

RULE 9.2 – AWARD MANAGEMENT

Adopted Date: 08/28/2006

Revised Date: 06/27/2023

PURPOSE

The purpose of this fiscal accountability rule is to establish the City and County of Denver's (city) guidelines for the management and financial accounting of federal, state, local government, and private awards. Effective management is essential to ensure that funds are administered in accordance with applicable city, state and federal laws and regulations, and specific grant terms and conditions (refer to [Grants Resources Center - Award Administration](#)).

This fiscal accountability rule shall be read in conjunction with, and users shall comply with all applicable provisions of, the following Denver Revised Municipal Code, Fiscal Accountability Rules, and Executive Orders noted to ensure compliance and understanding:

- [City Charter, Title I – Revised Municipal Code – Chapter 20 – Finance, Article IV – Division. – Generally, Sec. 20-52. – Approval of grants-in-aid](#)
- [Fiscal Accountability Rule 1.2 – System of Record](#)
- [Fiscal Accountability Rule 2.1 – Expending Authority Delegation](#)
- [Fiscal Accountability Rule 2.2 – Reconciliations](#)
- [Fiscal Accountability Rule 2.4 – Separation and Rotation of Duties](#)
- [Fiscal Accountability Rule 2.5 – Supporting Documentation](#)
- [Fiscal Accountability Rule 4.2 – Capital and Controlled Assets](#)
- [Fiscal Accountability Rule 8.1 – Procurement of Goods and Services Related to Goods](#)
- [Fiscal Accountability Rule 8.2 – Receiving Goods and Services](#)
- [Fiscal Accountability Rule 8.3 – Accounts Payable](#)
- [Fiscal Accountability Rule 9.1 – Awards, Applications, and Grant Proposals](#)
- [Fiscal Accountability Rule 9.3 – Subawards](#)
- [Fiscal Accountability Rule 9.4 – Award Closure](#)
- [Fiscal Accountability Rule 10.1 – Reporting Fiscal Misconduct](#)
- [Executive Order 8 – Contracts and Other Written Instruments of and for the City and County of Denver](#)
- [Executive Order 150 – Citywide Language Access Program](#)

Unless otherwise specified at the beginning of the document, printed copies are UNCONTROLLED. Always refer to the online Fiscal Accountability Rules on City and County of Denver website prior to use to ensure you are using the most current copy.

In addition, all users shall refer to the Code of Federal Regulations (CFR) for federally funded awards.

This fiscal accountability rule does not apply to donations.

DEFINITIONS

Award – Financial assistance that provides support or stimulation to accomplish a public purpose.

Beneficiary – Individuals and organizations that received funds as end users.

Contractor – A dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a federal program. These goods/services 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.

Cooperative Agreement – A legal instrument that is similar to a grant agreement but is distinguished in that it provides for substantial involvement between the sponsor and the recipient.

Donation – A gift given to the city that generally does not require a written document or contract and has minimal, if any, requirements or restrictions other than potentially a designated purpose for the donation.

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

Grant Agreement – A legal instrument that documents the financial assistance in the form of money or property to an eligible recipient. This may also be referred to as a grant or award.

- **Competitive** – Award of funding is based upon specific criteria and the scoring of a proposal.
- **Formula** – Non-competitive allocation of funding determined by distribution formulas or legislative mandate. This may also be referred to as an allocation or Intergovernmental Agreement (IGA).

Indirect Costs – Represents the expenses of doing business that are not readily identified with a particular award, 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 award.

Pass-through Entity – A non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program.

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

Sponsor (also known as **Grantor**) – The external entity awarding a grant or cooperative agreement.

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.

Supporting Documentation – The primary reference material that describes all of the key aspects of the transaction as applicable, such as:

- Name and address of the vendor or the department/agency providing the good/service;
- Date the transaction occurred;
- Amount of the transaction;
- Nature and purpose of the transaction (i.e. descriptions);
- Special terms and conditions of the transaction (i.e. discount, payment, and delivery details); and/or
- Necessary approvals.

System of Record – The authoritative data source for a data element or piece of information.

RULES

1. Recipients shall abide by grant or cooperative agreement requirements when the requirements are more restrictive than the city's [Fiscal Accountability Rules](#).
2. Recipients shall not pass through federal grant funds to individuals and/or entities who are suspended or debarred by the federal government. The recipient shall confirm and document the [System for Award Management](#) status of all individuals and/or entities before a contract is awarded. This documentation shall be retained by the department/agency. Additionally, the recipient shall review, document, and maintain [System for Award Management](#) status at least annually to ensure that individuals and/or entities have not been suspended or debarred.

3. Recipients shall establish, maintain, monitor, and review policies and/or procedures which address internal control and award management processes. Recipients shall review these policies and/or procedures at least annually to ensure compliance with this fiscal accountability rule. These may include, but are not limited to:
 - A. An indirect cost reimbursement policy. This policy shall be provided to the Department of Finance.
 - B. A time and effort reporting policy for award-funded, or partially award-funded, positions.
 - C. A process or procedure to ensure that grant activities are allowable and provided to eligible recipients that comply with the terms and conditions of the award.
 - D. An equipment and property inventory policy, procedure, and system to track items purchased or received under an award.
 - E. A procedure to safeguard assets against loss, damage, and theft.
4. Recipients shall be responsible for managing an award throughout the entire lifecycle. This includes, but is not limited to:
 - A. Entering the **Award** in the system of record;
 - B. Creating operational plans;
 - C. Managing the grant agreement and related contracts, which may include obtaining council approvals for contracts when applicable;
 - D. Processing financial transactions and reconciliations;
 - E. Complying with audit requirements;
 - F. Overseeing the submission of required reports; and
 - G. Ensuring compliance with the overall terms and conditions of the award.
5. Recipients shall obtain prior written approval from the sponsor for changes in the award budget, programmatic scope of work, or any other award modifications required by the terms and conditions of the award. Recipients shall enter award and budget amendments in the system of record.
6. Recipients shall maintain, or have access to, all necessary award documentation. This includes, but is not limited to:
 - A. Financial transactions;
 - B. Supporting documentation;
 - C. Performance data; and
 - D. Reports under the award.

7. Recipients shall record grant expenditures in the designated grant in the system of record in the fiscal year in which the expenditure was incurred, and shall reclassify grant expenditures from other funds into the appropriate grant fund no later than the end of the month following the original expenditure (or in accordance with the timeframe established by the grant).
8. Recipients shall record grant payments and deposits in the designated grant in the system of record within thirty (30) days of the funds being received by the city.
9. Recipients shall not use award funds to pay prompt pay penalties.
10. Recipients shall reconcile expenditure information to the city's system of record prior to submitting any grant expenditure information to a sponsor.
11. Recipients shall reconcile award information maintained in the sponsor's system of record to the city's system of record at least quarterly, and shall establish and document procedures for such reconciliations.
12. Recipients shall not supplant an existing expense so that current funds can be diverted to another use for federal grant recipients, unless such use of award funds is explicitly identified as allowable in writing by the sponsor in the award.
13. Recipients shall drawdown grant funds from the sponsor(s) no later than the end of the month following the month in which the expenditure(s) was paid or as specified in the terms and conditions of the award.
14. Recipients shall manage program income and interest earnings as specified in the terms and conditions of the award. If applicable, contact the Controller's Office at CTLGeneralAccounting@denvergov.org to establish interest income distribution on new awards.
15. Recipients shall report any audit findings of external audits to the Controller's Office within thirty (30) calendar days of the audit report.
16. Recipients shall complete year-end responsibilities for awards. This includes, but is not limited to, viewing the **Year-End Grants Training**, preparing **Single Audit Reporting Packages**, and recording year-end expenditures and payments/deposits within the system of record.

AUTHORITY AND ACCOUNTABILITY

The **Office of the Chief Financial Officer** and the **Controller's Office** are responsible for this fiscal accountability rule and any procedures, guides, job aids, forms, and one-page summaries associated with this rule.