CITY OF MCKINNEY GRANT POLICIES AND PROCEDURES

~~February 7, 2012~~

The City of McKinney accepts funding through various grant programs. While providing a financial benefit to the City, these programs also contain certain requirements with which the City must comply. This policy establishes the roles and responsibilities for ensuring grant and/or financial assistance compliance and provides for ~~a~~ review process that must be completed before applying for or accepting any grant or award of financial assistance and outlines procedures for the acceptance and administration of grants.

This directive applies to all grant awards or awards of financial assistance received by the City.

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I. DEFINITIONS:

AWARDS OF FINANCIAL ASSISTANCE - An agreement executed with a public or private entity to provide sponsorships, or other forms of financial assistance to the City for projects, programs and/or services.

CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) - Publication that includes information related to all Federal programs, including the program title, description, history, and assigned CFDA number.

D-U-N-S NUMBER - Dun & Bradstreet (D&B) issues a D-U-N-S Number, a unique nine digit identification number that is required to apply for US federal government contracts or grants. The Finance Department has the sole responsibility of managing and obtaining D-U-N-S numbers for the City of McKinney from the federal government's Central Contractor Registry (CCR). Contact your department or division's Grants Coordinator to obtain the City of McKinney's D-U-N-S number.

FEDERAL AWARDS - Federal financial assistance (grants, loans, loan guarantees, property, etc.) and Federal cost-reimbursement contracts that the City receives directly from the Federal awarding agency or indirectly through a pass-through entity, such as State of Texas or North Central Texas Council of Governments (NCTCOG).

~~**GRANT ADMINISTRATOR** - Individual~~**GRANTS STAFF** - Individuals in the Finance and Housing and Community Development department (HCD) working on behalf of the City to oversee grant administration, research, application submission, grant acceptance, regulatory compliance and financial accountability.

GRANT COORDINATOR – Individual within each department that serves as a liaison between Department and the Grants ~~Administrator~~Staff.

GRANTEE - The City of McKinney.

GRANTOR - The private or local entity, State and/or Federal funding source.

GRANTS – Award of financial assistance, including cooperative agreements, in the form of money, property in-lieu of money, or other financial assistance paid or furnished by a local or private entity or the State and/or Federal government to carry out a program in accordance with rules, regulations, and guidance provided by the Granter entity/agency. Federal awards that pass through States or other governmental entities are still subject to applicable Federal laws, rules, regulations, and Granter restrictions.

PROGRAM INCOME - Refers to income from fees for services performed, from the use or rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement and from payments of principal and interest on loans made with grant funds (where authorized).

PROGRAM MANAGER - Individual assigned the daily responsibility of managing the grant funded program. Program manager, with assistance from the Grant ~~Administrator,~~ Staff, is responsible for the maintaining applicable documentation and compliance with all grant regulations, rules, certifications and assurances.

II. TYPE OF GRANTS:

Competitive (Discretionary) Grants – an award of financial assistance in the form of money, or property in lieu of money, by the Federal government to an eligible grantee, usually made on the basis of a competitive review process.

Continuation of any grant type –a continuation grant provides additional funding for budget periods subsequent to the initial budget period.

Conditional Grant – a conditional grant involves one grant-maker seeking the involvement of others by making their grant (only a part of the total costs of a project) conditional upon the remainder of the cost being funded from another source.

Cooperative Agreements **& Contracts** – a type of Federal assistance; essentially, a variation of a discretionary grant, awarded by a Federal agency when it anticipates having substantial involvement with the grantee during the performance of a funded project. Grants Administrator Grant Staff involvement in Cooperative Agreements and Inter-local Agreements will be determined on an individual basis.

Earmark – refers to a provision in legislation requiring that a portion of a certain source of revenue be designated for specific projects usually at the request of a legislator. Typically, the City submits requests for projects to state and federal legislators who seek to obtain funds for those requests, usually to be spent in the district the legislator represents. Earmarking bypasses the normal procedure by which revenues are pooled in a general fund and then allocated among various government spending programs as opposed to a specific project.

Formula Grants – a grant that the Federal agency is directed by Congress to make to grantees, for which the amount is established by a formula based on certain criteria that are written into the legislation and program regulations; this funding is directly awarded and administered in the Federal agency's program offices.

Pass-thru of any grant type – grant funds received from one grantor, but passed through another grantor or funding source.

Reimbursement Programs - a type of funding program under which the grantee is reimbursed for qualifying expenditures already incurred, as specified in the terms of the grant agreement for such a program.
grantee is reimbursed for qualifying expenditures already incurred, as specified in the terms of the grant agreement for such a program.

County Grants - a grant made by County Government.

State Grants - a grant made by State Government.

Federal Grants - a grant made by the Federal Government. **Foundation Grants -** a grant made by a philanthropic foundation. **Corporate Grants -** a grant made by a corporate foundation.

Foundation Grants - a grant made by a philanthropic foundation.

Corporate Grants - a grant made by a corporate foundation.

III. GRANT PROCESS:

A. PRE-APPL/CATIONAPPLICATION ASSESSMENT AND RESEARCH

Prior to requesting research and assistance from Grants AdministratorGrant Staff on a grant application and/or proposal to any Federal, State, or other entity, the Program Manager will get approval from Department Director. After Director approval, grant research and program design can begin. Grant AdministratorGrants Staff will summarize grant conditions and assist Program Manager with program design for consistency with grant requirements.

Factors to be considered when deciding whether or not to apply for a grant include:

Financial:

- Total anticipated project cost
- Match requirements and sources

- Program income considerations
- Staffing requirements (including salary and benefits increases for multi-year grants)

Programmatic:

- Alignment with City's strategic priorities and/or department's business plan
- Department's capacity to administer the financial and administrative aspects of the grant

B. GRANT SUBMISSION

The originating department will appoint a single contact person for each grant, commonly referred to the Program Manager.

The ~~Grant Administrator will keep the~~ Program Manager and Grant ~~Coordinator~~Staff will keep Finance apprised of the approval process for the grant on a regular basis. The ~~Grant Administrator~~Program Manager will ensure that copies of all grant related correspondence are provided to the initiating department.

Grant Submission Process:

After approval from Department Head, ~~Grant Administrator~~Grants Staff and ~~Program~~Pogram Manager will begin developing grant application. When ~~Grant Administrator~~Grants Staff is responsible for grant submission, the Program Manager will provide ~~Grant Administrator~~Grants Staff with budget information, including the amount of the grant that represents ~~Federal~~federal money and the amount of the grant that comes from other sources, bid documents, and all other specific programmatic information. When the Program Manager is responsible for grant submission, the ~~Grant Administrator~~Grants Staff will be available to assist the department with the application and required documents. Copies of the grant application paperwork should be provided to the ~~Grant Administrator.~~Grants Staff. The paperwork will include (but not be limited to) any written correspondence between the initiating department and the agency, all executed application forms, and all grant identification numbers, if applicable.

When grant application is complete, the grant will be routed with Document Control coversheet for appropriate approvals prior to item going to City Manager for approval.

City Council approval must be obtained for application and acceptance of grant funds, and related budget amendment, if not in approved annual budget. The originating department is responsible for ensuring that the Council Agenda Item is prepared and submitted to City Council in a timely manner for grant submission. In the event that Council is not meeting during the grant application window, grant submission may be approved by City Manager, if all other grant routing approvals have been given. Continuation grants do not need to be re- approved annually unless required by terms of grant or if there is a cost-share requirement.

In the event that more than one department expresses an interest in applying for the same grant, the department directors, in conjunction with the Grants ~~Administrator~~Staff, will determine which department is better suited to pursue the grant, if departments should work together to pursue the grant, or if more than one application may be submitted.

The ~~Grant Administrator~~Grants Staff, as designated by the City Manager, will be listed as the Point of Contact (POC) on all grants.

C. *GRANT AWARD AND ACCEPTANCE*

1. Grant Award Review

Upon notification of grant award, the ~~Grant Administrator~~Grants Staff and Program Manager will review the grant for any special conditions, including but not limited to Purchasing and Information Technology Departments requirements. Should the grant require subrecipient monitoring, the subrecipient monitoring plan (Attachment A) or the specific subrecipient monitoring requirements of the funding source will

control.

2. Grant Acceptance

After review of the grant agreement, the agreement will be signed by the City Manager or designee. The original grant agreement will be maintained by the City Secretary, as required with the City's records management policy. A copy of the signed grant agreement will be kept with theby Finance, Program Manager and the Grant AdministratorGrants Staff.

The Grant Administrator will notify Finance of appropriate Staff will set up amounts/categories for set-up of project budget and departmental account access. Grants awarded to the City may be used to increase the authorized total project budget.
total project budget.

D. GRANT ADMINISTRATION

1.• Responsibility Areas

Program Manager is responsible for oversight of the day-to-day operations of grant programs, filing required program reports, performance monitoring and compliance, and keeping the Grant AdministratorGrants Staff informed of significant grant-related plans and activities. The Program Manager is responsible for maintaining documentation evidencing compliance with program requirements and ensuring that grant related expenditures are allowable. The **Grants Administrator**Staff will assist Program Manager with performance monitoring and compliance and ensuring that grant related expenditures are allowable.

Finance Department is a resource for grant related financial activity including creating a grant fund and/or project number, which is used to recognize grant revenue and expenditures in the department or division's budget. The Finance Department will generate external financial reports with information provided by the Program Managers/Grant AdministratorGrants Staff.
Grant AdministratorGrants Staff and Program Manager will work together with Finance to maintain an accurate record of revenues and expenditures posted to grant accounts.

Grants Administrator isStaff are responsible for general management and administration of the City's grant activities to include: annual Citywide grant planning and goals; facilitation of departmental grant planning and collaborative grant submittals; grant training and technical assistance for City staff; assisting Finance Department with developing departmental policies and procedures to accurately track and report grant activity including the tracking of grant funded assets; maintenance of grant policies and procedures; identification and research of grant opportunities; distribution of grant opportunities; assisting departments with grant funding applications; coordinating information retrieval for external audits of grant funded programs; and identifying/investigating/resolving issues that may arise with respect to the management of City grants, as well as other responsibilities indicated throughout this policy.

GrantsGrant Coordinators are responsible for monitoring grant related work of Program Managers and ensuring that proper grant policies and procedures are followed. At departmental discretion, Grant Coordinators may be responsible for any tasks in this document that are assigned to Program Managers.
Managers.

2.• Responsibility AreasTasks Expenditures

The Program Manager is responsible for the administration of the grant funded program and as such, generally makes grant expenditures. The Program Manager is responsible for following proper procedures for the purchase of grant funded items. If proper procedures are not followed, expenditures will be reimbursed to the grant from non-grant departmental funds.

- Prior to incurring program expenditures, the Program Manager should contact Finance to determine the proper coding of program expenditures.
- PurchasesFor budgeting purposed, purchases, with a value of $5,000 or less

than $5,000, are classified as "Supplies". Purchases exceeding $5,000 or more (including shipping and taxes) are classified as "Capital Equipment."

Reimbursement Requests and Financial Reports

- External Expenditures and reimbursements will be tracked by the Finance Department and all financial reports will generally be filed by the Finance Department with information provided by the Grants Administrator and Program Manager.
- Reimbursement requests will generally be filed by Grant Administrator.
- If the Program Manager prepares and submits the reimbursement request/financial reports, the Grants Administrator must be notified so that reimbursements can be credited to the correct account., after review by the Finance Department.
- Programmatic reports will be compiled and submitted by the Program Manager.
- Reimbursement requests and required reports should be submitted to the GranterGrantor on the form designated by the GranterGrantor and should be accompanied by the supporting documentation specified in the grant/award agreement.
- Reimbursement requests should be submitted to the Granter Grantor in the timeframe specified by the grant/award agreement. If the grant/award agreement is silent on the frequency of reimbursement requests, they should be submitted at least quarterly.
- Grant AdministratorGrants Staff should be informed of and receive a copy of all reports filed by the Program AdministratorManager.
- Finance is responsible for preparing a Schedule of Expenditures of Awards, with information provided by the Grant AdministratorGrants Staff and Program Manager, and coordinating the annual audit of grant programs (single audit) as promulgated by the Single Audit Act, OMB Circular A- 133, and the Uniform Grant Management Standards.Administrative Requirements, Cost Principles, and Audit Requirements, 2 CFR 200. If the City expends grants/awards accumulating $500750,000 in a fiscal year, the City must obtain a Single Audit regardless of –the number of GrantersGrantors. Procurement of the audit services must comply with State procurement procedures and the provisions of OMB Circular A-1332 CFR 200.

Financial Management

- The financial management system provides for:
- Identification of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include the CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the passthrough entity, as applicable.
- Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§200.327 and 200.328.
- Records that identify adequately the source and application of funds for federally-funded activities must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest. These records must be supported by source documentation.
- Effective control over, and accountability for, all funds, property, and other assets. City must adequately safeguard all assets and assure that they are used solely for authorized purposes in accordance with §200.303.
- Comparison of expenditures with budget amounts for each Federal award.
- Written procedures to implement the requirements of CFR §200.305 Payment:
    - Payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury and the disbursement by the City whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. Payment received from FTA must be disbursed within three business days.
- Written procedures for determining the allowability of costs must in accordance with 2 CFR 200 Subpart E—Cost Principles and the terms and conditions of the Federal award. Costs must:
    - Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these

principles.
- Conform to any limitations or exclusions set forth in these
- principles or in the Federal award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to all activities of the City, federally-financed or not.
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Be determined in accordance with generally accepted accounting principles (GAAP).
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- Be adequately documented.

Receipt of Grant Funds

If Program Manager submits the reimbursement request:

- The Program Manager should send the check, the deposit form, the grant/award reimbursement request, and any State and/or Federal financial reporting forms to ~~Grant Administrator~~the Finance Department.
- Any grant funds received by the City will be deposited by Finance in accordance with normal procedures. Finance will forward a copy of the receipt to the ~~Grant Administrator~~Grants Staff.
- If grant funds are received via a wire transfer/ACH, email notifications should be set up with the Finance Department's cash manager's email address.

Procurement Procedures

- The City of McKinney has adopted the state of Texas procurement procedures outlined in the Texas Local Government Code - Chapter
- 252. The City of McKinney Purchasing Department shall make all final determinations on correct procurement procedures. Where there is a conflict between City of McKinney and procurement procedures required by the grant, the more stringent procedure will apply.
- Federal grant recipients must use one of the following methods of procurement: (1) micro-purchases; (2) small purchase procedures; (3) sealed bid; (4) competitive proposals; or (5) non-competitive proposals.
- Time-and-materials contracts are a restricted type of procurement in which the contractor charges a single rate that includes overhead and profit for labor, and materials are billed at cost, generally an indeterminate amount. Recipients are not permitted to use FTA funds for time-and-materials type contracts unless it determines that no other type of contract is suitable for the procurement. If time-and-materials type contracts are used, recipients must specify a ceiling price that the contractor shall not exceed, except at its own risk.
- When making a purchase with Federal funds, the Program Manager will review the Excluded Parties Listing Service prior to the purchase to ensure the vendor has not been suspended or debarred from Federal awards. A screen print of the search results must be maintained in the grant records to document compliance with this requirement.
- ~~Grant Funded Equipment Tracking~~
- ~~Grant~~ Estimated costs: Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the recipient under 2 CFR Part 200 Subpart E—Cost Principles.
- Prohibition of cost-plus contracts: The “cost plus a percentage of cost and percentage of construction cost” methods of contracting may not be used on grant funded contracts.
- Before acquiring capital, controlled, or equipment assets with grant funds, please contact HCD for specific procedures. (see Exhibit A)
- All procurement activities will follow a free and open competitive process, document purchasing decisions, and use local businesses and contract with small, minority and /or women-owned businesses to the greatest extent feasible.
- Compliance with Buy America: Recipient’s procurements must comply with Buy America requirements in 49 U.S.C 5323(j) and 49 CFR Parts 661 and 663. Buy

America regulations require that all steel, iron, and manufactured products used in the project are produced in the United States. Solicitations for steel, iron, and manufactured products must contain a Buy America certification unless the procurement is subject to a general waiver or the small purchase waiver. Buy America requirements also apply to capital leases for FY2020 Contractors Manual purchases, procurement 9-50 rolling stock and related equipment. The small purchase waiver defines a "small purchase" as a purchase of not more than $150,000 at 49 U.S.C 5323(j)(13).

Grant Funded Equipment Tracking

- Grant-funded equipment with an individual or cumulative value of $5,000 or more is defined as a more will be tagged as a "grant asset" and will be tracked throughout the life of the grant or disposition of the asset. The ~~Program Manager~~Finance Department shall contact the ~~Grant Administrator~~Grants Staff to arrange tagging of items.
- A physical inventory and reconciliation of the grant assets will be performed by ~~Grant Administrator~~Grants Staff and Program Manager annually.
- When original or replacement equipment acquired under a grant or sub- grant is no longer needed for the original program or for other activities currently or previously supported by a Federal and/or State agency, the City may dispose of the equipment in accordance with Federal and/or State provisions. (See Exhibit B).

  ~~City may dispose of the equipment in accordance with Federal and/or State provisions.~~
- Please be aware that purchases ~~(over $~~($5,000 and over) require special tracking. Consult with ~~Grant Administrator~~Grants Staff for specific regulations governing the purchase/tracking/disposition of these items.

Document Maintenance

Program Manager shall maintain the following documentation and provide ~~Grant Administrator~~Finance and Grants Staff with a copy of:

- Grant award agreement and any related correspondence.
- Documentation supporting all expenditures and reimbursement requests.
- A copy of any contracts with vendors and any related correspondence, including verification of vendor status on the Excluded Parties Listing System maintained by the General Services Administration (GSA).
  - ~~A comparison of actual expenditures or outlays with budgeted amounts.~~
- Copies of the required performance reports.
- Documentation evidencing the performance of any required physical inventories.

~~Grant Administrator~~The Program Manager shall maintain the following documentation and provide Finance with a copy of paperwork pertaining to any grant awarded to the City in order to facilitate an external agency audit and preparation of the necessary audit schedules pertaining to the grant. ~~All information received directly by the Finance Department will be provided to the Grant Administrator.~~

The City Secretary will maintain copies of all original contracts~~.~~, per document control procedures destruction schedule.

~~**Procurement Procedures**~~

- ~~The City of McKinney has adopted the state of Texas procurement procedures outlined in the Texas Local Government Code – Chapter 252. The City of McKinney Purchasing Department shall make all final determinations on correct procurement procedures. Where there is a conflict between City of McKinney and procurement procedures required by the grant, the more stringent procedure will apply.~~
- ~~When making a purchase with Federal funds, the Program Manager will review the Excluded Parties Listing Service prior to the purchase to ensure the vendor has not been suspended or debarred from Federal awards. A screen print of the search results must be maintained in the grant records to document compliance with this requirement.~~
- ~~All procurement activities will follow a free and open competitive process,~~

~~document purchasing decisions, and use local businesses and contract with small, minority and /or women-owned businesses to the greatest extent feasible.~~

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E. GRANT CLOSEOUT

- The ~~Grant Administrator~~Grants Staff will be responsible for communicating and coordinating grant closeout procedures with the Program Manager and Finance Department.
  The grant/award may also be subject to review by Federal and/or State auditors.
- If notified of an upcoming review by Federal and/or State auditors, the ~~Grant Administrator~~Finance Department and Grants Staff will coordinate with the Program Manager ~~and Finance Department~~ to provide all necessary documentation. A copy of any review reports
  received from the auditors should be forwarded to the ~~Grant Administrator~~Finance Department.

F. ASSURANCES:

- The City, and its sub-recipients, will comply with all requirements imposed by the Federal, State or Local funding agency, concerning special requirements of the law, program requirements, and other administrative requirements.