

GRANT PROCEDURES

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The purpose of these procedures is to create an internal system of application, approval, accounting, financial administration and reporting of grants for use by all departments of the City, the designated Grant Administrator and the Accounting Department.

Types of Grants

Grants received by the City generally are restricted grants to be used for specified capital projects or operating programs. The grant agreement or Memorandum of Understanding (MOU) usually specifies the time period for completion of the project/program and requires submission of progress reports and/or a final report at the end of the grant period. The City receives two types of restricted grants:

- 1. Reimbursement Grants** – These are restricted grants for which the grantor reimburses costs after they are incurred. The City is required to prepare claims for incurred costs, and is reimbursed based on periodic progress reports submitted.
- 2. Non-reimbursement Grants** – These are restricted grants for which the grantor disburses the entire grant proceeds at the beginning of the grant period, or in periodic installments during the grant period.

The City does not generally receive unrestricted grants. Unrestricted grants are grants not earmarked for a particular program or project and are therefore available to finance general operations of an entity. In the event that the City receives such a grant, it should internally designate the funds to a specific program(s) or project(s) and account for it the same as for a non-reimbursement grant as described herein.

Procedures

- 1. Grant Identification and Pre-Application** – Prior to initiating a search for a grant, departments should identify specific programs to be funded. These programs should involve particular goals and objectives, and be consistent with department goals and the City's Strategic Plan.

- 2. Application Approval** – Before the submission of a grant application:

- The grant application must be approved by the department head and the budget manager, regardless of the grant size.
- If the grant has a matching requirement and the City has a budget for the matching expenditures, City Manager approval is required when the match is more than \$10,000.
- If the grant has a matching requirement and the City has no budget for the matching expenditures, City Manager approval is required regardless of the amount of the match.

Note: There are no specific City approvals required that are dependent on the size of the grant, as the approvals required by the City Manager are only based on the size of the match. The majority of the City's grants are not match grants.

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3. **Grant Award** – Once a grantor awards a grant greater than \$10,000 (i.e., when a notice of grant award is received), the Grant Administrator is to assemble a “Board Packet” consisting of the following:

- Board Memo
- Executive Summary (if board memo is longer than two pages)
- Board Resolution
- Grant agreement or Memorandum of Understanding
- Appropriations Transfer Request (if necessary)
- Salary Ordinance Amendment (if necessary)

4. **Financial Administration** – The Grant Administrator is responsible for financial administration of the grant. To ensure proper financial recording of grant revenues and expenditures, Grant Administrators should comply with the following:

- **Grant Award Letter:** Forward a copy of the award letter to the Accounting Department as soon as it is received from the grantor.
- **Grant Details and Description Form:** Complete the Grant Details and Description Form and forward to the Accounting Department together with the Grant Award Letter. The Grant Administrator should specify the appropriate departmental Org number. The Accounting Department will assign a Job Org number to which the Grant Administrator will ensure that all the grant revenues and expenditures are coded. The Grant Administrator should request the Accounting Department to set up Job Object number if necessary to classify expenditures in the categories required for reporting to the grantor.
- **Budgets:** Assign budgets for grant revenues and expenditures to the appropriate Org and Job Org numbers at the time of compilation of annual budgets. Ensure mid-year budget adjustments are processed if necessary.
- **Payroll:** Notify all personnel charging time to the grant to code time in the Automated Timekeeping

System to the corresponding Org, Job Org and Job Object numbers.

- **Invoices:** Indicate the Org and Job Org numbers on each invoice to be paid by the grant and forward to the Accounting Department for payment.
- **Revenues:** All grant checks should be sent by the grantor directly to the Accounting Department. However, if the Grant Administrator receives a check, it should be forwarded to the Accounting Department immediately, accompanied by reference to the Org and Job Org numbers.
- **Financial Report:** Review the grant financial report distributed monthly by the Accounting Department as described in Section 5 - Grant Reporting. Ensure that revenues and expenditures have been coded to the right Org and Job Org numbers.
- **Purchasing Guidelines:** Ensure that all applicable City purchasing guidelines have been followed. Grantors may have separate/additional purchasing guidelines.
- **Reimbursement Claims:** Review reimbursement claims prepared by the Accounting Department.
- **Compliance:** The Grant Administrator is responsible for the City's compliance with all grant requirements, including reports required by the grantor. The grant's reporting and other compliance requirements may be obtained from the Grant Agreement, Notice of Grant Award, Grant RFP and/or audit guidelines issued by the grantor. A copy of all reports submitted to the grantor should be forwarded to the Accounting Department at the time submitted.
- **Provide copies** of the following documents to the Accounting Department for the master file:
 - » A copy of the board packet discussed in Section 3 - Grant Award
 - » Grant RFP
 - » Audit guidelines issued by the grantor, if any
 - » Copies of reports submitted to grantor

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5. **Financial Reporting** – The following are responsibilities of the Accounting Department:

- **General Ledger (G/L) Coding:** Assign Job Org number (and Job Object number if necessary) for each new grant. Provide the number(s) to the Grant Administrator.
- **Grant Revenues:** Receive and deposit grant revenues. Assure deposits are coded to the appropriate sub account, Org and Job Org numbers.
- **Reimbursement Claims:** Prepare reimbursement claims for all reimbursement grants timely as specified in the Grants Award. If the grant award does not specify due dates for reimbursements, eligible costs should be claimed on a monthly basis unless they are less than \$10,000. The Accounting Department should prepare the reimbursement claim and obtain approval from the Grant Administrator before submitting the claim.
- **Grant Files:** The Accounting Department will maintain a file for each grant. The file will contain:
 - » A monthly financial summary extracted from G/L. The financial summary will show the grant amount, the detailed budget per RFP, expenditures to date, grant available balance, budget / expenses / budget balance for the current fiscal year, amounts claimed to date and amounts collected / not collected.
 - » Copy of Grant Agreement or Notice of Grant Award
 - » Grant RFP
 - » Audit guidelines issued by the grantor, if any
 - » Time table for submission of progress reports and claims
 - » Copies of reports submitted to grantor
 - » City Board of Supervisors resolution
 - » Budget amendments, if any

- » Copies of reimbursement requests and checks received
- » Other correspondence
- » Close-out memo from the Grant Administrator on closure of the grant

- **Grant Status Report:** Each month, the Accounting Department will prepare and distribute a grant status report to Grant Administrators and the City management. The report will show for each active grant the following:

- » Grantor
- » Grant Amount
- » Grant period
- » Expenditures to date
- » Grant balance available for expenditure
- » Amounts received to date
- » Amounts billed to grantor and not received
- » Costs incurred but not yet billed
- » Name of Grant Administrator

Each line on the Grant Status Report should be supported by the grant financial summary filed in the respective grant files. Grants should remain on the active list portion of the Grant Status Report until all the funds have been received and expended.

- **Adjustments:** Make any necessary adjustments in the G/L and grant financial statements that may be recommended by the Grant Administrators.
- **Coordination of Grants Activities**
 - » Maintain a progress report calendar and ensure that Grant Administrators submit progress reports to grantors by due dates
 - » Provide training to Grant Administrators regarding financial administration of grants

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6. Accounting and Reconciliations – The Accounting Department is responsible for proper recording of grant receivables, accrued income/expenditures and deferred income in the G/L and reporting in the monthly financial statements. Typical accounting entries for reimbursement and non-reimbursement grants are as follows:

- **Non-Reimbursement Grants:**

- » Receive cash from grantor:
Dr Cash
Cr Deferred Revenue
- » Incur expenses:
Dr Expense
Cr Cash
- » As expense is incurred, the Accounting Department books recognition of revenue (in the same month):
Dr Deferred Revenue
Cr Revenue

- **Reimbursement Grants:**

- » Incur expenses:
Dr Expense
Cr Cash
- » As expense is incurred, the Accounting Department books accrual of revenue in the same month as expense incurred:
Dr Accounts Receivable
Cr Revenue
- » Receive cash from grantor:
Dr Cash
Cr Accounts Receivable

- The Accounting Department should reconcile the amount of deferred revenue per IFAS to the Available Grant Balance column of the Grant Status Report for all non-reimbursement grants. (The available grant balance represents the difference between amounts received and the costs incurred to date.)
- The Accounting Department should reconcile the amount of grants receivable per the G/L to the difference between the Received to Date column and the Expenditures Life-to-Date column of the Grant Status Report for all reimbursement grants.

7. Grant Close-Out

- All Grant Administrators must comply with the formal close-out procedures per the Grant Agreement or MOU. After close out of a grant, the Grant Administrator should request the Accounting Department to close the grant file.
- The Accounting Department should monitor grant close-out dates for each grant and follow-up with the Grant Administrator if a close-out memo is not received by due date of closure.



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