

Wood County Alcohol, Drug Addiction and Mental Health Services Board
Policy and Procedure Manual

Federal Funds – Internal Controls	Section VII-A.7
Resolution Number: FY 2018-33 March 26,2018	Page 1 of 4

PURPOSE: To assure proper and efficient administration of Federal Funds in accordance with the Uniform Guidance over Federal programs.

POLICY: The Executive Director shall establish and maintain effective internal controls over Federal awards that provide reasonable assurance that the WCADAMHS Board is managing all awards in compliance with applicable statutes, regulations and the terms and conditions of the awards. The WCADAMHS Board process is intended to provide reasonable assurance that the following objectives are achieved:

- A. effectiveness and efficiency of operations
- B. reliability of reporting for internal and external use
- C. compliance with applicable laws and regulations

The internal controls must provide reasonable assurance that transactions are properly recorded and accounted for in order to permit the preparation of reliable financial statements and Federal reports; maintain accountability over assets; and demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. The internal controls must also provide reasonable assurance that these transactions are executed in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal award, as well as any other Federal statutes and regulations that are identified in the Compliance Supplement. Finally, the WCADAMHS Board's internal controls must provide reasonable assurance that all Federal funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

PROCEDURE: The WCADAMHS Board shall:

- A. comply with Federal statutes, regulations, and the terms and conditions of the Federal awards;
- B. evaluate and monitor its compliance with statutes, regulations, and the terms and conditions of the award;
- C. take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; and
- D. take reasonable measures to safeguard protected "personally identifiable information" (PII) and other information the awarding agency or pass-through entity designated as sensitive or the WCADAMHS Board considers sensitive consistent with applicable Federal, State, local, and tribal laws and WCADAMHS Board policies regarding privacy and obligations of confidentiality.

PII is defined at 2 CFR. 200.79 as "information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual."

The definition of PII is not anchored to any single category of information or technology. Rather, it requires a case-by-case assessment of the specific risk that an individual can be identified. Non-PII can become PII whenever additional information is made publicly available, in any medium and from any source, that, when combined with other available information, could be used to identify an individual.

Financial Management

The financial management of federal funds shall be in compliance with all applicable Federal, State, local and grantor rules, regulations, and assurances as well as WCADAMHS Board policies and administrative guidelines. The WCADAMHS Board's fiscal management system and records will be sufficient for preparing required reports and for tracing expenditures to a level that establishes funds have been used according to federal statutes, regulations and the terms and conditions of the federal award. This is in addition to maintaining a system of funds and accounts in accordance with state law and accounting requirements.

The WCADAMHS Board shall maintain the following:

- A. Identification, in WCADAMHS Board accounts, of all federal awards received and expended and the programs under which they were received. For federal programs and awards, identification shall include the Catalog of Federal Domestic Assistance ("CFDA") title and number, federal award identification number and year, name of the federal agency and name of the pass-through entity, as applicable.
- B. Accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting requirements of the grant.
- C. Records that identify adequately the source and application of funds provided for federally-funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.
- D. Effective control over, and accountability for, all funds, property, and other assets. The WCADAMHS Board must adequately safeguard all assets and assure that they are used solely for authorized purposes.
- E. Comparison of expenditures with budget amounts for each federal award.
- F. Recordkeeping and written procedures to the extent required by Federal, State, local and grantor rules and regulations pertaining to the grant award and accountability, including, but not limited to, the following areas:
 1. cash management
 2. allowability
 3. conflict of interest

4. procurement
5. equipment management
6. conducting technical evaluations of proposals and selecting recipients
7. compensation and fringe benefits
8. travel

G. Disclosure of any potential conflict of interest and all mandatory violation disclosures potentially affecting the federal award/grant to the federal awarding agency or pass through agency in accordance with applicable federal policy.

H. Insurance coverage for real property and equipment, if applicable, equivalent to insurance coverage for property owned by the WCADAMHS Board.

Deduction of Program Income

Program income means gross income earned by an award recipient that is directly generated by a supported activity or earned as a result of the federal award during the award's period of performance.

It includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal award funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations or the terms and conditions of the federal award, program income does not include rebates, credits, discounts and interest earned on any of them. Additionally, taxes, special assessments, levies, fines and other such revenues raised by a recipient are not program income unless the revenues are specifically identified in the federal award or federal awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment or supplies are not program income.

Unless prior approval to use a different method has been received or the terms and conditions of the grant authorize a different method, the deduction method of accounting will be utilized for program income. Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs. Program income will only be used for current costs unless the WCADAMHS Board is otherwise directed by the federal awarding agency or pass-through entity.

Applicable Laws, Regulations and Guidance:

2 C.F.R. 300.61, 200.80, 200.112, 200.302, 200.303, 200.307

2 C.F.R. 200.310, 200.313, 200.318-.320, 200.343(b)&(e)

2 C.F.R. 200.62, 200.79

Additional Sources:

- A. "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States;
- B. "Internal Control Integrated Framework" (commonly referred to as the Green Book) issued by the Committee of Sponsoring Organizations of the Treadway Commission;
- C. "Compliance Supplement" issued by the U.S. Office of Management and Budget; and
- D. Internal control guidance issued by the U.S. Department of Health and Human Services.