

FISCAL ACCOUNTABILITY RULES

RULE 9.2 – GRANT MANAGEMENT

Purpose

This rule establishes the guidelines for the management and financial accounting of federal, state, local government, and private grants. Effective grant management is essential to ensure that funds are administered in accordance with applicable city, state and federal laws and regulations, **Office of Management and Budget (OMB)** circulars, and specific grant terms and conditions. Additionally, grant management is necessary to ensure that the City has met the goals of the grant and properly accounted for grant transactions. This rule does not apply to donations.

This rule shall be read in conjunction with the following Revised Municipal Code and Fiscal Accountability Rules (FARs) to ensure compliance and understanding:

- [Revised Municipal Code Section 20-52](#)
- [FAR 4.2 – Fixed Assets](#)
- [FAR 8.1 – Procurement](#)
- [FAR 8.2 – Receiving Goods and Services](#)
- [FAR 8.3 – Accounts Payable](#)
- [FAR 9.1 – Grant Applications and Awards](#), and
- [FAR 9.3 – Grant Closure](#).

In addition, agencies/departments shall refer to the following **OMB Circular** and the **Federal Acquisition Regulation** for administrative guidelines and cost principles:

- [OMB, 2 CFR Chapter I and Chapter II, Parts 200, 215, 220, 225, and 230, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#); and
- [Federal Acquisition Regulation Contracts with Commercial Organizations, Subpart 31.2 – Contract Cost Principles](#).

FISCAL ACCOUNTABILITY RULES

RULE 9.2 – GRANT MANAGEMENT, CONTINUED

Definitions

Contractor – A dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a Federal program. These goods may be for an organization’s own use or for the use of the beneficiaries of the Federal program. A contractor would not be subject to audit requirements of the Federal program. For assistance in identifying the types of characteristics to consider when determining whether an entity is a subrecipient or contractor, refer to the [Subrecipient vs. Contractor Guidance Worksheet](#).

Drawdown – The process of requesting and receiving payment against a grantor’s line of credit for expenditures and/or services performed in support of one or more grant activities.

DUNS Number – A unique 9-digit identification number required to apply for U.S. federal government contracts or grants.

Grant – A legal instrument that documents the financial assistance in the form of money or property to an eligible recipient.

Grantor – The external entity awarding a grant or cooperative agreement.

Indirect Costs - Represents the expenses of doing business that are not readily identified with a particular grant, contract, project function, or activity, but are necessary for the general operation of the organization and the conduct of activities it performs.

Operational Plan – A mechanism for scheduling the use of time and resources over the life of the grant.

Program Income – Money that is earned or received by a recipient or subrecipient from the activities supported by award funds or from products resulting from award activities.

Recipient – The agency/department to which a grant or cooperative agreement is awarded and which is accountable for the use of the funds provided.

Subrecipient – A non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program.

Supplanting – The use of federal funds which results in the decrease of local funds spent on a particular activity, which, in the absence of the federal funds, would have been available to conduct the activity. Federal grant funds may supplement (add to) but may not supplant (replace) existing local City funds appropriated for the same purpose.

FISCAL ACCOUNTABILITY RULES

RULE 9.2 – GRANT MANAGEMENT, CONTINUED

Rule

1. The recipient shall abide by grant or cooperative agreement requirements when the requirements are more restrictive than the [FARs](#).
2. The recipient shall be responsible for managing a grant throughout the entire grant process. This includes, but is not limited to:
 - A. creating operational plans;
 - B. obtaining council approvals for contracts;
 - C. processing financial transactions and reconciliations;
 - D. complying with audit requirements;
 - E. overseeing the submission of required reports; and
 - F. ensuring compliance with the overall terms and conditions of the grant.
3. The recipient shall establish, maintain, and monitor policies and procedures which address internal control procedures and grant management processes.
4. The recipient shall develop, implement, maintain, and/or monitor the following policies, procedures, or systems and review them at least annually to ensure compliance with this FAR:
 - A. An equipment and property inventory system to track items purchased or received under a grant.
 - B. A procedure to safeguard assets against loss, damage, and theft.
 - C. An indirect cost reimbursement policy. This policy shall be provided to the Budget and Management Office.
 - D. A time and effort reporting policy for grant-funded, or partially grant-funded, positions. A procedure ensuring grant benefits are provided only to eligible recipients within periods of availability.
5. The recipient shall designate a point person to be the liaison with the Budget and Management Office and the Controller's Office.

FISCAL ACCOUNTABILITY RULES

RULE 9.2 – GRANT MANAGEMENT, CONTINUED

6. The recipient shall obtain prior written approval from the grantor for changes in the grant budget, programmatic scope of work, or any other grant modifications required by the **OMB Circulars** and the **Federal Acquisition Regulations**.
7. The recipient shall maintain, or have access to, all necessary grant documentation including:
 - A. financial transactions;
 - B. compliance documentation;
 - C. performance data; and
 - D. reports under the grant.
8. The recipient shall obtain a DUNS number for a federal grant, and provide that information to the Controller's Office within two (2) weeks of receiving the DUNS number.
9. The recipient shall record grant expenditures in the designated grant program/project in the fiscal year in which the expenditure was incurred, and journal grant expenditures from other funds no later than the end-of-the-month following the original expenditure.
10. The recipient shall reconcile expenditure information to the City's financial system of record (SOR) prior to submitting any grant expenditure information to a grantor.
11. The recipient shall reconcile grant information maintained outside the City's financial SOR to the City's financial SOR at least quarterly and establish and document procedures for such reconciliations.
12. The recipient shall prepare a year-end entry to record any accrued or deferred revenue related to grant revenue in accordance with [FAR 6.1 – Revenue Recognition – Accruals and Deferred Revenue](#).
13. The recipient shall not supplant an existing expense so that current funds can be diverted to another use for federal grant recipients, unless such use of grant funds is explicitly identified as allowable in writing by the grantor in the grant award.
14. The recipient shall determine and maintain documentation on whether an entity to which grant funds are provided is a subrecipient or a contractor. Refer to the [Subrecipient vs. Contractor Guidance Worksheet](#).

FISCAL ACCOUNTABILITY RULES

RULE 9.2 – GRANT MANAGEMENT, CONTINUED

15. The recipient shall monitor subrecipients to ensure compliance with the grant and all applicable laws, rules regulations, and guidance. Recipients will develop, implement, and maintain policies and procedures to monitor subrecipients, implement corrective action, and manage records retention.
16. The recipient shall not sub-award federal grant funds to contractors who are suspended or debarred by the federal government. The recipient shall document compliance with this requirement before the contract is awarded. This documentation shall be retained by the agency/department. Additionally, agencies/departments shall review, document, and maintain contractor status at least annually to ensure that a contractor has not been suspended or debarred.
17. The recipient shall drawdown grant funds from the grantor(s) no later than the end of the month following the month in which the expenditure(s) occurred.
18. The recipient shall manage program income as required by the award letter, grant agreement, contract, special conditions, or other document generated by the grantor.
19. The recipient shall report any audit findings of external audits to the Controller's Office within 30-days of the audit report.

Authority and Accountability

The **Budget and Management Office** and the **Controller's Office** are responsible for this Fiscal Accountability Rule and any procedures and forms associated with this rule.