



City of Fernley Grants Management Policy

Revised July 21, 2021

I. PURPOSE

A policy for the proper management of federal and other grant awards.

II. GENERAL POLICY

1)The City shall only pursue grant funding from Federal, State and other sources that aligns with the City’s priorities, goals and objectives and that is in the best interest of the community, society, economic development and public well-being; 2)When managing federal grants, the City shall follow Code of Federal Regulations: Title 2 – Grants and Agreements; Subtitle A – Office of Management and Budget Guidance for Grants and Agreements; Chapter II – Office of Management and Budget Guidance; Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; 3)When managing grants from other sources, the City shall follow the terms and requirements of the specific grant.

III. GOAL

To establish policies and procedures that provide guidance for seeking and managing grants and that are in accordance with uniform guidance.

A. PRE-APPLICATION EVALUATION AND ASSESSMENT

In general, City staff will continuously seek grants in all functional areas, but will specifically seek funding for capital projects. City staff considering applying for a grant is responsible for pre-application evaluation and assessment and must review grant applications and requirements to ensure such grants are aligned with the City’s priorities, goals and objectives before applying for grant funds.

1. Fiscal Impacts

While the cost of doing a cost-benefit analysis should not exceed the benefit, the City shall avoid grants that do not provide long-term benefits, but long-term impacts. A cost versus

benefit analysis shall be done for each grant considered. Staff must analyze whether it has the institutional, managerial, and financial capability to ensure proper planning, management, completion, and maintenance of award projects.

2. Short-term revenues vs long-term costs

Special attention must be paid to evaluate that one-time or short-term grant revenues are not adding unprecedented permanent or long-term expenditures. For example, a grant funded project may require the City to hire additional staff. The City must analyze whether additional staff, temporary or permanent, is feasible. If permanent staff is required, the long-term labor cost must be evaluated and analyzed before applying for the grant. Feasibility is not limited to labor cost; it must be evaluated for all costs.

3. Necessary and required resources

A grant opportunity must be evaluated based on necessary and required resources versus available resources before moving forward with the application process. It applies to resources such as: staff support, local funding match, or in-kind match.

- a. If a funding match is required by the grantor, the funding source must be identified and have been included in the budget.

B. GRANT CYCLE

1. Grant application

City staff is required to follow the grantors' application processes. The grant executor, the City staff member seeking and monitoring the grant, is responsible for compiling the information required for submitting the grant application.

- a. Pre-application evaluation and assessment prepared;
- b. Matching funds identified and included in the appropriate budget;
- c. Approval shall be received by the Department Director, the City Manager, and the City Council;
- d. A City Council agenda report shall be prepared by the grant executor for approval by City Council.

2. Grant Award

After submitting an application, a grant may be awarded. This is the phase when an applicant is chosen and receives a formal communication regarding the award to the City. The grant award states the amount and general purpose of the grant. The grant agreement documents all of the terms, conditions, deliverables, and timeline for the granted funds to be spent.

3. Council Approval

Each grant award must be formally accepted by the City Council before moving to the next phase. The grant executor is again responsible for preparing the City Council agenda report for approval.

4. Grant Set Up

After Council approval, the grant executor is responsible for submitting grant documents to the Finance department for set up in the City's financial system, which may require creating new GL accounts and project numbers to fully track the related activity. Required documents include a completed Grant/Contract Account Set Up Request form; the Grant application; Grant Award Letter/Agreement; and Council Minutes.

5. Grant Execution

The grant executor is responsible for compliance of, comprehension of, and complete and accurate execution of the grant agreement and terms. It is the grant executor's responsibility to monitor grant expenditures and receipt of revenues, examine costs, track costs, generate status reports and request reimbursements in a timely manner. The Finance department provides assistance as needed in terms of recording and reconciling grant revenues and expenditures, preparing monthly financial reports, etc. The grant executor must maintain a comprehensive project file for the grant and manage the records according to policy.

6. Communications

It is the grant executor's responsibility to communicate directly with the grantor and other departments regarding all aspects of the grant whether it be identifying program requirements, receiving confirmations, coordinating field reviews, resolving audit findings or other.

7. Reimbursements/Reporting/Receipts

The grant executor must submit reimbursement requests and other periodic reports in a timely manner depending upon the grantor's specified timeline. It is the executor's responsibility to ensure all reimbursement requests for all expenses incurred are submitted to the grantor. It is also the executor's responsibility to review monthly reconciliation reports and ensure receipt of all reimbursements requested.

8. Close Out

The grant executor is responsible for following the specified close out procedures provided by the grantor, which could include final reports, final reimbursement requests, etc. Upon closeout, grant funded project files and records shall be inserted by the grant executor into the City's records management system. Finance shall be notified by the grant executor that the grant will be or has been closed out. Finance will perform a final reconciliation.

C. PROCUREMENT

All procurement transactions must be in accordance with CFR 200, Subpart D, section 318 through section 327.

1. All procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition consistent with the standards of CFR 200, Subpart D, sections 319 and 320.
2. Award funds must be spent during the period of performance.
3. All use of funds must comply with the grant agreement terms and conditions.
4. All requests for payment made to vendors must be made according to the City's internal policies and procedures and with proper approval.
5. No grant funds shall be disbursed until general ledger accounts and a project number has been established in the City's accounting system.
6. For reimbursable grants, grant expenditures may be paid from the general fund and paid back to the general fund upon reimbursement by the grantor.
7. Grant budgets may be automatically augmented at year end.

8. 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.

9. All income and expenses resulting from a grant funded project or program shall adhere to City Policy and Procedure and be managed and maintained in the City's grants fund; and as established in the award letter, grant agreement, contract, special conditions, or other document generated by the granting entity.

10. All procurement and contract activity associated with grant funded projects or programs shall follow the procedures outlined in City Purchasing Policies and Procedures and must comply with all applicable State and Federal laws and regulations.

11. All competitive bidding shall be in accordance with state and federal laws and regulations.

D. ALLOWABLE COSTS

Allowable costs shall be in accordance with CFR 200, Subpart D, section 200.302(b)(7) & Subpart E, section 200.400.

1. Indirect costs of administering grant programs will be recovered to the maximum extent feasible. Given the City has never received a federally negotiated Indirect Cost Rate, it shall use the de minimis rate of 10% to charge modified total direct costs as allowed by 2 CFR section 200.68.
2. Grant executors are ultimately responsible for the administration of Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award. Executors must follow stipulations outlined in the approved grant award/agreement to ensure that only allowable expenditures are incurred. It is the executor's responsibility to review the grant award/agreement and understand expenditures that are allowable per the agreement.
3. Expenditures shall comply with the terms and conditions of the federal or other award and be necessary and reasonable for the performance of the award.
4. If a question regarding allowability arises, the grantor shall be contacted for guidance and clarification.
5. If during an audit, expenditures are found that are not allowed per the contract, findings may be included in the audit report. This increases audit risk and is a red flag for future funding. Funds may be required to be returned to the awarding agency.

E. TRAVEL COSTS

Lodging & Subsistence costs shall be in accordance with CFR 200, Subpart E, section 200.475.

1. Travel costs are the expenses for transportation, lodging, subsistence and related items that which are incurred by employees who are in travel status and on official business of the City.
2. Travel costs related to a grant may be charged to the grants fund and grant project and may be reimbursed according to the grant agreement.
3. Travel costs shall be reasonable and consistent with City travel policy.

F. FINANCIAL MANAGEMENT

Cash management procedures shall be in accordance with CFR 200, Subpart E, section 200.302(b)6 and 200.305.

1. All requests for payment to vendors must be made according to the City's internal policies and procedures and with proper approval.
2. Invoices shall be remitted to finance within 5 days of receipt and approved by City Council prior to payment being disbursed.
3. All grant revenues and expenditures shall be recorded in the grants fund and each grant assigned a project number for tracking purposes.
4. A liability must have been incurred and a check issued to the vendor prior to requesting reimbursement from a grantor. Therefore, timely submittal of invoices is required.
5. Work shall be performed and items purchased during the period of performance.
6. Reimbursement requests shall be made at least quarterly.
7. Deposits shall be made on a daily basis.
8. Monthly grant reconciliations shall be completed by finance.
9. Compliance with any and all reporting obligations is required by the executor.
10. All cash management processes and procedures must comply with City financial and cash management processes and procedures.

G. TIME AND EFFORT

Compensation shall be in accordance with CFR 200, Subpart E, section 200.430.

1. Charges for salaries shall be based on records that accurately reflect the time and work performed.
2. Any time and work performed shall be tracked in the City's timekeeping system under the appropriate task assigned for the grant and a description of the time shall be entered.
3. The Grant agreement should specify the type of work that will be allowed for reimbursement. Time and work reimbursements shall be calculated accordingly.
4. Rates shall be based on an employee's hourly rate and benefits, and shall be calculated by the finance department.
5. Rates may be approved by the grantor through the grant application process or sent to the Grantor for approval prior to requesting reimbursement.
6. Rates will remain the same for the duration of a grant unless there has been a change to the employee's rate through either a "change of status", COLA increase, or a "change to the employee MOU".
7. Executor shall contact the finance department for an updated rate when such changes occur and include such documentation in the Grant file.

H. RECORD KEEPING

The grant executor must maintain master files and must enter and maintain all documents, (i.e. bidding, purchasing, applications, approvals, award letters, agreements, reports, etc.) after grant close out, in the City's records management system. Records must be kept for as long as the grant agreement requires or per internal City policy, whichever is longer. Authorized representatives of the grantor shall have the right of access to records (electronic and otherwise) in order to conduct audits or other investigations.

I. AUDITS

Depending on Office of Management and Budget thresholds for Federal spending, a single audit may be required and is required to be performed by an external auditing firm.

The purpose of the Single Audit 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.
4. Promote efficient and effective use of audit resources.
5. Assure that federal departments and agencies rely upon and use audit work performed during a single audit rather than performing the audit work themselves.
6. 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, testing is performed 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.

All financial audits are facilitated by the finance department, which may at the request of auditors request other departments/grant executors to provide grant documents and other information.

J. CONFLICT OF INTEREST

The City shall maintain compliance with 2 C.F.R. 200.318(c) and 2 C.F.R. 200.112.

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. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The offices, employees, and agents of the City may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.
3. The executor for each grant funded project shall ensure that in the use of project funds, officials or employees of the City and nongovernmental recipients or sub-recipients 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 potential conflict of interest must be disclosed in writing
4. All City employees, officers and agents shall comply with City conflict of interest policies.

K. ROLES AND RESPONSIBILITIES

1. Grants Administrator

The City does not have a grants administrator who is responsible for general management and administration of all of the City's grant activities. Responsibilities are delegated to each department.

2. City Council

- a. Approves grant management policies
- b. Approves grant applications
- c. Approves grant awards

3. City Manager

- a. Reviews grant opportunities and related documents with the departments/grant executors
- b. Provides recommendations to City Council regarding letters of support
- c. The City Manager shall ensure that the City's Grant Management Policy is implemented and followed

4. City Treasurer/Finance Director

- a. The City Treasurer/Finance Director is responsible for the oversight of the City's financial activity
- b. Finance shall issue GL accounts and project numbers for each grant
- c. Finance shall reconcile grant revenues and expenses on a monthly basis
- d. Finance shall forward emails or copies of reimbursement payments to the executor of the grant. Finance shall also forward the executor a copy of the grant reconciliation monthly after completion.
- e. Finance has the authority to prepare and review financial reports, work with the City Manager and the City Attorney to identify and investigate issues that may arise with respect to the management of City grants
- f. Finance may provide general oversight of other grant related financial issues, to include proper budgeting and accounting for grants
- g. Finance shall coordinate preparation and distribution of single audit reports
- h. Finance develops, recommends and maintains grant management policies and procedures

5. Operating Departments/Grant Executor

Each department and its grants executor are responsible for following all of the policies and procedures as set forth in this document.

L. 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. However, there may be reasons why it would not be in the City's best interest to provide a letter of support.

1. Letters of support for a grant application prepared by an external entity, and for which the City is not a collaborating partner, shall be reviewed by the City Manager and ultimately approved or denied by City Council.
2. Letters of support for a grant application prepared by an external entity, and for which the City is a collaborating partner, shall be reviewed by the City Manager and ultimately approved or denied by City Council.
3. 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 City Manager is responsible for providing documentation and providing the reasoning behind a recommendation to City Council. It is the City Manager's responsibility to ensure that no potential liabilities to the City will be incurred as a result of the action.

4. If the City is likely to be in competition with the same grant opportunity, the request for a letter of support shall be recommended for denial.
5. If a letter of support is approved by City Council, the City Manager shall supply the appropriate letter of support and provide a copy of the letter to the grant executor.

M. D-U-N-S NUMBER & SAM REGISTRATION

1. 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.
2. The Finance Department has the sole responsibility of managing and obtaining a D-U-N-S number for the City of Fernley from the federal government's Central Contractor Registry.
3. Contact the Finance Department or grant executor to obtain the City of Fernley's D-U-N-S number.
4. In order for the City to apply for federal awards, it must be registered with the System for Awards Management (SAM). The finance department is responsible for re-registering on an annual basis. Registration is free.