TO:	**ALL COUNTY PERSONNEL**
FROM:	**ROBERT WEISMAN** **COUNTY ADMINISTRATOR**
PREPARED BY:	**OFFICE OF FINANCIAL MANAGEMENT & BUDGET (OFMB)**
SUBJECT:	**GRANT ADMINISTRATION**
PPM #:	**CW-F-003**

ISSUE DATE	**EFFECTIVE DATE**
April 19, 2013	**April 19, 2013**

PURPOSE:

To establish guidelines for grant applications, grant agreements, grant reporting, and related functions for funds received by the County from various external sources which are subject to Audit requirements.

UPDATES:

Future updates to this PPM are the responsibility of the Director of Financial Management & Budget Department.

AUTHORITY:

- Palm Beach County Administrative Code, Section 309.00.

SCOPE:

This PPM is not meant to be a comprehensive listing of all rules, regulations or laws relating to grants management. Departments are responsible for compliance with all County PPMs, Rules, Regulations, Laws and Contract provisions that may affect the operation of a grant.

DEFINITIONS:

1. Grant

   A payment in cash or in kind made to provide assistance for a specified purpose, the acceptance of which creates a legal duty on the part of the grantee to use the funds or property made available in accordance with the conditions of the grant. [General Accounting Office (GAO)] Further Details are provided on **Attachment A**.
   Grants are typically authorized and appropriated by a legislative body.

For purposes of this PPM, the term "grants" will not include shared revenues, payments in lieu of taxes, or any revenues received from charges for services (e.g., fire control or ambulance service).

2. Grant Agreement

A contract duly executed and legally binding between the County and an outside funding agency. There are several types of grant agreements which are further defined in **Attachment A**.

3. Grant Application

Required documentation used in making a request for funding from an outside funding agency.

4. Grant Award

Notification from an outside funding agency that authorizes the expenditure of funds by the County for the purposes specified in the grant application.

Depending on the specific requirements of the outside funding agency, the formality of the "grant award" process may vary as will the point after notification that funds may actually be expended by the County (e.g., prior to the execution of a formal grant agreement).

5. Grant Closing

Process for finalizing all obligations to the grantor agency, including financial and programmatic reporting, finalizing and ceasing all postings to the grant account, adjusting the records of the County and preparation of grant related documents for long-term storage and future audits.

6. Grant Reporting

Preparation and submission of reports of a statistical, programmatic or fiscal nature which are required by an outside funding agency.

7. Match (Cost-Sharing)

The value of goods or services provided by an entity, other than the funding agency of the grant, which is expended to further the grant objectives. Match can be either County or in-kind and voluntary or mandatory. Match costs must be allowable, reasonable, actual, necessary and allocable to the specific program. Costs used as match cannot be used to meet the requirements of more than one project unless specifically authorized in the grant award. Records for match must be kept by the Departments in the same manner as those for the grant. Further details are provided in **Attachment B**.

8. Outside Funding Agency

Federal, state, local, and quasi- governmental agencies, foundations or any other external funding source. Also referred to as "grantor agency".

POLICY:

I. Grant Applications, Agreements and Amendments

A. Identification of Grant Opportunities

1. County departments are responsible for identifying grant opportunities and preparing grant applications for new sources of revenue **applicable to programs under their jurisdiction**.

2. Grants for **Countywide purposes** (non-departmental) may be pursued at the direction of, or with specific approval of, the County Administrator.

B. Grant Applications

All grant **applications** must be approved by the Board of County Commissioners if either of the following conditions apply:

1. the grant requires the signature of the head of the governing body; or

2. the grant requires a Board resolution.

C. Grant Agreements, Amendments/Modifications

1. A grant **agreement** (contract), amendment/modification does not require Board approval under either of the following conditions:

CONDITION #1 (must meet both criteria)

a. **A specific delegation of authority to execute the grant agreement, amendment/modification was previously approved by the Board of County Commissioners;** and

b. the contract, amendment/modification does not require a local match.

OR

CONDITION #2 (must meet all three criteria)

a. the grant agreement, amendment/modification, does not specifically require approval of the Board; and

b. the contract, amendment/modification, does not require a County match; and

c. the amount of the grant award is less than $100,000.

2. For County match to be included as part of a grant agreement, amendment/modification, the Department must identify where in the current or future budget the match will be met. If the County match is to be met, in part or in whole, from another Department's budget the Department requesting the grant must include a Budget Availability Statement (BAS) signed by the Department that will be providing the match.

3. For In-kind match to be included as part of a grant agreement, amendment/modification, the Department must have a specific, written commitment of the in-kind match to be provided from the entity that will be providing the in-kind match. Supporting documentation should be included with all grant agreements to be reviewed by OFMB.

4 Agreements, Amendment/Modifications not requiring Board approval must follow the same internal review procedures as those agreements requiring Board approval, including review by OFMB, County Attorney's Office and County Administration.

D. Grant Documentation

1. Appropriate written documentation for the grant, including but not limited to the grant application, grant agreement, grant modifications, financial reports and programmatic reports, will be maintained by the responsible department.

II. Grant Related Agenda Items

A. All grant related Board Agenda Items shall meet the following minimum requirements:

1. The Agenda Item Summary should clearly outline the type of match, County and/or in-kind, the amount of required match, both as a dollar amount and percentage of the grant being applied for, and the amount of voluntary match.

2. Any new positions requested as part of a Budget Amendment should be summarized in the Motion and Title section. The Agenda Item Summary must include the number of grant funded positions by job title and pay grade to be retained or added to the complement. Also, a statement that grant funded positions (if any) are approved for the length of the grant and these positions will be eliminated when grant funding is discontinued.

3. The Motion and Title should include the term (beginning and ending) or the time limit for expenditures to occur.

4. If applicable, the specific delegation of authority requested from the Board should be stated in the Motion and Title section. If an agreement is to be executed electronically, specific delegation of authority must be given to the person who will be submitting the application.

5. A signed copy of all applications, agreements, and amendments/modifications executed under delegated authority must be placed on the Board's agenda as a "Receive and File" by the responsible department no later than 90 days after execution. If a Budget Amendment is required, refer to Section III. F.

6. If the item being presented was executed under Delegated Authority granted by the Board, the Agenda Item Summary must include the resolution number and date that authority was delegated.

III <u>Accounting and Budgeting</u>

A. Grant funds are to be established in such a manner as to be readily identifiable within the County's Financial System. This must be accomplished through the use of one of the following methods:

1. a **separate fund if required by the grant agreement; or**

2. a **separate unit code** identified as a single grant; or

3. the **Cost Accounting - Grant Method** which is a combination of unit, subunit, program period, program code, or other appropriate fields as necessary and available within the accounting system to uniquely identify grant revenue and expenditures.

   a. Departments choosing to use the Cost Accounting - Grant Method are responsible for setting up program codes. OFMB can assist departments as needed.

B. Grants that are paid in advance by the funding agency that require interest to be reported and/or remitted to the funding agency must be kept in separate funds from grants that are paid on a reimbursement basis or do not have requirements for reporting and/or remitting interest .

C. Grants established in **capital funds** are to be established as separate unit codes as well as identified as projects.

D. Grant receipts and expenditures must be maintained in accordance with federal, state, and local guidelines/laws applicable to the agreement (federal statute, OMB Circular, state statute, local laws/ordinances, federal, state, guidelines) and Generally Accepted Accounting Principles for Local Governments. If differences exist between guidelines/laws, the department is to utilize the most stringent requirement (e.g., record retention, travel, inventory).

E. All reports of a statistical, programmatic or fiscal nature are the responsibility of the administering department, with technical assistance available from OFMB and Finance, according to the reporting frequency (e.g., monthly, quarterly) established by the funding agency.

F. All Budget Amendments necessary to reflect/reconcile grant revenues and expenditures will be prepared and submitted to OFMB by the responsible department using one of the following procedures and within the time frame specified:

1. As part of an Agenda Item requesting Board execution of a grant agreement.

2. At the first subsequent Board meeting if agreement, amendment/modification was executed under delegated authority.

IV. Annual Audit

A. Audits of grant funds will be conducted in accordance with the grant agreement and appropriate laws.

B. The Audit of Federal funds is governed by the Single Audit Act, 31 USC 7505 which states: "The Director, after consultation with the Comptroller General and appropriate Federal, State, and local government officials, shall prescribe policies, procedures, and guidelines to implement this chapter." OMB Circular A-133 describes the non-Federal entity's responsibility for managing Federal assistance programs and the auditor's responsibility with respect to the scope of audit.

C. The Audit of State funds is governed by Florida Statutes Chapter 215.97 which establishes uniform State Audit requirements for non-state entities receiving State

Financial Assistance. The Auditor General has issued regulations to be followed - Rules of the Auditor General - Chapter 10.550.

PROCEDURES:

I. Accounting and Budgeting

A. Revenue posting information, including a copy of the payment request, should be provided to the Revenue and Cash Management Section of the Clerk's Office within 3 days of a payment request being submitted to a grantor agency. Any checks for deposit sent to the Revenue and Cash Management Section of the Clerk's Office should be accompanied by supporting documentation and revenue posting information.

B. Indirect cost will be applied for in grants as applicable and budgeted at the amount approved by the Grantor Agency. Indirect costs will be charged to grants monthly based on actual expenditures and the effective indirect cost rate as approved in the grant agreement.

C. Departments are responsible for monitoring financial records to insure postings are in accordance with the Grant Agreement and County PPM's (e.g., correct time frame, allowable, proper category, etc.). Any corrections should be made within 45 days of the original posting.

D. The administering department is responsible for drawing down, or if applicable, for supplying the information to Finance-Payables to provide for the drawing down of grant funds on a timely basis. Reports supporting the drawdown amounts should be reconciled to the official general ledger in the County's Financial System and provided to the Revenue and Cash Management Section of the Clerk's Office.

E. The administering department is responsible for assuring that year end accruals are recorded, through Finance, for eligible expenditures and revenues (as defined in the Grant Agreement) in accordance with the County's year-end closing procedures.

F. Advances of grant fund drawdowns should be recorded as "deferred revenue". Interest earned on advances must be calculated and classified as a "liability" if required to be returned to the grantor agency.

G. Finance is responsible for ensuring that the applicable "negative interest" resulting from grant expenditures prior to the receipt of grant funds will be transferred to the appropriate fund. This will be designated by OFMB at least on an annual basis according to the County's annual closing procedures.

H. Responsibility for the adjustment of balances brought forward to agree with the audited fund balance in the County's Financial System, as reported in the Comprehensive Annual Financial Report (CAFR), shall be as follows:

1. For **capital project funds**, OFMB will be responsible for assuring the appropriate Budget Amendments are prepared within 30 days of CAFR issuance. The administering department should work closely with OFMB in the preparation of these Amendments.

2. For **non-capital project funds** and **proprietary funds**, the administering department will be responsible for assuring the appropriate Budget Amendments are prepared and submitted to OFMB within 30 days of CAFR issuance.

I. The payback of unexpended grant funds must be approved as follows:

1. by the Board of County Commissioners if the amount being returned exceeds $5,000; or

2. by the County Administrator if the amount being returned is $5,000 or less.

In those situations involving County Administrator approval (i.e., where the amount being returned is $5,000 or less), the responsible department must prepare a "Receive and File" Item to be placed at the first subsequent Board meeting.

J. It is the Department's responsibility to ensure that all grants are closed out in a timely manner (generally within sixty (60) days) and in accordance with grant agreements in order to avoid loss of actual or potential grant revenue. If the grant expires at the end of the fiscal year, all appropriate accounting entries need to be made by the responsible department within forty five (45) days.

1. Departments must notify any applicable internal service units (Fleet, Risk Management) 30 days in advance of the expected grant end date. Once notified, these Departments should expedite posting of any outstanding charges to the grant account.

2. Departments will identify all invoices submitted to Finance for payment during the last 30 days of a grant, as being for a grant set to expire. Finance will expedite payment of these invoices in order to avoid loss of grant funds.

3. If there is a discrepancy between the grant revenue and expenditures once all postings have been made, Finance will notify the Department. The Department will have 5 business days to correct any discrepancy. Once the grant revenue and expenditures are reconciled, Finance will notify OFMB

and the Department that the grant account has been closed and no further postings to the account will occur.

K. Excess County match funds are to be returned to the originating fund within sixty (60)days of the close-out of the grant or within forty five (45) days if the grant expires at the end of the fiscal year.

L. For non-capital multiyear grants, amounts to be budgeted in future years shall be budgeted as a lump sum in a reserve line designated by OFMB. These amounts will be removed from the designated reserve line during the annual budget process. This practice ensures personal services are not overstated for the department and the County.

M. Departments shall develop and maintain supporting documentation for all personnel charges made to grant accounts in compliance with 2 CFR 225 and other applicable laws and regulations. Certifications must reflect an after-the-fact distribution of the actual activity of each employee and they must account for the total activity for which each employee is compensated.

N. Only recurring, Federal and State funded grants which have been received in each of the last five years may be included in the annual budget without an application or agreement having been submitted to Board. Departments will be required to estimate the expected value of the award for budget purposes. Departments must reconcile the estimated award budget to actual award budget once the agreement has been executed in compliance with this PPM.

II. Annual Audit

A. Grants funded by federal or state dollars are subject to annual audits by the County's external auditors.

B. If needed, OFMB will prepare a procedure for reconciling grant revenue and expenditures to the official general ledger in the County's financial system based on the needs of the external auditors. This will be completed on an annual basis. The procedure, including deadlines for completion, will be provided to Department's prior to July 15th of each year.

C. OFMB will facilitate an annual training on the grant reconciliation procedures prior to July 15th of each year.

D. Reconciliation of federal and state assistance will consist of a two-step process involving a "preliminary reconciliation" and a "final reconciliation".

1. Preliminary Reconciliation

   a. Using the Program Table in the County's Financial System - Advantage, OFMB will prepare **preliminary "Schedules of Federal and State Assistance".**

   b. County departments are responsible for estimating grant earnings through the end of the fiscal year for the purpose of audit planning.

   c. County departments are responsible for reconciling grant receipts and expenditures with ledgers and payment requests.

      A standard **Preliminary "Grant Reconciliation Worksheet"** will be provided by OFMB for use in this process. The worksheet is to be completed by departments for each grant.

   d. County departments are responsible for updating the Program Table in Advantage for actual and estimated earnings as reflected in the reconciliation worksheet.

   e. The reconciliation worksheet and supporting documentation is to be submitted by the responsible department to OFMB within the timeframe established by OFMB. Departments must use the expenditure and revenue reports provided by OFMB.

   f. OFMB will be responsible for providing a consolidated schedule of financial assistance to the External Auditors for their preliminary fieldwork by the end of September (fiscal month twelve).

2. Final Reconciliation

   a. After the close of the fiscal year, these schedules will be updated using the same procedure outlined above to reflect any changes occurring during the final quarter (i.e., July through September).

      Departments will have 15 days from the time the fund is closed by Finance (if the fund is closed after December 31st, then within the timeframe established by OFMB in order to meet final reconciliation deadlines) to submit the **Final "Grant Reconciliation Worksheets" will be provided by OFMB** as well as the grant expenditure and revenue reports..

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3. Other Audit Requirements

   a. OFMB will be responsible for the coordination and distribution of the audit reports as required by the grant agreements and County policy.

   b. Each department or office will be responsible for taking appropriate steps to clear or correct any deficiencies cited in the Single Audit Management Letter within their area of responsibility.

   c. Upon request, departments will receive all or part of the audit reports produced.

ROBERT WEISMAN
COUNTY ADMINISTRATOR

Supersession History:

1. AO Number 1-4, dated 9/1/1978
2. PPM # CW-F-003, issued 7/1/1988
3. PPM # CW-F-003, issued 8/1/1995
4. PPM # CW-F-003, issued 4/30/1999
5. PPM # CW-F-003, issued 11/30/2000
6. PPM # CW-F-003, issued 11/01/2004
7. PPM # CW-F-003, issued 3/1/2006
8. PPM # CW-F-003 issued 10/3/2012

ATTACHMENT A

GRANT TYPES

GRANT TYPES BY GRANTOR AGENCIES

Federal Grants – a grant made by the Federal Government. Federal grants are the most common type of grant received by the County. These grants generally should have a Catalog of Federal Domestic Assistance (CFDA) number assigned to them.

State Grants – a grant made by the State Government. State grants are the second most common type of grant, behind Federal grants, received by the County. These grants generally should have a Catalog of State Financial Assistane (CSFA) or CFDA number assigned to them.

Foundation Grants – a grant made by a philanthropic foundation. The County receives this type of grant very infrequently. These grants rarely have a CFDA or CSFA number unless the grant is a pass-through grant.

Corporate Grants – a grant made by a corporate foundation. The County receives this type of grant very infrequently. These grants rarely have a CFDA or CSFA number unless the grant is a pass-through grant.

Local Grants – a grant made by Local Government such as a City, County, or quasi-governmental agency. These grants rarely have a CFDA or CSFA number unless the grant is a pass-through grant.

GRANT TYPES BY FUNDING ARRANGEMENT

Advance Payment Grants – a type of funding program where the grantee is provided with a partial or full payment of the grant amount in advance of expenditures being incurred. Advance payment grants generally have requirements that funds received be invested until expended and interest earned. Interest earned generally must be returned to the grantor agency or used to further the grant program. Advance payment grants are received infrequently.

Reimbursement Grants – 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.

GRANT TYPES BY LENGTH

Single year grants – grants where a single contract number is provided for a project period that is less than two calendar years. Single year grants may be in a single fiscal year of the County or may be split between two fiscal years.

Multi-year grants – grants where a single contract number is provided for a project period that is longer than two calendar years. Multi-year grants will be in at least two fiscal years and will generally be either for 3 or 5 year periods.

GRANT TYPES BY GRANTOR RELATIONSHIP

Direct Grants – grant funds received directly from the grantor with no intermediary.

ATTACHMENT A

GRANT TYPES

Pass-thru Grants – grant funds received from one grantor (such as the Federal government), but passed through another grantor or funding source (such as the State).

GRANT TYPES BY SOURCE

Block Grants – a broad intergovernmental transfer of funds or other assets by the U.S. Congress to state or local governments for specific activities such as secondary education or health services, but with few restrictions attached. Block grants are distributed according to legal formulas defining broad functional areas such as health, income security, education or transportation. They are used for a variety of activities, largely at the recipient's discretion.

Competitive (Discretionary) Grants – an award of financial assistance in the form of money, or property in lieu of money, by the Federal government to an eligible grantee, usually made on the basis of a competitive review process.

Continuation of any grant type – a continuation grant provides additional funding for budget periods subsequent to the initial budget period.

Conditional Grant – a conditional grant involves one grant maker seeking the involvement of others by making their grant (only a part of the total costs of a project) conditional upon the remainder of the cost being funded from another source.

Cooperative Agreements & Contracts – a type of Federal assistance; essentially, a variation of a discretionary grant, awarded by a Federal agency when it anticipates having substantial involvement with the grantee during the performance of a funded project.

Earmark – refers to a provision in legislation requiring that a portion of a certain source of revenue be designated for specific projects usually at the request of a legislator. Typically, the County submits requests for projects to state and federal legislators who seek to obtain funds for those requests, usually to be spent in the district the legislator represents. Earmarking bypasses the normal procedure by which revenues are pooled in a general fund and then allocated among various government spending programs as opposed to a specific project.

Formula Grants – a grant that the Federal or State agency is directed to make to grantees, for which the amount is established by a formula based on certain criteria that are written into the legislation and program regulations; this funding is directly awarded and administered in the Federal agency's program offices.

ATTACHMENT B

MATCH (Cost-Sharing)

Match (Cost-Sharing) is defined as the value of goods or services provided by an entity other than the funding agency of the grant which is expended to further the grant objectives. Match can be either County or in-kind and voluntary or mandatory. Match costs must be allowable, reasonable, actual and necessary and allocable to the specific program that it is required of. Costs used as match cannot be used to meet the requirements of more than one project unless specifically authorized in the grant award. Records for match must be kept by the Departments in the same manner as those for the grant.

County Match includes County funds spent for project-related costs. County match will be traceable through the County's accounting system to a specific cash transaction. Contributions of cash, or cash equivalents, provided by third-parties to the County will be considered County match to the extent that the contribution is recorded as revenue in the County's accounting system.

County In-Kind Match includes the use of County owned equipment, facilities, supplies, or other assets that are not traceable through the County's accounting system to a specific cash transaction.

External In-Kind Match includes the value of goods and services provided by independent, third parties in furtherance of a specific grant award. In-kind match will not be traceable through the County's accounting system to a specific cash transaction. Potential types of in-kind match include, but are not limited to: volunteer services, donated time of employees of other organizations, donated supplies and loaned equipment or space, donated equipment, building or land. In-kind match must be recorded at the documented market-value of the goods or services received.

- **Volunteers** – Unpaid services provided to the County by an individual are valued at the private market value of similar services. If there is no private market value for the services provided, the services shall be valued at minimum wage plus a reasonable amount for fringe benefits. The Department will be responsible for maintaining supporting documentation for both the value of services provided as well as effort provided (timesheets).

- **Employees of other organizations** – When another organization furnishes, free of charge, the services of an employee in that employee's line of work, the services are valued at the employee's regular rate of pay exclusive of fringe benefits and overhead costs. If the services provided are in another line of work, then the value is calculated in the same manner as that for volunteers. The Department will be responsible for maintaining supporting documentation for both the value of services provided as well as effort provided (timesheets).

- **Equipment/space rental** – Equipment or space, where the title is retained by the donor, is valued at its fair rental rate in the market. The Department will be responsible for maintaining supporting documentation of the fair rental rate in the market at the time of donation and for following any applicable County PPM on donations.

ATTACHMENT B

MATCH (Cost-Sharing)

- **Supplies/Equipment/Real Property** – Supplies/equipment/real property where title is transferred to the County shall be valued at their fair market value at the time of donation. The Department will be responsible for maintaining supporting documentation of the fair market value at the time of donation and for following any applicable County PPM on donations.

Voluntary (Over) Match – Voluntary (Over) match is the use of resources in pursuit of grant objectives not specifically required by the grant agreement. Voluntary match included in a grant proposal accepted by a funding agency becomes mandatory match unless the grant proposal is specifically not a part of the final grant agreement.

Mandatory Match – Mandatory match is the use of resources in the pursuit of grant objectives specifically required by the grant agreement. Voluntary match included in a grant proposal accepted by a funding agency becomes mandatory match unless the grant proposal is specifically not a part of the final grant agreement.