

FISCAL ACCOUNTABILITY RULES

RULE 9.2 – GRANT MANAGEMENT

Purpose

This rule establishes the guidelines for the management and financial accounting of federal, state, local government, and private grants. Effective grant management is essential to ensure that funds are administered in accordance with applicable city, state and federal laws and regulations, **Office of Management and Budget (OMB)** circulars, and specific grant terms and conditions. Additionally, grant management is necessary to ensure that the City has met the goals of the grant and properly accounted for grant transactions.

This rule shall be read in conjunction with [Fiscal Accountability Rule 9.1 – Grant Applications and Awards](#), and [Fiscal Accountability Rule 9.3 – Grant Closure](#) to ensure compliance and understanding.

This rule does not apply to donations.

Every agency/department shall comply with all applicable provisions of the [Revised Municipal Code Section 20-52](#).

In addition, agencies/departments should refer to the following **OMB Circulars** and the **Federal Acquisition Regulation (FAR)** for administrative guidelines and cost principles:

- [OMB Circular A-102 – Grants and Cooperative Agreements with State and Local Governments](#);
- [OMB Circular A-110 – Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations](#), as it applies to subawards;
- [OMB Circular A-133 – Audits of States, Local Governments and Non-Profit Organizations](#);
- [OMB Circular A-21 – Cost Principles for Educational Institutions](#):
 - ✓ 2 Code of Federal Regulations (CFR), Part 220;
 - ✓ 2 CFR, Part 225; and
 - ✓ 2 CFR, Part 330;
- [FAR Contracts with Commercial Organizations, Subpart 31.2 – Contract Cost Principles](#).

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Definitions

Drawdown – The process of requesting and receiving payment against a grantor’s line of credit for expenditures and/or services performed in support of one or more grant activities.

Grant – A legal instrument that documents the financial assistance in the form of money or property to an eligible recipient.

Grantor – The external entity awarding a grant or cooperative agreement.

Operational Plan – A mechanism for scheduling the use of time and resources over the life of the grant.

Recipient – The agency/department to which a grant or cooperative agreement is awarded and which is accountable for the use of the funds provided.

Sub-recipient – The entity to which grant funds are passed through and which is accountable to the recipient for the use of the funds provided.

Rule

1. If a grant or cooperative agreement has more restrictive rules than the [Fiscal Accountability Rules](#), recipients shall abide by those more restrictive specific grant or cooperative agreement requirements.
2. The recipient is responsible for managing a grant throughout the entire grant process. This includes, but is not limited to:
 - creating operational plans;
 - obtaining council approvals for vendor contracts;
 - processing financial transactions and reconciliations;
 - complying with audit requirements;
 - overseeing the submission of required reports; and
 - ensuring compliance with the overall terms and conditions of the grant.

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3. The recipient shall establish and maintain policies and procedures which address its internal control and grant management processes.
4. The recipient shall obtain prior written approval from the grantor for certain types of changes in the grant budget and programmatic scope of work as required by the **OMB Circulars** and the **FAR**.
5. The recipient shall maintain or have ready access to all necessary documentation, which is subject to audit, of financial transactions, compliance documentation, performance data, and reports under the grant. Refer to the **Single Audit Guidance** for additional information on audit requirements of federal grant funds.
6. The recipient shall designate a primary contact person to be the liaison with the **Department of Finance**.
7. The recipient shall prepare a year-end entry to record any accrued or deferred revenue related to grant revenue in accordance with **Fiscal Accountability Rule 6.1 – Revenue Recognition – Accruals and Deferred Revenue**.
8. The recipient shall reconcile grant information maintained outside the City's financial system of record (SOR) to the City's financial SOR quarterly, at a minimum, where applicable. The recipient shall establish and document procedures for such reconciliations.
9. The recipient shall reconcile expenditure information to the City's financial SOR prior to submitting any grant expenditure information to a grantor.
10. The recipient shall ensure that purchases associated with the grant are in compliance with the following:
 - a. [Fiscal Accountability Rule 4.2 – Fixed Assets](#);
 - b. [Fiscal Accountability Rule 8.1 – Procurement](#);
 - c. [Fiscal Accountability Rule 8.2 – Receiving Goods and Services](#); and
 - d. [Fiscal Accountability Rule 8.3 – Accounts Payable](#).
11. The recipient shall create and maintain an equipment and property inventory system to track items purchased or received under the grant. In addition, the recipient shall establish and maintain controls to safeguard assets against loss, damage, and theft.

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12. The recipient shall determine whether an entity to which grant funds are provided is a sub-recipient or a vendor. Refer to the **Sub-recipient vs. Vendor Guidance**.
13. The recipient shall be responsible for monitoring sub-recipients to ensure compliance with laws and regulations and terms and conditions of awards/sub-awards. Procedures shall be created and maintained for monitoring sub-recipients, maintaining documentation of their review, and following up with sub-recipients to ensure corrective action has taken place where issues were noted.
14. The recipient shall create and maintain procedures to ensure that grant benefits are provided only to eligible recipients within periods of eligibility, in a timely manner, and that these procedures are systematically reviewed and documented.
15. The recipient shall obtain written approval from the grantor prior to any grant modifications.
16. The recipient shall not sub-award federal grant funds to contractors who are debarred or suspended by the federal government. The recipient shall document compliance with this requirement.
17. The recipient shall record expenditures made with grant funds and shall journal grant expenditures from other funds no later than the end of the month following the original expenditure.
18. The recipient shall drawdown grant funds from the grantor(s) no later than the end of the month following the month in which the expenditure(s) occurred.
19. The recipient shall report any audit findings of external audits to the Controller's Office within 30 days of the audit report.

Procedures and Forms

The **Controller's Office** is responsible for any procedures and forms associated with this rule.