

City of Fernley
GRANTS MANAGEMENT POLICIES AND PROCEDURES

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I. PURPOSE

The purpose of this policy is to set forth an overall framework for guiding the City’s use and management of grant resources.

II. GENERAL POLICY

Grant revenues are an important part of the City’s overall resource picture, especially in funding capital improvements. Although grant programs themselves are being reduced and becoming more competitive, actively seeking out grant revenues that assist in achieving identified City goals and objectives play a key role in the City’s overall financial health strategies.

The purpose of this policy is to ensure that each grant application submitted by or on behalf of the City is aligned with an established City priority, meets the City’s expectations of document quality, has matching funds available if required by grantor, and that the means for continuation of the project or program after the grant period ends has been given realistic consideration.

III. PROVISIONS

GOALS

1. To set forth the importance of grant programs in accomplishing City goals and objectives.
2. Establish general concepts and framework for seeking and managing grant programs.
3. Identify roles and responsibilities in managing grant programs.
4. Establish criteria for evaluating the benefits and costs of grant programs.
5. To set forth the City’s policy in complying with Single Audit Act requirements.

GENERAL CONCEPTS AND FRAMEWORK

1. The City will aggressively pursue grant funding from federal, state and other sources, consistent with identified City goals and objectives.
2. Aside from entitlement grants, the City should focus its efforts on securing grants for capital improvements. This approach will allow the City to compete for projects we might not otherwise be able to afford while maintaining financial independence should future grant sources diminish. Grants for operating purposes may be considered on a case-by-case basis after careful consideration of the benefits of the program and the ongoing impacts on the City if grant funding is no longer available.
3. Until the City’s financial situation significantly improves, we should avoid grants that fund “pilot” operating programs or short-term staffing enhancements to existing programs. Taking on these programs could ultimately aggravate the City’s fiscal position should the desire for the program remain once the grant funding is no longer available.
4. The City will only seek grants when sufficient staff resources are available to effectively administer the program in compliance with grant requirements and successfully perform the grant work scope.
5. Indirect costs of administering grant programs will be recovered to the maximum extent feasible.

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6. Operating departments have the primary responsibility for seeking out grant opportunities, for preparing effective grant applications and for successfully managing grant programs after they have been awarded.
7. Operating departments should develop a simple system that tracks grant funding availability in their functional areas. Using this system, all capital improvement plan budget requests will evaluate and document the ability of grants to assist in funding the project.

ROLES AND RESPONSIBILITIES

City Council

1. Approves grant management policies.
2. Approves all grant applications which require additional City resources or obligations (matching funds) that are not budgeted and delegates receipt and contract execution to the City Manager if delegation is allowed by the grantor agency.

City Manager

1. Receives grants and executes related contract documents when delegated to do so by the Council.
2. Develops, recommends and maintains grant management policies.
3. Approves grants over \$100,000 which require no unbudgeted matching funds or obligations of the City.

City Treasurer/Finance Director

1. The City Treasurer/Finance Director, is responsible for the oversight of City of Fernley financial activity. In this role, Finance has the authority to review financial reports generated by recipient departments, work with the City Attorney to identify and investigate issues that may arise with respect to the management of City grants, and provides general oversight of other grant financial related issues, including the proper budgeting and accounting for grants and other responsibilities indicated throughout this policy.
2. Finance is responsible for creating a grant fund and/or project number, which is used to recognize grant revenue and expenditures in the department or division's budget.
3. Coordinates preparation and distribution of single audit reports. Ensure that the City's policy regarding single audit act requirements is implemented.

Grants Administrator

1. The Grants Administrator is responsible for general management and administration of the City's grant activities to include: annual Citywide grant management planning and goals; facilitation of departmental grant planning and collaborative grant submittals; grant training and technical assistance for City staff; ensuring that departments track and report departmental grant activity; maintenance of grant policies and procedures, grants manual, the Grants Management Database and informational web pages; ensuring the promotion of grant opportunities; and identifying and investigating issues that may arise with respect to the management of City grants.
2. The Grants Administrator monitors documentation for compliance with grant requirements and serves as the Project Manager for specified interdepartmental grants and federal appropriations.

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3. Provides technical assistance to operating departments in preparing grant applications, submitting reports and maintaining records and administrative process.

Operating Departments (Directors/Project Managers)

1. Develop systems for maintaining ongoing information regarding grant availability within their functional areas of responsibility.
2. Evaluate benefits and costs of specific grant programs on a case-by-case basis:
 - a. Purpose of the grant program and its consistency with identified City goals and objectives.
 - b. Additional staffing, office space, facilities, supplies or equipment that will be required if the grant is awarded.
 - c. Ongoing impacts of the grant program after it is completed.
 - d. Responsibilities of other departments and impacts on them in preparing the grant application or performing work scope if the grant is approved.
 - e. Amount of indirect costs to be recovered from the grant,
 - f. Total program costs, including portion funded through grant revenues and any required City contribution.
 - g. Source of funding for any required City share.
 - h. Compliance and audit requirements, paying special attention to those areas where the grantor's administrative procedures are different than the City's.
3. Prepare grant applications.
 - a. Work with the grantor agency in identifying special program requirements and developing strategies for preparing a successful grant application.
 - b. Complete grant application documents.
 - c. Coordinate with affected departments as necessary.
 - d. For grants requiring unbudgeted additional City resources or obligations, prepare a Council agenda report requesting authorization to seek grant funding. This report should describe the grant program's conformance with this policy, including the results of the cost/benefit analysis.
 - e. For other grants, submit the grant application, subject to the following conditions:
 - It will not add regular staffing.
 - Any matching funds or in-kind contributions are already available within existing resources, and no additional appropriation of unreserved, undesignated fund balance or working capital is required.
 - At the conclusion of the grant, there will no ongoing commitments or obligations to continue the program.

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- The purpose of the grant program is clearly consistent with current City plans, policies and goals.
4. Administer grant programs if awarded.
- a. For grants in excess of \$100,000, prepare a City Manager Report (or Council agenda report if required by the grantor agency) accepting grant award, including grant summary form (see attached), budget amendment request and any other required City forms or documents; and coordinate execution of grant documents by the City Manager and return executed documents to grantor agency.
 - b. For grants of \$100,000 or less, execute and return grant documents to grantor agency.
 - c. Notify affected departments of grant award.
 - d. Maintain financial and other records in accordance with grant requirements.
 - e. Complete and submit required reports, including requests for funds.
 - f. Monitor grant expenditures and receipt of revenues.
 - g. Coordinate on-site management reviews by the grantor agency during the grant term.
 - h. Ensure compliance with grant requirements, paying special attention to those areas where the grantor's administrative procedures are different than the City's.
 - i. Perform the grant work scope.
 - j. Project Managers will reconcile proposed reimbursement requests with the appropriate General Ledger information prior to submitting reimbursement requests.
5. Complete grant closeout.
- a. Complete the grant work scope.
 - b. Notify affected departments that the project is completed and schedule a "close-out" meeting if necessary to resolve any final procedural issues.
 - c. Ensure final receipt of grant revenues.
 - d. Prepare and submit any required grant close-out documents.
 - e. Review grant file for completeness.
 - f. Retain all necessary program and financial records for the period of time required by grantor agency.
 - g. Coordinate any on-site management reviews or audits after the grant is completed.
 - h. Resolve any audit findings.

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CONFLICT OF INTEREST

Grant audit findings due to conflicts of interest can damage the reputation and credibility of the City. Further, the appearance of a conflict of interest can be just as damaging to the City's reputation and credibility as an actual conflict. The purpose of this policy is to avoid the appearance, as well as the actuality, of any conflict of interest or breach of trust by an official or employee of the City.

1. No officer or employee of the City shall have any interest, financial or otherwise, direct or indirect, or have any arrangement concerning prospective employment that will, or may be reasonably expected to, bias the design, conduct, or reporting of a grant funded project on which he or she is working.
2. The Department Director and/or Grant Project Manager for each particular grant funded project shall ensure that in the use of project funds, officials or employees of the City and nongovernmental recipients or sub-recipients shall avoid any action that might result in, or create the appearance of:
 - a) Using his or her official position for private gain
 - b) Giving preferential treatment to any person or organization
 - c) Losing complete independence or impartiality
 - d) Making an official decision outside official channels
 - e) Affecting adversely public confidence in the grant funded program in particular and the City in general
 - f) Any violation of this provision is governed by any City of Fernley Policies & Procedures, i.e., City of Fernley Financial Policies and Ethics Policy.

LETTER OF SUPPORT REQUESTS FROM EXTERNAL ORGANIZATIONS

External organizations frequently seek support from the City for grant applications they intend to submit to a grantor. Requests for such support are often made to department staff or directors who may be unaware of whether other City departments are competing for the same grant opportunity. Additionally, there may be other reasons why it would not be in the City's interests to provide a letter of support.

REQUESTS FOR LETTER OF SUPPORT PROCEDURE

Letters of support for a grant application prepared by an external entity, and for which the City is not a collaborating partner, shall be coordinated by the Department Director in consultation with the Grants Administrator, Finance Director and the City Manager before submission to the requesting organization.

1. Upon receiving a request from an external organization for a letter of support for a grant application it intends to submit to a grantor, the department must decide whether to support the request.
2. The Department Director is responsible for consulting with the Grants Administrator, Finance Director and the City Manager, documenting the information and reasoning behind the decision, and for ensuring that no potential liabilities to the City will be incurred as a result of their action.
3. If the Department Director decides he/she supports the request and would like to provide a letter of support, he/she must provide the Grants Administrator with the name, mission and activities of the requesting organization, the name and description of the proposed project, and whether or not there will be future obligations by the City.

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4. The Grants Administrator will ensure the City is not in competition, or is likely to be in competition for the same grant opportunity by comparing the request to pre-application reporting received from City departments.
5. If the City is likely to be in competition with the same grant opportunity, the request for a letter of support shall be denied.
6. If approved, the Department Director may supply the appropriate letter of support and provide a copy of the letter to the Grants Administrator.

INTERNALLY COMPETING APPLICATIONS

Grantors generally will not consider any proposal from a jurisdiction if that jurisdiction has submitted more than one proposal during the same funding round. Even if the grantor allows competing applications from the City, it may not be in the best interest of the City to compete against itself. The purpose of this policy is to identify the procedure for resolving such conflicts.

INTERNALLY COMPETING APPLICATIONS PROCEDURE

1. Upon identifying the potential for the submission of multiple grant applications to the same grantor during the same funding cycle, the Grant Administrator shall confirm with the grantor's program manager in writing to determine if the grantor permits multiple submissions and inform the Department Director.
2. The Grants Administrator and Department Director shall take appropriate steps to resolve the situation, such as determining whether one department is better suited to pursue the grant, if more than one department should work together to pursue the grant or if more than one application may be submitted.
3. If the departments cannot agree upon a solution, the Grants Administrator will present the competing recommendations to the City Manager.
4. The City Manager, in consultation with the Finance Director shall take the recommendation(s) into consideration and make the determination of which department(s) shall submit the application; determination will be based on merit of applications, funding availability, staffing support, previous grant award success and grant reporting and monitoring history.

AUTHORIZED WRITTEN SIGNATURE

1. The purpose of this policy is to identify who may approve and provide authorized written signatures on grant applications and subsequent grant agreements. This shall be done well in advance of grant submission due dates to avoid last minute delays or problems that could cause the grant deadline to be missed.
2. This written signature authority is different from the electronic signature authority granted to specific individuals in departments for the purposes of submitting an online grant application or quarterly reports as indicated in Section below.
3. There are five authorized grant application signers: Mayor, City Manager, Finance Director/City Treasurer, Department Directors and Grants Administrator.
4. Authority over a specific grant project or program, grant application or grant agreement may be delegated in writing to address circumstances that warrant delegation to a or provide efficiency.
5. If a grantor requests a signature other than what is defined above, a copy of this policy may be provided to grantors as documentation authorizing that person to sign.

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AUTHORIZED ELECTRONIC SIGNATURE

Many federal and state grant programs have the requirement or option of submitting grant applications and reporting through the internet. The purpose of this policy is to identify the procedure to provide authorized electronic signatures.

AUTHORIZED ELECTRONIC SIGNATURE PROCEDURE

1. All grant applications submitted through the internet shall comply with the standard policies and procedures for submission of grant applications as described in this policy.
2. The individual submitting the grant must be designated as an authorized electronic signatory by his/her Department Director.
3. The Department Director shall send an email to the Grants Administrator notifying authorized electronic signature status for each designated staff person he/she selects. This shall be done well in advance of grant submission due dates to avoid last minute delays or problems that could cause the grant deadline to be missed.

D-U-N-S NUMBER

Dun & Bradstreet (D&B) issues a D-U-N-S Number, a unique nine digit identification number that is required to apply for US federal government contracts or grants.

1. The Finance Department has the **sole responsibility** of managing and obtaining D-U-N-S numbers for the City of Fernley from the federal government's Central Contractor Registry.
2. Contact the Finance Department Director or the Grants Administrator to obtain the City of Fernley's D-U-N-S number.

GRANT SEEKING PROCESS

In order to coordinate the City's grant activities effectively and support the City's strategic priorities, the Grants Administrator must have knowledge of prioritized department needs for the various departments that potentially can be met through grants. This knowledge will allow the Grants Administrator to identify the potential for parallel or redundant submissions, as well as areas for potential collaboration among departments, plan for submission of proposals to regular cyclical grant opportunities, and be pre-positioned to assist the departments in the submission of proposals to those opportunities when they arise.

The grant seeking process has three components: (1) the development of a departmental grant seeking plan (2) pre-application assessment and review and (3) application submission. A flow chart depicting the process is included at the end of this policy.

GRANT APPLICATION

The purpose of this policy is to encourage the pursuit of grant opportunities that ensure that each grant application submitted by or on behalf of the City supports the City's strategic priorities and is aligned with an established City priority, has matching funds available if required by grantor, and that the means for continuation of the project or program after the grant period ends has been given realistic consideration. The department submitting the grant application is responsible for ensuring that pre-application assessment factors noted below have been evaluated and completed prior to grant submission.

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PRE-APPLICATION ASSESSMENT & REVIEW

The purpose of this process ensures that possible costs to the City are identified and considered as early as possible.

PRE-APPLICATION ASSESSMENT & REVIEW PROCEDURE

The department considering an application for a grant is responsible for pre-application assessment, in which the following factors shall be evaluated in consultation with the City Treasurer/Finance Director and/or his designee, Grant Administrator, and City Manager. Pre-application assessment shall be done well in advance of grant submission due dates to avoid last minute delays or problems that could cause the grant deadline to be missed.

a) Pre-Application Assessment

(1) Financial

- Total anticipated project cost
- Match requirements and sources
- Administration and Indirect Recapture Amounts
- Program income considerations
- Staffing requirements (including salary and benefits increases for multi-year grants)
- Documentation of a clear continuation plan. It is required that departments develop continuation plans (plans for sustaining grant funded programs if funding is reduced or terminated) prior to applying for grants, which reflect the potential for loss of funding and the subsequent loss of grant funded positions or program components. Departments must plan responsibly for either termination or reduction of the program or seek to secure alternative sources of funding.

(2) Programmatic

- Alignment with City's strategic priorities and/or department's business plan
- Provision or expansion of services to address critical needs
- Department's capacity to administer the financial and administrative aspects of the grant

APPLICATION SUBMISSION

1. The department submitting the grant application is responsible for ensuring that pre-application assessment factors noted above have been evaluated and completed prior to submission.
2. The department is responsible for obtaining required authorized written signature as noted in this policy the time of application submission and for submitting the grant application to the grantor by the grant application due date.
3. The department shall prepare a council agenda item for City Council approval to submit a grant application if required by the grantor at the time of submission.
4. A copy of the completed application must be submitted to the Grants Administrator to confirm the grant is recorded in the Grants Tracking Spreadsheet for status tracking and reporting to the City Council.

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AWARD NOTIFICATION AND ACCEPTANCE

Grant agreements are legal contracts. It is the City's responsibility to carry out the project and/or activities associated with a grant to accomplish its objectives, while adhering to all of the terms and conditions prescribed by the grantor. Failure to do so increases the City's exposure to legal liability and compromises current and future grant funding. Therefore, the City carries a significant legal and ethical responsibility when accepting grant funding.

The award notification, review and acceptance process has two components: (1) award notification and (2) City Council approval to accept the award.

1. AWARD NOTIFICATION PROCEDURE

All departments that receive a grant award shall date stamp, duplicate, and forward a copy of the award notification, the grant agreement or contract, and any memoranda of understanding to Grants Administration within two days of receipt.

2. COUNCIL APPROVAL TO ACCEPT AWARD PROCEDURE

The purpose of this policy is to ensure that acceptance of each award granted to the City is formally authorized by City Council.

- a) If approval of the Grant has not been previously authorized by the City Council, the Project Manager shall prepare the Resolution and Council Agenda Staff Report and fiscal impact statement requesting City Council authorization for the City Manager to execute the Grant Agreement and related documents.
- b) Once executed by the proper City Officials, the Project Manager will forward the executed document to the Grantor.
- c) The fully executed original Grant Agreement (executed by the City and the Grantor) shall be received by the appropriate Department.
- d) The department must provide an original of the fully executed grant agreement to the City Clerk's Office and Grants Administration when the fully executed grant award is returned to the City by the grantor.

USE AND RECEIPT OF GRANT FUNDS

The purpose of this policy is to ensure that grant funds are properly used and received by the City of Fernley. Violations can result in a range of penalties, including suspension of future funds from the grantor, return of all funds associated with the award, including those already expended, and civil and/or criminal penalties.

- 1. All departments receiving grant funds shall adhere to City Financial Policies and Procedures, and Office of Budget Management fiscal procedures.
- 2. No grant funds shall be disbursed until a project has been established in an appropriate fund in Finance, any sub-grant awards, consultant agreements, contracts are approved by Council and required documentation is complete.
- 3. If grant revenues and expenditures monies have not previously been identified in the annual budget, a budget augmentation request shall be submitted by the Project Manager to the City Treasurer/Finance Director. All grant budget augmentation request shall be submitted in a timely manner in order to keep the budget current with respect to the financial status of the grant.

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4. Modifications to the budget associated with a grant funded project in such a way that alters the grant amount or moves funds from one budget line item to another must adhere to City policy and procedures for budget modifications and grantor requirements and be approved by the City Treasurer/Finance Director and/or his or her designee. Copies are to be provided to the Grant Administrator.
5. Grant funds awarded to the City of Fernley shall not be used to supplant an existing expense so that current funds can be diverted to another use, unless such use of grant funds is explicitly identified as allowable in writing by the granting entity in the grant award.
6. All income resulting from a grant funded project or program shall adhere to City Policy and Procedure and be managed and maintained as established in the award letter, grant agreement, contract, special conditions, or other document generated by the granting entity.
7. All procurement and contract activity associated with grant funded projects or programs shall follow the procedures outlined in City Purchasing Policies and Procedures. A copy of the grant agreement and/or documentation specifying grantor purchasing requirements must be provided to Finance to ensure compliance.
8. All property acquired through grant funds shall follow the procedures outlined in City Policies and Procedures.
9. All grant and any related matching fund revenues and expenditures shall be recorded in the grant project. Any revenues or expenditures that occur in another program/project that are applicable to a grant or that are used as a match shall have a journal entry (JE) made to put the revenues or expenditures in the appropriate grant project with a detailed explanation, including original G/L date and batch information. Revenues received shall not be deposited into an expenditure account unless an item purchased was returned.
10. Grant project managers are ultimately responsible for adherence to the stipulations outlined in the approved grant award/contract to ensure that allowable expenditures are incurred.

GRANT REPORTING

Grants awarded to the City may require that progress, programmatic and financial reports be submitted to the grantor. Accurate and timely reporting is critical to maintaining a good relationship with the grantor. Late or inaccurate reports may negatively impact current or future funding.

GRANT REPORTING PROCEDURE

- a) Recipient departments must prepare timely and accurate progress, programmatic or financial reports as required by grantor.
- b) Copies of all financial status and final reports prepared for submission to the grantor shall be provided, along with the associated grant name and year to the Grants Administrator and City Treasurer/Finance Director or his/her designee at the time of submission to the grantor.
- c) The City Treasurer/Finance Director or his/her designee will review the financial reports for content and quality and address any issues with the recipient department to better assist for future reports.
- d) The Grants Administrator will review any programmatic reports for content and quality and address any issues with the recipient department to better assist for future reports.

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GRANT FILE MANAGEMENT, ACCESS AND RETENTION

The City Manager, City Treasurer/Finance Director (Chief Financial Officer of the City) Grants Administrator or designee may review the files, activities, equipment, and facilities, and interview relevant personnel and contracted entities of any City of Fernley project or program that is funded with grants awarded to the City.

1. FILE MANAGEMENT PROCEDURE

All department and master files associated with a grant award must maintain a file structure that includes the following five sections with clear separations between different fiscal years, unless otherwise directed by the grantor:

- a) **Submittal** (e.g., application guidance and a copy of the application)
- b) **Research** (e.g., statistical and other information used in preparation of and support of the grant)
- c) **Award** (e.g., award letter, council agenda item, grant agreement, grant amendments, modifications, extensions, cancellations and terminations and anything else related to the award)
- d) **Finance** (e.g... account set up. purchase orders, invoices)
- e) **Reports** (e.g., reports to granting entity and evaluation components)

2. FILE RETENTION PROCEDURE

The City of Fernley maintains records for at least five years following the closure of its most recent audit report. If any litigation, claim, negotiation, audit, or other action involving grant records has been started before the expiration of the five-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular five-year period, whichever is later.

- a) Grantors may require retention periods in excess of five years. Departments must ensure they comply with retention requirements specified by each grantor.
- b) Retention requirements extend to books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, cancelled checks, and related documents and records.
- c) Source documents include copies of all awards, applications, and required recipient financial and narrative reports. Personnel and payroll records shall include the time and attendance reports, personal activity reports or equivalent documentation for all individuals reimbursed under the award.

GRANT CLOSEOUT

Upon completion of the grant term of each grant award, the recipient department shall alert the City Treasurer/Finance Director to place the fund and/or project in a no posting status.

GRANT CLOSEOUT PROCEDURE

1. Upon completion of the grant period of each grant, the recipient department must prepare a memorandum to the City Treasurer/Finance Director and Grants Administrator that identifies the name of the grant, the project number and describes the final disposition of the funds and required activities.

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2. Upon review of the memorandum and satisfaction of any discrepancies, the City Treasurer/Finance Director or his/her designee will update the accounting system and confirm grant closeout with the Grants Administrator.
3. The grant closeout memo shall be placed in the grant's master file.

SINGLE AUDIT ACT REQUIREMENTS

The City is subject to the financial and compliance requirements of the Single Audit Act of 1984, which is applicable to all local and state governments expending more than \$500,000 in federal financial assistance during a fiscal year. The purpose of the Act is to:

1. Improve the financial management and accountability of state and local governments with respect to federal financial assistance programs.
2. Establish uniform requirements for audits of federal grants.
3. Promote efficient and effective use of audit resources.
4. Assure that federal departments and agencies rely upon and use audit work performed during a single audit rather than performing the audit work themselves.
5. Under this Act, federal grants are included under an inclusive single audit program that is incorporated into the City's annual audit and financial report preparation process. During the audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations

City's Policy Regarding the Single Audit Approach

For federal grants included in the scope of the City's single audit approach, it is the City's policy that all financial and compliance issues have been met through the single audit, and follow-up audits to determine these issues are not necessary unless specifically related to findings or recommendations included in the single audit report. As noted above, the purpose of the Act is to establish uniform audit requirements, promote efficient use of audit resources, and assure that federal agencies rely upon audit work already completed; its purpose is *not* to audit local agencies twice. Accordingly, the City will strongly resist any efforts by federal agencies to duplicate audit work already performed in complying with Act requirements. As such, whenever federal grantor agencies request final audits, the managing department should notify the Finance Department in order to ensure a consistent response to these types of requests.

REFERENCE:

City of Fernley Financial Policies and Procedures; United States Office of Management and Budget (OMB) policy guidance, control, and support services for financial management of grants at:
<http://www.whitehouse.gov/OMB/circulars/index.html>

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