

**Resolution 21-10**

**South Dakota Ellsworth Development Authority**

**Uniform Guidance Policies**

---

**WHEREAS**, the South Dakota Ellsworth Development Authority ("Authority") must have Uniform Guidance Policies adopted when obligating and spending federal grant funds;

**BE IT RESOLVED**, therefore that the Board of Directors of the Authority hereby adopts, South Dakota Ellsworth Development Authority Uniform Guidance Policies  
(Attached - Exhibit A)

Adopted: 11/10/2021

By: 

Patrick Burchill, Chairman

## Exhibit A - Resolution 21-10

### SD Ellsworth Development Authority

#### Uniform Guidance Policies

#### ALLOWABLE COSTS

Expenditures must be aligned with approved budgeted items. Any changes or variations from the approved budget and grant application need prior approval from the Board. When determining how the Authority will spend its grant funds, management will review the proposed cost to determine whether it is an allowable use of federal grant funds *before* obligating and spending those funds on the proposed good or service. All costs supported by federal funds must meet the standards outlined in 2 C.F.R. Part 200, Subpart E, which are provided in the bulleted list below:

- A. Be Necessary and Reasonable for the performance of the federal award. Authority staff must consider these elements when determining the reasonableness of a cost. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices.  
When determining reasonableness of a cost, consideration must be given to:
  - 1. Whether the cost is a type generally recognized as ordinary and necessary for the operation of the Authority or the proper and efficient performance of the federal award.
  - 2. The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state and other laws and regulations; and terms and conditions of the federal award.
  - 3. Market prices for comparable goods or services for the geographic area.
  - 4. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the Authority its employees, its students, the public at large, and the federal government.
  - 5. Whether the Authority significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost. 2 C.F.R. §200.404.

While 2 C.F.R. §200.404 does not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, necessary is determined based on the needs of the program.

- When determining whether a cost is necessary, consideration may be given to:
  - 1. Whether the cost is needed for the proper and efficient performance of the grant program.
  - 2. Whether the cost is identified in the approved budget or application.
  - 3. Whether there is a benefit associated with the cost.
  - 4. Whether the cost aligns with identified needs based on results and findings from a needs assessment.
  - 5. Whether the cost addresses program goals and objectives and is based on program data.
  - 6. Allocable to the federal award. A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received.
  - 7. Consistent with policies and procedures that apply uniformly to both federally financed and other activities of the Authority.
  - 8. Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.
  - 9. Consistent treatment. A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
- A. Adequately documented. All expenditures must be properly documented.
- B. Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.



- C. Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such. Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.
- D. Be the net of all applicable credits. The term "applicable credits" refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award

When applicable, Authority staff must check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, Authority and program-specific rules may deem a cost as unallowable and Authority personnel must follow those non-federal rules as well. Accordingly, employees must consult federal, State and Authority requirements when spending federal funds.

#### CASH MANAGEMENT

The Authority will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the Authority, in accordance with the Cash Management Improvement Act at 31 CFR Part 205. Generally, the Authority receives payment from the Department of Defense on a reimbursement basis. 2 C.F.R. § 200.305. However, if the Authority receives an advance in federal grant funds, the Authority will remit interest earned on the advanced payment quarterly to the federal agency consistent with 2 C.F.R. § 200.305(b)(9). Department of Defense Funds for the REPI Program are paid in advance and interest is not required to be remitted to the federal agency.

#### Payment Methods

*Reimbursements:* The Authority will initially charge federal grant expenditures to nonfederal funds. The Authority management will request reimbursement for actual expenditures incurred under the federal grants at least monthly. Requests will be completed based on aggregate claims for projects as submitted by the contractor and engineer overseeing the project. Consistent with state and federal requirements, the Authority will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for review upon request.

*Advances:* To the extent the Authority receives advance payments of federal grant funds, the Authority will strive to expend the federal funds on allowable expenditures as expeditiously as possible. Specifically, the Authority attempts to expend all drawn downs of federal funds within 72 hours of receipt. The Authority will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The Authority will begin to calculate interest earned on cash balances once funds are deposited into the Authority's account. Interest is not calculated on REPI funds received by the Authority from the Department of Defense. The Authority may retain up to \$500 of interest earned per year.

#### PROCUREMENT

##### Purchase Methods

The type of purchase procedures required depends on the cost of the item(s) being purchased.

##### Purchases up to \$3,000 (Micro-Purchases)

Micro-purchase means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed \$3,000. 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 supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold. To the extent practicable, the Authority distributes micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the Authority considers the price to be reasonable. The

Authority maintains evidence of this reasonableness in the records of all micro-purchases

#### Purchases between \$3,000 and \$150,000 (Small Purchase Procedures)

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$150,000. If small purchase procedures are used, price or rate quotations are obtained from an adequate number of qualified sources.

#### Purchases Over \$150,000

*Sealed Bids (Formal Advertising):* For purchases over \$150,000, bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the following conditions apply:

1. A complete, adequate, and realistic specification or purchase description is available;
2. Two or more responsible bidders are willing and able to compete effectively for the business; and
3. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

1. Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, the invitation for bids must be publicly advertised;
2. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
3. All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
4. A firm fixed price contract award must be made in writing to the lowest responsive and responsible bidder.

Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Any or all bids may be rejected if there is a sound documented reason.

*Competitive Proposals:* The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. 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.

The Authority may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

*Contract/Price Analysis:* The Authority performs a cost or price analysis in connection with every procurement action in excess of \$150,000, including contract modifications. 2 C.F.R. § 200.323(a). A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the



individual cost elements. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, management must come to an independent estimate prior to receiving bids or proposals. 2 C.F.R. § 200.323(a).

When performing a cost analysis, the management negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. 2 C.F.R. § 200.323(b).

#### Noncompetitive Proposals (Sole Sourcing)

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;
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
3. The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the Authority; or
4. After solicitation of a number of sources, competition is determined inadequate.

A cost or price analysis will be performed for noncompetitive proposals when the price exceeds \$150,000.

#### Debarment and Suspension

The Authority awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

The Authority may not subcontract with or award subgrants to any person or company who is debarred or suspended. For all contracts over \$25,000 the Authority verifies that the vendor with whom the Authority intends to do business with is not excluded or disqualified. 2 C.F.R. Part 200, Appendix II(1) and 2 C.F.R. §§ 180.220 and 180.300. This is verified by management prior to contracting by verifying contractors are not excluded parties listed on Sam.gov.

The Authority must maintain records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, the basis for the contract price (including a cost or price analysis), and verification that the contractor is not suspended or debarred.

### EQUIPMENT AND REAL PROPERTY MANAGEMENT

#### Property Classifications

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the Authority for financial statement purposes, or \$5,000. 2 C.F.R. § 200.33.

Supplies means all tangible personal property other than those described in § 200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the Authority for financial statement purposes or \$5,000, regardless of the length of its useful life. 2 C.F.R. § 200.94.

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing,

transmitting and receiving, or storing electronic information. 2 C.F.R. § 200.20.

Capital assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

- ❑ Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- ❑ Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). 2 C.F.R. § 200.12.

#### Inventory Procedure

Assets purchased with federal funds in excess of \$1,000 are tagged and logged by management. Inventories are performed biennially and results are reconciled with inventory records.

#### Inventory Records

For each equipment and computing device purchased with federal funds, the following information is maintained in a spreadsheet.

- ❑ Serial number or other identification number;
- ❑ Source of funding for the property;
- ❑ Who holds title;
- ❑ Acquisition date and cost of the property;
- ❑ Percentage of federal participation in the project costs for the federal award under which the property was acquired;
- ❑ Location, use and condition of the property; and
- ❑ Any ultimate disposition data including the date of disposal and sale price of the property.

#### Maintenance

In accordance with 2 C.F.R. § 200.313(d)(4), the Authority maintains adequate maintenance procedures to ensure that property is kept in good condition

#### Lost or Stolen Items

The Authority maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property.

#### Use of Equipment

Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award, and the Authority will not encumber the property without prior approval of the federal awarding agency and the pass-through entity.

During the time equipment is used on the project or program for which it was acquired, the equipment will also be made available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the federal awarding agency that financed the equipment. Second preference is given to programs or projects under federal awards from other federal awarding agencies. Use for non-federally funded programs or projects is also permissible.

When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority: (1) activities



under a federal award from the federal awarding agency which funded the original program or project; then (2) activities under federal awards from other federal awarding agencies.

#### Disposal of Equipment

When it is determined that original or replacement equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, management will contact the awarding agency (or pass-through for a state-administered grant) for disposition instructions. Generally, disposition of equipment is dependent on its fair market value (FMV) at the time of disposition. If the item has a current FMV of \$5,000 or less, it may be retained, sold, or otherwise disposed of with no further obligation to the federal awarding agency. If the item has a current FMV of more than \$5,000, the federal awarding agency is entitled to the federal share of the current market value or sales proceeds.

If acquiring replacement equipment, the Authority may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

#### RECORD KEEPING

#### Record Retention

The Authority maintains all records that fully show (1) the amount of funds under the grant or subgrant; (2) how the subgrantee uses those funds; (3) the total cost of each project; (4) the share of the total cost of each project provided from other sources; (5) other records to facilitate an effective audit; and (6) other records to show compliance with federal program requirements. 34 C.F.R. §§ 76.730-.731 and §§ 75.730-.731. The Authority also maintains records of significant project experiences and results. 34 C.F.R. § 75.732. These records and accounts must be retained and made available for programmatic or financial audit.

The Authority retain records for a minimum of five (5) years from the date on which the final Financial Status Report is submitted, unless otherwise notified in writing to extend the retention period by the awarding agency, cognizant agency for audit, oversight agency for audit, or cognizant agency for indirect costs. However, if any litigation, claim, or audit is started before the expiration of the record retention period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. 2 C.F.R. § 200.333.

#### Collection and Transmission of Records

Records are digitized and maintained electronically.

#### Access to Records

The Authority provides the awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives the right of access to any documents, papers, or other records of the Authority which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the Authority's personnel for the purpose of interview and discussion related to such documents.