



Administrative Policies and Procedures

Policy Title: Grant Accounting and Administration	Policy Number: 508
Effective: 4/2016	
Supersedes: APR #508, revised 1/93, 8/07, 3/15	
Approval: <i>Tom Crawford</i>	Page 1 of 4

1. Purpose

To outline guidelines for the submittal of grant applications and the acceptance of grant awards (Federal, State or Local) or any non-grant Federal funding on behalf of the City.

2. Policy

The Accounting Services Unit maintains citywide grant information and grant and federal fund accounting to facilitate the annual audit and compliance with federal and state requirements.

3. Procedures

3.1 Application for Grants - When preparing an application for a grant or other Federal funding, contact the Accounting Services Unit for assistance in determining appropriate wording for the Council resolution, if applicable, as well as to discuss grant matches or other potential grant requirements.

3.1.1 In order to ensure the City's administrative expenses are met, no Federally- funded grant, either direct or pass-through, may be accepted for an amount under \$15,000. This is due to the expense the City incurs for the Federal government rules surrounding grants. If the grant is under \$15,000, the total City expense outweighs the benefit of the grant received.

- 3.1.2 In order to complete an application (even if your grant application is going to City Council), the requesting service unit should obtain approval by the Finance Director and the City Administrator, or designee, prior to final application for a grant. Attached is a standard form (Appendix A) that should be completed and provided to the Service Area Administrator to request Finance Director and City Administrator approval. For entitlement grants (grants where funds are awarded without a grant application process), fill out Appendix A upon notice of the grant award. For federal grants/funding administered through MDOT that generate a City-State agreement, fill out Appendix A and Appendix B when the agreement is added to the Council agenda.
- 3.2 Council Approval of the Award - For grants over \$25,000, the award and resolution must be placed on the Council agenda for approval. The resolution should be confirmed to authorize the acceptance and administration of the grant; provided the grant award and conditions are not substantially changed from the application. The resolution must also establish the appropriate accounts and appropriate any funds required. If the grant is for equipment or components of equipment (i.e. computers, vehicles, body armor, etc.), the Council resolution must include how the maintenance and replacement cost of equipment will be funded, if the equipment is expected to be replaced. Contact the Accounting Services Unit if assistance is necessary in preparing the resolution. Grants under \$25,000 will not require placement on the Council agenda, they will be covered under the Council approved blanket resolution giving preauthorization to apply, accept and administer grants under \$25,000 (R-07-452).
- 3.3 Internal Controls over Federal Grant Awards- After the grant is awarded, the service unit must schedule a meeting to review the grant award documentation with the Finance Director. In this meeting, the Finance Director, or designee, will review the Grant Project Checklist (see Appendix C) with the grant administrator. The Checklist gathers information prior to the grant being set up in the financial system or any procurement activities/other incurred direct costs. Periodically, throughout the life cycle of the grant, the Finance Director will meet with the grant administrator to ensure compliance with the grant agreement. Areas of internal controls that will be reviewed include:
- 3.3.1 Procurement as documented in APP204, *Purchase of Goods and Services*, and APP207, *Procurement Standards for Federal Grants*
- 3.3.2 Allowability of Costs-Documentation of costs charged to the grant must demonstrate the allowability under the grant agreement. Also, they must demonstrate allowability under City policy. The grant administrator is solely responsible for understanding the costs allowed under the grant. Please reference APP504, *Travel Policy*; APP506, *Special Event, Office Refreshments, and Performance Award Fringe Benefit Policy*; and APP512, *City Issued Purchasing Cards*.

- 3.3.3 Payroll and Fringes-Documentation of charges for payroll and fringes charged to the grant must demonstrate the work performed under the terms of the grant and reflect properly in the payroll system. Excel spreadsheets are not the appropriate mechanism to track time charged to a grant.
- 3.3.4 Cash Management- The City is a reimbursement only entity with respect to requesting Federal grant funds. Cash draws must be made timely in accordance with the grant agreement. Draws should be requested no later than 30 days after the end of the quarter. Every effort to complete fiscal year-end draws (quarter ending 6/30/20XX) as soon as possible after June 30th is appreciated. All draws must be reviewed by the Finance Director, or their designee, prior to requesting Federal money. The City Treasurer, or their designee, is the only authorized requestor of Federal grant reimbursement. No other City staff is authorized to draw down funds on behalf of the City. This includes funds drawn through the State of Michigan LARS system.
- 3.3.5 Indirect Costs-Under no circumstances, should the service unit apply for an indirect cost rate when applying for a grant, or accept reimbursement for indirect costs without discussing the implications with the Finance Director. As a general rule, the City does not receive reimbursement for indirect costs.
- 3.3.6 Authorization, Approvals and Documentation- For each transaction charged to the grant, the grant administrator is certifying the cost is allowable under the grant when the request for reimbursement is given to the Finance Director. Documentation to support the request must match the City's financial system and all related backup must be attached to the grant request including invoices, receipts, time and attendance reports and other related documentation.
- 3.3.7 Related Policies- Please review APP203, *Sale of Surplus Property*; APP503, *Retention of Financial Records*; APP515, *Debarment of Vendors of Federally Funded Grant Projects*; and APP516, *Fixed Assets*.

For more information on the Uniform Grant Guidance requirements, please visit:
<https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards>

- 3.4 Grant Award Information Required for the Annual Audit - The service area will provide the Accounting Services Unit with the following information (if applicable) (See *Appendix B* – for the *Summary of Grant Information* Form to attach with contract & resolution):
- Grant name and program description.
 - A copy of the grant application.
 - A copy of the resolution (Approval from Council), if grant is over \$25,000
 - Funding agency. (If the funding agency is a State agency, the Service Area

must note whether the funds are pass-through funds from the Federal government.)

- Catalog of Federal Domestic Assistance number, if grant award is Federal
- Grant number.
- Program amount requested.
- Service Area contact person (name, title, and phone-number).
- Financing Information
 - Appropriation Adjustment Form (after council approval)
 - Source of funds (grantor, amount)
 - Use of funds (object code of expenditure, amount)
 - Grant expiration (length of time account will be needed)
 - Relationship to other grants/projects

For example, if the Council approved a grant contract for a consultant study of land use at the Ann Arbor Airport, with total funding of \$100,000 (Federal grant, \$80,000; State grant, \$15,000; Airport Fund grant match from prior year unreserved retained earnings, \$5,000), see the financial information furnished to the Accounting Services Unit below:

<u>Source of Funds</u>	
Federal Funds	\$80,000
State grant	\$15,000
City Funds	<u>\$ 5,000</u>
Total	\$100,000
 <u>Use of Funds</u>	
Consultant services	<u>\$100,000</u>
Total	\$100,000

The originating Service Area in consultation with the Accounting Services Unit would then prepare an appropriation adjustment using specific general ledger account numbers.

- 3.5 Grant Close Out Documents - After the terms of the grant have been satisfied, all necessary documents to close out the grant shall be prepared on a timely basis. Copies of all grants close-out documents (final reports) should be provided to the Accounting Services Unit after the final reimbursement is requested.

Appendix A

Summary of Grant Application for City Administrator Review

Funding agency (if a State agency, it is also important to note if these are pass-through funds)

Grant name and program description and Project Name/File Number (if applicable):

Program Award Amount: \$ _____

Service Area contact person (grant administrator) (name, title, phone #):

Grant Application Questions:

	Yes	No	N/A
Does the grant require matching funds? If yes, how much? <input type="text"/>			
Does the grant require an appropriation adjustment from City Council?			
If the grant funds FTEs, is there a requirement to retain those employees for a certain period of time? If yes, how many years? <input type="text"/>			
If the grant funds capital outlay, is there a requirement to track the equipment for a certain number of years after the grant award? If yes, how many? <input type="text"/>			
If the grant has special reporting requirements, have those been discussed with Finance?			
If the grant has special banking requirements to receive funding, have those been discussed with the City Treasurer?			
Are there other commitments that the City will be making if this grant is awarded?			

Submitted by: _____ Date: _____

Finance Director Approval: _____ Date: _____

City Administrator Approval: _____ Date: _____

Return Completed Form to the Finance Director after all approvals are obtained.

Appendix B

Summary of Grant Information

Funding agency (if a State agency, it is also important to note if these are pass-through funds)

Grant name and program description and Project Name/File Number (if applicable):

Catalog of Federal Domestic Assistance Number: _____

Grant Number: _____

Program Award Amount: \$ _____

Accounting information:

Fund number _____ Revenue Source Code _____

Agency _____ Organization _____

Object Codes _____

Expected expenditure amount \$ _____

Please attach copies of the following:

- grant application
- approved resolution
- grant award letter/contract
- grant closeout documents (if applicable)

Service Area contact person (name, title, phone #): _____

Return Completed Form to the Finance Director.

Appendix C-Sample Grant Checklist

Service Unit: _____

Federal Agency Awarding Grant: _____

Grant Amount: _____

Project Name and File Number/GL Account: _____

General Questions

Are you a direct recipient or a pass-through entity? (200.330) _____

Are you passing through funding to other agencies? (200.331) _____

Have you received your Federal Award Identification Information? If so, provide a copy to the Finance Director. If not, obtain your information and bring it to the Finance Director.

Is your grant construction related? If yes, discuss specific construction requirements here. _____

Does your grant award include a grant match (200.306)? If so, how much and what is the source of the match? _____

Does your grant generate any program income (200.307)? _____

What is your period of performance (200.309)? _____

Does your grant involve the purchase of real property (200.311)? _____

Does your grant involve the purchase of equipment (200.313)? _____

Does your grant involve the purchase of supplies (200.314)? _____

Does your grant involve the purchase of intangible property (200.315)? _____

Does your grant allow for indirect costs (200.416)? _____

Does this Grantor Agency have specific additional requirements above Uniform Grant Guidance? If so, summarize here. _____

Procurement (200.318 to 200.326)

Prior to Bidding

- Notify Procurement that bid/proposal has Federal grant funding
- Does your Grantor agency require a review of your bid/proposal specifications? If so, date review was complete: _____
- Demonstrate bid avoids purchasing unnecessary or duplicative items
- Demonstrate consideration of intergovernmental procurement agreements
- Demonstrate consideration of Federal excess and surplus property
- Demonstrate compliance with the recycled/recovered content per the EPA guidelines
- Demonstrate steps were taken to contract with small and minority businesses, women's business enterprises, and labor surplus area firms
- Include Federal Funding Reference in project solicitation
- Include Required Bid and Contract Documents Packet in bid packet
- Demonstrate compliance with APP 207, ***Procurement Standards for Federal Grants***

During Project Bidding Process

- Bid advertisement date: _____
- Pre-bid meeting date (if applicable): _____
- Confirm no mandatory meetings were required

After Bid Opening

- Provide analysis to the Finance Director of economical purchases (i.e. lease vs. buy, consolidation of procurements, use of surplus property.)
- Provide the Finance Director with a copy of the bid tabulation/proposal scoring for grant file
- Date Conflict of Interest was received _____
- Provide the Finance Director evidence of review of Federal Debarment List located at www.sam.gov before contract award

Award Period

- Provide the Finance Director with a copy of the contract award letter and Council resolution.
- Provide the Finance Director with how contractor oversight will be maintained.

Provide the Finance Director with a copy of the Performance Bond (if required).

For Quarterly/Semi-Annual Financial Reporting, were your reports filed in a timely manner?
(200.327) Dates filed: _____

For Annual Financial Reporting, was your report filed in a timely manner? (200.327) Date filed: _____

For monitoring and reporting program performance, were your reports filed at the interval required by the Grantor agency with 90 days after the reporting period? (200.328) _____

Submit a completed Reimbursement Request Form with the following information attached:

Copy of invoice

Copy of proof of payment

Any other relevant backup documentation (if applicable) or N/A

Post-Award Closeout (200.343-200.345)

Closeout submitted within 90 days of the end of the performance period

To be completed by the Finance Director in conjunction with the Grant Administrator.