

GRANT ADMINISTRATION

SECTION 1: DEFINITION AND PURPOSE

The definition of a grant for purposes of this policy is as follows: An award of financial assistance in the form of money or property by a funding source including the federal government, state government, other local governments, non-profit agencies, and private businesses and citizens the County ("Grantee" herein) has the Authority to accept or reject.

The purpose of the grant procedures outlined in this document is:

1. To ensure proper oversight of all funds appropriated to the Grantee.
2. To minimize the Grantee's risk of non-compliance with grant requirements.
3. To ensure proper administration and accounting of all grants.

SECTION 2: SCOPE

This policy is applicable to any Cass County program, department, Elected Official, or Employee ("Grantee(s) department" herein) preparing and submitting grant applications to agencies outside the Grantee government for funds, materials, or equipment to be received and administered by the Grantee or by an agency for which the Grantee acts as fiscal agent. The goals and objectives of the Grantee department shall be established early in the planning process and shall not change based on changes in the availability of different funding sources sought and received. If grant polices and regulations conflict with regulations and policies of the Grantee, the federal and state regulations will prevail unless they are less restrictive than Grantee policies-in which case Grantee policy prevails.

No grant will be accepted that will incur management reporting costs greater than the grant amount. Such costs include, but are not limited to, indirect costs, overhead and any other items needed to administer the grant. Any unapproved submittal by any Grantee department in violation of these grant procedures shall not bind the Grantee.

SECTION 3: CENTRAL RESPONSIBILITY

The County Administrator authorizes the Finance Department to promulgate any procedures that minimize the Grantee's risk for non-compliance with grant requirements and for providing support to requesting agencies. The Finance Department will maintain the back-up file for all grants in order to facilitate management reporting and overall monitoring. Financial records, supporting documents, statistical records, and all other Grantee records pertinent to a Federal award must be retained by the Grantee department for a period of three years from the date of submission of the final, quarterly or annual report as appropriate.

For Federal Grants, the Grantee department shall ensure compliance with the Federal Office of Management and Budget (OMB) general requirements and any other state and/or federal requirements specified in the grant conditions. The Finance Department will review expenditures for obvious non-compliance and will act as liaison with independent auditors. All Grantee departments shall submit any/all grant information required by the Finance Department to carry out its oversight responsibilities.

SECTION 4: GRANT APPLICATION PROCEDURES

4.1 The Grantee department desiring to submit a grant application soliciting funds will prepare the request as outlined by the grantor's requirements. Grant applications will be reviewed by the Grantee department in order to make an independent assessment of all financial aspects of the application to ensure funds availability. The Grantee department shall sign the grant application as approval that funds are available and that they are supportive of the fiscal

impacts to their department. The Grantee department shall make every effort to project all initial and ongoing costs associated with the grant program including but not limited to: staff support, needed assistance for computer systems, office space, utilities, systems furniture, vehicles, office equipment, office supplies, computer software and hardware, and/or telephone charges.

4.2 Upon completing its financial assessment, the Grantee department shall prepare and submit the grant application to the Finance Department along with any required assurances and conditions prior to submitting the application to the grantor agency for approval. The purpose of this is to eliminate duplication of submissions by Grantee agencies for the same grant, to allow Finance to maintain a comprehensive list of pending grant applications as well as active grants, to provide assistance as appropriate to Grantee departments in the preparation and administration of grants, and to ensure availability of matching funds, where applicable. The Finance department will obtain the County Administrator's approval and notify the Grantee department that the application has been approved. Finance will also send a Memorandum of Understanding if necessary, on the Grant's requirements to the department applying for the grant and will assist Grantee departments on inquiries concerning compliance issues.

4.3 The Finance Department will request additional information or revised submittals if needed. The Finance Department will work with Grantee departments to ensure the availability of funds.

4.4 With respect to any grant that impacts technology, Grantee departments shall consult with the IT department head before applying for the grant. Cass County's Software/Hardware standards and IT staffing must be considered for any software/hardware purchases. IT must make assurances that any equipment/software purchased will be technologically compatible and can be supported in years to come.

4.5 If the grant is incorporated into the Adopted Cass County Budget and appropriated, then no additional Board approval is required for the application and acceptance of the grant; however, supporting documentation to assist in monitoring of the grant shall be forwarded to the Finance Department by Grantee departments.

4.6 All grant award acceptances must have approval from the County Administrator and the Board of Commissioners, under the provisions of this policy. When not previously budgeted, this action will involve preparation of a Board of Commissioners agenda item for inclusion on the next regular meeting agenda for consideration. For an item to be considered at a board meeting, the Grantee department must forward the required Board report and any necessary documentation to the County Administrator in accordance with Board of Commissioners agenda procedures.

4.7 In the event that a grant application is denied by the grantor, a copy of the letter of denial shall be forwarded by the Grantee department to the Finance Department for their records.

SECTION 5: GRANT ACCEPTANCE PROCEDURES

5.1 Whenever possible, all requests for acceptance of grants of a recurring nature shall be submitted to the Finance Director through the normal budget process that must be approved by the Board of Commissioners.

5.2 The grant award letter/acceptance agreement (notification received detailing the amount of the grant awarded, grant assurances and special conditions, and the guidelines that must be followed to comply with the grant requirements) will be forwarded to the Finance Department by the Grantee department, who will review the grant award for reporting requirements, special conditions, and deadlines related to administering the grant.

5.3 If deemed necessary by Finance and time permits, the Finance Department may forward the grant award letter/agreement to the County Attorney for legal review of any clauses or grant special conditions to ensure compliance with particular federal or state laws.

5.4 In order for expenditures to be processed against a grant, a budget appropriation must be established through Board Action. The Grantee department requesting a grant will prepare a Board of Commissioners agenda item requesting appropriation of grant funds, unless the grant has already been approved by the Board of Commissioners as part of the adopted annual budget process. The County Administrator will authorize the grant acceptance through the Board of Commissioners voting quorum.

5.5 Upon obtaining a copy of the Board action approving a grant, the Finance Department will assign an account code to the grant. For reimbursable grants, all reimbursement requests shall be copied and forwarded to Finance and the Treasurer, noting the applicable account code for the receipting of the funds.

5.6 Grantee departments shall notify the Finance Department if:

- (a) There is a subsequent alteration in the funding configuration;
- (b) There is a subsequent alteration in the County's financial obligation;
- (c) Grant funds will be carried forward into the next fiscal year;
- (d) There is any notification that the grant will be terminated.

5.7 Grantee departments shall process Personnel action/status forms whenever necessary for those grants that have new account numbers each year, to eliminate necessary future adjustments.

5.8 Grantee departments are responsible for ensuring that all funds are expended or encumbered prior to the end of the grant period in order for funds to be used adequately and not lost in future award periods.

SECTION 6: GRANT MONITORING AND REPORTING

6.1 Monitoring of Grants

6.1.1 Grantee departments are responsible for continuous monitoring of the financial status of grants. The Finance Department will provide Grantee departments with on-line access of monthly financial reports for such monitoring. Grantee departments must review the monthly financial reports and notify the Finance Department promptly of any discrepancies noted and/or any additional reports needed.

6.1.2 Line item budget amendments must be approved prior to grant expenditures being made in order to avoid lost grant funds when/if amendments are denied. Line items can go negative if the grant account is not negative in total, but the Grantee department shall report all expenditures as required by the Grantor.

6.1.3 Grantee departments must also monitor grants for compliance with all applicable federal, state, and local regulations and ensure that grant expenditures are in compliance with grant procurement policies and procedures. For example, equipment procured with grant funds must be disposed of in accordance with the terms of the grant and OMB Circular A-87 requires payroll costs to be supported properly based on the percentage worked on the grant. Federal grants must meet requirements set out in OMB Circulars A-87, A-102, and A-133 or the Uniform Grant Guidance, as applicable. Grantee departments shall contact Finance if assistance is needed with compliance issues.

6.2 Grant Reporting

6.2.1 Grantee departments are responsible for providing financial reports to Grantors. If it is determined that the report preparation is to be handled by the Finance Department, this must be indicated on the Grant Processing Request Form.

6.2.2 Grantee departments handling grant reporting are responsible for complying by the due dates with all reporting requirements of the grant including financial reporting and reimbursement requests. All reimbursement requests shall be copied and forwarded to Finance for review and monitoring of timeliness of revenue reimbursements.

6.2.3 Timely requests for reimbursements are crucial to maximize the financial benefits of the grants to the Grantee. Grant reimbursements shall be completed timely and in accordance with the requirements of the specific grant.

SECTION 7: COST PRINCIPLES

7.1.1 Grantee departments must pay strict attention to the allowability of grant costs per the specific terms of the grant. To be allowable, costs must be necessary and reasonable. Must conform to any limitations of the grant award. Be consistent with treatment of like costs in non-Federal circumstances. Be adequately documented and must not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program.

7.1.2 In addition to any grant terms, compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance, including but not necessarily limited to wages and salaries. Fringe benefits may also be included. Grantee departments must be certain that compensation is reasonable considering the services rendered, as that paid for similar work. Allocation of time spent on program versus non-program efforts must be accurate, truthful and substantiated.

SECTION 8: INDIRECT COSTS

Grant applicants may request indirect costs if the application guidelines do not require a federally approved indirect cost rate and indirect cost are allowed in the grant. Grantee departments shall contact the Finance Department for assistance with identifying and calculating indirect costs for inclusion in grant applications. These funds may be used by the Finance Department to offset costs in overseeing the grant including staff time, external auditor expenditures, etc.

SECTION 9: NEW PERSONNEL

Any new personnel positions to be created as a result of grant funding must be approved by the County Administrator and properly classified by Human Resources. Grantee departments are to promptly notify Payroll of coding changes needed for those persons being charged to grants.

SECTION 10: GRANT-RELATED PROCUREMENT AND POLICY ISSUES

The County's purchasing agent must be notified that federal funds are involved for all purchases with federally funded grants, regardless of the dollar amount involved.

Assets acquired using Federal funds can be properly identified. Equipment items purchased with Federal funds that cost \$5,000 or more are to be tagged when purchased so that proper disposal procedures can be followed when items are sold or sent to surplus. Federal equipment shall be inventoried at least every 2 years in order to be properly safeguarded against theft, damage, or loss. Also, land purchases made with grant funds often have land use restrictions which will be discussed with the County Attorney's office to ensure restriction compliance. When assets acquired with Federal funds are no longer used in the grant program (i.e., grant has expired, asset was lost, stolen, or damaged, or asset became idle) the grantor must be notified. The Federal Government may be due a portion of the proceeds for equipment items with a book value of \$5,000 or more at the time of disposition. If the federal agency is compensated for the current fair market value of the item, the equipment may be retained by the agency.

Grantees shall follow the County's and/or grantor's policies and procedures for all practices including procurement for the selection of contractors and vendors. If grant applications have special conditions, a copy of such must be given to Finance Director for assistance in compliance monitoring. If grant guidelines require grantees to abide by different procurement procedures other than those adopted by the County, the grantee shall resolve the situation with the County Finance Director prior to submitting the application. As a rule, the federal and state regulations prevail unless less restrictive than County policies- where County policy prevails.

SECTION 11: CLASSIFICATION OF GRANT REVENUE

11.1.1 All federal, state and local grant revenue shall be receipted as revenue as opposed to as expenditure refunds in order to be in compliance with approved grant policies. Budgets of expenditures for revenues received are obtained through Board action as previously described in above paragraphs. Revenues for grants must be handled by Grantee departments in conformity with grant terms and conditions.

11.1.2 Deposits of Federal advance payments must be held in interest bearing accounts, and interest earnings of up to \$500 per year may be retained by the County to cover administrative expenses.

SECTION 12: PROGRAM INCOME

Program income is gross income received that is directly generated by the federally funded project during the grant period. The County currently receives federally funded grants for programs that generate program income. The County takes all necessary steps to ensure that program income is properly recorded as earned and deposited in the bank as collected. Procedures are in place to provide for correct use of program income in accordance with Federal program requirements.

SECTION 13: YEAR-END PROCEDURES

Indicate clearly on your October and November vouchers which fiscal year (prior or current) they are to be posted to. Only goods and services received prior to September 30th can be posted back to the prior year. Reconcile October and November expenditures promptly since these adjustments can only be made until the end of November, this is due to audit timing and materiality of expenditures.

Ensure all funds are expended or encumbered prior to the end of the grant period in order for funds to be used adequately and not lost in future award periods.

SECTION 14: COUNTY ADMINISTRATOR EXEMPTION

The County Administrator may exempt any grants from this policy at his/her sole discretion. Refer to Board of Commissioners July 16, 2020 meeting R-101-20 for specific guidance on COVID-19 related grant applications.

Adopted: October 03, 2019

Amended: August 6, 2020

Amended: April 15, 2021