

Town of Hardwick

Financial Management Policy

Policy Purpose:

This Financial Management Policy is established to provide consistent financial oversight and management practices for federal grants received by the Town of Hardwick. This policy complies with the Federal Uniform Grant Guidance (UGG) under 2 CFR Part 200, ensuring transparency, accountability, and integrity in the administration of federal funds.

1. Scope and Applicability

This policy applies to all Town of Hardwick departments and personnel involved in managing, spending, or reporting on federal grant funds. The policy outlines the requirements for budgeting, accounting, reporting, and auditing all federal grant funds received by the Town.

2. General Financial Management Standards

The Town of Hardwick will maintain an effective financial management system that ensures:

- **Accurate Reporting:** Consistent, accurate, and timely reporting of financial information.
- **Internal Controls:** Strong internal controls to safeguard federal funds and prevent misuse.
- **Compliance:** Adherence to all federal regulations, including allowable costs, proper cost allocation, and financial documentation standards.

3. Accounting and Internal Controls

- **Fund Accounting:** Federal grant funds will be recorded in separate accounts within the Town's financial system to ensure clear tracking of funds by grant.
- **Segregation of Duties:** Roles and responsibilities related to the handling, recording, and reporting of federal funds will be segregated to prevent errors, misappropriation, and fraud.
- **Bank Reconciliation:** Monthly reconciliations will be conducted to ensure federal funds align with bank statements and financial records.
- **Internal Audits:** Periodic internal audits will be conducted to ensure compliance with this policy and federal guidelines.

4. Budgeting for Federal Awards

- The Town will prepare a detailed budget for each federal award as part of the grant application or acceptance process.
- All expenses must align with the approved budget, and any deviations must be approved according to grantor and town policies.
- Budget-to-actual comparisons will be conducted periodically to monitor financial performance.

5. Allowable and Allocable Costs

- Costs charged to federal awards must be allowable, reasonable, and allocable as defined by 2 CFR 200.403-405.
- **Allowable Costs:** Costs must be necessary, reasonable, and conform to grant requirements.
- **Allocable Costs:** Costs must be assignable to a specific award based on relative benefits received. Shared costs will be allocated using a documented methodology.
- **Documentation:** All expenses must be adequately documented to show compliance with federal regulations.

6. Procurement Standards

Procurement of goods and services using federal funds will follow the Town's procurement policy and comply with 2 CFR 200.317-326:

- **Competitive Process:** Procurement will follow a competitive process to ensure fair and open competition.
- **Cost Reasonableness:** Purchases will be made at a fair and reasonable price, documented by at least three quotes for purchases over the micro-purchase threshold.
- **Conflict of Interest:** Employees involved in procurement must avoid conflicts of interest, including financial, personal, or family relationships.

7. Payment Management

- **Cash Management:** Federal funds will be drawn down as close to the time of expenditure as possible, minimizing cash-on-hand to avoid interest obligations.
- **Timely Payments:** The Town will ensure all invoices are reviewed, approved, and paid on time, in compliance with federal regulations.
- **Record Keeping:** All payment documentation, including invoices, receipts, and approvals, will be maintained in grant files for audit purposes.

8. Financial Reporting

- **Quarterly/Annual Reports:** The Town will prepare and submit financial reports to the grantor as required in the grant agreement, ensuring accuracy and timeliness.
- **Closeout Reporting:** Upon completion of each federal award, the Town will prepare a final financial report (if required in grant agreement) and submit it to the federal awarding agency or pass-through entity.

9. Cash Management

- **Minimizing Cash on Hand:** Federal funds will be requested only when they are needed to cover immediate disbursements.

- **Interest Requirements:** Interest earned on federal funds will be remitted to the federal government as required under federal law.

10. Audit Requirements

- **Single Audit:** If federal expenditures exceed the Single Audit threshold (currently \$1,000,000), the Town will arrange an audit in compliance with 2 CFR 200 Subpart F.
- **Audit Findings:** Any audit findings related to federal awards will be addressed with corrective actions. Findings, responses, and corrective actions will be reported to the grantor as required.

11. Record Retention

- **Retention Period:** Financial records and supporting documents for federal awards must be retained for at least three years from the date of the final expenditure report submission.
- **Electronic and Physical Records:** Records will be maintained in secure locations, both physically and electronically, ensuring accessibility and protection from damage or loss.
- **Access to Records:** Authorized representatives of the federal awarding agency, the Comptroller General of the United States, or the Town’s auditors will have access upon request to grant records for audit and examination.

12. Compliance and Oversight


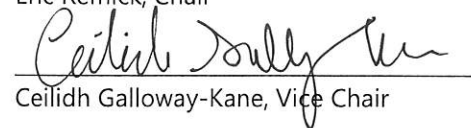
- **Responsibility:** The Town Manager, or designated representative, will be responsible for overseeing the implementation and adherence to this Financial Management Policy.
- **Training:** Employees involved in federal grants management will receive training on UGG requirements, this policy, and applicable regulations.
- **Regular Reviews:** The policy will be reviewed periodically and updated to reflect changes in federal requirements or internal practices.



13. Policy Review and Revisions

This policy will be reviewed annually and updated as needed to reflect changes in federal guidance, grant terms, or Town needs.

The foregoing Policy is hereby adopted by the Select Board of the Town of Hardwick, Vermont, this 5th day of December 2024 and is effective as of this date until amended or repealed.

Select Board:


 Eric Remick, Chair

 Ceilidh Galloway-Kane, Vice Chair

 Shari Cornish

 Danny Hale

 Tim Ricciardello