POLICIES & PROCEDURES COMMITTEE

Martin D. Marshall
County Administrator

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MEMBERS
Dawn Bales, Nancy Jenkins-Arno, James Goetz

MEETING LOCATION
Airport Committee Room
2667 Cadmus Rd
Adrian, MI 49221

Agenda: Monday, October 4, 2021 – Immediately follows 1:30 pm Airport Commission

I. **Approval of Minutes** – August 20, 2021

II. **Review the following Policies**
http://www.lenawee.mi.us/639/County-Policies-Guidelines

- **A.** Contracts, Designate Signatory
- **B.** Credit Card Acceptance Policy
- **C.** Credit Card Issuance Policy
- **D.** Federal Awards Administration Policy
- **E.** Fixed Assets Policy
- **F.** Insurance Settlement Policy

III. **New Business**

IV. **Old Business**

V. **Ready for recommendation**

VI. **Other Business**

VII. **Public Comment**

VIII. **Adjournment**

Contracts/Designate Signatory Policy

POL#2018-004

Adopted: 09/13/2007
Amended: 12/10, 04/18

Last Review 04/18

The Board of Commissioners has budgetary control over County funds, and exercises the legislative power of appropriation. MCL 141.436. The power to authorize agreements binding the County rests with the Board of Commissioners, unless some other statutory provision exists. MCL 46.1 l(1). [Also see: 7 Mich. Civ. Jur. Counties §86.] The Chairperson of the Board of Commissioners is then authorized to sign agreements on behalf of the County or, in his/her absence, another County Commissioner selected by the Board of Commissioners. MCL 46.3. Thus, elected officials, other County officials and employees are not authorized by statute to enter into contracts ***on behalf of the County***.

However, the County Board of Commissioners could specifically authorize officials to sign certain contracts within established guidelines when not otherwise prohibited by statute. This could be on a case by case basis through formal Board actions, or by a contracting purchasing policy setting forth Board approved procedures for such arrangements.

However, absent a duly enacted County policy or specific resolution allowing the elected officers to enter into contracts on behalf of the County, these officers have no authority to enter into such contracts that purport to bind the County.

Credit Card Acceptance Policy	**POL#2005**
Date of Adoption: December 1997	
Date of Amendments: Health Department 12/03; Jail 07/05	Last Review 07/05

A. County– December 10, 1997

Whereas, Public Act 280 of 1995 authorizes the acceptance of payment by credit card, debit card or electronic transfer cards for amounts collected by the County, provided the same is authorized by the Board of Commissioners, and

Whereas, acceptance of such devices for certain payments collected by the County has been determined to be to the benefit of the citizens of Lenawee County, and

Whereas, the County Treasurer has recommended that an agreement be entered into with United Bank and Trust to process payments by financial transaction devices for the County, and

Whereas, this matter has been reviewed by the County Treasurer, County Administrator, Prosecuting Attorney, and Personnel/Ways & Means Committee.

Therefore Be It Resolved that the Lenawee County Board of Commissioners herby authorizes the County Treasurer to accept payment by financial transaction devices for certain fees and amounts collected by the County, and

Be It Further Resolved that payment of current and delinquent real and person property taxes, special assessments and bond, trust and restitution transactions is specifically exempted from the use of financial transaction devices, and

Be It Further Resolved that the County Treasurer is authorized to determine the specific fees and collections that are eligible for payment by these methods and to make program modifications as needed, and

Be It Further Resolved that the Board of Commissioners will periodically review and evaluate this program and make policy modifications as needed.

B. Health Department – December 10, 2003

Comm. Tillotson moved that the request of the Health Department to accept credit card payments for services provided by the Health Department be approved per guidelines established by the County Treasurer and County Commission policy, Comm. Bolton seconded, Motion CARRIED.

C. County Jail – July 13, 2005

Whereas, Public Act 280 of 1995 authorizes the acceptance of payment by credit card, debit card or electronic transfer cards for amounts collected by the County, provided the same is authorized by the Board of Commissioners, and

Whereas, The County Board of Commissioners has previously authorized the acceptance of credit cards by District Court and the Health Department, and

Whereas, It has been determined that the acceptance of credit cards by the County Jail would assist in the collection of fees and charges that are due and payable, and

Whereas, The inmate accounts for which credit cards would be accepted at the Jail include, but are not limited to, room and board, health care, property damage, education materials, copies, non-sufficient funds check charges and finance charges.

Therefore Be It Resolved, On Wednesday, July 13, 2005 the Lenawee County Board of Commissioners authorized the Lenawee County Jail to accept credit, debit or electronic transfer cards for payments in accordance with guidelines established by the County Treasurer and existing County Commission policy.

LENAWEE COUNTY BOARD OF COMMISSIONERS
301 N. Main St. Courthouse ~ Adrian, MI 49221
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POLICY#2019-012

CREDIT CARD ISSUANCE POLICY

Date of Adoption: June 12, 2019

The following Credit Card Issuance Policy supersedes any other credit card issuance policy, and/or any amendments to that policy, previously adopted by the Lenawee County Board of Commissioners.

WHEREAS, Public Act 266 of 1995 authorized the use of credit cards by local units of government for appropriate expenses and requires that the local unit adopt by resolution, a written policy governing credit card usage, and

WHEREAS, The Board of Commissioners has designated the County Administrator, the Chief Financial Officer of the County, as the primary administrator of the credit card program, and

WHEREAS, The credit card program must include internal controls that allow for monitoring the use of the credit card(s),

NOW THEREFORE BE IT RESOLVED, that the Lenawee County Board of Commissioners authorize the issuance of credit cards for use in official county business in accordance with this policy, which is authorized and shall become a part of this resolution upon adoption.

PURPOSE

To facilitate efficient and effective financial operations and to safeguard County funds, it is beneficial and desirable to utilize credit cards for certain financial transactions. While the use of credit cards make certain transactions more efficient, it is necessary to provide effective controls to ensure that cards are used appropriately and that expenditure of funds is subject to review and approval. This policy provides for the issuance, use and oversight of credit cards used in official County business.

CREDIT CARD PROGRAM OVERSIGHT

1. The County Administrator shall serve as the primary administrator of the credit card program
2. The County Administrator may grant access as necessary to administer the program
3. Approval to pay credit card bills shall flow through the accounts payable process and be subject to the Accounts Payable Policy
4. The County Administrator shall annually, by January 31, provide the County Treasurer with a list of credit cardholders and credit limits, by department, and a statement of the total credit limit of the County

CREDIT CARD PROGRAM STRUCTURE

The credit card program shall be structured as a single corporate account covering all credit cards used to conduct business on behalf of Lenawee County. No County funds may be encumbered, and no payment will be approved, on credit cards outside of the corporate account.

CARD ISSUANCE PROCEEDURE

1. Department heads may request credit cards for use by their department personnel from the Administrator
2. Each card issued must be issued in the name of a county employee
3. An appropriate credit limit will be determined for the card based on the anticipated use
4. Department personnel will be provided access to credit card account information as necessary to use the card, monitor activity and submit bills for payment

CARD USE AND PAYMENT PROCEEDURE

1. County issued credit cards shall be used only for official county business
2. Detailed receipts of items or services purchased must accompany credit card bills when submitted for payment
3. Each item or service shall be listed individually when submitted to Accounts Payable for payment
4. Credit card bills must be paid, in full, prior to the due date each month
5. Central accounting will monitor card activity to ensure timely and complete payment of bills

ENCUMBERANCE OF COUNTY FUNDS

1. Obligations incurred by use of a county issued credit card must comply with the Accounts Payable Policy and the Lenawee County General Appropriations Act
2. No cardholder may encumber funds in excess of those authorized and approved by the Board of Commissioners
3. *Misappropriation of County funds and expenditure of County funds beyond authorized limits are criminal acts*

PASSED BY ROLL CALL VOTE of the Lenawee County Board of Commissioners at a regular meeting held Wednesday, June 12, 2019, in the Old County Courthouse, Adrian, Michigan.

David Stimpson, Chair

Roxann Holloway
Roxann Holloway, County Clerk

Federal Awards Administration	**POL#2016**
Date of Adoption: December, 2016	
Date of Amendments:	Last Review 01/18

GRANT ADMINISTRATION

Lenawee County does not have a centralized grants department, therefore it is the responsibility of each department obtaining a grant to care for and be familiar with all grant documents and requirements. If a grant is Federal, the department should immediately notify the Finance Coordinator for inclusion in the County's Single Audit. For the purpose of this policy "Program Director" applies to the individual within a given department who will be responsible for the grant.

1. Grant Development, Application, and Approval –

   a. Legislative Approval – The point at which legislative approval is required is determined by the requirements of the grant program. If the grant must be submitted by "an individual authorized by the legislative body", then Board approval is required prior to submitting the application. If such legislative approval is not specifically required by the written terms of the grant, then the department head may, at his or her discretion, approve grant applications. In this case, a copy of the application shall be sent to the Administrator's office. If an award is given, a copy of the agreement shall also be furnished to the Administrator's office. Electronic copies are preferable.

   b. Matching Funds – Grants that require cash local matches must be coordinated through the Administrator's office. At a minimum, funds must be identified within the existing budget to provide the match, or a budget adjustment will be required. Depending on the nature of the grant, there may also be some policy implications that will bear discussion. (For example, will the grant establish a level of service that cannot be sustained once the grant funds are depleted?)

   c. Grant Budgets – Most grants require the submission of an expenditure budget. The department head should review this portion of the grant request prior to submission. The Budget Director will need to be contacted regarding personnel projections.

2. Grant Program Implementation –

   a. Notification and Acceptance of an Award – Official notification of a grant award is typically sent by a funding agency to the program director and/or other official designated in the original grant proposal. However, the authorization to actually spend grant funds is derived from the Board through the approval of a grant budget. This is done with the adoption of the Government-wide operating budget, as the grant budget is a component of such.

   b. Establishment of Accounts – The department that obtained the grant will provide the Administrator's office with information needed to establish revenue and expense accounts for the project. Ordinarily, this information will include a copy of a summary of the project and a copy of the full project budget.

c. Underlined "Purchasing Guidelines" – All other Government purchasing and procurement guidelines apply to the expenditure of grant funds. The use of grant funds does not exempt any purchase from normal purchasing requirements. All typical paperwork and bidding requirements apply. All normal staff approvals apply. When in doubt, the Program Director should contact the Administrator's office for further assistance.

3. Financial and Budgetary Compliance –

a. Monitoring Grant Funds – Departments may use some internal mechanism (such as a spreadsheet) to monitor grant revenues, expenditures and budgetary compliance, however all such financial information will also be maintained in the County's finance software at some level. The finance software is considered to be Lenawee County's "official" accounting system. Ultimately, the information in this system is what will be audited and used to report to governing boards, not information obtained from offline spreadsheets. Program Directors are strongly encouraged to use inquiries and reports generated directly from the finance software to aide in grant tracking. If any "off-system" accounting records are maintained, it is the responsibility of the Program Director to ensure that the program's internal records agree to the County's accounting system.

b. Fiscal Years – Occasionally, the fiscal year for the granting agency will not coincide with the County's fiscal year. This may require adjustments to the internal budget accounts and interim financial reports as well as special handling during fiscal year-end close. It is the responsibility of the department head to oversee grant budgets within his/her department and to bring such discrepancies to the attention of the Administrator's office at the time the grant accounts are established.

c. Grant Budgets – When the accounting structure for a grant is designed, it will include the budget that was prepared when the grant application was submitted. The terms of each specific grant will dictate whether any budget transfers between budgeted line items will be permitted. In no case will the Program Director be authorized to exceed the total budget authority provided by the grant.

If grant funds have not been totally expended by fiscal year-end, it is the responsibility of the Program Director to notify the Budget Director that budget funds need to be carried forward to the new fiscal year, and to confirm the amounts of such carry-forwards. This can be done during the County's normal annual budgeting process. Carry-forwards of grant funds will be subjected to maximum allowable amounts/percentages based on the grant award agreement and/or the Uniform Guidance compliance supplement.

d. Capital Assets – Lenawee County is responsible for maintaining an inventory of assets purchased with grant monies. The County is accountable for them and must make them physically available for inspection during any audit. The Finance Coordinator must be notified immediately of any sale of these assets.

Customarily, the proceeds of the sale can only be used on the grant program that purchased them. In most cases, specific governing regulations can be found in the original grant.

The individual department overseeing the grant will coordinate this requirement. All transactions that involve the acquisition or disposal of grant funded fixed assets must be immediately brought to the attention of the Finance Coordinator.

4. Record Keeping –

   a. Audit Workpapers – The County's external auditors audit all grants at the end of each fiscal year. The department who obtained the grant will prepare the required audit workpapers. These will then need to be sent to the Finance Coordinator within a reasonable time following year end.

   b. Record Keeping Requirements – Grant record keeping requirements may vary substantially from one granting agency to another. Consequently, a clear understanding of these grant requirements at the beginning of the grant process is vital. The Program Director within a department applying for a grant will maintain copies of all grant draw requests, and approved grant agreements (including budgets).

Uniform Guidance Compliance Supplement - General Information

Board Policies. The following financial policies have been separately reviewed and approved by the Board of Commissioners. These policies may be incorporated into this document by reference. All of the policies below are applicable to Federal grants where appropriate:

- **Accounts Payable Guidelines**
- **ACH Policy**
- **Bidding Policy**
- **Bond and Annexation Policy**
- **Contracts – Designate Signatory**
- **Credit Card Acceptance Policy**
- **Credit Card Issuance Policy**
- **Fixed Assets Policy**
- **Illegal or Unauthorized Expenditures**
- **Insurance Settlement Policy**
- **Investment Policy**
- **Printing and Purchasing Policy**
- **Travel Reimbursement Guidelines**
- **Sales Tax Exemption Reimbursements**
- **Vouchers - Documentation**

Please see our website for a full listing of policies.

Uniform Guidance Compliance Supplement - Activities Allowed/Unallowed and Allowable Costs/Cost Principles

The requirements for allowable costs/cost principles are contained in the Uniform Guidance, program legislation, Federal awarding agency regulations, and the terms and conditions or the award.

In order to ensure compliance with these requirements, Lenawee County has implemented the following policies and procedures:

1. All grant expenditures will be in compliance with the Uniform Guidance, State law, County Government policy, and the provisions of the grant award agreement will also be considered in determining allowability. Grant funds will only be used for expenditures that considered reasonable and necessary for the administration of the program.
2. Grant expenditures will be approved by the department head when the bill or invoice is received. The terms and conditions of the Federal Award will be considered when approving. The approval will be evidenced by an electronic approval in the finance software. Accounts payable disbursements will not be processed for payment by until necessary approval has been obtained.
3. Payroll costs will be documented in accordance with the Uniform Guidance. Specifically, compensation for personal services will be will be handled as set out in §200.430 and compensation for fringe benefits will follow §200.431 of the Uniform Guidance.
4. An indirect cost rate will only be charged to the grant to the extent that it was specifically approved through the grant budget/agreement.

Uniform Guidance Compliance Supplement - Cash Management

<u>Source of Governing Requirements</u> – The requirements for cash management are contained in the Uniform Guidance, program legislation, Federal awarding agency regulations, and the terms and conditions or the award.

In order to ensure compliance with these requirements, Lenawee County has implemented the following policies and procedures:

1. Most of the County's grants are awarded on a reimbursement basis. As such, program costs will be expended <u>and</u> disbursed prior to requesting reimbursement from the grantor agency. If Federal grant funds are received first, care will be taken in order to minimize the time elapsing between receipt of Federal funds and disbursement to contractors/employees/subrecipients according to §200.302 (6) of the Uniform Guidance.
2. Cash draws will be initiated by the Program Director who will determine the appropriate draw amount. Documentation of how this amount was determined will be

retained. Payments and travel costs will be handled in a manner consistent with the County's existing Accounts Payable policies and in accordance with §200.305 (payments) and §200.474 (travel costs) of the Uniform Guidance.

3. The physical draw of cash will be processed in the County's finance software, New World ERP, or through the means prescribed by the grant agreement for other awards.
4. Supporting documentation or a copy of the cash draw paperwork will be filed along with the approved paperwork described above and retained for audit purposes.

Uniform Guidance Compliance Supplement - Eligibility

Source of Governing Requirements – The requirements for eligibility are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the existing Board policies listed on page 3:

1. Federal grants will only benefit those individuals and/or groups of participants that are deemed to be eligible.
2. Initial eligibility determinations will be made by the Program Director based on the grant award/contract. Sufficient documentation to support these determinations will be retained and made available to administration, auditors, and pass-through or grantor agencies, upon request. It is the department's responsibility to maintain complete, accurate, and organized records to support eligibility determinations.

Uniform Guidance Compliance Supplement - Equipment and Real Property Management

Source of Governing Requirements – The requirements for equipment are contained in the Uniform Guidance, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the existing Board policies listed on page 3:

In order to ensure compliance with these requirements, Lenawee County has implemented the following policies and procedures:

1. All equipment will be used in the program for which it was acquired or, when appropriate, other Federal programs.

2. When required, purchases of equipment will be pre-approved by the grantor or pass-through agency. The Program Director will be responsible for ensuring that equipment purchases have been previously approved, if required, and will retain evidence of this approval.
3. Property/Equipment records will be maintained, a physical physical inventory shall be taken every two years, and an appropriate system shall be used to safeguard assets.
4. When assets with a current per unit fair market value of $5,000 or more are no longer needed for a Federal program, a request for written guidance shall be made from the grantor agency as to what to do with the property/equipment prior to sale or relocation. The County shall abide with the requirements set out in §200.311 and §200.313 of the Uniform Guidance in this regard. If a sale will take place, proper procedures shall be used to provide for competition to the extent practical and result in the highest possible return.

Uniform Guidance Compliance Supplement - Matching, Level of Effort and Earmarking

Source of Governing Requirements – The requirements for matching are contained in the Uniform Guidance, program legislation, Federal awarding agency regulations, and the terms and conditions of the award. The requirements for level of effort and earmarking are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Lenawee County defines "matching", "level of effort", and "earmarking" consistent with the definitions of the Uniform Guidance Compliance Supplement:

Matching or cost sharing includes requirements to provide contributions (usually non-Federal) or a specified amount or percentage of match Federal awards. Matching may be in the form of allowable costs incurred or in-kind contributions (including third-party in-kind contributions).

Level of effort includes requirements for (a) a specified level of service to be provided from period to period, (b) a specified level of expenditures from non-Federal or Federal sources for specified activities to be maintained from period to period, and (c) Federal funds to supplement and not supplant non-Federal funding of services.

Earmarking includes requirements that specify the minimum and/or maximum amount of percentage of the program's funding that must/may be used for specified activities, including funds provided to subrecipients. Earmarking may also be specified in relation to the types of participants covered.

In order to ensure compliance with these requirements, the County has implemented the following policies and procedures:

1. Compliance with matching, level of effort, and earmarking requirements will be the responsibility of Program Director.
2. Adequate documentation will be maintained to support compliance with matching, level of effort, and earmarking requirements. Such information will be made available to administration, auditors, and pass-through or grantor agencies, as requested.

Uniform Guidance Compliance Supplement - Period of Performance

Source of Governing Requirements – The requirements for period of performance of Federal funds are contained in the Uniform Guidance, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.
In order to ensure compliance with these requirements, Lenawee County has implemented the following policies and procedures:

1. Costs will be charged to an award only if the obligation was incurred during the funding period (unless pre-approved by the Federal awarding agency or pass-through grantor agency).
2. All obligations will be liquidated no later than 90 days after the end of the funding period (or as specified by program legislation).
3. Compliance with period of performance requirements will initially be assigned to the Program Director. All AP disbursements are subject to the review and approval of accounts payable staff and the committee as part of the payment process.

Uniform Guidance Compliance Supplement - Procurement, Suspension and Debarment

Source of Governing Requirements – The requirements for procurement are contained in the Uniform Guidance, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

The requirements for suspension and debarment are contained OMB guidance in 2 CFR part 180, which implements Executive Orders 12549 and 12689, Debarment and Suspension; Federal agency regulations in 2 CFR implementing the OMB guidance; the Uniform Guidance; program legislation; Federal awarding agency regulations; and the terms and conditions of the award.

In order to ensure compliance with these requirements, Lenawee County has implemented the following policies and procedures:

1. Purchasing and procurement related to Federal grants will be subject to the general policies and procedures of the County. (See County Bidding Policy.)

2. Contract files will document the significant history of the procurement, including the rationale for the method of procurement, selection of the contract type, contractor selection or rejection, and the basis of contract price.
3. Procurement will provide for full and open competition.
4. 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. Such a 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. The officers, employees, and agents can neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. If the financial interest is not substantial or the gift is an unsolicited item of nominal value, no further action will be taken. However, disciplinary actions will be applied for violations of such standards otherwise.
5. The County will avoid acquisition of unnecessary or duplicative items. Consideration will 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. The County will also analyze other means, as described in §200.318 of the Uniform Guidance, in order to ensure appropriate and economic acquisitions.
6. The Government is prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

   “Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (i.e., grant or cooperative agreement) that are expected to equal or exceed $20,000 or meet certain other specified criteria. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.
7. Lenawee County will include a suspension/debarment clause in all written contracts in which the vendor/contractor will certify that it is not suspended or debarred. The contract will also contain language requiring the vendor/contractor to notify the Government immediately upon becoming suspended or debarred. This will serve as adequate documentation as long as the contract remains in effect.
8. The Program Director or designee will be responsible for running a year-to-date transaction report from the County’s accounting system. Any vendor with accumulated transactions equaling or exceeding $20,000 that is not subject to a written contract including a suspension/debarment clause or for which a signed statement or suspension or debarment is not on file will be subject to additional procedures. The Program Director or designee will check the Excluded Parties List

System (EPLS) maintained by the General Services Administration (GSA) for the vendor name. A potential match will be followed-up on immediately. Each vendor searched on EPLS will be initialed on the vendor transaction report and the report will be signed and dated on the first or last page. The vendor transaction report will be retained as evidence of the control.

9. If a vendor is found to be suspended or debarred, the County will immediately cease to do business with this vendor.
10. Executed contracts and signed quarterly vendor transaction history reports will be retained and filed by the Program Director.

Uniform Guidance Compliance Supplement - Program Income

Source of Governing Requirements – The requirements for program income are found in the Uniform Guidance, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

In order to ensure compliance with these requirements, Lenawee County has implemented the following policies and procedures:

1. Program income will include (but will not be limited to): income from fees for services performed, the use or rental of real or personal property acquired with grant funds, the sale of commodities or items fabricated under a grant agreement, and payments of principal and interest on loans made with grant funds. It will not include interest on grant funds unless otherwise provided in the Federal awarding agency regulations or terms and conditions of the award.
2. The County will allow program income to be used in one of three methods:
   a. Deducted from outlays
   b. Added to the project budget
   c. Used to meet matching requirements

   Absent specific guidance in the Federal awarding agency regulations or the terms and conditions of the award, program income shall be deducted from program outlays.
3. Program income, when applicable, will be accounted for as a revenue source in the same program code (whether it be division or project in New World ERP) as the Federal grant.

Uniform Guidance Compliance Supplement - Reporting

Source of Governing Requirements – Reporting requirements are contained in the following documents:

Uniform Guidance, Performance reporting, 2 CFR section 215, Performance reporting, 2 CFR section 215.51, program legislation, ARRA (and the previously listed OMB documents and future additional OMB guidance documents that may be issued), the Transparency Act, implementing requirements in 2 CFR part 170 and the FAR, and previously listed OMB guidance documents, Federal awarding agency regulations, and the terms and conditions of the award.

In order to ensure compliance with these requirements, Lenawee County has implemented the following policies and procedures:

1. Reports will be submitted in the required frequency and within the required deadlines.
2. Reports will be completed using the standard forms (as applicable) and method of delivery (i.e., e-mail, grantor website, postal service, etc.).
3. Regardless of the method of report delivery, a copy of the submitted report will be retained along with any documentation necessary to support the data in the report. The report will evidence the date of submission in order to document compliance with timeliness requirements. This may be done either physically or electronically.
4. Financial reports will always be prepared based on the general ledger using the required basis of accounting (i.e., cash or accrual). In cases where financial data is tracked outside of the accounting system (such as in spreadsheets or paper ledgers), this information will be reconciled to the general ledger prior to report submission.
5. Any report with financial-related data will either be prepared or reviewed by the Program Director and will have the appropriate review based on specific grant guidelines.
6. Preparation of reports will be the responsibility of Program Director. All reports (whether financial, performance, or special) must be reviewed and approved (as applicable) prior to submission. This will be evidenced by either physical signatures or electronic timestamps of approval.
7. Copies of submitted reports with preparer and reviewer signatures and data will be filed with supporting documentation and any follow-up correspondence from the grantor or pass-through agency. Copies of all such reports will be made available to administration, auditors, and pass-through or grantor agencies, as requested.

Uniform Guidance Compliance Supplement – Subrecipient Monitoring

Source of Governing Requirements – The requirements for subrecipient monitoring are contained in 31 USC 7502(f)(2)(B) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), Uniform Guidance, program legislation, 2 CFR parts 25 and 170, and 48 CFR parts 4, 42, and 52 Federal awarding agency regulations, and the terms and conditions of the award.

The County will review and oversee subrecipient activity and obtain a copy of their single audit. Other oversight processes and procedures will be established on a case by case basis, dependent on grant requirements and the level of activity of the subrecipient.

Uniform Guidance Compliance Supplement - Special Tests and Provisions

Source of Governing Requirements – The laws, regulations, and the provisions of contract or grant agreements pertaining to the program

Additional Policies and Procedures. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed on page 3:

In order to ensure compliance with these requirements, Lenawee County has implemented the following policies and procedures:

1. The Program Director will be assigned the responsibility for identifying compliance requirements for special tests and provisions, determining approved methods for compliance, and retaining any necessary documentation.

This policy shall be effective December 14, 2016.

Fixed Assets Policy **POL#2018-005**
Date of Adoption: March 15, 2006
Date of Amendments: 12/11, 04/18

Asset Valuation

Fixed assets of the county are to be valued according to the following criteria:

Donated Assets - For those assets acquired by gift, donation, or payment of a nominal sum which is not reflective of the asset's true market value, the cost assigned is to be the fair market value at time of acquisition plus all appropriate ancillary costs. If the fair market value is not practicably determinable due to lack of sufficient records, estimated cost is to be used.

Purchased Assets - Valuation of purchased assets is to be made on the basis of historical costs including all nonrefundable purchase taxes (e.g., sales taxes), and all appropriate ancillary costs less any trade discounts or rebates. If the historical cost is not practicably determinable, then estimated cost is to be used.

The cost of extended maintenance/warranty contracts is included in the valuation of the fixed asset provided the contract is purchased at the same time (or soon thereafter) as the fixed asset. These contracts are depreciated over the useful life of the asset. Payments for contracts not purchased at the same time as the fixed asset are not to be capitalized.

Self-Constructed Assets - When an agency constructs an asset for its own use, the following policy is to govern the valuation of the asset:

- All direct costs associated with the construction are to be included.
- Agency project management costs may be capitalized directly, when practicably discernible and directly associated with the project, or through the application of a percentage of total budgeted project costs. The application rate may or may not be designed to recover total agency project management costs. Indirect costs are to be excluded unless they are increased by the construction.
- Interest costs (if material) incurred during the period of construction should be included in the capitalized cost of the asset.

Identification Policy

Upon receipt and acceptance, all inventoriable fixed assets of the county are to be marked in such a manner as to identify that the property belongs to Lenawee County. These tags include the name of Lenawee County and a unique control number. They are issued and controlled by the Administrator's Office.

Capitalized Assets (Assets capitalized for financial statement purposes.

All land acquisition, regardless of cost (including ancillary costs), is to be capitalized. All other fixed assets with a unit cost (including ancillary costs) of-$10,000 or greater are to be capitalized unless otherwise noted.

For governmental and expendable trust fund type accounts, asset capitalization is to be recorded in the General Fixed Asset Account Group and will be included on the Government-Wide Financial Statements. For proprietary and similar trust fund type accounts, the value of the asset is to be recorded in the account itself. Only capitalized fixed assets are to be considered reportable for financial statement purposes.

New acquisitions - Fixed assets which have no relationship to the addition or improvement to, or the repair or replacement of a component of, existing fixed assets; and meet the $10,000 threshold stated above are to be capitalized.

Extraordinary repairs, betterments, or improvements - Outlays that increase future benefits from an existing fixed asset beyond its previously assessed standard of performance are to be capitalized if they cost $10,000 or more. Increased future benefits typically include:

- An extension in the estimated useful life of the asset.
- An increase in the capacity of an existing fixed asset.
- A substantial improvement in the quality of output or a reduction in previously assessed operating costs.

Replacement - Acquisition of a fixed asset to replace a part of another fixed asset is capitalized when the cost of the replacement is $10,000 or more **and** equal to at least the lesser of 10 percent of replacement value of the asset or $100,000.

EXAMPLE: A $9,000 replacement of a heating boiler (which did not meet any of the criteria listed in the previous paragraph) in a building having a replacement value of $120,000 would not be capitalized. The cost, in this case, is not equal or greater than 10 percent of the building's replacement value. Had the building's replacement value been less than $90,000, the $9,000 boiler replacement would have been capitalized.

EXCEPTIONS to this policy are:

- Replacement roof coverings are not capitalized (whether or not the replacement is with superior materials) unless the replacement extends the useful life of the entire building.
- Replacement floor coverings and window coverings are not capitalized.
- Costs to remodel (convert) a building to a different use, where the remodeling does not extend the useful life of the structure itself, are not capitalized.

The cost and accumulated depreciation of the replaced fixed asset are to be removed from the accounting records if the amounts are determinable and the replacement is capitalized. For proprietary and similar trust fund type accounts, the removed amounts are offset by entries to Revenue "Gain or Loss on Sale of Fixed Assets.

Addition - A $10,000 or more expansion of or extension to an existing capitalized fixed asset is capitalized.

Bulk Purchase - Bulk purchases of like fixed assets with unit costs of less than $10,000 may be capitalized as a group where the allocation of costs for the bulk assets over time is matched to the corresponding revenue generated by the bulk assets.

Computers and Computer Networks

A network is determined to be where individual components may be below the $10,000 but are interdependent and the overriding value to the county is on the entire network and not the individual assets. The components that are a part of the computer network and have a useful life **less than** 5 years would not be capitalized unless the individual computers and related equipment has a cost greater than $10,000.

EXAMPLE: A personal computer that is part of the county's network and cost $2,000 would not be capitalized because its expected life is less than 5 years. However, components such as cabling or modems that have an expected life of at least five years and are considered part of the network and will be capitalized and depreciated as part of that asset for financial statement purposes.

Capital Leases

A capital lease is a lease that transfers substantially all the benefits and risks inherent in the ownership of property to the county. A lease must meet one or more of the following four criteria to qualify as a capital lease:

- By the end of the lease term, ownership of the leased property is transferred to the county; or
- The lease contains a bargain purchase option; or
- The lease term is equal to 75 percent or more of the estimated useful life of the leased property; or
- The lease qualifies as a capital lease if, at the inception of the lease, the present value of the minimum lease payments, excluding executory costs (usually insurance, maintenance, and taxes paid in connection with the leased property, including any profit thereof) is 90 percent or more of the fair value of the leased property. The interest rate to be used in the computation of the present value may be the rate detailed in the lease agreement if available or a reasonable current market rate.

Capital leases with a net present value of the future minimum lease payments or fair value, whichever is less, of $10,000 or more are to be accounted for as an acquisition of a capitalized asset and the incurrence of a liability. If such a lease involves the acquisition of more than one asset, each asset is to be considered capitalizable if its fair value is $10,000 or more. Capital leases with a net present value of less than $10,000 are to be accounted for as operating leases. If title to these assets transfers to the county at the conclusion of the operating lease, at title transfer they are to be capitalized and/or inventoried pursuant to their cost to transfer if that amount meets th $10,000 threshold.

Construction in Progress

Assets that are constructed by or for the county are not added to the Fixed Asset system until they are substantially complete (estimate 90% complete). The amount to be capitalized includes all costs of the project including any interest on debt relating to the project while under construction. Any residual amount spent after the initial capitalization will be added to the base asset. The amount to be capitalized will be determined by the Administrator's Office.

Depreciation Policy

Depreciation is to be calculated and recorded for all capitalized fixed assets with the exception of land, construction in progress, and library resources, museum and art collections.

Depreciation is to be calculated, using the straight-line method:

$$\text{Annual Depreciation} = \frac{\text{Cost - Salvage Value}}{\text{Asset Useful Life}}$$

Useful Life - Use of estimated useful life in Schedule A is optional. A shorter or longer estimated life may be used depending on factual circumstances, replacement policies, or industry practices. Proposed deviation in useful life from Schedule A (for fixed assets acquired in new condition) requires prior written approval from the County Administrator's Office.

Inventory Policy

The following fixed assets are to be considered inventoriable assets and carried on the property records of the county:

- Land.
- Fixed assets with a unit cost (including sales tax and ancillary costs) of $10,000 or greater, unless otherwise noted.
- Assets identified as Tracked Assets.

Departments are responsible to take inventory annually and report any unrecorded disposals or acquisitions to the Administrator's Office on the appropriate Acquisition/Disposal form. See attached forms.

Library resources, including books, films, documents, or other audiovisual material, which are under the control of a recognized cataloging system, are to be recorded on the property records of the agency as a single item. Primary control of this type of asset is to be maintained through the cataloging system.

Departments have the option to develop written policies for identifying and controlling small and attractive assets. Some items that departments may consider small and attractive include: Communications Equipment, Public Safety equipment, Audio and video, Optical Devices, Binoculars, Telescopes, Infrared Viewers, and Rangefinders, Cameras and Photographic Projection Equipment, Record Players, Radios, Television Sets, Tape Recorders.

Fixed Assets Policy *(continued)*

Infrastructure

Infrastructure includes public domain general fixed assets that are immovable and of value only to the county. Such assets normally do not impact the value of the land on which they are located. Infrastructure includes certain improvements other than buildings such as roads, bridges, curbs, gutters, streets, sidewalks, drainage systems, lighting systems, and similar assets. All land and improvements within the operating right-of-way of the county's transportation system are considered infrastructure.

When streets, sidewalks, lighting systems, and other similar fixed assets are located in a confined setting such as a campus, park, or compound and they meet the county's capitalization policy, they are capitalized and inventoried under the classification of Improvements Other than Buildings.

Infrastructure with a historical cost (or value if donated) of $50,000 or more is to be capitalized for financial statement purposes.

Records Requirements

The County is to maintain a fixed asset system which includes records for all inventoriable assets. (Assets with a cost of $10,000 or more.)

Removal of Assets from Inventory

Fixed assets are to be removed from active inventory based on the completion and approval of a Property Disposal Request.

Agencies are to maintain records of fixed asset dispositions in accordance with approved agency records retention schedules.

Passed by roll call vote of the Lenawee County Board of Commissioners at a regular meeting held Wednesday, April 11, 2018, in the Old County Courthouse, Adrian, Michigan.

David Stimpson, Chair

Roxann Holloway

Roxann Holloway, County Clerk

Schedule A:

Asset Type	*Life In Years*
Buildings	50
Equipment/Furnishings	5
Copiers	5
Comm Equip	10
Printing Equip	7
Equipment/Computer	3
Land Improvements	40
Vehicles	
Sheriff Patrol Cars	2
Sheriff Unmarked	6
All Other	6

Insurance Settlement Policy	**POL#2018-007**
Date of Adoption: April 4, 2011	
Amendments: 05/2018	Last Review 05/18

When a lawsuit is being handled by an insurance company, and the exposure of the county is limited to the deductible under the insurance policy, the commission authorizes the County Administrator, or designee, and the appropriate legal counsel to approve negotiations or a settlement if they are unanimous in their decision.

In the event that the County Administrator's Office is involved in the lawsuit, then the Chair of the Board of Commissioners, or designee, and the appropriate legal counsel shall have the authority to negotiate and/or approve settlement.