

CITY OF MCKINNEY

GRANT POLICIES AND PROCEDURES MANUAL



The City of McKinney accepts funding through various grant programs. While providing a financial benefit to the City, these grant programs also impose certain requirements established by federal law or state law with which requirements the City must comply. This Grant Policies and Procedures Manual identifies the roles and responsibilities for ensuring the City complies with applicable federal and state grant and/or financial assistance requirements, provides for a review process that must be completed before applying for or accepting any grant or award of financial assistance, and outlines the procedures for the acceptance and administration of grants.

This Grant Policies and Procedures Manual applies to all federal and/or state grant awards or awards of financial assistance received by the City.

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I. INTRODUCTION AND PURPOSE

Grants are funds that are usually designated for a particular purpose. They are provided by either a governmental entity, usually at the federal level although many grants are also available at the state level, or some other organization such as a non-profit entity. In the City of McKinney, grants serve an important, sometimes unrecognized, role. They allow the City to leverage local funding, expand or enhance existing services, and facilitate the creation of new projects or programs. They also foster internal collaborations, and, in many cases, external partnerships. Within the City, grant funds are used for public infrastructure, economic and community development, social services, public safety, and parks and recreation.

The specific purposes of this Grant Policies and Procedures Manual, which is maintained by the City of McKinney's Office of Emergency Management, are to:

- Establish policies for ensuring financial and programmatic compliance with federal and state grant requirements throughout the City;
- Document and clarify the required grant procedures within the City from the pre-application phase to closeout;
- Define the roles and responsibilities of the persons and departments involved in the grant process;
- Facilitate an understanding of the capacity needed for meeting grant requirements prior to submitting a grant application and entering into grant agreements;
- Promote the use of best practices for grant application and administration;
- Assist in the centralization of information regarding the grants applied for and received by the City; and
- Enhance and cultivate pathways for communication and coordination on grant-related tasks.

The purposes outlined above will lead to reduced compliance issues, clarity, improved efficiencies, increased grant strategizing, and place the City in a more competitive position for grant opportunities.

II. SCOPE

This Grant Policies and Procedures Manual applies to all City departments and divisions and supersedes any previous versions or written documentation regarding grant management in the City of McKinney. These Policies and Procedures were developed with input from multiple City departments and the City's Grant Coordination Team, which is comprised of Grant Support Specialists designated by City departments involved in or interested in pursuing and administering grants. The Grant Coordination Team annually reviews the Grant Policies and Procedures Manual and suggests revisions as needed.

III. CODE OF ETHICS

City of McKinney employees are held to the highest ethical standards (see Chapter 6.01 of the City of McKinney Employee Personnel Policies); and as the steward of grant funds City employees are reminded to adhere to these standards while completing grant tasks. These grant tasks may include, but are not limited to, the procurement of property or contracts for services, honest and diligent documentation and evaluation, communication, fiscal management, and the avoidance of any conflict of interest or even the appearance of impropriety.

Along with ethical obligations, grant awards come with legally binding obligations written in a grant contract or agreement. Grant contracts or agreements require the City to complete agreed-upon project activities by stated deadlines and comply with the grant's terms and conditions all while meeting federal or state grant requirements, found in 2 C.F.R. pt. 200 and the Texas Grant Management Standards, respectively. Grant mismanagement may lead to serious consequences: the City and the City's employees responsible for administering a particular grant could face legal ramifications; the City could lose grant funds, and the City's ability to qualify for and receive future grant-funded opportunities could be compromised.

IV. NOTICE OF FEDERAL WHISTLEBLOWER RIGHTS AND PROTECTIONS

This section is included to meet the requirements of 2 C.F.R. § 200.217, which regulation went into effect on October 1, 2024.

Federal law, 41 U.S.C. § 4712, provides whistleblower rights and protections for employees of a recipient or subrecipient working on a federal grant or contract, related subawards, related subcontracts, or a personal services contract. Specifically, the law states that an employee may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body described in paragraph (a)(2) of 41 U.S.C. § 4712 information that the employee reasonably believes is:

- Evidence of gross mismanagement of a federal contract or grant,
- A gross waste of federal funds,
- An abuse of authority relating to a federal contract or grant,
- A substantial and specific danger to public health or safety, or
- A violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant.

If an employee believes there has been a reprisal for disclosing the information noted above, then the employee can follow the complaint process outlined in 41. U.S.C. § 4712, which starts by submitting a complaint to the Inspector General of the executive agency involved so an investigation can be completed. Note that complaints may not be brought under this subsection more than three years after the date on which the alleged reprisal took place.

Furthermore, the City of McKinney is responsible for informing all subrecipients of federal grant funds from the City of McKinney regarding the whistleblower rights and protections found in 41 U.S.C. § 4712.

V. DEFINITIONS

A. GENERAL DEFINITIONS

ANNUAL GRANT GOALS FORM – An internal form of the City of McKinney that may be submitted each year by City departments interested in seeking grant funds. The form allows a department to submit a prioritized list of department needs that could be met with grant funding and communicate project priorities to the Grants Program Manager.

ASSISTANCE LISTING NUMBER – An identifying number used on federal grant documents that replaces the Catalog of Federal Domestic Assistance number. It is usually found on the first page of a funding notice or grant award.

AWARDS OF FINANCIAL ASSISTANCE - An agreement executed with a public or private entity to provide financial assistance to the City for select projects, programs and/or services. This term is now frequently used more than the term “grant” in federal documents and websites since it is a broader term that includes both grants and cooperative agreements.

CAPITAL ASSET – An item that is purchased through a grant, means tangible or intangible assets, with a value of \$10,000 or more used in operations having a useful life of more than one year which are capitalized in accordance with generally accepted accounting principles (“GAAP”). Capital assets include:

- (a) Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, or through a lease accounted for as financed purchase under Government Accounting Standards Board (“GASB”) standards or a finance lease under Financial Accounting Standards Board (“FASB”) standards; and
- (b) Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). See 2 C.F.R. § 200.1.

CONTROLLED ASSET – is an asset determined by the State of Texas to have a high loss risk, and therefore, must be secured and tracked because of the nature of the possession. A controlled asset has a per-unit cost of \$500.00 to \$9,999.99.¹ The list of controlled assets is identified on the Texas State Comptroller’s controlled assets list online as follows:

- Sound Systems and Other Audio Equipment
- Camera– Portable – Digital, SLR
- TVs, Video Players/Recorders
- Computer, Desktop
- Data Projectors
- Smartphones, Tablets, & Other Handheld Devices
- Laptop Computers
- Unmanned Aerial Vehicle Drones

¹ This range is a per unit cost of \$500 to \$4,999.99 for grants awarded prior to October 1, 2024.



EQUIPMENT – Tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes, or \$10,000.² See 2 C.F.R. § 200.1.

FEDERALLY CONTROLLED EQUIPMENT - Equipment that has significant utility for state, local, tribal, territorial, and private sector grant recipients. Recipients may continue to acquire controlled equipment through federal assistance programs. However, because of the nature of the equipment and the potential impact on communities, additional controls will be imposed on the acquisition, use, and transfer of this equipment. Examples of Federally Controlled Equipment include, but are not limited to, manned aircraft and armored vehicles.

FLOWDOWN PROVISIONS – A phrase used to describe the passing on of all the terms, conditions, and requirements from a federal or state grant to the lower tier subawards and subcontracts. On all subawards and subcontracts using federal or state funds awarded by the City of McKinney, the City must always include or reference flowdown provisions from the prime award.

GAAP or **GENERALLY ACCEPTED ACCOUNTING PRINCIPLES** – Principles of accounting that must be used by the City which are issued by the Government Accounting Standards Board (“GASB”) and the Financial Accounting Standards Board (“FASB”). (2 C.F.R. § 200.1)

GRANT-FUNDED EQUIPMENT INVENTORY FORM – This form is an internal form of the City of McKinney that requests information about grant-funded equipment, capital assets, and controlled assets purchased by the City with grant funds. Every time new grant assets are purchased, inventoried, or disposed of this form should be updated and submitted by staff to the Grants Program Manager. The information is maintained by the City in an inventory according to the requirements of the federal Uniform Grant Guidance. The information needed to log in to the form can be found on the City’s intranet under “Tools” and “Grants.”

GRANT INFORMATION FORM – A two-part internal form of the City of McKinney whose purpose is to facilitate early, internal communication and coordination regarding prospective grants. The form is completed by departments when they are either intending to apply for or renew a grant. The form is also submitted when a department has been awarded a competitive grant. Upon completion, the form is automatically emailed to the multiple departments involved in the grant management process. Use of the Grant Information Form is discussed in greater detail below in Sections IX and X of this Grant Policies and Procedures Manual.

GRANT INFORMATION FORM – MY TASKS – A personalized online storage location that maintains all the Grant Information Forms, defined above, submitted by each City employee. The link automatically connects to a staff member’s login and shows all the Grant Information Forms submitted by the account holder for each specific grant. This form is intended to help staff maintain a record of their submitted Grant Information Forms for future reference.

PROGRAM INCOME - 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).

² The effective amount for grants awarded prior to October 1, 2024 is \$5,000.



SUPPLIES – All tangible personal property other than those items described in the definition of “Equipment” whose acquisition cost is below the capitalization level of \$10,000,³ regardless of the length of the item’s useful life.

SYSTEM FOR AWARD MANAGEMENT (SAM.gov) – The online federal procurement database where all entities that receive federal funds must be registered. The registration must be updated annually. Once registered, the entity receives a Unique Entity Identifier. The Office of Emergency Management maintains the SAM.gov registration on behalf of the City. SAM.gov also contains the “Excluded Parties List,” which is a list of all entities that are either suspended or barred from receiving any federal funds or benefits through either a contract, subcontract, or subaward through the City or any other recipient.

TEXAS GRANT MANAGEMENT STANDARDS (TxGMS) – As required under Chapter 783 of the Texas Government Code (the Uniform Grant and Contract Management Act), the TxGMS contains both the uniform assurances that a local government is required to make to a state agency as a condition for receiving a grant or contract, and the standard financial management conditions required by state agencies in the administration of grants and contracts awarded to a local government.

UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, and AUDIT REQUIREMENTS (the federal Uniform Grant Guidance) – Contains the requirements applicable to federal grant awards and cooperative agreements. Substantial revisions to the Uniform Grant Guidance were recently promulgated by the White House Office of Management and Budget (OMB) and became effective on October 1, 2024. These recent changes are included in this Grant Policies and Procedures Manual.

UNIQUE ENTITY IDENTIFIER (UEI) – An alphanumeric number assigned by the federal government for all entities, including grantees, who conduct business with the federal government. The UEI is assigned by the federal government through its System for Award Management website, or SAM.gov. The Office of Emergency Management is responsible for updating the registration for the City’s UEI annually, or as otherwise necessary.

B. TYPES OF GRANTS

ADVANCE FUNDING GRANT - A grant that provides up-front funding for future expenditures.

COMPETITIVE (DISCRETIONARY) GRANT - An award of financial assistance in the form of money, or property in lieu of money, by the federal government to an eligible grantee based on a competitive review process.

CONTINUATION GRANT - A continuation grant provides additional funding for budget periods subsequent to the initial budget period for a grant of any type or kind.

CONDITIONAL GRANT - A conditional grant involves one grant-maker seeking the involvement of others by making the proffered grant (which amount accounts for only a part of the total costs of a project) conditioned upon the remainder of the cost being funded from a different source.

³ This amount is \$5,000 for grants awarded prior to October 1, 2024.



COOPERATIVE AGREEMENTS & CONTRACTS - A type of federal assistance; essentially, a variation of a discretionary grant, awarded by a federal or state agency when the agency anticipates having substantial involvement with the grantee during the performance of a funded project. Involvement of the Grants Program Manager in cooperative agreements and interlocal agreements will be determined on an individual basis.

CORPORATE GRANT – A grant made by a corporate foundation.

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 one or more legislators. Typically, the City submits requests for projects to state and federal legislators who seek to obtain funds for those requests that are then usually spent in the district(s) the legislators represent. 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.

FEDERAL AWARD - Federal financial assistance (grant, cooperative agreement, loan, loan guarantee, 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 the State of Texas or the North Central Texas Council of Governments (NCTCOG). All federal funds are subject to the requirements of the federal Uniform Grant Guidance, found in 2 C.F.R. § 200, whether the funding comes directly from the federal government or a pass-through entity.

FORMULA GRANT - 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 is written into the legislation and program regulations. A formula grant is directly awarded and administered in the federal agency's program offices.

FOUNDATION GRANT – A grant made by a philanthropic foundation or organization.

PASS-THRU GRANT - Grant funds received from a grantor that the recipient thereof passes through to another grantee to accomplish the objectives of the initial grantor's program. The pass-through entity is responsible for monitoring the subrecipient and reporting the results of the pass-thru grant back to the grantor.

REIMBURSEMENT PROGRAM - 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.

STATE, COUNTY, OR LOCAL GRANT – A grant made by a state, county, or local entity, respectively. A local entity includes a school district or a component unit of a local government.

VI. ROLES AND RESPONSIBILITIES

CITY COUNCIL – City Council approval must be obtained in order to submit an application for grant funds and to accept grant funds. City Council approval must also be obtained for any related



budget amendment if the funds necessary to perform the grant are not then included in the approved annual budget.

CITY MANAGER – The official for the City of McKinney authorized to execute all grant documents. For grant applications and agreements, the City Council authorizes the City Manager to apply for, accept, reject, alter, or terminate grant agreements on behalf of the City.

CONTRACTOR – Contractors are hired to provide goods and/or services associated with the City’s performance of a grant agreement; however, such contractors are not directly responsible for ensuring the programmatic requirements of the grant agreement are met, or for making programmatic decisions regarding the grant agreement. Contractors differ from subrecipients in that contractors provide similar goods and services to all purchasers, not just the recipient, and normally operate in a competitive environment.

DEPARTMENT – When applying for a grant, the department of the City requesting the grant is responsible for ensuring the programmatic and financial requirements of the grant are executed and met, including but not limited to overseeing the work of any subrecipients or contractors, while complying with federal Uniform Grant Guidance and TxGMS. The department should also assign a Grant Support Specialist who remains in the role on a long-term basis and participates on the Grant Coordination Team. For each individual grant, the department assigns one or more Grant Project Implementers who remain in the role only for the specific grant’s period of performance.

FINANCE DEPARTMENT – The Finance Department, or Finance, is responsible for the following: setting up the grant project code and department access to the grant account; preparing the Schedule of Expenditures of Federal and State Awards with information provided by Grant Project Implementers and the Grants Program Manager; and coordinating and completing the requirements for the annual audit of grant programs (single audit) as required by the federal Uniform Grant Guidance and TxGMS. Finance also assists the department(s) administering grants with tracking grant expenditures and reimbursements, completing required grant financial reports, and reviewing grant reimbursement requests for accuracy.

GRANT COORDINATION TEAM – The Grant Coordination Team is a vital component to the City’s grant management process because it serves as the main channel of communication between departments and the Grants Program Manager on grant procedures, compliance, and support. Further, it improves internal transparency and consistency in grant management and can serve as a forum to identify and resolve any grant issues. The Grant Coordination Team is comprised of Grant Support Specialists from each department involved with grants. Meetings of the Grant Coordination Team are facilitated by the Grants Program Manager. The Grant Coordination Team is also responsible for annually reviewing these Grant Policies and Procedures and suggesting revisions to the Grant Policies and Procedures Manual as needed.

GRANT PROJECT IMPLEMENTER – Individual with subject matter knowledge on one or more ongoing grant projects who is responsible for the overall implementation and completion of an assigned grant project during the period of performance, with assistance, as needed, from the Grants Program Manager and, at department discretion, the department’s Grant Support Specialist. The Grant Project Implementer is responsible, among other activities, for the following: Obtaining the proper project code and account information from Finance prior to incurring program expenditures and using it on all purchase requisitions for the grant in the City’s financial management system; ensuring all grant-related expenditures are allowable and any changes are approved in writing in advance by the grantor; working with Procurement Services to ensure proper procurement procedures are followed for grant purchases; maintaining an accurate record



of revenues and expenditures, with assistance from Finance, for the grant account; filing required program reports; coordinating with Finance on required financial reports; communicating significant grant-related plans and activities to the Grants Program Manager, Finance, Procurement Services, and any other affected department; maintaining all grant documentation evidencing compliance with all grant regulations, certifications, and assurances; monitoring any subrecipients or contractors, if applicable; and, entering data regarding grant-funded equipment into the City's Grant-Funded Equipment Inventory Form.

GRANT SUPPORT SPECIALIST – Individual appointed by their department to attend meetings of the Grant Coordination Team, monitor grant-related work of Grant Project Implementors in their department and ensure that proper grant policies and procedures are followed, with assistance as needed, from the Grants Program Manager. The Grant Support Specialist also assists with the submittals of the Grant Information Form and Annual Grant Goals Form for their department. At department discretion and to help create efficiencies, the Grant Support Specialist may be responsible for any tasks assigned to the Grant Project Implementer.

GRANTEE – The individual or organization that is receiving grant funds, i.e. the City of McKinney.

GRANTOR – The individual or organization that is making funding for a grant available. The grantor may be a public or private corporation, philanthropic foundation or organization, or a local entity, county, state and/or federal agency.

GRANTS PROGRAM MANAGER – Individual responsible for maintaining citywide grant procedures and knowledge of public and private, local, county, federal and state grant requirements. This responsibility includes but is not limited to: staying abreast of grant opportunities and requirements; distributing grant opportunities to departments; submitting grant applications when required through a government online portal; assisting with content, as requested, for completing grant applications and reports; compiling necessary forms and data, as needed; assisting with grant award acceptance; ensuring financial accountability; and maintaining the grant-funded equipment inventory. The Grants Program Manager maintains the City's registration on the System for Award Management website, or SAM.gov, and maintains a shared, public file of common grant documents for staff to use. Also, the Grants Program Manager facilitates the Grant Coordination Team and assists the Grant Project Implementers and Grant Support Specialists in the performance of their responsibilities, as needed.

INFORMATION TECHNOLOGY (IT) DEPARTMENT – Provides input on all grants that include software or may touch a portion of the City's internal online network.

PASS-THROUGH ENTITY – A recipient or subrecipient that provides a subaward to a subrecipient (including lower tier subrecipients) to carry out part of a grant program. The authority of the pass-through entity generally flows through the subaward agreement between the pass-through entity and subrecipient. Pass-through entities are responsible for monitoring the subrecipient's efforts. Also, the pass-through entity is responsible for determining, on a case-by-case basis, whether the entity it is providing the funds to is a subrecipient or a contractor.

PROCUREMENT SERVICES DEPARTMENT – Assists with making grant-funded purchases and ensures that proper procurement procedures are followed.

RECIPIENT – An entity that receives grant funding directly from a federal agency or other awarding grantor to carry out an activity under a federal program or other grant program. If the recipient provides a portion or all the grant funds to a subrecipient, then the recipient is also known



as a pass-through entity. Please see the definition for “Pass-Through Entity” for additional responsibilities. The term “Recipient” does not include “Subrecipients”, which are defined herein below. 2C.F.R. § 200.1.

SUBRECIPIENT – An entity who carries out a portion of the state or federal award and, in return for that effort, receives funds from the award, i.e. a subaward, from the recipient, which would also be known as a pass-through entity in this instance. Subrecipients differ from contractors, who provide goods and services on the open market, because subrecipients have responsibility for programmatic decision-making and adherence to the state or federal award’s requirements. Thus, their efforts help the project meet its public purpose authorized by the grant documentation. Subrecipients must undergo a risk assessment and enter into an agreement with the recipient regarding the required performance and deliverables. Subrecipient’s efforts and expenditures are monitored by the pass-through entity or recipient. The term subrecipient does not include a beneficiary or participant.

VII. IMPLEMENTATION OF THE 2024 FEDERAL UNIFORM GRANT GUIDANCE

The federal Uniform Grant Guidance, 2 C.F.R. § 200, establishes the requirements that all recipients of federal financial assistance must follow. The vast majority of grants applied for and received by the City are federally funded, including many grants administered by a state agency. The federal Uniform Grant Guidance was first promulgated in 2014 by the White House Office of Management and Budget (OMB) by consolidating various government circulars. Later, revisions to the federal Uniform Grant Guidance were finalized in 2020 along with some amendments in 2021. This 2020/2021 version is the version most grantees and federal agencies have come to know. Recently, on April 22, 2024, substantial revisions to the federal Uniform Grant Guidance were finalized in the Federal Register with an effective date of October 1, 2024. These most recent revisions are explained as being intended, among other things, to clarify administrative processes, reduce recipient burden, and better connect programs needing funding with federal financial assistance.

The effective date of the 2024 federal Uniform Grant Guidance, October 1, 2024, needs to be emphasized and highlighted in these Grant Policies and Procedures because the application of the new provisions in the 2024 federal Uniform Grant Guidance are not retroactive in nature. This means that the release of the 2024 federal Uniform Grant Guidance starts a period of transition between the phasing out of the 2020/2021 Uniform Grant Guidance requirements and the phasing-in of the 2024 federal Uniform Grant Guidance requirements. **Therefore, departments need to be aware of whether the grant they are working on was awarded before or after October 1, 2024, because this date generally determines whether the 2020/2021 or 2024 federal Uniform Guidance requirements apply to the grant.** Notwithstanding the foregoing, please note that federal agencies possess the limited ability to apply the 2024 federal Uniform Grant Guidance backwards to a date no earlier than June 21, 2024.

Because departments need to be aware of both the 2020/2021 and the 2024 federal Uniform Grant Guidance, these Grant Policies and Procedures provide information on both requirements. The 2024 version’s requirements will be footnoted or specified in the text. If you encounter any problems in this regard, please consult with the Grants Program Manager.

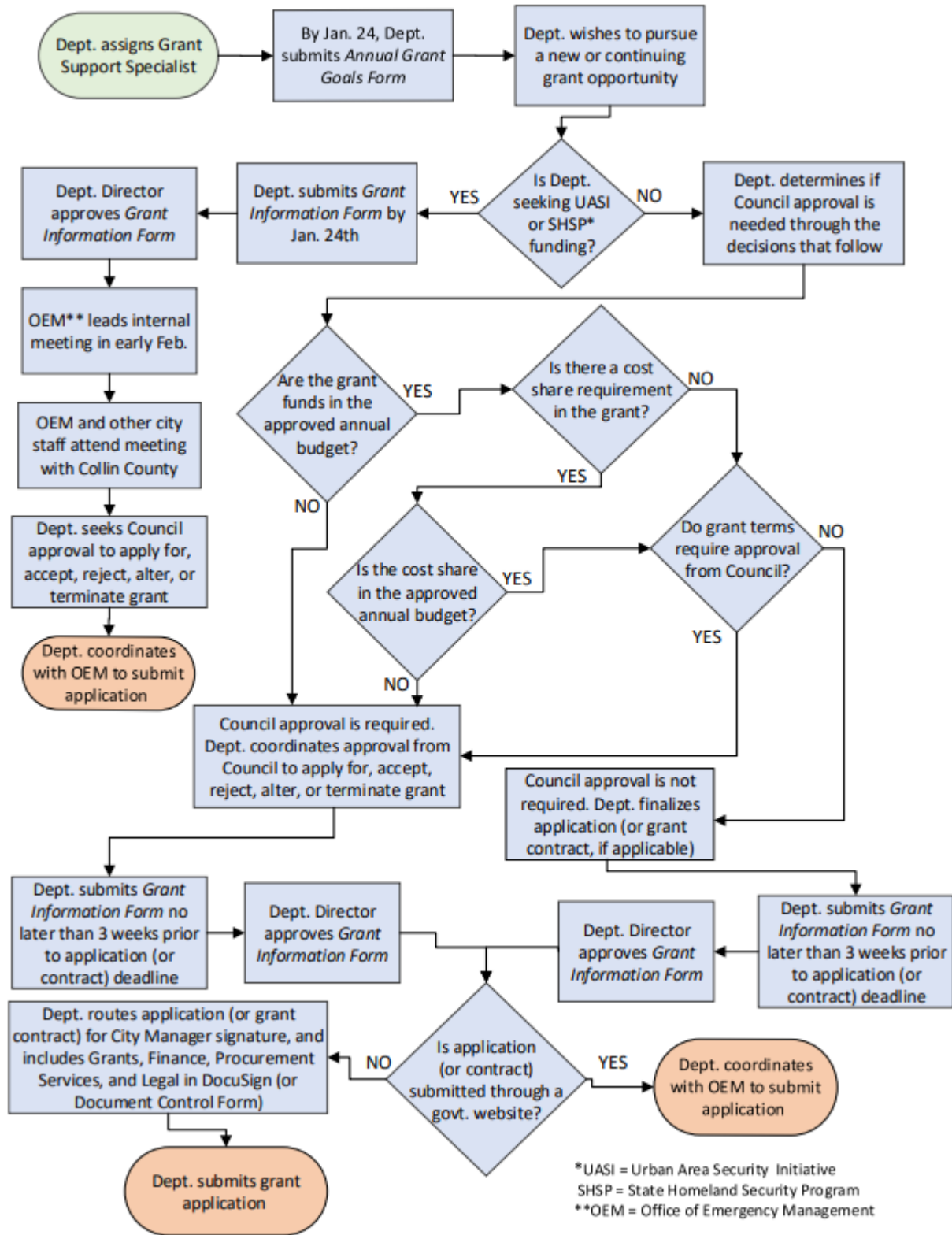


VIII. GRANT PROCEDURES OVERVIEW

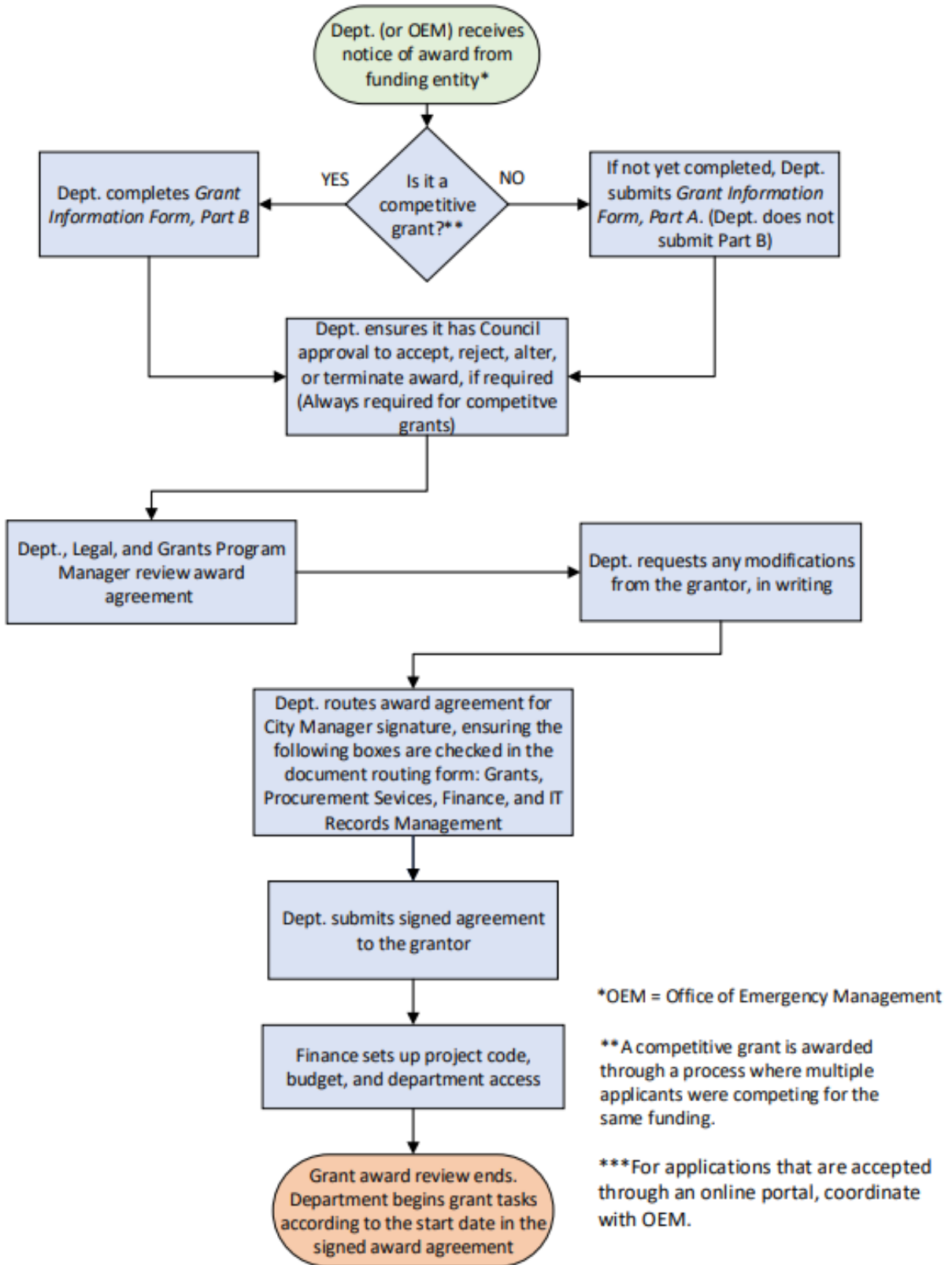
The next three pages contain flowcharts of the three phases of the grant process: application/renewal, award acceptance, and grant administration. These flowcharts highlight the important, critical steps of the grant process for easy digestion and, as such, are not intended to include minor details. The minor details can be found within the text of this document.

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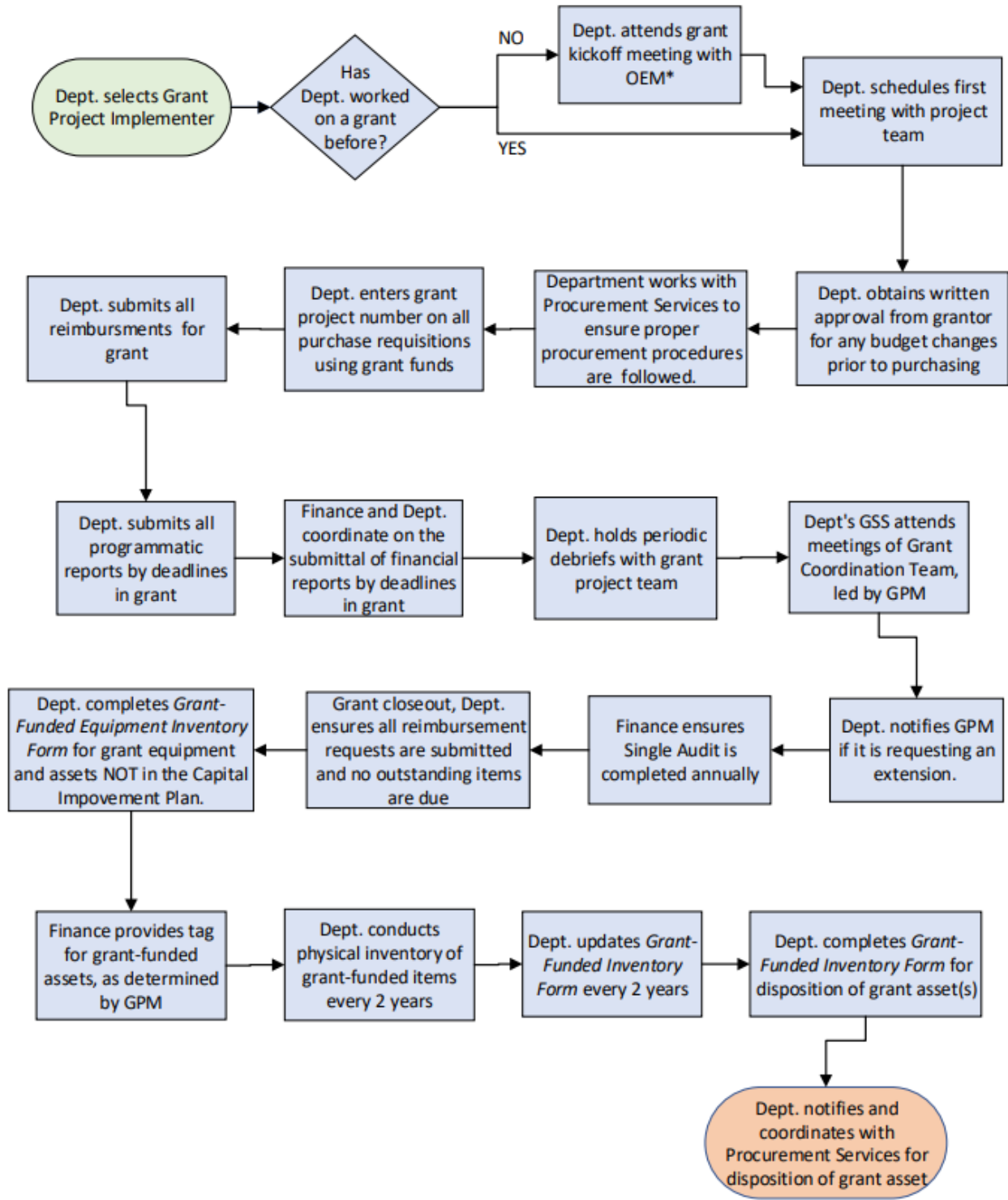
Grant Application / Renewal Process, City of McKinney



Grant Award Review Process, City of McKinney



Grant Administration, City of McKinney



*OEM = Office of Emergency Management

**GPM = Grants Program Manager
GSS = Grant Support Specialist

IX. PRE-AWARD POLICIES AND PROCEDURES

A. PRE-APPLICATION PREPARATION

Prior to seeking grant opportunities, departments should complete these tasks:

- Assign a Grant Support Specialist, and
- Submit the Annual Grant Goals Form by January 24th of each year.

The Grant Support Specialist is a role that should be held continuously in the department and should not change from grant to grant. The constancy of the Grant Support Specialist role and this staff member's participation with the Grant Coordination Team will help the department build and maintain knowledge of the grant process and develop best practices. This constancy will also create efficiencies and prevent re-learning internal grant procedures with every new grant awarded, thereby allowing department staff to focus on grant project planning or grant implementation. More details regarding the responsibilities of the Grant Support Specialist and the Grant Coordination Team can be found herein above in Article VI, Roles & Responsibilities.

The Annual Grant Goals Form, due by January 24th of each year, seeks general information regarding each department's priority needs that could be met with grant funding, including how those needs align with City goals and objectives. Departments that wish to pursue grant funding must fill out this form. The responses assist the Office of Emergency Management in making grant searches and the distribution of grant opportunities to departments for consideration.

After those two steps are completed, departments may begin researching grant opportunities. Factors to be considered when deciding whether to apply for a grant include:

Financial –

1. Total anticipated project cost,
2. Match requirements and sources,
3. Program income considerations, and
4. Staffing requirements (including salary and benefits increases for multi-year grants).

Programmatic –

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

Once a department has found a grant funding opportunity to pursue, the next step is to:

- Plan for City Council approval.

City Council approval must be obtained in order to submit an application for grant funds and to accept grant funds. City Council approval must also be obtained for any related budget amendment, if the funds necessary to perform the grant are not then included in the approved annual budget. There are some rare occasions where City Council approval is not needed.



Continuation grants may not have to be reappraised annually if the entirety of the funding was encumbered in advance, unless required by the terms of the grant or there has been a change to the City's proportionate cost share of the grant. The originating department is responsible for ensuring that the agenda item(s) required for applying for and accepting a grant is prepared and submitted to City Council in a timely manner. If City Council is not meeting during the grant application window, the grant submission may in some instances be approved by the City Manager if all other grant routing approvals have been given.

After planning for City Council approval and prior to submitting a grant application and/or proposal to any federal, state, or other entity, the originating department should:

- Submit Part A of the Grant Information Form, no later than three weeks prior to the grant application deadline or renewal date, and
- As soon as possible, appoint a single point-of-contact for the grant, a Grant Project Implementer.

The Grant Information Form contains two parts, Part A and Part B. Most departments will only need to submit Part A. The purpose and timing of Part B is explained in Section X., Award Acceptance. Part A of the Grant Information Form should be submitted as soon as possible after a department decides to pursue a grant opportunity or renew an existing grant, but no later than three weeks prior to the application or renewal deadline for the intended grant. The Grant Information Form requests basic information about the grant and requires communication with Finance and Procurement Services. If applicable to the specific grant's goals, additional communication is required with (a) Information Technology for any software purchases or any grant tasks impacting internal networks, and (b) Fleet Services for any licensed on-road or off-road vehicle purchase. Upon completion, the Grant Information Form automatically routes via email to the Department Director for approval. After Director approval, the Grant Information Form is considered "complete" and is emailed to an internal group to facilitate early notification and planning regarding the grant.

As early as possible in the grant process, the department should appoint the Grant Project Implementer as the single point of contact for an individual grant. This staff member should oversee all the tasks of the grant project ensuring the tasks are completed on time and all the grant requirements are met. One key responsibility of the Grant Project Implementer is to periodically inform the Grants Program Manager, Finance, and Procurement Services regarding the progress or status of the grant during the period of performance. At department discretion, the Grant Support Specialist may be responsible for any tasks assigned to the Grant Project Implementer. More information about the role of the Grant Project Implementer can be found in Section VI entitled Roles and Responsibilities.

To assist with gathering information for grant applications, the Grants Program Manager maintains a folder of common grant information on the Office of Emergency Management's SharePoint page. The folder contains information including, but not limited to, the Unique Entity Identifier number, tax information, and documentation of the City's cybersecurity training efforts. Ask the Grants Program Manager or your department's Grant Support Specialist for the exact location of this folder.

The Urban Areas Strategic Initiative ("UASI") Program and the State Homeland Security Program ("SHSP") grants follow a slightly different application process because external coordination with the regional Urban Area Working Group is needed prior to the application submittal. The Office of



Emergency Management will lead this coordination. Internal preparation is key and must occur early in the calendar year. Departments applying for UASI or SHSP grants must complete a Grant Information Form for their proposed grant projects on or before January 24th of each year and attend one or several internal meetings led by the Office of Emergency Management regarding the grant application process. City Council approval for UASI and/or SHSP grants must occur early in the calendar year, and grant application submission to the state agency and NCTCOG is required between January and April of the year depending on the particular grant and the timing of the federal budget that funds these two grant programs.

B. APPLICATION SUBMISSION

There are three items to address, after obtaining City Council approval, when submitting a grant application:

1. Determine whether the grant is submitted through an online portal managed by the Office of Emergency Management;
2. Obtain the City Manager's signature; and
3. Plan to save all grant documents electronically for online submission, if available, in addition to saving all such documents as required by the applicable provisions of the City's Records Retention Schedule.

Most grant applications are submitted through an online portal, especially grants from a federal or state agency. The Office of Emergency Management manages the City's accounts for many government grant portals such as Grants.gov, which is the primary website for submitting federal applications. Prior to the application deadline, be sure to coordinate with the Grants Program Manager to discuss how your application will be submitted and follow through with the approval and submission processes accordingly.

After City Council has approved the grant submission and the grant application is complete the Grant Project Implementer will need to obtain the signature of the City Manager, the authorized official for the City on all grant documents, prior to submitting the grant application to the grantor. If the grant application must be submitted through a state or federal website portal, the department is responsible for coordinating with the Grants Program Manager to obtain the City Manager's signature and make the final submittal through the portal. Departments are to allow sufficient time when finalizing their application for this coordination to take place. If the grant application is not submitted through a grant portal, then the department is solely responsible for routing the grant application either with the Document Control Form coversheet or electronically through DocuSign for appropriate approvals and the City Manager's signature. On the Document Control Form or in DocuSign, the department must check the following boxes for review of the application: Executive Director or Director, Grant Administrator, CFO/Finance, Procurement Services, City Attorney, and City Manager. If the grant impacts IT, then the IT Director box must also be checked. After obtaining the City Manager's signature, the department is then responsible for submitting the application to the grantor. The Grants Program Manager and the department's Grant Support Specialist will be available to assist the department with the application and required documents.

A copy of the grant application should be provided to the Grants Program Manager if the grant application is not available for view in an online grant portal. All grant-related documents, from the application to grant closeout, must be saved by the department that submits the grant. This



documentation includes any significant correspondence with the grantor, the application, award, and all documentation related to procurement as well as all financial and programmatic reporting.

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

The Grants Program Manager, as designated by the City Manager, will be listed as a Point of Contact (POC) on all grants in addition to the Grant Project Implementer (or other department contact) for each such grant.

X. AWARD ACCEPTANCE

A. AWARD REVIEW

Upon notification of a grant award by the funding entity, two immediate steps need to be taken:

1. If the awarded grant was obtained through a competitive process, where multiple applicants are vying for the same funding award, Part B of the Grant Information Form should be completed in order to notify key staff about the pending award; and,
2. If not already addressed, the department is required to determine whether and when to obtain City Council approval prior to accepting any grant award.

Once those steps are completed the Grant Project Implementer and the Grants Program Manager will review the grant for any special conditions including any services or assistance required from, and any impacts placed on, the Procurement Services and Information Technology departments in the performance of the grant project. If the grant award impacts Fleet Services, they must also be provided with an opportunity to review the grant as well. After this internal review, if changes are needed, the department seeking the grant should obtain those changes from the funding entity in writing or decline the proposed grant award.

B. ACCEPTANCE OF AWARD

Three steps need to be completed after review of the grant agreement or contract documents so the grant award can be accepted.

1. The grant agreement/contract must be routed through Document Control Form or DocuSign for signature by the City Manager or designee. The following boxes are required to be checked in the Document Control Form or DocuSign for all grant agreements: Executive Director or Director, Grant Administrator, Procurement Services, CFO/Finance, City Attorney, and IT Records Management. If the grant impacts IT, then the IT Director box must be checked.
2. If the agreement is routed through Document Control Form rather than DocuSign, a copy of the signed grant agreement must be provided to Finance, the Grants Program Manager, and the IT Records Manager.

3. The Finance Department will set up amounts/categories for project budget and departmental account access. Grants awarded to the City may, depending on the circumstances and compliance with the requirements of state law, be used to increase the authorized total project budget.

C. SUBRECIPIENTS

If there is a subrecipient assisting with meeting the grant award requirements and receiving funds from the grant award, the City will be acting as a pass-through entity for the grant award. In the role of a pass-through entity, the City is required to ensure the subrecipient complies with federal, state, and grantor requirements. The City of McKinney as a pass-through entity will be responsible for performing the following requirements with a subrecipient:

1. Complete a risk assessment of the subrecipient;
2. Create a financial and programmatic monitoring plan of the subrecipient's work and expenditures based on the results of the risk assessment;
3. Obtain lobbying certifications from the subrecipient for subawards exceeding \$100,000, or any lesser amounts as may be required by the particular grant;
4. Confirm that the subrecipient satisfies the grant requirements for participation and is not suspended or debarred in SAM.gov;
5. Enter into a properly awarded and executed written agreement with the subrecipient that outlines agreed-upon deliverables, timelines for reimbursements, and reporting requirements; and
6. File all subawards over \$30,000 with the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS), (Appendix A to 2 C.F.R. pt. 170, (2)).

For assistance with these steps, please contact the Grants Program Manager. For information on subrecipient monitoring that the City undertakes on behalf of the McKinney Urban Transit District ("MUTD") for its transit program, please contact the Transit Administrator.

XI. POST-AWARD POLICIES AND PROCEDURES

A. GRANT ADMINISTRATION AND COMPLIANCE

After the grant is awarded, the department must complete three tasks:

1. If not already completed, select a Grant Project Implementer as the main contact for the grant;
2. If the department has not worked on a grant before, schedule a kickoff meeting with the Grants Program Manager; and
3. Create a project team for the grant that includes the Grant Project Implementer, the department's Grant Support Specialist, the Grants Program Manager, Procurement Services, Finance, and any other affected departments. The Grant Project Implementer



will schedule periodic meetings and updates with this project team throughout the grant's period of performance.

The department awarded the grant, acting through the Grant Project Implementer, is responsible for the overall performance and completion of the grant and compliance with applicable statutes, regulations, and terms of the grant award with assistance, as needed, from the department's Grant Support Specialist and the Grants Program Manager. Specifically, this work includes submitting programmatic reports, making grant expenditures, ensuring grant expenditures are allowable, receiving written approval from the grantor for any changes to the grant, and coordinating with Finance regarding reimbursements and financial reports. This also includes maintaining any documentation demonstrating compliance with the grant requirements. As it relates specifically to the acquisition of busses utilizing grant funds from the Federal Transit Administration ("FTA"), pre-award and post-delivery certifications and audits will be completed in compliance with federal regulations including but not limited to "Altoona Bus Testing."⁴ At department discretion, the Grant Support Specialist may assist the Grant Project Implementer with the grant project. The Grant Administration flowchart in Section VIII provides a general overview of the procedures required when administering a grant award. (Please note that there may be some additional or alternative procedures for certain grants.)

The following sections provide more detail about the tasks involved in grant administration and grant compliance. These sections address procurement policies and procedures for grants, expenditures, reimbursements, the City's financial management system, reporting, the process for the annual single audit for grants, the grant-funded equipment inventory, grant document maintenance and retention schedules, grant closeout, and assurances.

B. PROCUREMENT POLICIES AND PROCEDURES

Following proper procurement procedures of the City, the State of Texas, and the federal Uniform Grant Guidance in 2 C.F.R. § 200 is essential. If proper procedures are not followed, expenditures will be reimbursed to the grant from non-grant departmental funds.

1. The City of McKinney is required to follow the State of Texas' municipal procurement laws. These laws are generally set out in Texas Local Government Code Chapter 252. There are other requirements that may apply to a specific type of procurement or component related to municipal procurement set out in other chapters of the Texas Local Government Code and the Texas Government Code. In addition, procurements involving federal funds require compliance with certain federal regulations in addition to the State of Texas requirements. To simplify compliance with all of these regulations the City of McKinney has adopted a Procurement Policies and Procedures Manual that must be followed in the procurement process. The City of McKinney Procurement Services Department, in consultation with the City Attorney, shall make all final determinations on correct procurement procedures under state and federal regulations. Where there is a conflict between state or federal law procurement requirements and any procurement procedures required by the grant, the more stringent procedure will apply with certain constitutional exceptions.

⁴ Provided through the Larson Transportation Institute's Bus Research and Testing Center, located in Altoona, Pennsylvania, established in 1989 with funding provided by the Federal Transit Administration.

2. 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. The procurement method must comply with both state and federal statutory requirements.
3. Time-and-materials contracts in which the contractor charges a single rate that includes overhead and profit for labor and materials are billed at cost are a restricted type of procurement. Time-and-materials contracts often result in an indeterminate amount being charged. Recipients are not permitted to use Federal Transit Administration (“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.
4. When making a purchase with federal funds, the Grant Project Implementer will review the Excluded Parties List 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.
5. 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 C.F.R. Part 200 Subpart E – Cost Principles. In this regard, it must be noted that Texas law does not allow a municipality to incur an unfunded debt. Estimated costs for a particular contract would be required to be limited by a “not to exceed” dollar amount.
6. Prohibition of cost-plus a percentage of cost contracts: The “cost plus a percentage of cost and percentage of construction cost” methods of contracting may not be used on some grant-funded contracts.
7. Before acquiring capital, controlled, or equipment assets with grant funds, please refer to section XI. H. for specific procedures on how to track the assets.
8. All procurement activities will follow a free and open competitive process and purchasing decisions shall be documented. The City will contract with local businesses and small, minority, veteran, and /or women-owned businesses to the greatest extent feasible subject to compliance with state and federal laws and regulations.
9. Domestic preferences for procurements: The federal Uniform Grant Guidance, as stated in 2 C.F.R. § 200.322, requires that, “to the greatest extent practicable and consistent with law, “recipients and subrecipients (of federal funds) must provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products).” These requirements are to be included in all subawards, contracts, and purchase orders.

- a. Compliance with Buy America: Recipient's procurements must comply with Buy America requirements in 49 U.S.C. § 5323(j) and 49 C.F.R. pts. 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).
- b. Compliance with Build America, Buy America Act ("BABAA"): BABAA, which was included in the Infrastructure Investment and Jobs Act, (Public Law 117-58 (2021), Section 70901) went into effect on May 14, 2022. Its intent is to capture projects for domestic procurement not already included in the Buy America requirements, specifically infrastructure projects. Infrastructure should be interpreted broadly. Specifically, it is defined as "any activity related to the construction, alteration, maintenance, or repair of infrastructure in the United States regardless of whether infrastructure is the primary purpose of the project." (2 C.F.R. pt. 184). BABAA requires that all the iron, steel, manufactured products, and construction materials incorporated into the infrastructure project be produced in the United States. To meet the BABAA requirements for iron and steel, all the manufacturing processes, from the initial melting stage through the application of coatings, must have occurred in the United States. For manufactured products, the cost of the components that are mined, produced, or manufactured in the United States must be greater than 55% of the total cost of all the components of the manufactured product. For construction materials, all the manufacturing processes for the construction material must have occurred in the United States. Note that Federal Emergency Management Assistance ("FEMA") disaster financial assistance programs are excluded from BABAA requirements.

To demonstrate compliance with BABAA, all contracts, bids, or offers for federally funded infrastructure projects, awarded on or after May 14, 2022, must include a clause requiring adherence to BABAA and a contractor self-certification that all work and materials have complied with BABAA requirements. An additional optional step would be to obtain manufacturer certifications for BABAA with all applicable submittals.

Each federal department or agency has its own general applicability waivers to BABAA requirements so be sure to check the funder's waiver requirements during the procurement process.

10. Procurement of recovered materials: The federal Uniform Grant Guidance states in 2 C.F.R. § 200.323 that the recipient or subrecipient must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Chapter 6962. This federal statute requires procuring only items designated in the guidelines of the Environmental Protection Agency ("EPA")



at 40 C.F.R. pt. 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the items exceeds \$10,000. Further, the federal Uniform Grant Guidance requires grantees, to the greatest extent practicable and consistent with law, to purchase, acquire, or use products and services that can be reused, refurbished, or recycled; contain recycled content, are biobased, or are energy and water efficient; and are sustainable. This may include purchasing compostable items or reducing the use of single-use plastic products.

11. All contracts made by a non-federal entity involving the use of federal funds must include provisions that cover the requirements found in 2 C.F.R. pt. 200, Appendix II.
12. For all projects receiving Federal Transit Administration (“FTA”) assistance, the City of McKinney will comply with the most current version of the FTA Master Agreement, as amended annually. The provisions of the FTA Master Agreement are hereby incorporated by reference into this Article XI to the extent required and necessary to administer projects receiving FTA financial assistance in accordance with such agreement.

C. EXPENDITURES

The Grant Project Implementer is responsible for the administration of the grant-funded program and as such, generally makes grant expenditures. The Grant Project Implementer is responsible for following proper procedures for the purchase of grant-funded items.

1. Prior to incurring program expenditures, the Grant Project Implementer should contact Procurement to determine the correct process for acquiring any necessary services, materials, supplies, and equipment to perform and complete the grant project.
2. Prior to incurring program expenditures, the Grant Project Implementer should also contact Finance to determine the proper coding of program expenditures.
3. For budgeting purposes, grant purchases, with a value of less than \$10,000 are classified as "Supplies." Purchases of \$10,000 or more including shipping and taxes are classified as "Equipment." For awards made prior to October 1, 2024, the threshold for the distinction between “Supplies” and “Equipment” remains \$5,000.

D. REIMBURSEMENTS

1. Expenditures and reimbursements will be tracked by the Finance Department.
2. Reimbursement requests will be coordinated between the Grant Project Implementer and the Finance Department.
3. 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.



4. 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.
5. The Grants Program Manager should be informed of and have access to all reports filed by the Grant Project Implementer.
6. If the Grant Project Implementer submits the reimbursement request:
 - a. A copy of the reimbursement request must be emailed to Finance at revenues@mckinneytexas.org, and include the grant name, project number, and reimbursement amount in the body of the email.
 - b. The Grant Project Implementer should send the check, the deposit form, the grant/award reimbursement request, and any state and/or federal financial reporting forms to the Finance Department. Use this email to send grant financial information: revenues@mckinneytexas.org.
 - c. 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 Grants Program Manager.
 - d. If grant funds are received via a wire transfer/ACH, email notifications should be set up with the Finance cash manager's email address.

E. FINANCIAL MANAGEMENT

The financial management system provides for:

1. 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 Assistance Listing Number, funding opportunity number, year, name of the federal agency, and name of the passthrough entity, as applicable.
2. Accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting requirements set forth in 2 C.F.R. § 200.328.
3. Records that sufficiently identify the amount, source and expenditure of federal funds for grant programs and related contracts. These records must contain information necessary to identify federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest. All such records must be supported by source documentation.
4. Effective control over and accountability for all funds, property, and assets acquired with federal funds. The City must safeguard all assets and ensure that they are used solely for authorized purposes in accordance with 2 C.F.R. § 200.302(4).
5. Comparison of expenditures with budget amounts for each federal award.
6. Written procedures to implement the requirements of C.F.R. § 200.305, Federal Payment:

- a. Payment methods must minimize the time elapsing between the transfer of funds from the federal agency (or City, when acting as a pass-through entity of federal funds) and the expenditure or disbursement of funds by the City whether the payment is made by electronic funds transfer or any other means.
 - b. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the recipient for the direct program costs of the award.
7. Written procedures for determining the allowability of costs must be in accordance with 2 C.F.R. pt. 200, Subpart E - Cost Principles, and the terms and conditions of the Federal award. Costs must:
- a. Be necessary and reasonable for the performance of the federal award and be allocable thereto under these principles.
 - b. Conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amount of cost items.
 - c. Be consistent with policies and procedures that apply uniformly to all activities of the City, federally financed or not.
 - d. Be accorded consistent treatment. A cost must 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.
 - e. Be determined in accordance with generally accepted accounting principles (“GAAP”).
 - f. 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.
 - g. Be adequately documented.
 - h. Administrative closeout costs may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the federal agency. All other costs must be incurred during the approved budget period. At its discretion, the federal agency is authorized to waive prior written approvals to carry forward unobligated balances to subsequent budget periods.

F. REPORTING

1. All financial reports will be completed and submitted as a coordinated effort between Finance and the Grant Project Implementer and/or, at department discretion, the Grant Support Specialist.

2. Programmatic reports will be compiled and submitted by the Grant Project Implementer and/or, at department discretion, the Grant Support Specialist. These reports should include sufficient content that describes the progress on major milestones, reasons for any delays, and level of effort.
3. All reports should be submitted according to the instructions and, if provided, templates provided by the grantor.
4. All reports must be submitted by the deadlines indicated in the grant award. Failure to timely submit receipts is harmful to all of the City's grant efforts.

G. SINGLE AUDIT

The Grant Project Implementer shall provide Finance with a copy of all documents pertaining to any grant awarded to the City to facilitate an external agency audit and preparation of the necessary audit schedules pertaining to the grant. Finance is responsible for preparing a Schedule of Expenditures of Federal and State Awards with information provided by the Grants Program Manager and Grant Project Implementer for each grant accepted by the City. Finance then coordinates the annual audit of grant programs (single audit) as promulgated by the federal Uniform Grant Guidance in 2 C.F.R. pt. 200. If the City expends grants/awards totaling \$1,000,000 or more during the City's fiscal year,⁵ 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 2 C.F.R. pt. 200.

H. GRANT-FUNDED EQUIPMENT: USE, TRACKING, AND DISPOSITION

1. Purpose.

State and Federal regulations as well as Grant contracts and agreements should define how grant-funded goods, products, or materials should be classified and how they shall be inventoried. Any grant-funded good, product, or material that meets the definition of a "capital asset," or "equipment," or is considered a "controlled asset" must be maintained and inventoried by the City of McKinney.

2. Purchase.

According to the federal Uniform Grant Guidance in 2 C.F.R. § 200.313 and the Texas Grant Management Standards (page 25), equipment acquired entirely or in part with grant funds will vest upon acquisition in the City unless otherwise stated in the award. However, the title to the equipment is conditional unless a federal statute authorizes the federal agency to vest title in the recipient or subrecipient without further responsibility to the federal government and the federal agency so acts. A conditional title means that a clear title is withheld by the grantor agency until conditions and requirements specified in the terms and conditions of the award have been fulfilled. To meet these conditions, the City must adhere to the requirements listed below plus any other conditions added by and through the grant documents.

⁵ This amount was only \$750,000 for awards made before October 1, 2024.

3. Use.

All assets purchased with grant funds are to be used for the duration of the grant project or program for which it was acquired and for as long as needed, whether or not the project or program continues to be supported by the grant award. While the equipment is being used for the originally authorized purpose, the City must not dispose of or encumber its title or other interest without the approval of the federal, state, or regional agency. 2 C.F.R. § 200.313(c)(1).

4. Tracking & Tagging.

a. Equipment tracking must be managed pursuant to the requirements outlined in 2 C.F.R. § 200.313(d)(1). Grant-funded equipment with a per-unit value of \$10,000⁶ or more, capital assets, or items defined as a “controlled asset” by the Texas Comptroller or a State of Texas grant funding agency, are defined as grant assets and must be tracked by the City throughout the life of the grant. Information on grant-funded equipment should be submitted on the Grant-Funded Equipment Inventory Form soon after its purchase. (The login information for this form can be found on the City intranet under “Tools” and “Grants.”) Any changes to the condition or location of the equipment must also be submitted on the form.

b. The Finance Department and the Grants Program Manager shall coordinate to arrange tagging of items. All grant-funded capital assets, or controlled equipment should be tagged or marked as explained in this provision. Contact the Grants Program Manager for specific tagging instructions. Tags should contain the following information that should also be included in the information provided in the Grant-Funded Equipment Inventory Form:

(1) Grantee name;

(2) Inventory number; and

(3) Funding source (i.e. U.S. Department of Homeland Security “DHS”).

c. Each item must be assigned a unique inventory number and previously assigned numbers should not be reused. Tag inventory numbers must be reflected as a column in the Grant-Funded Equipment Inventory Form and must correspond with the asset data. Tags should be visible and easily accessible during the inventory.

d. Tagging or marking is considered acceptable when the tag or mark can be removed only intentionally or through considerable effort. If the item is too small to be tagged, the tag may be placed on the item’s storage container. The item and inventory number are added to the Grant-Funded Equipment Inventory.

⁶ This amount was only \$5,000 for grants awarded before October 1, 2024.

- e. The Grant-Funded Equipment Inventory Form collects the following required information, per the federal Uniform Grant Guidance (2 CFR 200.313 (d)(1):
- (1) Description – A brief description of the equipment (e.g. portable radio) in addition to the tagging or marking information described in this section.
 - (2) Serial Number – This may be the manufacture’s serial number, model number, Federal stock number, national stock number, or other identification number.
 - (3) Source of the property (including the FAIN) – The source of the property and the FAIN are two separate elements. The Federal Award Identification Number may be found on your Statement of Grant Award. The source of the property would be the project title or seven-digit grant number.
 - (4) Title ownership - Typically, this will be the City holding the title conditionally. For example, the “City of McKinney” would be the title holder. An individual person would not be the title holder even if the property was issued to them.
 - (5) Acquisition date - This is the date that the property was received by the agency.
 - (6) Cost of the property - This should be the total cost of the property (i.e. what the jurisdiction paid for the item), not just the amount paid by the sub-grant.
 - (7) Percent of federal participation - Enter the percentage of the cost of the property that the grant funds covered. For example, if the total cost of the property was \$100,000 and a federal grant paid for \$50,000, the percent of federal participation would be 50%. If multiple federal grants paid for the entire cost of the equipment, you would enter 100%.
 - (8) Location - The location should be detailed enough so that the person conducting a physical inventory of the equipment knows where to look for the item (e.g. Patrol unit #512; ABC County Courthouse room 302; XYZ Tower Site; etc.) Simply using Collin County or McKinney PD would not be sufficient for location.
 - (9) Use - Provide a description of how the item is actually being used. This may be a brief phrase that should reflect the grantee’s understanding that the use of the equipment may be restricted by the grant funds used to purchase it. For example, the “use” description for a vehicle purchased for emergency response of the Emergency Management team might be “emergency response”, the “use” for a computer purchased for the Emergency Operations Center might be “intelligence and information sharing”, or “emergency search and rescue”, or the “use” for radios might be “emergency communications” rather than just “communications.”
 - (10) Condition - Enter the general condition of the property. In general, the following categories, or something similar, would be appropriate:
 - i. Excellent. Property that is in new condition or unused condition and can be used immediately without modifications or repairs.
 - ii. Good/Usable. Property which shows some wear but can be used without significant repair.

- iii. Poor/Repairable. Property which is unusable in its current condition but can be economically repaired.
- iv. Salvage. Property which has value in excess of its basic material content, but repair or rehabilitation is impractical and/or uneconomical.
- v. Scrap. Property which has no value except for its basic material content.

5. Inventory.

The Grants Program Manager will be responsible for maintaining a database on all equipment and controlled assets. A physical inventory and reconciliation of the grant assets will be performed by the Grants Program Manager and Grant Project Implementer at least once every two years. As physical inventories are regularly conducted every two years and equipment is removed from use or moved to a new location, departments administering the grant shall make appropriate entries to update the inventory database accordingly using the Grant-Funded Equipment Inventory Form. These updates shall include such information as date of last inventory, changes in location of the equipment, condition of equipment, and annotating "disposed, obsolete, auction" in the Use/Disposition Data, or Notes field to identify disposed equipment. The disposal date, method, and price (if applicable) shall also be entered.

6. Disposition.

When equipment acquired under a grant or sub-grant is no longer needed for the original project, program, or for other activities currently or previously supported by a federal, state, and/or a regional agency, and the equipment is proposed to be disposed of, sold, or transferred, the department that administered the grant must request disposition instructions from the federal, state, or regional agency if required by the terms and conditions of the award. Internal coordination is also required at this time. The department shall notify Procurement Services about the proposed or anticipated disposition and inform Procurement Services that the equipment is grant-funded.

- 1) If the City is not required to obtain disposition instructions by the terms and conditions of the award, the equipment shall be disposed of as follows. If the value of the equipment is \$10,000⁷ per unit or less the equipment may be retained, sold, or otherwise disposed of in accordance with the requirements of state law and the City's Procurement Policies and Procedures, with no further responsibility to the federal, state, or regional agency administering the grant. The details of this disposition must then be submitted on the Grant-Funded Equipment Inventory Form.
- 2) If disposition instructions are requested and there are no disposition instructions provided within 120 days after requesting them from the federal, state, or regional

⁷ This dollar amount is \$5,000 per unit or less for grants awarded before October 1, 2024.

agency and the equipment has a fair market value equal to or exceeding \$10,000⁸ per unit, then the equipment may be retained or sold. If the equipment is sold, the grantor agency is entitled to an amount equal to the percentage of the grantor agency's share of the equipment multiplied by the current fair market value or proceeds from the sale. The federal, state, or regional agency may permit the City to retain from the federal share \$1000 of the proceeds to cover expenses associated with the selling and handling of the equipment. The details of the disposition must then be submitted on the Grant-Funded Equipment Inventory Form.

Title to supplies acquired under a federal award will vest with the recipient upon acquisition. Staff are encouraged to use as much of the supplies acquired for the project as possible. If there is a residual inventory of unused supplies exceeding \$10,000⁹ in aggregate value at the end of the grant project, contact the Grants Program Manager. Upon completion of all the proper procedures for disposition, all details of the disposition of equipment and controlled assets must be submitted to the internal Grant-Funded Equipment Inventory Form.

I. DOCUMENT MAINTENANCE AND RETENTION

Grant records for reports, expenditures, reimbursements, supporting documentation and all other documents pertinent to the administration of the grant, must be retained by departments for three years from the date of submission of the final financial report. For continuing grants or grants that are renewed quarterly or annually, such records must be retained for three years after the date of submission of the quarterly or annual financial report, respectively, provided there are no audits, litigation, or claims involving the grant. In those circumstances, records must be retained until three years after all audits, litigation, or claims regarding the subject grant are resolved and final action taken. For grant-funded equipment, records must be retained for a period of three years after final disposition (2 C.F.R. § 200.334). These records will be maintained in the Grant-Funded Equipment Inventory. The Grant Project Implementer shall maintain the following documentation and provide Finance and the Grants Program Manager with a copy of, or ensure access to:

1. Grant award agreement and any related correspondence.
2. Documentation supporting all expenditures and reimbursement requests.
3. Any contracts with vendors and any related correspondence, including verification of vendor status on the Excluded Parties List-found on the SAM.gov website.
4. Required programmatic reports.
5. Documentation evidencing the performance of any required physical inventories.

IT Records Management staff will maintain copies of all grant agreements and contracts, per applicable document retention and destruction schedule.

⁸ This dollar amount is a fair market value of \$5,000 or more for grants awarded before October 1, 2024.

⁹ This dollar amount is \$5,000 or more for grants awarded before October 1, 2024.



J. GRANT CLOSEOUT

The Grants Program Manager will be responsible for communicating and coordinating grant closeout procedures with the Grant Project Implementer 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 Finance Department and Grants Program Manager will coordinate with the Grant Project Implementer to provide all necessary documentation. A copy of any review reports received from the auditors should be forwarded to the Finance Department.

K. ASSURANCES INCLUDING MCKINNEY NATIONAL AIRPORT (“TKI”) GRANT 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.

XII. REPORTING LOBBYING ACTIVITIES TO THE UNITED STATES REGARDING THE APPLICATION AND RECEIPT OF FEDERAL FUNDS

Section 1352 of Title 31 of the United States Code prohibits the recipient of a federal contract, federal grant, federal loan, or federal cooperative agreement, from using any of such appropriated federal funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with:

- (A) The awarding of any federal contract.
- (B) The making of any federal grant.
- (C) The making of any federal loan.
- (D) The entering into of any cooperative agreement.
- (E) The extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

The foregoing types of actions are collectively and individually hereinafter referred to as “Lobbying Activities”.

In compliance with this requirement, the Office of Management and Budget (OMB) requires any potential recipient on every occasion that they apply for or receive any federal grant, federal cooperative agreement, or federal contract exceeding \$100,000, to file a written certification, on a form provided by the OMB, stating that no federal funds have been paid for Lobbying Activities. Further, those recipients who are using non-federal funds for Lobbying Activities must submit a “Disclosure of Lobbying Activities” form (“SF-LLL”) to report their Lobbying Activities and to



identify the name of the individuals performing Lobbying Activities. Both the Certification Regarding Lobbying form and the SF-LLL form can be found at grants.gov.

If, after awarded federal funds, there is an event that materially affects the accuracy of the information provided in the lobbying disclosure form (SF-LLL form), then a new disclosure form must be submitted to the agency administering the grant, cooperative agreement, or contract by the end of the calendar quarter in which the event occurred. An event that materially affects the accuracy of the information reported is defined as:

- 1) A cumulative increase of \$25,000 or more in the amount paid or expected to be paid for Lobbying Activities involving a covered federal action;
- 2) (2) A change in the person or individuals performing Lobbying Activities; or
- 3) (3) A change in the agency officers, employees, or Members of Congress or their employees or officers, contacted to influence or attempt to influence a covered Federal action.

As noted above, the City must certify against lobbying with federal funds and disclose lobbying activities for federal grants or cooperative agreements exceeding \$100,000 at the time of application, receipt of the award (if not already submitted with the application or if required again by the federal agency), or for any material change to the Lobbying Activities. For the application, the Grants Program Manager and the Grant Project Implementer will coordinate to ensure the lobbying forms are completed and submitted. This coordination will begin after the Grant Information Form is submitted by the originating department, but prior to the application deadline. The same coordination will occur when funds are awarded, but prior to the agreement being routed internally for approvals and signature by the City Manager. Finally, for an event that materially affects the accuracy of the information in the disclosure form, the Grants Program Manager is responsible for contacting the Grant Project Implementer and coordinating the submittal of the new lobbying disclosure form (SF-LLL) by the end of the quarter in which the event occurred.

An important piece of information to highlight is the flowdown of federal funding requirements to lower tiers. This means the prohibition on using federal funds for Lobbying Activities and the requirement to complete the two forms applies to all tiers of the federal award or contract, i.e. subawards and subcontracts. Each tier certifies and discloses to the tier above. All the forms shall be forwarded to prime grantee (i.e., the City) who will then provide them to the federal agency. Therefore, in accordance with these requirements, for contracts awarded by the City that are part of grants or cooperative agreements using federal funds greater than \$100,000, the Grants Project Implementer and Procurement Services will require contractors to also certify against Lobbying Activities and disclose any lobbying activities. This is required by 2 C.F.R. pt. 200, Appendix II, Contract Provisions for Non-Federal Entity Contracts Under Federal Awards, which the City must include in all contracts and bids using federal funds.

XIII. FEDERAL CROSS-CUTTING REQUIREMENTS

Federal cross-cutting requirements are the requirements of other federal laws and Executive Orders that apply to all federally funded projects including federally funded grants and

cooperative agreements. They also flow down to any recipient of federal funds at any level, such as states, local governments, contractors, subcontractors, subrecipients, etc. These requirements can be categorized into general groups including, but not limited to, environmental laws such as the Endangered Species Act, the National Historic Preservation Act, social welfare, nondiscrimination, health and safety, fair employment protections, and economic requirements in addition to Executive Orders ranging from the protection of wetlands and flood plains to equal employment opportunity in federally assisted programs to rules implementing Executive Orders on the debarment and suspension of persons who have engaged in misconduct. Some federal agencies maintain a list of their cross-cutting requirements. In addition to the requirements outlined in any grant agreement, the Grant Project Implementer should be aware of the cross-cutting requirements for the federal agency or the grant program. Listed below are examples of federal cross-cutting requirements. This list is merely illustrative and is not intended to be exhaustive.

- National Environmental Policy Act, which requires federal agencies to assess the environmental effects of their proposed actions.
- National Historic Preservation Act, which requires a review of any proposed project that could affect historic properties.
- Endangered Species Act
- Environmental Justice, Executive Order 12898
- Title VI of the Civil Rights Act
- Section 504 of the Rehabilitation Act
- Americans with Disabilities Act
- Debarment and Suspension, Executive Order 12549, which prohibits federal funds from going to parties who are not “presently responsible” and are on the Excluded Parties Listing System on SAM.gov.
- Small, Minority, and Women-owned Business Enterprises
- Fair Housing Act
- Davis-Bacon and Related Acts

XIV. GRANT BEST PRACTICES

Grants are a great way to leverage local funding, but they also require attention to requirements and deadlines and involve frequent communication. Listed below are some best practices for searching for grants, applying for grants, and managing grants. This list is not intended to be all encompassing or cover all internal procedures or compliance requirements. Rather, it offers helpful practice pointers for those who may be new to grants. It may be expanded upon based on lessons learned and staff input.

Searching for Grants:

- Simplify your search by seeking broader grant programs that align with your overall goal or objective instead of grants that fund a specific piece of equipment or infrastructure.
- Find previous winners of grants and reach out for advice. Usually, past award winners of various grants are posted online.

- Find out when the grant opens for applications each year. Usually, this timing is consistent, and then your department can prepare for the next round.

Applying for Grants:

- Talk to your department's Grant Support Specialist. This staff member can help identify the first steps and highlight resources.
- Create strong content by addressing all the selection criteria identified in the application instructions rather than only describing your department's specific needs.
- Identify needed tasks and information to put together a complete application. Assign available staff to help and ask others for their assistance and input.
- Create a timeline to complete the application and remember to allow time for City Council approval and City Manager signature.
- Federal grant applications can be complicated. Take time early in the process to talk to internal subject-matter experts to flesh out the tasks you will need to complete for the grant, if awarded. Take time to determine if the grant is a good fit for your department. Also, sometimes partnerships between departments or entities are required in federal grants, but if not, they can be helpful to the application.
- When requesting support letters, reach out to potential supporters early and provide them with a support letter template with drafted text to make it easy for them to complete.
- Decide which projects are best suited for a grant and which projects are best suited for the department's budget. Factors to consider include the timeline of the grant, staff time, the dollar value of the grant, the amount of external coordination needed, and the number of tasks required to complete the overall project.
- For competitive grants, consider discussing with your Director whether the benefits of the application or potential for partnerships should be discussed with the Director's external peer groups or with federal or state grants staff or legislative staff. This is a great way for Directors to assist with grant applications, if it's discussed beforehand.

Managing Grants:

- After the grant is awarded, be sure to record all the deadlines of the agreement on internal calendars.
- Spend all the grant funds and avoid asking for extensions.
- One staff member, the Grant Project Implementer, should be the lead contact on all grant tasks throughout the period of performance. Remember that tasks can be delegated or shared, based on department discretion.
- Ensure that all budget changes to the grant are approved by the grantor in writing prior to implementing those changes.
- The Grant Project Implementer should create a grant project team, comprised of the Grants Program Manager, Finance, Procurement Services, and any other departments whose assistance may be needed or who may be affected by the grant, and facilitate regular meetings to provide updates.
- Be sure to coordinate with Procurement Services and Finance before making any purchases or routing or signing any contracts. Also be sure to read section XI. B. so that all the grant procurement requirements are followed.