

RESOLUTION NO. 2012-02-____ (R)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY,
TEXAS, ADOPTING THE GRANTS POLICIES AND PROCEDURES**

WHEREAS, the City Council of the City of McKinney, Texas, acknowledges that the revised grants policies and procedures keep the City in compliance with federal, state, and local grant requirements.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, THAT:

Section 1. The City Council of the City of McKinney, Texas hereby approves the attached grants policies and procedures.

Section 2. This Resolution shall take effect immediately from and after the date of passage and is so resolved.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS ON THE 21st DAY OF FEBRUARY, 2012.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

ATTEST:

SANDY HART, TRMC, MMC
City Secretary
BLANCA I. GARCIA
Assistant City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney



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 working on behalf of the City to oversee grant 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.

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 Grantor entity/agency. Federal awards that pass through States or other governmental entities are still subject to applicable Federal laws, rules, regulations, and Grantor 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, 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 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.

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.

III. GRANT PROCESS:

A. *PRE-APPLICATION ASSESSMENT AND RESEARCH*

Prior to requesting research and assistance from Grants Administrator 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 Administrator 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 apprised of the approval process for the grant on a regular basis. The Grant Administrator 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 and Program Manager will begin developing grant application. **When Grant Administrator is responsible for grant submission**, the Program Manager will provide Grant Administrator with budget information, including the amount of the grant that represents 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 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. 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, 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, 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 and Program Manager will review the grant for any special conditions, including but not limited to Purchasing and Information Technology Departments requirements.

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 the Program Manager and the Grant Administrator.

The Grant Administrator will notify Finance of appropriate 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.

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 Administrator 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** 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 Administrator. Grant Administrator and Program Manager will work together with Finance to maintain an accurate record of revenues and expenditures posted to grant accounts.

Grants Administrator is 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.

Grants 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.

2. **Responsibility Areas** **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.
- Purchases, with a value of \$5,000 or less, are classified as "Supplies". Purchases exceeding \$5,000 (including shipping and taxes) are classified as "Capital Equipment."

Reimbursement Requests and Financial Reports

- External 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.
- Reimbursement requests and required reports should be submitted to the Grantor on the form designated by the Grantor and should be accompanied by the supporting documentation specified in the grant/award agreement.
- Reimbursement requests should be submitted to the 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 Administrator should be informed of and receive a copy of all reports filed by the Program Administrator.
- Finance is responsible for preparing a Schedule of Expenditures of Awards, with information provided by the Grant Administrator 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. If the City expends grants/awards accumulating \$500,000 in a fiscal year, the City must obtain a Single Audit regardless of the number of Grantors. Procurement of the audit services must comply with State procurement procedures and the provisions of OMB Circular A-133.

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.
- 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.
- 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.

Grant Funded Equipment Tracking

- Grant funded equipment with an individual or cumulative value of \$5,000 or 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 shall contact the Grant Administrator to arrange tagging of items.
- A physical inventory and reconciliation of the grant assets will be performed by Grant Administrator 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.

- Please be aware that purchases (over \$5,000) require special tracking. Consult with Grant Administrator for specific regulations governing the purchase/tracking/disposition of these items.

Document Maintenance

Program Manager shall maintain the following documentation and provide Grant Administrator 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 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.

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.

E. GRANT CLOSEOUT

- The Grant Administrator 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 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.

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.