



Grant Management Policy and Procedures

Responsible Party:
Finance Director

Effective Date:
01/21/2026

Approval Authority:
City Council

Next Review Date:
01/20/2031

I. PURPOSE OF POLICY

The purpose of this Policy is to provide for consistency in the City's grant management practices and to define the related roles and responsibilities of the City Council, City Manager, and other members of City staff.

II. POLICY STATEMENT

It is the policy of the City that all grant funds applied for and received by the City shall be administered in compliance with this Policy. The requirements of this Policy should be reviewed by all Grant Program Administrators (e.g., City staff charged with administering a grant funded program or project) prior to the application for or utilization of Federal funds for any City program or project.

This Policy has been developed in the context of applicable Federal laws and regulations that govern grant funding programs. In addition, the City recognizes that grant-funded activities may also be subject to applicable state laws and regulations, City policies, and the specific terms and conditions of individual grant agreements. Compliance requirements for state-funded grants are typically program-specific, as there is no standardized state equivalent to the Uniform Guidance. This Policy is intended to support alignment with all applicable requirements—federal, state, and/or local—as well as the specific terms and conditions of each grant award. Where requirements differ, the City will follow the most restrictive standard unless otherwise directed by the awarding agency. Changes to Federal, State, and local laws and revisions to related regulations happen on a regular basis. Such updates are considered by City Staff as they occur, and this Policy will be revised accordingly. A comprehensive review of and updates to this Policy will occur once every year.

Compliance failures will be addressed immediately, identifying the reason for the failure, noting staff positions related to the compliance failure, and developing an improved process to ensure future compliance. Follow up actions required to address the compliance failure will be handled by appropriate City staff. Depending on the nature and severity of the non-compliance, consequences for staff may include retraining, reassignment of duties, or disciplinary action, up to and including termination of employment or removal from grant-related responsibilities, in accordance with City personnel policies and procedures.

A. Legal Framework

2 Code of Federal Regulations (CFR) Part 200 and its appendices, also known as the Uniform Guidance, codifies a variety of procurement- and grant administration-related regulations that the City must follow. This Policy outlines the Uniform Guidance-related

compliance requirements applicable to the City other than those related to procurement. The procurement-related requirements can be found in the City's Purchasing Policy.

The most substantial update to the Uniform Guidance since its initial establishment in 2013 was released on April 22, 2024, and is applicable to grants awarded on or after October 1, 2024. The changes included in this update are generally not applicable retroactively to Federal grants awarded prior to October 1, 2024. Any language in this policy where there is a different treatment in the prior Uniform Guidance has been specifically highlighted with reference to the prior language as well. Users of this Policy should consult the granting agency with any questions regarding the applicability of the Uniform Guidance to a particular grant awarded prior to October 1, 2024.

Some grants administered by state or local agencies may involve pass-through federal funds, in which case the requirements of the Uniform Guidance apply. For grants funded solely by state sources, compliance requirements are typically program-specific, as there is no standardized equivalent to the Uniform Guidance. City staff are responsible for identifying and adhering to the unique compliance requirements of each grant program, including determining the applicable regulatory framework and ensuring alignment with current guidance from the funding agency.

B. Conflicts of Interest and Ethics Requirements

As further detailed in the City's Purchasing Policy, the selection, award, or administration of a contract funded by grant proceeds must be free from any real or apparent conflicts of interest. City staff responsible for grant administration should familiarize themselves with the requirements of the Purchasing Policy relating to conflicts of interest.

C. Whistleblower Protections

The whistleblower protections detailed in 41 U.S.C. 4712 shall apply to City staff when disclosing evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a Federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal contract (including the competition for or negotiation of a contract) or grant. City staff shall be informed of these protections in writing.

III. DETAILED POLICY REQUIREMENTS

A. Grant Administration Requirements

1. Grant Development, Application, and Approval – The following procedures will be followed during the pre-grant award phases of a program or project:

- a. Grant Program Administrators in each department are responsible for identifying and pursuing grant opportunities that align with operational needs and City strategic goals. Grant Program Administrators should evaluate the

feasibility of administering the grant, including required reports and resource requirements, prior to initiating the application process.

- b. The point at which City Council approval is required is determined by the requirements of the grant program. If the grant must be submitted with authorization from the City's legislative body, then City Council approval is required prior to submitting the application. If such legislative approval is not specifically required by the written terms of the grant, then the City Manager may, at their discretion, approve grant applications.
- c. Grants that require cash (vs. in-kind) local matches must be coordinated through the Finance Director or their designee. At a minimum, Grant Program Administrators must identify funds within the existing budget to provide the match, or a budget amendment will be required. Further, policy related implications for any new grant opportunity will be considered prior to submission of the grant application. For example, will the grant establish a level of service that cannot be sustained once the grant funds are depleted? For all grants requiring matching funds, Grant Program Administrators should refer to the grant award guidelines for specific direction regarding any matching requirements and/or limitations. In all instances when matching funds are required, the grant applicant should contact the Finance Director or their designee to determine the strategy for securing matching funds and the sustainability of any potential ongoing obligations beyond the funding period the grant may create.

2. Grant Program Implementation and Financial Compliance – Primary responsibility for grant compliance, billing, program monitoring, and periodic reporting resides with the department administering the grant. The Finance Department reviews reporting and performs monthly reconciliation of revenues and receivables, including reimbursement-based grants. The following procedures will be followed during the implementation phase of a program or project:

- a. Official notification of a grant award is typically sent by a granting agency to the City Manager or an official designated in the original grant application. However, the authorization to spend grant funds is derived only from the approval of a grant budget. All grant award notifications should also be provided to the Finance Director or their designee.
- b. All grant awards must be formally accepted by the City Council. A budget appropriation must be requested by the Grant Program Administrator and established through Council action, unless the grant budget has already been approved as a component of the City's operating or capital budgets, which is deemed to be sufficient approval. This formal acceptance ensures transparency, provides recognition of the grant, and authorizes the appropriation of both revenues and expenditures associated with the award. *Refer to the City's Budget and Fiscal Policy for detailed guidance on the*

appropriate procedures and approval authority for budget adjustments to revenues and expenditures associated with the grant award.

- c. Prior approval from Federal agencies will be requested for any grant budget changes or when required for a reallocation of grant funding.
- d. The Grant Program Administrator that obtains a grant will provide the Finance Director, or their designee, with information needed to establish revenue and expenditure/expense accounts required to properly account for the program or project. Grants are tracked within the operating budgets of the respective departments unless the nature of the grant requires them to be accounted for in a special grant fund. Grants for capital projects are tracked in the capital budget and are assigned a project number. Revenue is recorded based on the source of the grant income. This may include assigning a project number or program code to support financial tracking and reporting, as appropriate to the grant's structure and reporting needs. Ordinarily, this information will include a summary of the detailed full project budget.
- e. Grant Program Administrators may use an internal mechanism (e.g., a spreadsheet or project number in the ERP system) to monitor grant revenues, expenditures, and budgetary compliance at the grant level. However, the Finance Director or their designee maintains this information in the City's ERP System, which is considered the official record of accounting by the granting agencies. Grant Program Administrators are strongly encouraged to use reports provided from the accounting system for their grant tracking.
- f. The fiscal year for the granting agency may not coincide with the City's fiscal year. It is the responsibility of the Grant Program administrator to bring such discrepancies to the attention of the Finance Director or their designee at the time the grant accounts are established.
- g. The terms of each specific grant will dictate whether budget transfers between budgeted line items will be permitted. In no case will Grant Program Administrators be authorized to exceed the total budget authority provided by the grant.
- h. If grant funds have not been totally expended by fiscal year-end, it is the responsibility of the Grant Program Administrator to notify the Finance Director or their designee that budget funds need to be carried forward to the new fiscal year, and to confirm the amounts of such carryforwards. Requested carryforward amounts of grant funds will be reviewed against maximum allowable amounts/percentages per the grant award.
- i. In circumstances where personally identifiable information is collected by the City in connection with a grant program, reasonable steps will be taken to

safeguard sensitive information consistent with applicable Federal, State, or local laws regarding privacy and responsibility over confidentiality.

3. **Grant Recordkeeping** – Grant recordkeeping requirements may vary substantially from one granting agency to another. Consequently, a clear understanding of these grant requirements at the beginning of the grant process is vital. Grant Program Administrators are responsible for compliance monitoring. The Finance Director or their designee is responsible for the maintenance of all grant program and accounting and financial records, including journals, timesheets, bank statements, audit reports, grant draw requests, approved grant agreements, approved grant budgets, and similar documents.

Records will be retained in accordance with the City's most current Record Retention Policy and related procedures. The requirements of that policy, in general, meet the Federal records retention requirements. However, Grant Program Administrators should review the records retention requirements for each new Federal, State, local, or regional grant when received to ensure that the City's Record Retention Schedule provides for an adequate term of records retention to satisfy any unique requirements of the grant program.

4. **Federal Cost Principles and Timekeeping** – In accordance with Federal Cost Principles, only allowable costs that are necessary, reasonable, and allocable to the grant program will be charged to a Federal grant. Any City staff charged with managing grant-funded programs or projects will review and comply with these principles as further detailed in 2 CFR 200, Subpart E, as required by each grant program.

Pursuant to the City's, Rules and Regulations, Section 9.06 – Time Submission Procedure, employees are responsible for the accurate and timely submission of their time through clock in and out procedures or through timesheets, and other supporting documentation, to their supervisor for approval. Supervisors should approve their employees' time each pay period prior to payroll processing.

Additionally, time charged to Federal grants is recorded in the payroll system and subsequently applied to the grant program via journal entry by the Finance Department to ensure accurate cost allocation and compliance with Federal Cost Principles.

The following provisions apply to the payment of employees and recording of time and effort (as required) in accordance with Federal Cost Principles and the City's Rules and Regulations:

- a. Non-exempt employees are required to use the City's electronic timekeeping system to clock in and out and/or enter their time on timesheets each day. This information includes, but is not limited to, the following minimum information required for Federal grant-related recordkeeping:

- Total number of hours worked.
- Use of any paid leave - holiday, personal, vacation, sick, etc.
- Total number of hours to be paid.
- Allocation of hours to each program, project, or department for which work was performed, if appropriate.
- Dated electronic submission / clocking of time by the employee and electronic approval by their supervisor for each payroll period.

The allocation of hours between programs, projects, or departments should be based exclusively on the actual hours worked, and not be based on a budgeted or other predetermined allocation schedule. If an after-the-fact correction is necessary to an employee's timesheet due to errors in the allocation of time worked, such corrections should follow the City's established process for error correction. If the correction results in overpayment or underpayment issues due to time submission errors, corrections should follow Sections 3.02.1 and 3.02.2 of the City's Rules and Regulations.

- b. Exempt employees charged to Federal grants will document their time for the pay period(s) during which they are working on a Federal grant funded program or project utilizing the City's electronic timekeeping system as outlined above. Timesheets must account for all time for which the employee is compensated with dated electronic submission / clocking of time by the employee and electronic approval by their supervisor for each payroll period. It is not acceptable for time records to only include the hours worked on Federal grants.

It is the responsibility of the employee being charged to a Federal grant-funded program or project to clarify documentation requirements with the Grant Program Administrator, or designee, and provide appropriate documentation as it becomes available. Timesheets should never be signed or approved prior to the end date of the payroll period being certified and should be based on actual hours worked rather than hours budgeted or another predetermined allocation method unless specifically authorized by the granting agency. Each certification should be retained by the Finance Director and Grant Program Administrators.

5. **Travel Costs** – Costs associated with travel related to a grant may be charged to the grant on an actual cost basis, on a per diem or mileage basis, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip. These charges shall be for costs incurred in compliance with the City's Travel and Expenditure Reimbursement Policy and reimbursement requests shall be submitted for reimbursement as outlined in that Policy. The following additional specific requirements apply to reimbursements from Federal grant funds:

- a. Participation by the travelling individual(s) must be necessary for the grant program.
 - b. Airfare costs in excess of the basic, least expensive, unrestricted fare offered by commercial airlines are unallowable unless travel is circuitous, during unreasonable hours, excessively lengthy, or result in additional costs that would offset the transportation savings.
6. **Cash Management** – Program costs for reimbursement-based grants will be expended and disbursed prior to requesting reimbursement from the granting agency. *Refer to the City's Accounts Receivable and Collections Policy for detailed guidance on the appropriate procedures and approval authority for grant reimbursement requests and management of unobligated cash received from granting agencies.*
7. **Period of Performance** – Costs will be charged to a Federal grant only if the obligation was incurred during the funding period unless pre-approved by the granting agency or any pass-through granting agency. For grants awarded on or after October 1, 2024, or an earlier date if authorized by the granting agency, administrative closeout costs incurred up until the due date of a final grant report may also be charged to a grant. All obligations of grant funding will be liquidated and all financial, performance, and other reports required by the terms and conditions of the Federal grant award will be submitted not later than 90 days after the end of the funding period or as specified by program requirements. Compliance with period of performance requirements will initially be assigned to the individual approving the allowability of the expense/payment. This will be subject to review and approval by the Finance Director, or their designee, as part of the processing of payments.
8. **Program Income** – Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired with grant funds, the sale of commodities or items fabricated under a grant agreement, and payments of principal and interest on loans made with grant funds. Program income does not include interest earned through regular investing activities unless specifically required in the granting agency regulations or terms and conditions of the award. Program income earned during the period of performance may be 1) deducted from outlays, 2) added to the project budget, or 3) used to meet matching requirements unless the permissible uses of program income are further restricted by the terms of the grant program. Program income earned following the period of performance for the grant should be utilized consistent with the terms of the specific grant program or as authorized by the granting agency.
9. **Selection of Vendors for Procurements Utilizing Federal Funds** - Federal requirements include not subcontracting with or awarding subgrants to any person or company who is debarred or suspended from receiving Federal funds. A

required check is to be performed for excluded parties in the Federal System for Award Management (SAM) website before any vendor is paid with Federal funds. A print out or screen shot of the verification is required to be kept with all grant documentation. This list is located at: <http://www.sam.gov/>.

10. Sub-Recipient Monitoring – The City will ensure that every subaward is clearly identified to the sub-recipient as a subaward and includes the following information at the time of the subaward and, if any of these data elements change, include the change(s) in a subsequent subaward modification. Required Federal Award Identification information includes:

- Sub-recipient name (which must match the name associated with its unique entity identifier).
- Sub-recipient's unique entity identifier.
- Federal Award Identification Number.
- Federal Award Date to the recipient by the granting agency.
- Subaward Period of Performance Start and End Date.
- Amount of Federal Funds Obligated by this action by the pass-through entity to the sub-recipient.
- Total Amount of Federal Funds Obligated to the sub-recipient by the pass-through entity including the current obligation.
- Total Amount of the Federal Award committed to the sub-recipient by the pass-through entity.
- Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act.
- Name of granting agency, pass-through entity, and contact information for awarding official of the Pass-through entity.
- CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement.
- Identification of whether the award is research and development related.
- Indirect cost rate for the Federal award (including if the allowable de minimis rate is utilized).

The City utilizes internal controls and procedures, consistent with 2 CFR §200.331, for effective monitoring. Monitoring activities are conducted using a single or combined use of practices, selected based on the nature, complexity, and risk level of each grant. These activities include:

- Pre-award risk assessments.
- Desk reviews of financial and programmatic reports.
- Onsite or virtual monitoring visits.
- Invoice and expenditure reviews.
- Performance evaluations and corrective action tracking.

11. **Single Audit** – An audit of Federal awards, known as the Single Audit, is required to be performed by an independent auditing firm when the City expends \$1,000,000 or more in Federal awards during a fiscal year beginning on or after October 1, 2024. As part of the Single Audit requirements, the City must prepare a Schedule of Expenditures of Federal Awards (SEFA). The SEFA shall include the Federal Assistance Number, Grant Number, Name of Grant, Federal Agency Name, Program Name, Pass-through Entity (if applicable), Award Amount, and Total Expenditures for the fiscal year. Based on transactions recorded in the ERP system, the department administering the grant shall provide the Finance Director, or their designee, with the total amount of expenditures per grant for the fiscal year along with all supporting documentation. Documentation shall include award letters, approved purchase orders, invoices or receipts, submissions of requests for reimbursements, and payments received. The SEFA and supporting documentation shall be reviewed and approved by the Finance Director, or designee, prior to submittal to the auditors for the Single Audit.
12. **Management of Grant-Funded Capital Assets and Real Property** – Should the City acquire, track, or dispose of capital assets, unused supplies, or real property purchased with Federal grant funds, *refer to the procedures in the City's Capital Assets Policy for acquisition, management, and disposition.*