

2. Finance Department

- a) Is responsible for inquiring about appropriate processes in place to track grant expenditures and reimbursements appropriately and in compliance with requirements.
- b) Is responsible for the setting up of special fields in the County's SAP financial system and training on their usage.
- c) Is responsible for maintaining a copy of the completed Grant Evaluation Form for future reference.
- d) Is responsible for conducting an annual grant inventory.
- e) Is responsible for allocation of any audit costs.
- f) Is responsible for maintaining certain certifications on behalf of Arapahoe County Government, including but not limited to the DUNS number and registration within System for Award Management (SAM).
 - (1) The Finance Department will monitor and maintain all necessary certifications within SAMS.gov.

V. Related Documents and Procedures:

- A. Title 2 CFR Part 200
- B. Basis of Accounting 5.1
- C. Financial Reporting Policy 5.2
- D. Grant Administration and Reporting Procedures 9.2.1

This policy supersedes and replaces the Grant Application and Approval Policy 4.4 dated 02/14.



Arapahoe County
Finance Department

**Grants Sub-Recipient
Monitoring Policy**

Policy No.: 9.3
Version: 1.0
Resolution No.: 20XXXX
Effective Date: xx/xx/2020
Owner: Finance Department
Accounting Division

I. Authority:

The Board of County Commissioners has exclusive power to adopt the grant sub-recipient monitoring policy to help support the county government, including all offices, departments, boards, and commissions. This power includes the approval of the sub-recipient monitoring policy used by Arapahoe County. The Finance Department is responsible for carrying out the policy directives of the Board of County Commissioners and establishing the necessary procedures to do so.

II. Purpose and Scope:

Arapahoe County is responsible for annual monitoring of the programmatic and financial activities of its sub-recipients to ensure proper stewardship of sponsor funds. The following policy applies to all subawards issued under Arapahoe County, without regard to the primary source of funding. Additionally, this policy addresses institutional responsibilities and assists grant administrators to ensure that, in addition to achieving performance goals, sub-recipients comply with applicable federal laws and regulations and with the provisions of each subaward agreement.

- A. The establishment of a Grant Sub-Recipient Monitoring Policy for the County:
 - 1. Ensures proper oversight of all funds appropriated to the County.
 - 2. Minimizes the County's risk of non-compliance with grant requirements.
 - 3. Ensures proper administration and accounting of all grants.
 - 4. Ensures proper reporting of all grants within the control of the County.
 - 5. Compliance with these rules helps grant staff meet agency and organizational expectations, avoid sanctions, and facilitate stronger partnerships between the grantor, grantee and sub-recipients.

III. Definitions:

- A. BoCC – Board of County Commissioners.
- B. CAFR – Comprehensive Annual Financial Report.
- C. CFDA # – The Catalogue of Federal Assistance number given to each federal grant for identification and classification purposes; must be included in the annual SEFA for single audit purposes.
- D. SEFA – The Schedule of Expenditures of Federal Awards that is required to be included in the County's annual financial statements and filed with the federal government within a certain time period after year end.
- E. Single Audit – Governments are required to complete a Single Audit in accordance with the Title 2 CFR Part 200, Subpart F, if expenditures of federal financial assistance are in excess of a certain dollar threshold during the fiscal year.

IV. Policy:

A. General

1. OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200) (“Uniform Guidance”), specifically §200.331, require pass-through entities to evaluate each sub-recipient’s risk of noncompliance in order to determine the appropriate monitoring level, monitor the activities of sub-recipient organizations to ensure that the subaward is in compliance with applicable Federal statutes and regulations and terms of the subaward, and verify that sub-recipients are audited as required by Subpart F of the Uniform Guidance.
2. All departments with active grants are responsible for monitoring all awards (if applicable) that have been given to sub-recipients by the County; see *Grant Sub-Recipient Monitoring Procedures 9.3.1*.

B. Responsibilities of Parties

1. Department/Office

- a) Has completed or received from the sub-recipient the following forms to annually perform a proper risk assessment of the sub-recipient:
 - (1) Pre-Award Sub-Recipient Questionnaire
 - (2) Conflict of Interest
 - (3) Mandatory Disclosure
 - (4) Risk Assessment Tool
- b) Provide all the necessary information, as prescribed by the Uniform Grant Guidance, and monitoring of sub-recipients that receive federal awards from the County:
 - (1) Ensure that the sub-recipient has been given all the necessary information to properly track and report on federal funds spent back to the County.
 - (2) Review all expenditures incurred by the sub-recipient to ensure they are in compliance with federal regulations.
- c) Provide supporting documentation showing that the department/office is monitoring the sub-recipient’s activity and that they are in compliance with the Uniform Grant Guidance.

2. Finance Department

- a) Responsible for reviewing the department’s/office’s supporting documentation to ensure all sub-recipients are being monitored in accordance with the Uniform Grant Guidance.
- b) Maintains a summary schedule for audit purposes as to the County’s compliance with sub-recipient monitoring as a whole.

V. Related Documents and Procedures:

A. Title 2 CFR Part 200

B. Grant Sub-Recipient Monitoring Procedures 9.3.1

This policy supersedes and replaces the Grant Application and Approval Policy 4.4 dated 02/14.