

FINANCIAL MANAGEMENT POLICIES

PITTSYLVANIA COUNTY, VIRGINIA

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Policy I Reserves and Fund Balance

Fund balance is the difference between the assets and liabilities reported in a governmental fund. Pittsylvania County's General Fund balance provides the County with sufficient working capital and some ability to address emergencies without borrowing. The following five fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; for all funds except the general fund, assigned fund balance is the residual fund balance classification;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

To further provide the stable management of County services, maintain the County's fiscal integrity, a stable and equitable tax rate and a high credit rating to minimize borrowing costs, the County shall establish the following minimum General Fund Balance elements:

- Committed Fund Balance Policy: The Board of Supervisors is the County's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board of Supervisors. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- Assigned Fund Balance Policy: The Board of Supervisors has authorized the County's Finance Director as the official authorized to assign fund balance to a specific purpose as approved by this fund balance policy.
- An Unassigned General Fund Balance of not less than 20% of the average actual General Fund Expenditures for the preceding three fiscal years to address natural and manmade disasters and to offset budget fluctuations.

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- This General Fund Balance shall not be used to support recurring operating expenditures outside of the current budget year and this shall be done only on the basis of a shortfall in revenues. In the ensuing year the County will increase its General Fund revenues or decrease its expenditures to prevent using this General Fund Balance two years in a row to subsidize General Fund Operations.
- Funds in excess of the General Fund Balance “target” at the close of the fiscal year shall be considered to address mid-year request for critical expenditures.
- Resource Flow Policy: when fund balance resources are available for a specific purpose in more than one classification, it is the County’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.
- In the event the Unassigned General Fund Balance is used to provide for temporary funding of unforeseen emergency needs, the County shall restore the Unassigned General Fund Balance to the minimum level of twenty percent (20%) of the average actual General Fund Expenditures for the preceding three fiscal years within two (2) fiscal years following the fiscal year in which the event occurred.

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Policy II Annual Fiscal Plan

The County's annual operating budget must continue to show fiscal restraint with the objective of providing public services at the lowest possible cost. However, delivering services economically is not sufficient; the quality of service delivery is expected to remain high. Therefore, to receive maximum benefit from the dollars spent, the County must integrate performance measurement and productivity indicators where possible within the annual budget process. Duplication of services and inefficiency in delivery should be eliminated wherever they are identified.

The County will fund current expenditures with current revenues and other recurring funding sources such as the projected under expenditure of current budget appropriations. The County will avoid budgetary procedures that balance current expenditures at the expense of meeting future years' expenses, such as postponing expenditures, accruing future years' revenues or rolling over short-term debt.

If a deficit is subsequently projected during any fiscal year, the County will reduce expenditures or increase revenues to the extent necessary to ensure a balanced budget at the close of the fiscal year.

The County shall establish a Contingency Appropriation as part of the annual General Fund budget process not to exceed 1% of the adopted County budget, excluding transfers, to meet unexpected expenditure increases for General Fund supported agencies.

Equipment (e.g., vehicles) should be replaced on a cost-effective basis (i.e., whenever they become unsafe or too expensive to maintain). To address this objective, the County will maintain a comprehensive replacement program comprised of a schedule of capital assets to be replaced and the scheduled expenditures by fiscal year. These scheduled expenditures will be programmed into future budget periods to provide a more consistent approach to the replacement of capital assets; thereby contributing to the stability of the County's tax rate.

The amount of annual School Funding as evidenced by the Transfer from the General Fund to the School Operating Fund shall be determined as follows:

- Local Tax Revenues

Local taxes are used to fund the required transfer to the School Operating Fund.

This Calculation shall be based on revenue estimates used in the budget process.

- Standards of Quality

The County shall meet the "Standards of Quality" (SOQ) requirements, as defined by the Commonwealth of Virginia, as the minimum funding requirements for School use.

In order to assist with financial planning decisions, the County will prepare a five year projection of General Fund revenues and expenditures. This projection will use detailed analyses and economic forecasts. These analyses and forecasts will enable the County to focus on the long-range financial impact of proposed program expenditures and future revenue trends that may affect the delivery of services.

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To monitor the status of the current years' fiscal plan, a formal budget review process shall be implemented. The objectives of this review are twofold:

1. The review shall highlight the expenditure of funds against budget by function and revenue trends.
2. The review shall provide a status report on the major programs and project initiatives contained in the adopted fiscal plan. This report shall be presented at the conclusion of the second, third and fourth quarters of the current fiscal year.

The County will continue to annually prepare a budget consistent with the guidelines established by the Government Finance Officers Association under its Distinguished Budget Award Program. In order to receive this award, a governmental unit must publish a budget document that meets rigorous program standards as a policy document, as an operations guide, as a financial plan, and as a communication tool. This award, along with the Certificate of Achievement for Excellence in Financial Reporting, would help Pittsylvania County present a quality financial image.

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Policy III Revenues

The County will establish and maintain a diversified and stable revenue base to protect it from short-run fluctuations in any one revenue source. The County will estimate its annual revenues by an objective, analytical process and project revenues for the next five years; updating this projection annually. Each existing and potential revenue source will be re-examined annually as part of this process.

Charges for Services:

The County will establish all user charges and fees at an appropriate level after recognition of the cost of providing the services. Periodically, the County will recalculate the full costs of activities supported by user fees to identify the impact of inflation and other cost increases. It is recognized that occasionally competing policy objectives will result in user fee levels that recover only a portion of service costs.

Intergovernmental Aid:

Pittsylvania County should pursue intergovernmental aid for only those programs and activities that address a recognized need and are consistent with the County's long-range objectives. Any decision to pursue intergovernmental aid should be preceded by the consideration of the following fiscal consideration:

1. Present and future funding requirements;
2. Cost of administering the funds; and
3. Costs associated with special conditions or regulations attached to the grant award.

The County should attempt to recover all allowable costs – direct and indirect – associated with the administration and implementation of programs funded through intergovernmental aid. In the case of State and federally mandated programs, the County should attempt to obtain as much funding as possible from the governmental entity requiring that the service be provided.

Assessments:

Through sound appraisal practices, the County will ensure that real property is assessed every four years and personal property is assessed annually on a fair and equitable basis within standards established by the International Association of Assessing Officers regarding the level of assessment and assessment equity. Real and personal property will be enforced to ensure that the tax burden is shared equitably among all taxpayers. The level of assessment on January 1st will be the legally mandated ratio of 100% of market value. The achievement of the requirement for real estate shall be measured against the Virginia Department of Taxation's annual study which reports each local government's assessment to sales ratio. The County's goal is to achieve an annual assessment to sales ratio of at least 94%, under current real estate market conditions, when January 1st assessment is compared to sales in the succeeding calendar year.

A report on assessment ratios shall be submitted annually to the Board of Supervisors by the Commissioner of Revenue.

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Property Tax Collections:

The County must continue to strive toward increasing its property tax collection ratio by taking advantage of all available legal enforcement powers (liens on bank accounts, attachment of property, public sale of real property, etc.).

The County's total collections each year of current taxes, delinquent taxes and late penalties should equal the full tax levy for the current year.

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Policy IV Capital Improvement Program

The County will adopt an annually updated multi-year capital improvement program that sets forth desired capital improvements and the sources of funding for such improvements. Where general obligation bonds or other types of long-term debt are proposed, their impact on the County's debt ratios and real property tax rate will be examined. The expenses of operating proposed facilities and any new programs associated with them are vital and will be included in the annual capital budgeting process. The revenues necessary to fund these expenditures are to be estimated and provided as part of the overall financial impact of the capital improvement program. The utilization of this process will result in an orderly approach to meeting capital requirements and a manageable schedule for the payment of debt service and operating costs.

A contribution from current revenues to the County's capital improvement program reduces future debt services requirements and provides a safety margin to protect the County from revenue shortfalls. It shall be the County's objective to dedicate the required amount of the annual General Fund revenues allocated to the County's operating budget to fund projects included in the County's Capital Improvement Plan (CIP).

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Policy V Debt Management

Debt ratios must be maintained at the following levels:

1. Outstanding General Fund Debt as a percentage of the estimated market value of all taxable property (real and personal) in the County should not exceed 3%; and
2. Annual debt and lease purchase financing for capital facilities will be used in computing debt ratios for financial planning and reporting purposes.
3. School debt and lease purchase financing for capital facilities will be used in computing debt ratios for financial planning and reporting purposes.

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Policy VI Cash Management

Effective cash management is an essential part of good financial management, particularly at a time when rising costs place mounting pressures on local revenues. Maximization of County investment returns on funds not immediately required for County operations can help offset this pressure. The County investment program must meet four criteria which are listed in the order of their importance:

1. Legality,
2. Safety,
3. Liquidity, and
4. Yield

The legality and safety of public investments are crucial. To allow for unforeseen expenditures, it must be possible to liquidate investments quickly without loss of principal. Only after these criteria are met should the maximization of investment yield be pursued.

Investment performance will be based upon the comparison of the County's investment yield to the average yield on the 91 day U. S. Treasury Bill; Donoghue's Money Market Fund Average and the average annual rate of return experienced by other jurisdictions.

Within the constraints of normal trade practices, the County should increase the amount of funds available for investment by rapid collection of money owed to the County and decelerated payment of obligations. At all times total cash invested shall at a minimum equal 100% of total book cash balances.

A timely report of this information should be prepared by the Treasurer and submitted to the Board of Supervisors on a monthly basis.

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Policy VII Accounting and Financial Reporting

The County will comply with generally accepted accounting principles (GAAP) in its accounting and financial reporting system, as contained in the following publications:

- Codification of Governmental Accounting and Financial Reporting Standards, issued by the Governmental Accounting Standards Board (GASB).
- Governmental Accounting, Auditing, and Financial Reporting (GAAFR), issued by the Governmental Finance Officers Association of the United States and Canada.
- Uniform Financial Reporting Manual for Virginia Counties and Municipalities, prepared by the Commonwealth of Virginia Auditor of Public Accounts.
- Audits of State and Local Governmental Units, an industry audit guide published by the American Institute of Certified Public Accountants.

The County will annually prepare its financial report in compliance with the principles and guidelines established by the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program. The Certificate of Achievement, which is issued for excellence in financial reporting, provides national recognition for jurisdictions that qualify and increases the marketability of their debt offerings. Conformance with the Association's standards also increases the comparability of the County's reports to those of other jurisdictions following the same standards.

The County's annual financial statements, federal grant reports, and Uniform Financial Reports will be audited yearly by a qualified, independent public accounting firm. An independent audit provides objective evidence that the County's financial transactions are properly handled, recorded, and reported. This assurance increases the confidence of third parties (banks, bond-holders, bond rating agencies, etc.) and the general public in the County's annual financial reports.

The County must never resort to unsound fiscal practices to achieve a balanced budget or to provide needed capital improvements. Such things as moving tax payment dates forward to produce one-time "windfalls" or using fund balance for recurring expenditures are examples of such unsound financial practices which must be avoided.

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Policy VIII Procurement

The primary objectives of the County's procurement process center upon economy and efficiency. One objective is to obtain supplies, equipment and services as economically as possible. A second objective is to purchase materials that are best suited to the specific needs of operating departments. Most importantly, needed materials should be available in a timely manner to avoid any interruptions in the delivery of services to the public. To achieve these objectives, five essential components are necessary:

1. Sufficient and competent personnel,
2. Centralized organization,
3. Formal regulations,
4. Standardization and specifications, and
5. Effective operating procedures

Finally, the procurement process must guard against fraud, waste, and favoritism in the purchase of goods and services. Additional information regarding procurement procedures can be found the Procurement Policy.

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Policy IX Risk Management

Pittsylvania County is to be protected against accidental loss or losses which would significantly affect personnel, property, the budget, or the ability of the County to continue to fulfill its responsibilities to taxpayers and the public. Potentially hazardous situations, practices, and conditions will continue to be evaluated and where feasible and cost effective, reduced or eliminated. Since 1992, the County has been self-insured with respect to certain insurance programs. The County must therefore maintain actuarially sound insurance reserves that will indemnify the County and its employees against potential loss. The maintenance of an actuarially determined self-insurance fund serves to further enhance the professional financial management image of the County.

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Policy X Economic Development

Pittsylvania County shall continue to expand and diversify its economic base by attracting industrial and commercial firms to the County. Special emphasis should be given to industrial and commercial enterprises that will employ the local labor force. In addition, the County will continue to utilize a network of public facilities which links planned industrial and commercial areas with its growing residential areas. Further diversification of the County's tax base through industrial and commercial development will serve to provide employment stability in the area and tend to reduce the tax burden of individual taxpayers.

Policy XI Federal Grants Administration

GRANT ADMINISTRATION

Pittsylvania 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 Director for inclusion in the Pittsylvania 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 County Administrator's office. If an award is given, a copy of the agreement shall also be furnished to the County Administrator's office. Electronic copies are preferable.
 - b. Matching Funds – Grants that require cash local matches must be coordinated through the County 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 Finance 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 Finance 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. Purchasing Guidelines – All other Pittsylvania County 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, staff approvals, and bidding requirements apply. When in doubt, the Program Director should contact the County 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 Pittsylvania County’s finance software at some level. The finance software is considered to be Pittsylvania 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 Pittsylvania County’s accounting system.
- b. Fiscal Years – Occasionally, the fiscal year for the granting agency will not coincide with the Pittsylvania 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 Finance 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 Finance 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 Pittsylvania 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 – Pittsylvania County is responsible for maintaining an inventory of assets purchased with grant monies. The Pittsylvania County is accountable for them and must make them physically available for inspection during any audit. The Finance Director 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 Director.

4. Record Keeping –

- a. Audit Workpapers – The Pittsylvania 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 Director 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 in the Finance Department will maintain copies of all grant draw requests, and approved grant agreements (including budgets). Records shall be retained for a minimum of 5 years from the date on which the final Financial Status Report is submitted, or as otherwise specified in the requirements of the federal award, unless a written extension is provided by the awarding agency, cognizant agency for audit or cognizant agency for indirect costs.

Uniform Guidance Compliance Supplement - General Information

Board Policies. The Board of Supervisors has adopted various financial policies independent of those now required for federal awards under the Uniform Guidance. These policies may be incorporated into this document by reference. All of the established board policies also apply to federal grants where appropriate. These policies include:

- **Pittsylvania County Procurement Policy**
- **Personnel Policy**

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 of the award.

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

1. All grant expenditures will be in compliance with the Uniform Guidance, State law, Pittsylvania County 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 are considered reasonable and necessary for the administration of the program and treatment will be consistent with the policies and procedures the Pittsylvania County would apply to non-federally financed work.
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 the department head's initials on the original bill or invoice. Accounts payable disbursements will not be processed for payment 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 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.

Part 200 examines the allowability of 55 specific cost items (commonly referred to as Selected Items of Cost) at 2 CFR 200.420-200.475. These cost items are listed in the chart below along with the citation where it is discussed whether the item is allowable. Pittsylvania County personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. Pittsylvania County must follow these rules when charging these specific expenditures to a federal grant. When applicable, staff must check costs against the selected items of cost requirements to ensure the cost is allowable.

The selected item of cost addressed in Part 200 includes the following (in alphabetical order):

Item of Cost	Citation of Allowability Rule
Advertising and public relations costs	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427

Collection of improper payments	2 CFR § 200.428
Commencement and convocation costs	2 CFR § 200.429
Compensation – personal services	2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437
Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439
Exchange rates	2 CFR § 200.440
Fines, penalties, damages and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444
Goods and services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459
Proposal costs	2 CFR § 200.460
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463
Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465
Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470

Termination costs	2 CFR § 200.471
Training and education costs	2 CFR § 200.472
Transportation costs	2 CFR § 200.473
Travel costs	2 CFR § 200.474
Trustees	2 CFR § 200.475

Uniform Guidance Compliance Supplement - Cash Management

Source of Governing Requirements – The requirements for cash management 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, Pittsylvania County has implemented the following policies and procedures:

1. Most of the Pittsylvania County’s grants are awarded on a reimbursement basis. As such, program costs will be expended and 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. Expenditures will be compared with budgeted amounts for each Federal award.
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 Pittsylvania 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 Pittsylvania County’s finance software, 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:

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:

In order to ensure compliance with these requirements, Pittsylvania 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, in 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 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 Pittsylvania 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.

Pittsylvania 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, Pittsylvania County has implemented the following policies and procedures:

1. Compliance with matching, level of effort, and earmarking requirements will be the responsibility of the Finance 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, Pittsylvania 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 Board 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 in 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, Pittsylvania 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 Pittsylvania County, and to the provisions of the uniform guidance as detailed below. (See Pittsylvania County procurement 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. Pittsylvania 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. Pittsylvania County will also analyze other means, as described in §200.318 of the Uniform Guidance, in order to ensure appropriate and economic acquisitions.
6. Pittsylvania County 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. Pittsylvania 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.

The Program Director or designee will be responsible for running a year-to-date transaction report from the Pittsylvania 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), <https://www.sam.gov/portal/public/SAM/> 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.

8. If a vendor is found to be suspended or debarred, the Pittsylvania County will immediately cease to do business with this vendor.
9. Executed contracts and signed quarterly vendor transaction history reports will be retained and filed by the Program Director.
10. When a request for purchase of equipment, supplies, or services for a federal program has been submitted the procurement method to be used will be determined based on the total cost of the purchase as further outlined below. This procedure outlines how the cost thresholds for determining when the quote or formal bidding procedures that are required by state law must be modified when making purchases for federally funded purposes to which the Uniform Grant Guidance regulations apply.

A. Micro-purchases not requiring quotes or bidding (up to \$10,000)

For purposes of this procedure, **micro-purchase** means a purchase of equipment, supplies, or services for use in federally funded programs using simplified acquisition procedures, the aggregate amount of which does not exceed a base amount of \$10,000. The micro-purchase dollar threshold is adjusted periodically by the federal government, and the threshold most recently published and published in the Federal Register shall apply if other than \$10,000.

The micro-purchase method is used in order to expedite the completion of its lowest dollar small purchase transactions and minimize the associated administrative burden and cost. Procurement by micro-purchase is the acquisition of equipment, supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.

To the extent practicable, the Pittsylvania County distributes micro-purchases equitably among qualified suppliers when the same or materially interchangeable products are identified and such suppliers offer effectively equivalent rates, prices and other terms.

Micro-purchases may be awarded without soliciting competitive quotations if the Pittsylvania County considers the price to be reasonable. Evidence will be maintained of this reasonableness in the records of all micro-purchases. Reasonable means that sound business practices were followed and the purchase is comparable to market prices for the geographic area. Such determinations of reasonableness may include comparison of the price to previous purchases of the same item or comparison of the price of items similar to the item being purchased.

Even if the cost of a purchase qualifies it as a micro-purchase, bidding or small purchase procedures may be used optionally when those procedures may result in cost savings.

B. Small Purchase Procedures (Between \$10,000 and \$250,000).

For purposes of this procedure, **small purchase procedures** are those relatively simple and informal procurement methods for securing equipment, services, or supplies that cost more than the amount qualifying as micro-purchase and do not exceed \$250,000. Small purchase procedures cannot be used for purchases of equipment or supplies for construction, repair or maintenance services costing between \$50,000 and \$250,000 because the Pittsylvania County purchasing policy requires formal competitive bidding at that level of cost.

If small purchase procedures are used, written or telephonic price or rate quotations are obtained from at least three (3) qualified sources and records of quotes are maintained.

C. Publicly Solicited Sealed Competitive Bids (Purchase between \$50,000 and \$250,000)

For purchases of equipment or supplies, or of services for construction, maintenance or repairs of facilities, sealed competitive bids are publicly solicited and awarded to the lowest responsive and responsible bidder as provided in the Pittsylvania County's procurement policy.

D. Competitive Proposals (Purchase between \$50,000 and \$250,000)

For purchases of qualifications-based procurement of architectural/engineering professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. If this method is used, the following requirements apply:

1. 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;
2. Proposals must be solicited from an adequate number of qualified sources; and
3. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

E. Noncompetitive Proposals (Sole Source)

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

1. The item is available only from a single source; or
 2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation; or
 3. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
 4. After solicitation of a number of sources, competition is determined inadequate.
11. Pittsylvania County must use the micro-purchase and small purchase methods only for procurements that meet the applicable criteria under 2 CFR sections 200.320(a) and (b). Under the micro-purchase method, the aggregate dollar amount does not exceed \$10,000. Small purchase procedures must be used for purchases that exceed the micro-purchase amount but do not exceed the simplified acquisition threshold of \$250,000. Micro-purchases may be awarded without soliciting competitive quotations if the Pittsylvania County considers the price to be reasonable (2 CFR section 200.320(a)). If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources (2 CFR section 200.320(b)).

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, Pittsylvania 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, rebates, credits, discounts, refunds, etc., or interest earned on any of these items unless otherwise provided in the Federal awarding agency regulations or terms and conditions of the award. It will also not include proceeds from the sale of equipment or real property.
2. Pittsylvania 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 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, Pittsylvania 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 and Department responsible receiving grant funding. 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 Pittsylvania County will review and oversee subrecipient activity and obtain a copy of their single audit. Additionally, Pittsylvania County will evaluate the subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate monitoring procedures as required by the Uniform Guidance Title 2 CFR 200.331. 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:

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

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.

Uniform Guidance– Federal Program Travel Costs

Pittsylvania County shall reimburse administrative, professional, and support employees, and officials, for travel costs incurred in the course of performing services related to official business as a federal grant recipient.

For the purposes of this policy, **travel costs** shall mean the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business as a federal grant recipient.

Employees shall comply with the applicable Pittsylvania County policies and administrative regulations established for reimbursement of travel and other expenses.

The validity of payments for travel costs for all employees shall be determined by the Program Director.

Travel costs shall be reimbursed on a mileage basis for travel using an employee's personal vehicle and on an actual cost basis for meals, lodging and other allowable expenses, consistent with those normally allowed in like circumstances in the Pittsylvania County's nonfederally funded activities, and in accordance with the Pittsylvania County's travel reimbursement policies and administrative regulations.

Mileage reimbursements shall be at the rate approved by Administration for other Pittsylvania County travel reimbursements. Actual costs for meals, lodging and other allowable expenses shall be reimbursed only to the extent they are reasonable and do not exceed the per diem limits established by the Board of Supervisors.

If travel reimbursement costs are charged directly to a federal award, documentation must be maintained that justifies that (1) participation of the individual is necessary to the federal award, and (2) the costs are reasonable and consistent with the Locality's/Organization's established policy.

Policy XI Policy Review

Policies will be reviewed every 2 years by the Board of Supervisors.