

**FEDERAL GRANT COMPENSATION POLICY
TOWN OF WATERBURY**

Section 1: Title, Authority, and Purpose

This policy shall be known as the “Town of Waterbury Federal Grant Compensation Policy.” It has been adopted by the Town of Waterbury Select Board pursuant to 24 VSA § 872.

The purpose of this Federal Grant Compensation Policy is to establish guidelines for compensating employees paid with federal grant funds to ensure compliance with the provisions of Title 2, Part 200.430 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Grant Guidance”).

Section 2: General Guidelines

Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in § 200.431. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

- 1) Is reasonable for the services rendered and conforms to the established written policy of the Town consistently applied to both Federal and non-Federal activities. In cases where the kinds of employees required for Federal awards are not found in the other activities of the Town, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the non-Federal entity competes for the kind of employees involved;
- 2) Follows an appointment made in accordance with the Town’s laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and
- 3) Is determined and supported as provided in the Standards for Documentation section, when applicable.
- 4) Unless an arrangement is specifically authorized by a Federal awarding agency, the Town must follow its written Town policies and practices concerning the permissible extent of professional services that can be provided outside the Town for non-organizational compensation. Where such Town written policies do not exist or do not adequately define the permissible extent of consulting or other non-organizational activities undertaken for extra outside pay, the Federal Government may require that the effort of professional staff working on Federal awards be allocated between:(1) Town activities, and (2) Non-organizational professional activities. If the Federal awarding agency considers the extent of non-organizational professional effort excessive or inconsistent with the conflicts-of-interest terms and conditions of the Federal award, appropriate arrangements governing compensation will be negotiated on a case-by-case basis.
- 5) The allowable compensation for certain employees is subject to a ceiling in accordance with statute. For the amount of the ceiling for cost-reimbursement contracts, the covered compensation subject to the ceiling, the covered employees, and other relevant provisions, see 10 U.S.C. 2324(e)(1)(P), and 41 U.S.C. 1127 and 4304(a)(16). For other types of Federal awards, other statutory ceilings may apply.

Section 3: Standards for Documentation

The Town shall safeguard all records, including those used in non-federally funded operations as well as federally funded operations. In both cases, the Town will follow COSO guidelines for internal controls as outlined in the Town of Waterbury Controls Guidance document which covers the requirements for those operations that are funded by federal grants, as promulgated in the provisions of Title 2, Part 200.303 and Part 200.335 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Grant Guidance”).

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- 1) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- 2) Be incorporated into the official records of the Town;
- 3) Reasonably reflect the total activity for which the employee is compensated by the Town, not exceeding 100% of compensated activities;
- 4) Encompass federally-assisted and all other activities compensated by the Town on an integrated basis, but may include the use of subsidiary records as defined in the Town's written policy;
- 5) Comply with the established accounting policies and practices of the Town; and
- 6) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:

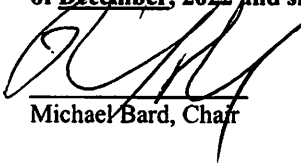
- 1) The system for establishing the estimates produces reasonable approximations of the activity actually performed;
- 2) Significant changes in the corresponding work activity (as defined by the Town's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and
- 3) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal award based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

Because practices vary as to the activity constituting a full workload, records may reflect categories of activities expressed as a percentage distribution of total activities.

In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR part 516), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.

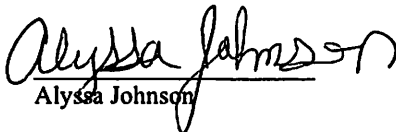
Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.

The foregoing Policy is hereby adopted by the Select Board of the Town of Waterbury this 19th day of December, 2022 and shall be effective January 1, 2023 until amended or repealed.


Michael Bard, Chair


Dani Kehlmann


Roger Clapp


Alyssa Johnson


Christopher Viens