

**TOWN OF BEDFORD**  
**OPERATING POLICY MANUAL**

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Chapter: Finance

Issue (Effective) Date: June 27, 2023

Approval Date: June 27, 2023

Approved By: Town Council

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**GRANT ADMINISTRATION**

**Section 1. Purpose**

The purpose of the grant administration policy is to ensure proper oversight of all funds appropriated to the Town of Bedford (Town), to minimize the Town's risk of non-compliance with grant requirements, and to ensure proper administration and accounting of all grants.

For the purpose of this policy, a grant is defined as follows: An award of financial assistance in the form of money or property by a funding source outside of the Town to include the federal government, state government, other local governments, non-profit agencies, private businesses and/or citizens that the Town has the ability to accept or reject.

**Section 2. Responsibility**

The Town Manager authorizes the Finance Department to promulgate any procedures that minimize the Town's risk for non-compliance with grant requirements and for providing support to the requesting departments. The Finance Department will maintain a back-up file for all grants in order to facilitate management reporting and overall grant monitoring. The required central grant file will be maintained by the department seeking grant funds and must be retained in accordance with Library of Virginia retention standards.

For federal grants, the department managing the grant should ensure compliance with the Federal Office of Management and Budget (OMB) general requirements and any other requirements specified by the grant conditions or funding source. The Finance Department will review expenditures for obvious non-compliance and will act as a liaison with independent auditors, but may direct questions regarding grant compliance to the department contact. Unless otherwise directed by the granting authority, departments shall utilize Title 2, Subtitle A, Chapter II, Part 200 (2 CFR §200 et seq.) for federal grant compliance.

**Section 3. Grant Procedures**

*Grant Application Procedure*

1. The department contact will fill out a Grant Form and submit a copy to the Finance Department before a grant application is submitted. For any grants to purchase information technology systems, the application must be reviewed by the Town's IT Department to confirm the feasibility of the requested system. Town Manager and/or Town Council will approve the grant application to be submitted, as required.
2. A grant award notification or letter will be forwarded to the Finance Department.
3. All grant award acceptances must have approval from the Town Manager and/or Town Council, as required.

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4. In the event that a grant application is denied by the grantor, a copy of the letter of denial shall be forwarded to the Finance Department for its records.

*Grant Acceptance Procedure*

1. The grant award letter/acceptance agreement will be forwarded to the Finance Department. If deemed necessary, the Finance Department may forward the grant award letter/agreement to the Town Attorney for legal review of any clauses or special grant conditions to ensure compliance with particular federal or state laws and regulations.
2. Upon receiving notification of award acceptance, the Finance Department will assign the next available general ledger codes and the department managing the grant will be notified of the codes.
3. A Council Action Form will be completed for grant awards for a supplemental budget appropriation. If the grant award is greater than 1.0% of the currently adopted budget, a public hearing will be advertised and scheduled according to State Code. After Council approval and acceptance of the grant, activity on the grant may begin.
4. For reimbursable grants, all reimbursement requests should be copied and forwarded to the Treasurer's Office, noting the applicable account code for the receipting of funds.
5. Departments must immediately notify the Finance Department if:
  - a. There is a subsequent alteration in the funding configurations;
  - b. There is a subsequent alteration in the Town's financial obligation;
  - c. Grant funds will be carried forward into the next fiscal year;
  - d. There is any notification that the grant will be terminated.
6. Departments are responsible for ensuring that all funds are expended or encumbered prior to the end of the grant period in order for funds to be used adequately and not lost in future award periods. For further information, see Section 7.

*Grant Monitoring and Reporting*

1. Monitoring of Grants

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- a. Departments are responsible for the continuous monitoring of the financial status of grants. The Finance Department will provide departments with ERP Software access (currently Tyler Technologies/Munis) and/or network drive access to monthly financial reports for such monitoring. Departments must review the monthly financial reports and notify the Finance Department promptly of any discrepancies noted and/or additional reports needed.
  
- b. Departments must also monitor grants for compliance with all applicable federal, state, and local regulations and ensure that grant expenditures are compliant with grant procurement policies and procedures. For example, equipment procured with grant funds must be disposed of in accordance with the terms of the grant. Federal grants must meet the requirements set out in OMB Circulars A-87, A-102, and A-133 or the Uniform Grant Guidance, as applicable.

2. Grant Reporting

- a. The requesting department is responsible for providing the financial reports to grantors, unless required differently by the granting agency.
  
- b. Departments handling grant reporting are responsible for complying by the due dates with all reporting requirements of the grant, including financial reporting and reimbursement requests. All reimbursement requests should be copied and forwarded to the Treasurer's Office, with applicable general ledger number to code the receipt of revenue.
  
- c. Timely requests for reimbursements are crucial to maximize the financial benefits of the grants to the Town. Grant reimbursements should be completed in a timely manner and in accordance with the requirements of the grant.

**Section 4. Indirect Costs**

The Town may request indirect costs if the application guidelines do not require a federally approved indirect cost rate and the indirect costs are allowed in the grant. Departments should contact the Finance Department for assistance with identifying and calculating indirect costs for inclusion in the grant application. These funds may be used by the Finance Department to offset costs in overseeing the grant including staff time, external audit expenditures, etc.

**Section 5. New Personnel**

Any new personnel positions to be created as a result of the grant funding must be approved and properly classified by the Town Manager. Departments are to promptly notify the payroll department at the start of a new grant period for any general ledger coding changes needed for employees being

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charged to grants. Where employees are 100% federally funded by a grant, salaries and wages will be supported by semi-annual certifications stating that the employee worked solely on the applicable grant program for the period covered by the certification. The certification must be signed by the supervisory official having firsthand knowledge of the work performed by the employee. Where employees are partially federally funded, their daily tasks must be listed on daily activity logs provided by the grantor to support the percentage of time spent working on the grant. Distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards. *For example, someone working 75% out of federal funding and 25% out of local funding must complete the daily activity log to substantiate the percentages.*

**Section 6. Classification of Grant Revenue**

All federal, state and local grant revenue should be receipted as revenue as opposed to as expenditure refunds in order to be compliant with approved grant policies. Budgets of expenditures for revenues received are obtained through Council Action as described above.

**Section 7. Year-end Procedures**

During the accrual period (July & August, annually), indicate clearly on the expenditure record which fiscal year the item belongs to and use the correct effective date in the Tyler Technologies/Munis System. Only goods and services received or performed prior to June 30<sup>th</sup> will be posted back to the prior year. Reconcile July and August expenditures promptly since these adjustments need to be made by August 15<sup>th</sup>, due to audit timing and materiality of expenditures. Ensure all funds are correctly expended or encumbered prior to the end of the grant period in order for funds to be adequately used and not lost in future award periods.

**Section 8. Financial Management Standards (§200.300 - §200.309)**

The standards for financial management are found at 2 CFR §200.302. Among other mandates, a selection of the required standards provide for the following:

1. Identification

- a. Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they are received. Federal program and Federal award identification must include, as applicable, the Assistance Listings title and number, Federal award identification number and year, name of Federal agency, and, if applicable, name of pass-through entity.

2. Financial Reporting & Accounting Records

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- a. Accurate, current and complete disclosure of the financial results of each federal award programs must be made in accordance with the requirements of 2 CFR § 200.328 and 200.329, the financial reporting requirements set forth in the Government Accounting Standards Board (GASB) on the Schedule of Federal Awards (SEFA), and with Generally Accepted Accounting Principles (GAAP). The Town complies with this standard in the preparation of its Annual Report.

**Section 9. Procurement (§200.318 - §200.326)**

The Town maintains a local Procurement Policy that complies with the Virginia Public Procurement Act (VPPA). In addition to the Town's procurement policy and State code, purchasing with federal funds shall comply with the applicable subsections of Subpart D of Part 200, including the following limited selection:

1. §200.318 General Procurement Standards
  - a. The Town must use its own documented procurement procedures, consistent with applicable State and local regulations, for the acquisition of property or services, which procurement procedures must conform to applicable Federal law and the standards identified in 2 CFR §200.317 through §200.327.
  - b. The Town must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
  - c. The Town must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest.
    - i. Such conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.
    - ii. The officers, employees, and agents of the Town may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, the Town may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.

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- iii. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the Town.
- iv. The current Standards of Employee Conduct are documented in the Town's Personnel Policy Manual and in the State and Local Government Conflicts of Interests Act, Va. Code §2.2-3100 through §2.2-3132.
- d. The Town's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- e. To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the Town is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods or services.
- f. The Town is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
- g. The Town is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. 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 lowest cost.
- h. The Town must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also 2 CFR §200.214 Suspension and debarment.
  - i. A copy of the required certification related to the suspension and debarment of the vendor MUST be obtained before any funds are spent. This copy must be kept in the grant central file or attached to the invoice in Munis for auditor inspection, if requested. This information is available on the System for Award Management web page and can be accessed at the following address: <http://www.sam.gov/>. You will see a message showing whether or not your vendor is excluded. Please print this screen and save in your file or in Munis to show compliance with this requirement. If the vendor is excluded, you may NOT purchase from that source.

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- i. The Town must maintain documentation sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejections, and the basis for the contract price.
- j. The Town may use a time and materials type contract only after a determination that no other contract is suitable and the contract includes a ceiling price that the contractor exceeds at its own risk.
- k. The Town alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements.

2. §200.319 Competition

- a. All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section and §200.320. The Town shall eliminate unfair and competitive advantage. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations to bid or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:
  - i. Placing unreasonable requirements on firms in order for them to qualify to do business;
  - ii. Requiring unnecessary experience and excessive bonding;
  - iii. Noncompetitive pricing practices between firms or between affiliated companies;
  - iv. Noncompetitive contracts to consultants that are on retainer contractors;
  - v. Organizational conflicts of interest;
  - vi. 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
  - vii. Any arbitrary action in the procurement process.

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- b. The Town must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographical preference. Nothing in this section preempts state licensing laws. When contracting for architectural/engineering (A/E) services, geographic location may be a selection criterion providing its application leave an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.
- c. The Town must have written procedures for procurement transactions.
- d. The Town must ensure that all prequalified lists of persons, firms, or products which are used in acquiring good and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the Town must not preclude potential bidders from qualifying during the solicitation period.
- e. Noncompetitive procurements can only be awarded in accordance with §200.320(c). See below for more information.

3. §200.320 Methods of procurement to be followed

The Town must use one of the following methods of procurement:

**Informal Procedures**

- a. Small Purchase Thresholds
  - i. The Town has established small purchase thresholds in its written procurement policy. The Town may use informal purchase procedures up to the maximum amount established in those written procurement policies, consistent with State law. The maximum amount for which the Town may use small purchase procedures shall be known as the Simplified Acquisition Threshold for the purposes of this policy. The Town's small purchase procedures also shall establish the micro-purchase threshold, below which the Town need not solicit competitive price or rate quotations.
- b. Procurement by Micro-Purchases
  - i. Procurement by micro-purchases is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold. To the extent practicable, the Town must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without

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soliciting competitive quotations if the Town considers the price to be reasonable.

c. Procurement by Small Purchase Procedures

- i. For purchases above the micro-purchase threshold, the Town shall obtain the number of informal quotes required under the Town's written purchase procedures. A copy of these quotes must be kept with the grant master or in the Munis software. Procedures must be consistent with the Town's procurement policy for purchases not to exceed the Simplified Acquisitions Threshold. Purchases over the Simplified Acquisitions Threshold must follow formal procedures.

**Formal Procedures**

d. Competitive Sealed Bidding

- i. Competitive sealed bidding may be used consistent with the Town's procurement policy.

e. Competitive Negotiation (Competitive Proposals)

- i. Competitive negotiation may be used consistent with the Town's procurement policy.
- ii. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical.
- iii. Proposals must be solicited from an adequate number of qualified sources.
- iv. The Town must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.
- v. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with the price and other factors considered.
- vi. The Town may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method where price is not used as a selection factor, can only be used in the

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procurement of A/E professional services. It cannot be used to purchase other types of services through A/E firms.

**Noncompetitive Procurement**

- f. Noncompetitive Procurement can be used in the following situations:
  - i. The item is available only from a single source;
  - ii. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
  - iii. The federal awarding agency or pass-through entity expressly authorized noncompetitive proposals in response to a written request from the Town; or
  - iv. After solicitation of several sources, competition is determined inadequate.
4. §200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms
  - a. The Town must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps must include:
    - i. Placing qualified small and minority businesses, and women's business enterprises on solicitation lists;
    - ii. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
    - iii. 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;
    - iv. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
    - v. Using the services and assistance, as appropriate, or such organizations as the Small Business Administration and the Minority Business Development Agency or the Department of Commerce; and

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- vi. Requiring the prime contractor, if subcontracts are to be let, to make the affirmative steps listed in i. – v. above.
- 5. §200.322 Domestic Preferences for procurements.

As appropriate and to the extent consistent with law, the Town should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

- 6. §200.323 Procurement of recovered materials

The Town must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. Please see 2 CFR §200.323 for further information.

- 7. §200.324 Contract cost and price

- a. The Town must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold, including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the Town must make independent estimates before receiving bids or proposals.
- b. The Town must negotiate profit as a separate element of the price for each contract in which there is no price competition and, in all cases, where cost analysis is performed. To establish a fair and reasonable profit, 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.
- c. Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the Town under Subpart E – Cost Principles of this part. The Town may reference its own cost principles that comply with the Federal cost principles.
- d. The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

- 8. §200.325 Federal Awarding agency or pass-through entity review

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Records and documentation must be made available to the Federal awarding agency or the pass-through entity, upon request. Please see 2 CFR §200.325 for further information.

**9. §200.326 Bonding Requirements**

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisitions Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the Town provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements for bid bonds, performance bonds, and payment bonds are those set out in 2 CFR §200.325(a) through 200.325(c).

**10. §200.327 Contract Provisions**

Town contracts must contain the applicable provisions described in Appendix II to Part 200 – Contract Provisions for non-Federal Entity Under Federal Awards.

**Section 10. Town Administration Exemption**

The Town Manager may exempt any grants from the local requirements of this policy at his/her sole discretion.