

TO: James L. App, City Manager
FROM: Jim Throop, Administrative Services Director
SUBJECT: Grant Management Policy
DATE: December 16, 2014

NEEDS: For the City Council to consider adopting a policy to assist in the management of grants.

- FACTS:**
1. The City has been successful in being granted numerous grants each year, that range from a few thousand dollars to over \$10 million.
 2. The City currently does not have a policy on the management of grants.
 3. Caltrans, the grantor of over \$10 million worth of road grants has reviewed the City's most recent single-audit submission and has now requested that the City adopt an official grant management policy.
 4. The policy simply states how the grant/project manager should work with Administrative Services, such that all financial and grant information is tracked and coded correctly, such that final grant submission/close-out will be seamless.
 5. Without this policy, Caltrans may not allow the City to participate in any future grants.

Analysis & Conclusion: The City does not currently have a policy on how to manage grants. During its review of the City's single-audit, it presented a "finding" that the City needs to adopt and adhere to a grant management policy.

This proposed policy simply outlines the steps or procedures such that the grant/project manager and the Finance department have the proper information to make grant submissions for reimbursement and to more efficiently report and close out all grants.

Without the adoption of this policy, Caltrans may withhold the ability of the City to apply for any future grants with the State or Federal government.

The Administrative Services department has already been working with the Public Works department on the implementation of this policy, such that all reporting has been improved.

FISCAL IMPACT: This would have no financial impact for the City.

- Options:**
- a. That the City Council adopt Resolution No. 14-XXX approving the attached grant management policy, per the Caltrans requirements; or
 - b. Amend, modify, or reject the above option

RESOLUTION NO. 14-xxx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING THE GRANT MANAGEMENT POLICY

WHEREAS, the City has been successful in obtaining all kinds of funds from both State and Federal sources; and

WHEREAS, the City currently does not have a grant management policy; and

WHEREAS, Caltrans, per their review of the City's most recent single-audit submission, has now requested that the attached grant management policy be adopted, in order to continue to eligible for any future grants; and

WHEREAS, the grant management policy simply states that the grant/project manager should work with Administrative Services to ensure that all financial and grant information is tracked and reported on correctly and in a timely manner.

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the attached Grant Management Policy is approved and that City staff should follow its guidelines in the management and reporting of grants.

PASSED AND ADOPTED BY THE City Council of the City of Paso Robles this 16th day of December, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

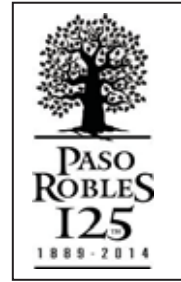
Steven W. Martin, Mayor

Caryn Jackson, Deputy City Clerk



CITY OF EL PASO DE ROBLES

"The Pass of the Oaks"



I. PURPOSE/INTENT

The purpose of this policy is to establish guidelines for the identification, application, administration and reporting of grants from various external sources.

II. DEFINITIONS

For the purpose of this administrative policy, the following definitions and descriptions apply to the words shown in quotation marks:

"Accounting System"- The City's financial and accounting software package used for entering, receiving and monitoring departmental accounts; procurement of goods, services and assets and recording of fixed assets.

"Administrative Policy" – This policy as authorized by the City Council may be revised from time to time and shall apply to all departments of the City.

"City Manager" – The chief administrative officer of the City, with the authority to execute contracts or agreements for the City.

"Administrative Services" - The accounting division of the Administrative Services Department and the City.

"Fiscal Year"- The period of 12 months to which the annual budget applies. The City's fiscal year begins July 1 and ends June 30.

"Grant" - Funds, equipment or services obtained through a grant application process, which may be applied for by the City of Paso Robles or jointly with another municipal or governmental agency. These grant funds or services shall include, but are not limited

to: the acquisition of real property, equipment, materials or services; construction, development or renovation of City facilities; construction or renovation of public infrastructure; funds to operate public programs or services, and funds to pay administrative costs for the provision of public programs, projects or services. This includes direct awards or those that require matching funds.

"Grant Agreement" - A written contractual agreement, originated by the Grantor upon grant application approval, which contains all required conditions, specifications and regulations applicable to the receipt of funds from a specified grant.

"Grant Application" - The document submitted to the Grantor requesting funds. The document's format is specified by the Grantor and contains a narrative and financial description of the program, project or service for which funds are being requested.

"Grantee" - The City of Paso Robles or consortium of agencies, if a joint grant.

"Grantor" - The agency from whom the grant is received.

"Grants Administrator" - the City employee responsible for providing technical assistance to the grant process from identification to completion.

"Grant Reimbursement Request" - The form utilized by the Project Manager to submit requests for reimbursement. This form is usually provided by the Grantor. A copy is given to Administrative Services to verify the incoming reimbursement and track grant revenue.

"Purchasing Code" - The City of Paso Robles has adopted a Procurement Code. This is the Ordinance that applies to contracts for the procurement of goods and supplies, services and construction entered into by the City.

"Project Code" - Text and/or number established to track revenues and expenditures pertinent to a specific grant, established by Administrative Services upon request from the Project Manager prior to the spending of any funds.

"Project Manager" - The City employee designated by the appropriate Department Director, with primary responsibility for the application, implementation, compliance and completion of a grant.

"Resolution/Ordinance" – The mechanism by which the City Council authorizes the application and acceptance of a grant.

"Single Audit Report" -The report prepared by the Grants Administrator and audited by the City's external auditors documenting the results of its organization-wide examination conducted under the Single Audit Act of 1984, subsequent amendments and the Rules of the Auditor General relating to agencies receiving federal or state grant funds.

III. POLICY/PROCEDURES

POLICY

The City, through each department, shall actively pursue grant resource opportunities, maintain an active and diverse grant portfolio, utilize grant funds to supplement and enhance the long-term goals and objectives of the City. Grant application, approval and administration shall be coordinated with and through the Project Manager and Administrative Services.

PROCEDURES

A. Grant Research, Identification, and Development

1. The Project Manager shall actively research/review and request information regarding grant opportunities. Responsibilities include, but are not limited to: the initial notification and coordination with other departments who may participate in some phase of the Grant Application; preparation of the Staff Report and Resolution to the City Manager presenting the Grant Application's background, discussion, analysis and recommendation to City Council; submission of the application documents to the

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Grantor; project implementation; preparation of the required reports per the Grant Agreement and these policies; monitoring expenditures and using an assigned Project Code on the Accounting System; preparation of billing and reimbursement requests through Administrative Services;

2. The Project Manager shall monitor documentation for compliance with grant requirements. Responsibilities may include, but are not limited to, the following: identifying, requesting and forwarding grant information to the appropriate departments; providing technical assistance to departments regarding the Grant Application and the administrative process; receiving all original Grants Agreements and facilitating the execution of the documents; coordinating with Administrative Services to establish Project Codes within the Accounting System, and; maintaining the documentation record for compliance with grant and audit requirements.
3. The Project Manager is responsible for ensuring that the cash match and in-kind services are clearly identified and applied during the application process to enable proper documentation throughout the grant implementation and closeout process, including identification in the City's adopted budget.
4. If grant revenues and expenditures monies have not previously been identified in the annual budget, a budget amendment request shall be submitted by the Project Manager to Administrative Services for approval and adoption by City Council. All budget amendments shall be submitted in a timely manner in order to keep the budget current with respect to the financial status of the grant.
5. The Project Manager shall prepare and provide the Staff Report and Resolution and appropriate documentation/copies for the City Council agenda in accordance with the agenda calendar.
6. Should the Grant Application due date preclude staffs ability to obtain City Council approval prior to submittal of the application, the City Manager may authorize the filing of the application with the agenda item presented on the next available City Council agenda.

7. Upon approval by the City Council, the Project Manager shall submit the grant application package to the Grantor, as well as providing a complete copy to Administrative Services.

B. Grant Award, Acceptance, and Execution

1. Administrative Services shall in a timely manner receive grant award notification, either directly or via the Project Manager.
2. The Project Manager shall forward all Grant Agreements to Administrative Services for review prior to execution by the proper City officials.
3. Once executed by the proper City officials, the Project Manager will forward the executed document to the Grantor.
4. If approval of the Grant Agreement has not been previously authorized by the City Council, the Project Manager shall prepare the Staff Report and Resolution requesting City Council authorization for the City Manager to execute the Grant Agreement and related documents. Upon approval, procedures as stipulated above in Item 2 shall be followed.
5. The fully executed original Grant Agreement (executed by the City and the Grantor) shall be received by the appropriate Department and a copy forwarded to Administrative Services that will be retained with the grant file. An additional copy will be filed in the City Clerk's Office with the original Resolution or Ordinance. If applicable the Project Manager will also forward a copy of the Grant Agreement to the Purchasing Division to assist in all procurement decisions to comply with the grant requirement.

C. Grant Administration/Implementation

1. Upon receipt of the fully executed Grant Agreement, the Project Manager will coordinate an account number with Administrative Services. A Project Code will be

assigned if one does not exist specific to the grant/project. No monies shall be encumbered or spent until approved by Administrative Services.

2. It is imperative that the Project Manager has a thorough understanding of all compliance requirements stated in the Grant Agreement, including any audit requirements. If there are questions on any of the requirements, it will be the Project Manager's responsibility to obtain an explanation or training on that requirement. Information regarding the grant requirements may be obtained from the Grantor itself.
3. The Project Manager is responsible for the expenditure of grant funds in accordance with the City's established policies. All invoices, billing requests, etc. shall require the correct Project Code and account number. The Project Manager is responsible for obtaining the required authorization for all costs related to the applicable grant.
4. Grant receipts and expenditures must be maintained in accordance with federal, state and local guidelines/laws applicable to the agreement (federal statute, state statute, local laws/ordinances, federal, state guidelines) and generally accepted accounting principles for local governments.
5. In addition to the requisitions and resultant purchase orders, the expenditure of City cash and in-kind matching funds shall be reported by the Project Manager on a quarterly basis on the applicable "Grant Compliance Report". If applicable the Project Manager may submit copies of the compliance report required by the Grant instead of the Grant Compliance Report.
6. A "Grant Reimbursement Request" shall be prepared by the Project Manager in accordance with the Grant Agreement or on a timely basis following the expenditure of funds and submitted to the Grantor. The Project Manager shall forward a copy of the Reimbursement Request as well as the supporting documentation to Administrative Services for placement in the grant file.
7. Grant reimbursements shall be received by Administrative Services and processed accordingly. A Project Code must be used for all grant activity including issuance of requisitions, expenditures of funds and receipt of grant reimbursements.

D. Grant Monitoring/Reporting

1. The Project Manager shall prepare all reports of a statistical, programmatic or fiscal nature, with technical assistance available from Administrative Services according to the reporting frequency (e.g. monthly, quarterly) as required in the Grant Agreement.
2. The Project Manager shall prepare departmental requests for changes in the scope, budget, or schedule of the Grant Agreement. Copies of extension requests and approvals must be provided to Administrative Services. The Project Manager must forward any changes to Administrative Services within 30 days of approval of any of the following: a change in the grant award amount; a change to other information required to maintain the schedules of federal and state assistance or; the close out of a grant extension. All other changes of a non-financial nature should be made on a timely basis.
2. When the Grant Agreement or Grantor requires public review and/or City Council approval for revisions, the Project Manager will prepare the agenda item with appropriate documentation.
3. A "Final Close-Out Report" shall be prepared by the Project Manager and submitted to Administrative Services. This report will be prepared after the Project Manager has determined that all performance has been satisfactorily completed and all grant related conditions and specifications have been met. If applicable the Project Manager may submit copies of the close out documents required by the Grant instead of the Final Close-Out Report.
4. Grant program and financial records shall be maintained for a minimum of three years (or longer as may be mandated in the Grant Agreement) from the date of "close out" as designated by the Grantor entity.

IV. ANNUAL AUDIT

Federal and state grants are subject to annual audits by the City's external auditors and must comply with certain standards.

A. Other Audit Requirements

1. Administrative Services will be responsible for the coordination and distribution of the audit report to each granting agency.
2. Each Project Manager shall receive a copy of the audit report when it becomes available.

If there are any findings related to the grant reported by the external auditors in the Single Audit Report, the Project Manager handling the grant will be required to assist Administrative Services in preparing a written response. In addition, the Project Manager will be responsible for taking the appropriate steps to ensure that the situation is corrected and will not recur in future years. If there are recurring deficiencies related to the same Grant or Grants within the same Department, the Project Manager may be subject to disciplinary action in accordance with the City's personnel rules and regulations.

V. ADDITIONAL INFORMATION. REQUIREMENTS AND RESPONSIBILITIES

It is the responsibility of the Administrative Services Department to maintain, update or revise this policy.