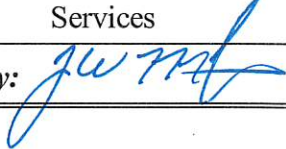




POLICY AND PROCEDURE

Subject: Grant Activities	Index: Finance Number: 201-6-1
Effective Date: July 1, 2018	Prepared By: Finance & Administrative Services
Supersedes: February 1, 2015	Approved By: 

1.0 **PURPOSE:**

To establish a Policy and Procedure that directs personnel as to the handling and coordination of grants.

2.0 **ORGANIZATIONS AFFECTED:**

All departments and divisions.

3.0 **REFERENCES:**

Office of Management and Budget (OMB) Circulars
Code of Federal Regulations (CFR)

4.0 **POLICY:**

- 4.1 This policy will establish the concepts and framework for managing grant programs identifying roles and responsibilities in the management of grant programs.
- 4.2 All departments and divisions will coordinate with the Finance Division to ensure that grant funding is properly recorded, including all related revenues and costs.
- 4.3 Grants will be used to assist in accomplishing the City's goals and objectives.

5.0 **DEFINITIONS:**

- 5.1 Grant Revenue – Revenue from another entity (grantor) that reimburses costs of the City through a grant process.
- 5.2 Grant Costs – Costs that are identifiable with a specific activity funded through an external source.
- 5.3 Deferred Revenue – Revenue that was earned as of June 30 but not received within 60 days of the fiscal year end.
- 5.4 Year-end Accrual – An entry by the Finance Department to record revenue earned by a department but not yet received by the City.

6.0 PROCEDURE:

6.1 Grant Administration

6.1.1 The operating department who receives the grant is responsible to:

- a. Prepare grant applications and complete initial steps, including required Agenda reports for Council approval of the grant.
- b. Maintain information regarding the grant, including grant documents.
- c. Administer the grant program ensuring compliance with grant requirements.
- d. Monitor grant activity by tracking grant revenues, costs, and matching requirements.
- e. Approve disbursements and ensure costs comply with applicable grant requirements.
- f. Coordinate the grant with other departments or outside entities, including monitoring requirements.
- g. Prepare requests to invoice for reimbursement of costs; These requests should be sent to Finance to properly bill the grantor.
- h. Complete required reporting under the grant, including interim and closeout reporting and related billing requests.
- i. Resolve any findings related to the grant.
- j. Handle audit requests.

6.1.2 The Finance department provides technical assistance to the operating department by doing the following:

- a. Assist with the submission of reports.
- b. Maintain records and other supporting information related to grant receipts and grant costs.
- c. Assist with responding to any auditor or grant agency requests as needed.
- d. Invoice reimbursement requests to the grantor agency.
- e. Ensure grant revenues and costs are recorded timely and accurately to the General Ledger.
- f. Assist with audit requests.

6.2 Grant Revenues

6.2.1 Grant funding should be reported as a revenue to the respective fund and categorized based on the General Ledger as to the funding source: Federal, state, county, or other grants.

6.2.2 Grant revenues are invoiced by the Finance Division through the Accounts Receivable process. Upon receipt, all funds should be given to Finance to ensure that amounts are deposited and recorded in a timely fashion to the correct funds.

- a. Departments must provide the Finance Division with supporting documentation pertinent to reimbursable grant revenue expenditures.

- b. Departments should invoice grant agencies as often as possible through the Finance Division to ensure the City is reimbursed on a frequent basis for costs incurred.
- c. Request for Reimbursement should be completed at fiscal year-end to cover expenditures made within the fiscal year and to report revenues and expenditures in the appropriate accounts to avoid findings.
- d. The Finance Division will use this documentation to record year-end revenue accruals for grant activity. If the revenue is not received within 60 days of year-end the Finance Division will re-class the revenue as deferred revenue.

6.2.3 If grant amounts are received in advance of the expenditures, interest will be allocated and revenue will not be recorded until earned.

6.3 Grant Costs

6.3.1 An allowable cost is a cost that can be charged or assigned to a specific program/activity. All costs charged to programs must meet the criteria of reasonable, allocable, and allowable.

- a. Reasonable: Costs are 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 was made to incur the costs.
- b. Allocable: Costs are allocable to a particular program or other cost objective if the goods or services are chargeable or assignable to that federal award or cost objective in accordance with the relative benefits received. For a cost to be allocable it must be incurred specifically for the award; benefit the awards and other work distributed in a reasonable proportion; and it is necessary to the overall operation.
- c. Allowable: Costs are allowable if they are fully in line with the respective grant agreement. In addition, Federal grants should comply with the Uniform Guidance under the CFR and must comply with Cost Principles.

6.3.2 Costs that are eligible to be charged may include direct and indirect costs:

- a. Direct cost: Costs specifically associated with a particular project and can be directly assigned to such activities with a high degree of accuracy.
- b. Indirect costs: Costs that cannot be identified specifically with a particular project or activity.

6.3.3 If a cost benefits two or more project or activities in a proportion that can be determined without undue effort or cost, the cost should be allocated to the project based on the proportional benefit. If a cost benefits two or more projects that cannot be determined because of the interrelationship of the work involved then costs may be allocated based on any reasonable documented basis.

6.3.4 The City will comply with Cost Principles listed in Title 2 CFR - Section 200 that lists allowable and unallowable costs. Examples of unallowable costs are entertainment costs, lobbying, and alcoholic beverages.

6.3.5 Costs must also be determined in accordance with Generally Accepted Accounting Principles (GAAP), comply with applicable purchasing procedures, conform to any limitation or exclusions set forth in the award and meet matching requirements from eligible funding sources.

6.4 Grant Guidelines

6.4.1 Grants are subject to Federal, State and local regulations which may be updated periodically by the respective agency. The applicable guidelines will vary depending upon the grant award.

6.4.2 The City will follow applicable internal controls and guidance as published by the OMB for Federal Grants, including Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

6.5 Grant Information Form

6.5.1 The attached *Grant Information Form* can be provided to Finance to assist with the tracking of grants and the related activity on the grants.

6.5.2 The form will be used to track active and open grants.

**CITY OF SAN CLEMENTE
GRANT INFORMATION FORM**

Year Ended June 30, 20_____

Name of Grant Program: _____

Grant Identification Number: _____

Total Grant Award Amount: _____

Grantor/Source of Grant: _____

Type of Funding (Circle One): Federal State County Other _____

If Funding is Federal:

Name of Federal Agency Providing Funding: _____

Catalog of Federal Domestic Assistance (CFDA) Number: _____

Total Federal Expenditures for the Fiscal Year: _____

Nature and Purpose of Grant: _____

Expiration Date of Grant: _____

Method of Cash Funding (Circle One): Reimbursement Advance

Grant Matching Requirements: _____

General Ledger Accounting Information:

Fund Numbers: _____

Revenue Account Numbers: _____

Expenditure Account Numbers: _____

Person in Charge of Grant: _____ Phone Number: _____