

CITY OF LITTLETON GRANT POLICY

Purpose

This grant policy supplements the Principles of Sound Financial Management – Policy 5 (Grants) adopted by the city council on November 6, 2018.

The City recognizes grants provide resources to enhance the City’s ability to provide services and programs that might not otherwise be available with taxpayer dollars. The City encourages applications for federal, state, county, local, and private foundation and/or corporate grants (sponsorships and donations) to maximize financial resources while protecting the integrity of the City’s operating budget and long-term financial conditions. Evaluation is required if intergovernmental grant assistance is requested for routine, ongoing operational costs and programming. Reliance on these funding sources may result in the services being eliminated once the grant funding is discontinued.

The following policy shall apply to any department of the City of Littleton regarding the application, acceptance, and administration of grant or other funds from any federal, state, county, local, and private foundation and/or corporate grants (sponsorships and donations). The purpose of this policy is to ensure all outside sources are appropriate and directly related to programs supported by council and all funded programs are administered as required by the grantor as well as city policies.

Policies are presented in two categories addressing the full grant lifecycle:

Pre-Award

- Grant Planning and Prospect Research
- Funding Application Review
- Council Approval
- Matching Funds
- Grant Application

Post Award

- Award Acceptance
- New Grant Setup
- Compliance Monitoring
- Grant Expenditures
- Reporting
- File Management and Records Retention
- Federal Single-Audit Act
- Grant Status Reporting

PRE-AWARD

Grant Planning and Prospect Research

To coordinate the City's grant activities effectively, the finance department must have knowledge of prioritized needs for departments that can be potentially met through grants. This will allow the Finance Department to coordinate common needs among departments, plan for submission of proposals to grant opportunities, and assist departments in the submission of proposals.

Each department seeking grant funding shall undergo an annual planning as part of the annual budget process to compile a comprehensive list of department needs that can potentially be met through grant funding. The grant administrator will consult with the budget analyst to identify grant revenues and expenditures for the upcoming budget.

Prior to the annual budget process, department directors may contact the grant administrator for help in the development of a grant-seeking plan and calendar for the upcoming fiscal year.

Funding Application Review

All grant opportunities shall be reviewed in accordance with the City's financial policies. Departments and/or the grant administrator shall consider the following questions when evaluating whether a grant fits with the City's values and departmental goals:

1. To what extent will the grant advance the City's policy objectives, c\City plans such as Envision Littleton, and align with council's goals and priorities?
2. Does the grant require the city to match funds? If so, are matching funds available in the department's operating budget or from outside sources?
3. Will the project be achieved within the grant period?
4. Is contingency funding available in the current year's budget if the grant is not already budgeted?
5. Are there impacts to staffing and workload?
6. Are there long-term costs (staffing, maintenance, operations requirements, etc.) that will affect a future year(s) budget(s) after the expiration of the grant?

After review, departments should complete the "Grant Processing Form" and submit to the grant administrator to confirm intent to apply.

Council Approval

Departments should seek council approval prior to submission of the grant application when any of the following criteria are met:

- The potential for local grant match is \$50,000 or more
- The grant requires a match which cannot be funded through existing appropriations
- The grant increases staffing levels
- Council approval is a requirement of the application

Should time constraints for the grant application deadline not allow the necessary lead time for council approval and prior approval is not a requirement of the application, the department director shall obtain written approval from the city manager prior to submitting the application. Then, at the earliest feasible time, departments should seek formal council approval and inform council of any financial obligations that will be incurred by the city.

Matching Funds

Whenever possible, the City shall consider grant-funded projects that require City matching or operating funds as part of the budget process. Any grant-funded expenditure should include a five-year analysis of the amount of City funds required to subsidize its operation.

The City shall annually appropriate undesignated grant funding and grant match for grants which cannot be anticipated at the time of the annual budget process. This funding shall be used on a short-term basis to provide appropriation for unanticipated grants until formal appropriation can be made by the city council. Any unused appropriation for matching funds may be carried forward via encumbrance at the end of the fiscal year upon council approval.

Cash Match: Departments are responsible for funding grant-matching requirements. The source of funding shall be identified prior to the application and recorded on the "Grant Processing Form," which is submitted prior to grant submission.

In-Kind Match: Grant agencies sometimes allow an in-kind match such as volunteer hours, provision of equipment or space, and staff time spent working on the project. If departments have questions about the eligible in-kind match expenses for a grant opportunity, they should contact the grant administrator.

Grant Application

The grant administrator can provide technical assistance to departments in preparing materials (proposal narratives, scope of work, attachments, budget forms, etc.) for grant applications. Departments should inform the grant administrator as early as possible of intent to apply for a grant. Each department is responsible for assisting in the preparation of the grant application and providing all required documentation for submittal to the grant administrator.

If permitted by the granting agency, department directors may sign grant applications after proper authorization to proceed from the city manager's office. This applies to written and electronic signatures.

The department director and grant administrator must be informed of outgoing grant applications. If the grant match is \$50,000 or more, the city manager and finance director also need to be notified. If an application is not developed collaboratively with the grant administrator, departments should submit a final copy of the grant application with attachments to the grant administrator.

POST AWARD

Award Acceptance

The recipient department and the grant administrator are responsible for reviewing the proposed award agreement to ensure all conditions required by the grantor can be fulfilled. If the funds are a reduced award from the original grant application, the recipient department must ensure that the goals, objectives, and evaluation components can still be accomplished. The city attorney must also review and approve all grant contracts to ensure that the terms are reasonable, applicable, and administrable.

All grant awards and corresponding contracts must be officially accepted by council and/or by the city manager. The department director is responsible for coordinating, preparing, and presenting the agenda item to council for the acceptance of the grant award and authorization for the city manager or designee to execute the grant agreement and related documents.

No costs will be incurred, or funds expended, until the grant is awarded and its execution approved by council (if required). All costs incurred and funds expended must be during the period specified in the grant agreement.

If personnel is funded through a grant source, such personnel shall be notified that continued availability of the position is contingent upon future availability of grant funding. Term-limited grant-funded positions shall be advertised as such.

New Grant Setup

Upon acceptance of the grant, recipient departments should submit the following to the grant administrator:

1. Grant award
2. Contract and contract amendments
3. Finalized budget including project start and end dates, payment terms, and project schedule
4. Any related correspondence

All grant awards must be entered in the city's financial system for tracking purposes and given expense and revenue accounts and a grant/project code.

Compliance Monitoring

The recipient department managing the grant program shall be responsible to carry out the project and/or activities associated with it while adhering to the grant's terms and conditions. The grant project manager within the relevant department must ensure the following are met:

- Stated goals and objectives
- Deadlines
- Within budget
- Funds expended as required
- Appropriate records are maintained
- Financial and programmatic reporting requirements

All federal awards, cooperative agreements, or state awards using federal funds must ensure compliance with the Federal Office of Management and Budget (OMB) 2 CFR 200 Uniform Grant Guidance and follow all relevant OMB Circulars. The grant project manager within the relevant department should demonstrate general familiarity with their applicable administrative requirements and cost principles and understand how these are relevant to their project. Municipal grants are governed by the following circulars:

- OMB Circular A-87 – Cost Principles for State, Local, and Indian Tribal Governments
- OMB Circular A-102 – Grants and Cooperative Agreements With State and Local Governments
- OMB Circular A-133 – Audits of States, Local Governments, and Non-Profit Organizations

If the city awards subgrants, the city shall establish procedures for the following:

1. Assessing the risk of noncompliance
2. Monitoring the activities of grant subrecipients as necessary to ensure that the subaward is used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of the subaward; and that the subaward performance goals are achieved
3. Ensuring document retention by subrecipient on assessment and monitoring

Grant project managers within the relevant department will be responsible for the subrecipient monitoring. The grant project manager and grant administrator will conduct a semi-annual review of all documentation and monitoring for the subrecipient.

Failure to monitor compliance increases the city's exposure to legal liability and compromises current and future grant funding. The grant project manager within the relevant department must communicate any issues, concerns, or changes related to grant activities as soon as they occur with the department director, grant administrator, and the finance director.

While departments are primarily responsible for identifying compliance issues and ensuring compliance, departments should meet semiannually, at minimum, with the grant administrator to review programmatic areas, reporting, or to verify compliance with expenditures on each grant. The finance department shall develop and provide annual grant training for grants management and compliance for relevant city staff. The grant administrator will offer technical assistance regarding the compliance requirements and other provisions of a grant award at the beginning of the grant award period. Additionally, the grant administrator will provide ongoing technical assistance throughout the grant award period. Each department, in coordination with the grant administrator will address mandatory attendance requirements with grant providers (DRCOG, ACOS, etc.).

Grant Expenditures

All grant-funded purchases (i.e. materials, construction, services) must adhere to the City's purchasing policy. Any procurement requirements stipulated in the grant requirements are required to be used in addition to the City's policies. Federal grants require compliance with procurement standards set forth in the Uniform Guidance (2 CFR 200). If there is a conflict between the City's purchasing policy and the grant requirements, the most restrictive procurement requirements must be adhered to. If compliance with the more restrictive policy, results in non-compliance with the grant award agreement, an exception will be granted by the finance director.

Only allowable costs may be recorded against the grant account. If eligible grant expenditures are recorded in an account other than the grant account, the recipient department must request a journal entry to move the expenditures to the correct account. If there is a question on allowable costs, contact the grant administrator for further information, as in some instances the grantor will need to provide approval.

The grant project manager within the relevant department is responsible for ensuring costs associated with the project are allowable under the grant. The grant administrator is responsible for additional review following the grant project manager's approval for payment and prior to payment processing. Depending on grant requirements, financial reports will be reviewed semiannually or quarterly by the grant administrator and grant project manager to monitor applicable expenditures.

Grant funding shall be expended within the approved timeline and grant reimbursements shall be requested in the manner set forth in the grant agreement. Department directors shall notify the grant administrator no later than three months prior to the expiration of a grant if they believe grant funds may be returned unspent to the granting agency. Grant funding that is carried over and/or program income must be properly coordinated with the grant administrator, and any other departments that may be impacted by the grant.

The city shall terminate grant-funded programs and associated positions when the grant expires, and funds are no longer available, unless alternate funding is identified.

Capital assets purchased through grant funding shall be recorded as such in the city's capital asset system and disposal requirements noted for the grant program shall be adhered to.

If a grant allows allocation of overhead expenses, the city will pursue the available options for recovering grant-related expenses at the time of application for grant funding. The city will pursue an indirect cost allocation for federal funding through either the de minimus rate or through a negotiated rate.

Reporting

Recipient departments, along with the grant administrator shall prepare timely and accurate progress, programmatic, or financial reports as required by the grantor. It is the City's responsibility to submit all reports on time and in accordance with the grant agreement regardless of whether the City is managing the grant. Original documents of all progress and other programmatic reports prepared for submission to the grantor shall be retained by the grant administrator.

File Management and Records Retention

Grant master files must maintain a file structure that includes the following four sections:

1. Awarded grants (grant application, award letter, grant agreement, grant amendments, modifications, extensions, cancellations, terminations, and anything else related to the award)
2. Finance (new grant setup form, account/project setup information, procurement records, reconciliation reports, status reports, and source documentation for all transactions such as receipts, invoices, purchase orders, copies of checks, and employee salary records)
3. Reports (quarterly, annual, reimbursement, and final reports)
4. Any other relevant communications

Documentation of awarded grants is required for the duration of the grant plus six years unless a longer retention period is required by the grantor.

Federal Single-Audit Act

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 \$750,000 in federal financial assistance during a fiscal year. When the City has expended more than \$750,000 in federal awards during the year being audited, the City shall have a single audit conducted in accordance with the requirements of the OMB. This will include complying with all provisions of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal

Awards (Uniform Guidance). The finance department, with the assistance of the specific grantee city departments, shall follow up and take corrective action on all audit findings.

Grant Status Reporting

City staff shall periodically report to city council on the following grant activities:

1. Grants that are pending, awarded, and declined
2. Anticipated grant submissions
3. Grant project milestones (start date, significant achievements, end date)
4. Other significant information related to grants