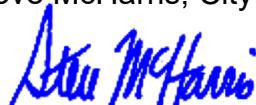




CITY OF MILPITAS

Revision	Date
Original	11/01/2003
1	10/18/2021

CITY ADMINISTRATIVE POLICY

Policy No: 4.3.2	GRANTS	Effective Date: 10/18/2021
Revision No: 1	Policy Administrator: Finance	Next Review Due: As Needed
Related Policies and Procedures: SOP 26-2: Grants, Sponsorships, and Donations	Approved by: Steve McHarris, City Manager 	Date Approved: 10/18/2021

1. PURPOSE

- 1.1. This Policy provides the overall guidelines to (1) administer grants throughout the cycle from application approvals to receipts of revenues, and (2) ensure conditions imposed by the grantor and by federal guidelines are met so that funding will be fully secured.
- 1.2. Council approved Fiscal Policies state in part that “The City will actively pursue federal, state, and other grant opportunities when deemed appropriate. Before accepting any grant, the City will thoroughly consider the implications in terms of ongoing obligations that will be required in connection with acceptance of said grant.”
- 1.3. Council approved Budget Guidelines authorize the City Manager to:
 - 1.3.1. accept grants up to \$100,000 or less, increase department revenues and appropriations accordingly and execute related agreements as long as no matching funds are required, and/or departments do not require additional funding for ongoing maintenance costs or future replacement costs; and
 - 1.3.2. carry forward unspent appropriations that are authorized and funded by grant revenues from prior fiscal year.
- 1.4. Council approved Budget Guidelines require the Finance Director to report as part of the:
 - 1.4.1. Quarterly Financial Report the acceptance of any grants under the City Manager’s budget authority; and
 - 1.4.2. 4th Quarter Financial Status Report on all active grants and grants closed out during the fiscal year including the purpose of the grant, the granting agency, the grant amount awarded, remaining grant funds, and grant activities completed or underway.
- 1.5. [Federal Emergency and Federal Grant Procurement Procedures](#) adopted by Council on April 7, 2020, need to be adhered to for any purchases that utilize federal grants or may be eligible for reimbursement under Federal Emergency Management Agency (FEMA) regulations.

2. POLICY

- 2.1. City Departments shall:
 - 2.1.1. comply with all grant requirements including applicable Uniform Guidance requirements for federal grants. These requirements are mainly contained in [Title 2 \(Grants and Agreements\) of the Code of Federal Regulations \(2 CFR, Part 200, Uniform](#)



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Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award, or OMB Uniform Guidance);

- 2.1.2. be responsible for applying for a grant, obtaining approvals, monitoring the expenditures or progress of the project, and requesting reimbursement timely from the grantor;
- 2.1.3. assign a grant project manager (“project manager”) to monitor the grant budget and progress, reporting requirements and deadlines, and to coordinate with the Finance Department during the life of the grant; and
- 2.1.4. monitor federal grants sub-grantees such as a nonprofit organization, an educational institution, or another local government in accordance with the applicable Uniform Guidance requirements.

2.2. The grant amount expected to be received needs to outweigh the cost to process and administer the grant unless approved by the City Manager.

3. DEFINITION(S)

- 3.1. A grant is an external funding source that is awarded for a specific purpose, is valid within a defined timeframe, and contains contractual obligations for the City. The method of grant disbursement is determined by the granting agency and the use of the funds is generally subject to audit by the granting agency. Grants can be categorized into three types:
 - 3.1.1. **Operating Grants** – grants that are intended to fund operations, special purpose studies or plans, or equipment purchases;
 - 3.1.2. **Capital Grants** – grants that are restricted for the acquisition or construction of capital improvement projects; and
 - 3.1.3. **Planning Grants** – grants that are restricted for the development of plans such as transportation plans or emergency response plans.

3.2. Department refers to any department or office which applies and receives grant funds.

4. PROCEDURE(S)

4.1. Grant Application

- 4.1.1. The Department shall obtain City Manager approval before applying for a grant if the grant requires matching fund, on-going maintenance expense, or replacement of equipment purchased by grant fund at the end of the equipment’s useful life, and/or whether the grant allows for reimbursement of grant administration and/or overhead expenses.

4.2. Grant Award

- 4.2.1. After a grant is awarded, the Department will notify the City Manager of the award and submit a grant checklist (available on Finance’s Intranet site) to Finance.
- 4.2.2. In collaboration with the Finance Department, the Department shall request the City Council to accept the grant and approve related budget appropriation(s) unless the grant was previously approved by the City Council as part of the annual budget adoption process or per the budget authority granted to the City Manager through the Budget Guidelines approved annually as part of the adoption of the budget.



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4.3. Grant Administration

- 4.3.1. Immediately after the grant contract is executed by the City Manager, the Department shall forward an electronic copy of the approved grant contract, award letter, grant application, approved budget by the grantor (if applicable) and any other documents needed for subsequent grant administration and/or billing to Finance to determine financial reporting and audit requirements, interest tracking requirements for grant fund advances, and allowable administrative, overhead, and pre-award expenses that may be charged to the grant. Throughout the grant period, the Department shall provide updated grant documents, if applicable, to the Finance Department.
- 4.3.2. Finance shall set up required revenue and expenditure project elements including a project number in the financial system needed to facilitate tracking, monitoring, and reporting.
- 4.3.3. The Department shall develop monitoring procedures to ensure the compliance of grant requirements and to accurately account for all allowable expenditures; record the project number and relevant revenue and expense codes on every transaction that is related to the grant; review project financial reports on a monthly basis to validate grant expenditures and revenue receipts; and notify Finance on a monthly basis if any corrections are needed to the financial reports due to miscoding of grant revenues or expenditures.
- 4.3.4. The Department and Finance shall submit not less than quarterly reimbursement requests to the granting agency.
- 4.3.5. The Department shall notify the City Manager and Finance Director on a timely basis of any changes that may affect the City's ability to collect outstanding reimbursement requests or a reduction in grant monies.
- 4.3.6. The project manager shall prepare grant-required reports such as program activity report, progress report, or financial data consistent with information from the financial system.
- 4.3.7. When all expenditures and the required program activities have occurred for a grant, the Department shall notify grantor for completion of the grant Finance about the close of the grant.
- 4.3.8. The Department shall keep all grant documents during the grant period in accordance with grant requirements and according to the City's records retention policy or at a minimum of 3 fiscal years after the close of the grant for audit purposes.

4.4. Fiscal Year Closing Grant Administration Responsibilities

- 4.4.1. If any audits require corrective actions by the City, the Department shall work with Finance and auditor(s) to ensure timely compliance.
- 4.4.2. At fiscal year-end, Finance will automatically re-appropriate grant funds not expended, provided that the grant contract has not expired.
- 4.4.3. At year-end, Finance shall review with project manager, as needed, all grant expenditures to properly record accrued grant revenue (for expenditures incurred but not yet reimbursed) or deferred grant revenue (for revenue received in advance of expenditures).
- 4.4.4. If applicable, Finance shall calculate interest earnings on the grant funds advanced by the grantor. If it is determined that such interest earnings are restricted for grant use and



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are not spent at the completion of the grant, Finance will be required to remit the interest earnings back to the grantor in accordance with the terms and conditions of the grant.

4.4.5. If an independent audit is required, Finance shall be responsible for scheduling and coordinating the audit with the City's external auditors. Finance will inform the Department of any compliance issues and concerns during the grant contract period.

4.5. Reporting

4.5.1. Finance shall keep current a master list of all approved grants and individual grant files with billing requests and reimbursement records.

4.5.2. Finance shall report as part of the:

4.5.2.1 Quarterly Financial Report the acceptance of any grants under the City Manager's budget authority; and

4.5.2.2 4th Quarter Financial Status Report on all active grants and grants closed out during the fiscal year including the purpose of the grant, the granting agency, the grant amount awarded, remaining grant funds, and grant activities completed or underway.

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Grant Check List

Grant funding typically requires attention to detail and scrupulous record keeping. The Finance Department is ready to assist you with financial record keeping and periodical reporting to ensure grant conditions are met. The financial records contain the information necessary for audits. A clean audit allows the City to retain the full grant amount. Please complete this form which identifies common grant conditions.

Grantor: _____

Grant Amount: _____

Initiating Department: _____

Catalog of Federal Domestic Assistance #: _____

Department Project Manager: _____

Grant Reference #: _____

Grantor Information:

Name _____

Address _____

Contact _____

Phone # _____

Fax # _____

E-mail address _____

Without Council approval, the below criteria must be met:

No matching funds are required

No additional funding for ongoing maintenance cost

No additional funding for future replacement costs

Up to \$10,000.00 (**Department Head Approval**)Up to \$100,000.00 (**City Manager Approval**)

Documentation forwarded to Accounting:

Grant Application _____

Application Accepted _____

Date _____

Grant Award Letter _____

Dept Head/CMO Approval _____

Date _____

Grant Contract with authorized signature _____

Council Approval _____

Date _____

Budget from Grantor _____

AR includes project scope and fiscal impact _____

Date _____

Date _____

Grant Funding Source:

County or Other _____

Advance Grant (Fund Received in advance) _____

State _____

Reimbursement Grant _____

Federal Program _____

Frequency to submit reimbursement? Annually/Quarterly/Monthly
(circle applicable frequency)

Matching Fund _____

or other _____

Grant Payment Type:

Period to incur grant expense: _____

Grant period to file a claim: _____

Frequency to file a Financial Report? _____

Frequency to file a Program Reports? _____

If there are subrecipients paid with this grant, who is responsible for monitoring compliance requirements? _____

Completed by Finance:

Assigned a GT number or GC number if it is related to CIP _____