

AMENDMENT NO. 2

Caldwell County

Statement of Financial Goals and Policies

1. Internal Controls and Segregation of Duties Caldwell County shall implement and document internal controls that ensure no one individual has sole authority over initiating, approving, executing, and reviewing financial transactions. This includes but is not limited to:

- Independent review of bank reconciliations and disbursements;
- Dual signature requirements for checks and fund transfers;
- Periodic internal reviews by the County Auditor or designee to confirm separation of financial duties.

2. Separate Accounting for Federal Grant Funds Caldwell County shall maintain separate fund accounts for each CDBG-DR/MIT grant. These accounts will:

- Be interest-bearing, unless a waiver or exemption applies;
- Be used exclusively for federal funds and related expenditures;
- Provide clear audit trails distinguishing federal and non-federal activity.

3. Drawdown and Disbursement Procedures In accordance with GLO requirements, Caldwell County shall ensure:

- Drawdowns of federal funds will only occur when funds are needed for immediate disbursement;
- Disbursed funds will be paid out within three (3) business days of receipt, reducing the prior threshold of five (5) business days;
- Any deviation must be documented and approved by the County Auditor.

4. Program Income Tracking Caldwell County shall record, track, and report all program income generated from federal projects in accordance with 2 CFR 200.307 and GLO guidance. Program income will be used before requesting additional federal funds, unless otherwise authorized.

5. Cost Principles All expenditures of federal funds will comply with the principles of allowability, allocability, necessity, and reasonableness, as defined in 2 CFR 200.403–405. Documentation of justification for all federally funded costs shall be maintained.

6. Protection of Sensitive Information The County shall safeguard personally identifiable information (PII) and other sensitive data collected or used in the administration of federal programs. Access to such information shall be limited to authorized personnel only.

7. Conflict of Interest Disclosure All County officials and employees involved in the administration of federal grants shall disclose any potential or actual conflicts of interest in compliance with Texas Local Government Code Chapter 171 and federal grant standards. Conflicts must be addressed through written disclosures and management plans where applicable.

Hoppy Haden
County Judge

Date