



C. GRANT MANAGEMENT GUIDELINES

Town of Lyons

Finance Department

Created October 2015
Adopted December 5, 2016

Table of Contents

GRANT MANAGEMENT GUIDELINES

GRANT MANAGEMENT GUIDELINES.....	4
PURPOSE.....	4
INTRODUCTION.....	4
GRANT ROLES AND RESPONSIBILITIES.....	4
Table 1: Grants Management Roles and Responsibilities At-A-Glance.....	5
Table 2: Grants Management Roles and Responsibilities At-A-Glance.....	6
LETTERS OF SUPPORT.....	7
INTERNALLY COMPETING APPLICATIONS.....	7
COORDINATING APPLICATIONS PROCEDURE.....	7
GRANTS MANAGEMENT TRACKING LIST.....	7
SIGNATORY AUTHORITY.....	7
GRANT REQUIREMENTS AND COMPLIANCE.....	8
FINANCIAL MANAGEMENT.....	8
ADVANCES.....	8
EXPENDITURE CONTROLS.....	8
COSTS.....	8
COST SHARE OR MATCH.....	9
FINANCIAL MANAGEMENT SYSTEMS.....	9
Audits.....	9
Budgets.....	9
Program Income.....	10
Payment Methods.....	10
DOCUMENTATION MANAGEMENT, RETENTION AND ACCESS.....	10
GRANT ADMINISTRATION AND OVERSIGHT REQUIREMENTS.....	12
Internal Controls.....	12
Lobbying Restrictions.....	12
Drug-Free Workplace.....	13

Personally Identifiable Information.....	13
Funding Department Rules.....	13
Duplication of Benefits.....	13
Section 3 (HUD CDBG-DR).....	13
Equipment Management.....	14
Inventory Management.....	14
Sub-recipient and Contractor Determinations.....	15
Procurement and Contracts.....	15
Nondiscrimination.....	15
GRANT MANAGEMENT PROCESS.....	16
PRE-APPLICATION PROCESS.....	16
GRANT IDENTIFICATION AND OPPORTUNITIES.....	16
GRANT SEEKING PLAN PROCEDURE.....	17
PRE-APPLICATION ASSESSMENT AND REVIEW.....	17
APPROVAL AND APPLICATION SUBMISSION.....	17
APPLICATION SUBMISSION PROCEDURE.....	17
FEDERAL AWARDING AGENCY RISK ASSESSMENT OF APPLICANTS.....	18
APPLICATION AWARD NOTIFICATION, REVIEW AND ACCEPTANCE.....	18
AWARD NOTIFICATION AND REVIEW.....	18
BOARD OF TRUSTEES APPROVAL AND CONTRACT EXECUTION.....	19
USE AND RECEIPT OF GRANT FUNDS.....	19
PAYMENT/ REIMBURSEMENT REQUEST PROCESS.....	20
PROCESS INVOICES.....	20
ACCOUNTS PAYABLE.....	21
ACCOUNTS RECEIVABLE.....	21
GRANT MONITORING.....	22
DEVELOP AN IMPLEMENTATION PLAN.....	22
MANAGEMENT OF AMENDMENTS, TIME EXTENSIONS, SCOPE CHANGE REQUESTS.....	22
GRANT REPORTING.....	22
GRANT REPORTING PROCEDURE.....	23
GRANT CLOSEOUT.....	23
INITIALS, ACRONYMS AND DEFINITIONS.....	24

GRANT MANAGEMENT GUIDELINES

PURPOSE

The purpose of these Grant Management Guidelines is to develop, implement and maintain meaningful grant oversight and coordination for the Town, thereby increasing grant-related revenue, ensuring grant compliance, and improving the efficiency and impact of programs and services funded through grants. These guidelines create an internal system of application, approval, accounting, financial administration and reporting of grants for use by Town departments. These guidelines may be changed as required by applicable law and regulations in a timely fashion by staff. Staff will present changes to the Board of Trustees (BOT) for ratification. For an At-A-Glance Grants Management overview, see Table 1.

INTRODUCTION

The Town has grant management internal controls to achieve the greatest use and accountability of taxpayer and grant-funded dollars.

Grant funds received by the Town of Lyons support important programs and services that the Town provides to the community. These funds allow the Town to extend pre-existing services and obtain funds for new projects, or needed goods and services.

This guide is applicable for grants that originate in the regular course of business, as well as in the aftermath of a natural disaster when the number, dollar amounts, and complexity of the grants increase significantly.

These guidelines are intended to foster good stewardship of the public trust. Adherence to these guidelines and grant awards will result in efficiencies, transparency, greater accountability, and a strategic approach to funding opportunities, and will generally place the Town in a more competitive position for securing grant funds.

Town policies and procedures are interrelated. It is important to be familiar with and refer to other policies related to grants management, including but not limited to policies governing:

- Conflict of interest
- Purchasing
- Authorized signature
- Reports and action items for the Town's Board of Trustees
- Human Resources

GRANT ROLES AND RESPONSIBILITIES

The purpose of this section is to establish the roles and responsibilities involved in the grant process. Town department employees that occupy positions of responsibility with respect to grant activity have specific roles and responsibilities that must be executed ethically and in the best interests of the Town. See Table 2 At-A-Glance, Grant Management Roles and Responsibilities.

Table 1: Grants Management Roles and Responsibilities At-A-Glance

Task	Sub-task	Purpose	Procedure
Pre-application	Grant opportunities	Promote strategic approach to grant seeking, writing & application process Enhance the ability to coordinate grant activities Provide a process for department-level needs to determine Town-wide effort	List needs, prioritized; ongoing list by departments developed into (or from) Town-wide strategy (effort) Reference needs of BOT, commissions, committees, board Utilize grant searching tools
	Grant assessment & review	Encourage the pursuit of grant opportunities while ensuring that match requirements can be met Review grant eligibility & requirements (compliance)	Use existing tools to review grants (strategic plan, comprehensive plan, land use plan, other plans, flood recovery, unmet needs list, BOT, commissions, etc.) Department, admin & finance, grant coordinators work together
	Approval & application submission	Ensure applications submitted by (or through the Town as a fiscal sponsor) are aligned with established priorities, based on current needs & plans, has matching funds available if required, O&M and program continuation are considered	Grant applications are reviewed by appropriate departments including finance & administration prior to submission Appropriate signatures are obtained Plan for BoT approval or notify BoT as appropriate
Application notification, review & acceptance	Award notification & review	Review notice of grant award (contract) to ensure understanding of grant requirements; list tasks & insert due dates on calendars	Award notice to department & finance director Review for compliance, amount, modifications Assess fiscal impact to Town Legal review as indicated Acceptance of award: BOT required w matching funds, controversial or high public interest grants
Use & receipt of grant funds		Document that grant funds are used as the funds are intended; proper use of funds	Follow Town policies including conflicts of interest, document retention; state & federal regs Internal controls
Grant oversight, monitoring	Implementation plan	Ensure grant funded programs are started, managed & completed according to grant terms & conditions	Outline implementation plan within 1 month of grant award
	Grant reporting, reimbursement	Submit for payments/reimbursements	Financial reports reviewed by Finance Director or designee. Process for payment regularly
File management, document retention, access files	File management	Ensure proper documentation for grant compliance & reimbursement	Official grant files are maintained in the Finance Dept Grant files follow a specific filing system
	Retention		Supporting docs retained for the duration of grant & following grant closeout as specified in grant terms If not specified the retention will follow Town policy
Grant closeout		Meets all grant requirements, demonstrates good grant stewardship	Closeout is documented with department & finance Documentation Reporting

Table 2: Grants Management Roles and Responsibilities At-A-Glance

Tasks	Person/s responsible
Application	
Produce list of needs and/or unmet needs	Department directors
Evaluate grant opportunities using needs list; assist in identifying grant opportunities	Department directors, grant coordinator, town administrator
Conduct a pre-application assessment review: cost share, align with Town plans & strategy	Department directors, grant coordinator, town administrator
Coordinate letters of support as needed	Grant coordinator
Coordinate multiple grant applications	Department director, grant coordinator, town administrator
Review grant listing (Caselle, pending spreadsheet) for duplication or conflicts	Grant coordinator
Review grant applications before submission (proofread)	Dept director, grant coordinator, finance dir, town admin
Obtain required signatures for grant application	Department directors, grant coordinator
Submit grant application for Board approval (as indicated)	Dept director, grant coordinator, finance dir, town admin
Ensure that final grant application is submitted (with final edits, all attachments) – have system in place for knowing which version is final	Grant coordinator
Ensure final grant application is properly filed (paper & electronic)	Grant coordinator
Enter grant application in pending list; track award notification	Grant coordinator
Grant award, implementation, close out	
Receive grant award notice/ letter, and grant contract/ agreement	Town administrator / mayor
Review grant award contract for terms & conditions	Grant coordinator
Determine if grant work can be accomplished if amount or conditions changed in award	Department director, grant coordinator
If grant needs to be negotiated or declined, work w administration	Department director
Determine if grant award needs to be approved by the Board	Grant coordinator
Legal review of grant contract as indicated	Grant coordinator/Town Attorney
Route grant contract for signatures – fully executed contract	Grant coordinator
Receive fully executed grant contract	Town administrator/ mayor
Scan grant for electronic version, provide copies (or access) to the departments	Grant coordinator
Include grant in budget, match if required	Finance director
Implementation plan developed & submitted to grants coordinator	Department director
Begin work	Department
Maintain grant files; follow document management for originals (originals are secured)	Grant coordinator
Manage amendments, time extensions, scope changes	Grant coordinator works closely with department director
Reports, progress and financials	Grant coordinator
Requests for reimbursement/ payment	Accounting, grant coordinator, dept directors
Grant close out	Grant coordinator, department director, finance director

LETTERS OF SUPPORT

Requests to or from the Town for letters of support must be coordinated through a grant coordinator to ensure that such letters do not conflict with the Town's position.

INTERNAL COMPETING APPLICATIONS

Generally, grantors will not consider multiple applications from the same entity during the same application period. There are exceptions to this rule, and those exceptions often require multiple applications to be prioritized. Grant coordinators and departments considering applications must be familiar with the grant application guidelines and instructions. In the best interest of the Town, coordination is important among the departments seeking funding, as well as Town commissions, committees, boards, and groups who wish to use the Town as a fiscal sponsor. It is not in the best interest of the Town to compete against itself, or to risk the possibility of duplicating a request for funds.

COORDINATING APPLICATIONS PROCEDURE

- The Finance Department will maintain a master list of grants, both awarded and pending. This list is to be made available to the Board of Trustees, Town administration, all Town departments, commissions, boards and committees.
- Grant coordinators and departments will confirm whether multiple applications are allowed during the same funding cycle.
- Grant coordinators will establish a notification process in which all grant applications are reported to the Finance Department *prior* to submission. The Finance Department will determine whether applications must be presented to the Board for approval, while also reviewing for duplication of effort and inserting application submissions to the pending list. If the granting organization does not allow for multiple grants to be submitted, the department director, grant coordinator and Town administrator (as indicated) will be involved in the decision on which grant will be submitted.

GRANTS MANAGEMENT TRACKING LIST

The Town will maintain a grant management master list of all grants awarded and entered into the accounting system. The Town will also maintain a list of pending grant applications. The purpose of these lists is to improve coordination, enhance oversight, and provide a snapshot of the current Town-wide grant management needs. This responsibility lies with the Finance Department and the grant coordinators.

SIGNATORY AUTHORITY

Signatures will be obtained following the Town's authority process. If a grantor requests a signature other than what is defined in the Town policy, this will be documented in the grant file. See approval and signatory authority tables for goods, supplies and services, and construction in the purchasing section.

GRANT REQUIREMENTS AND COMPLIANCE

FINANCIAL MANAGEMENT

ADVANCES

If the Town receives advances from the federal agency, the Town will maintain or demonstrate the willingness to have both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the Town and financial management systems that meet the standards for fund control and accountability. Advance payments of federal funds must be deposited and maintained in insured accounts when possible.

If the Town receives advance payments, these payments must be kept in an interest-bearing account. If the Town receives more than \$120,000 per year or earns over \$500 in interest, the Town will have procedures in place to monitor and remit the interest earned on federal funds residing in interest-bearing accounts on an annual basis.

[2 CFR 200.305 (b)(8), 44 CFR 13.20-21]

EXPENDITURE CONTROLS

The Town has in place expenditure controls to ensure that grant funds are expended on allowable items and are cost reasonable.

COSTS

The Town shall spend federal grant funds in accordance with the terms and conditions of the grant award. Therefore, prior to incurring expenses, Town employees must be aware of what costs are eligible and what expenses are ineligible under the grant. This section offers information regarding grant costs. [2 CFR 200.302, 44 CFR 13.20-22]

Allowable and Unallowable Costs

Allowable costs are those costs that fit the definition for authorized expenditures as stated in the applicable cost principles. The Town shall authorize expenditures comprised of the following criteria:

<ul style="list-style-type: none">✓ Allocable✓ Reasonable & necessary✓ Treated consistently as a direct or indirect cost✓ Determined in accordance with Generally Accepted Accounting Principles (GAAP)✓ Lobbying activities are not allowable costs	<ul style="list-style-type: none">✓ Net of all applicable credits✓ Not included as a cost or used to meet the matching requirement for another federal grant except as authorized✓ Authorized under local laws✓ Well documented	<ul style="list-style-type: none">✓ Conforms to limits or exclusions on types or amounts of costs as stated in cost principles, federal laws, terms & conditions of grant award✓ Consistent with grantee policies, regulations & procedures regarding federal awards
--	--	---

Allocable

A cost is “allocable” to a federal award if it is treated consistently with other costs incurred for the same purpose and in like circumstances. The Town shall use cost reasonableness practices to ensure that costs are consistent.

Reasonable and Necessary

Costs that the Town incurs with grant funds will be specifically for the award, benefit the award and be necessary to the overall operation of the Town.

Consistent Cost Treatment

Costs incurred for the same purpose and in like circumstances must all be treated the same. For example, an equipment cost cannot be treated as a direct cost in one instance and an indirect cost in another instance if it was incurred for the same reason and circumstances in both instances.

COST SHARE OR MATCH

Cost share that the Town uses must meet the following criteria:

- Verifiable
- Not from other federal agency unless authorized and not included in another federal grant
- Are necessary and reasonable to meet project objectives
- Allowable as grant costs
- Are included in the budget
- Conform with other provisions of the grant award

[2 CFR 200.306, 2 CFR 200.434]

FINANCIAL MANAGEMENT SYSTEMS

The Town shall have in place financial management systems, including records documenting compliance with Federal regulations, and terms and conditions of the federal award. The systems are sufficient for required reporting and for tracing funds to a level of expenditures adequate to establish that such funds have been used according to the grant terms and conditions and federal regulations. [2 CFR 200.302(a)]

Audits

During fiscal years in which the Town expends at least \$750,000 in federal funds, the Town will participate in a compliance audit known as the Single Audit. This will be conducted by an independent auditor and will audit the Town compliance with federal grant requirements and the management of expenses and revenues from the federal grants. [2 CFR 200.500, 44 CFR 13.26]

Budgets

The Town uses Caselle, a robust governmental accounting system, to track and reconcile the budget. Expenditures on grant-funded projects will align with the grant budget included in the award to the Town.

The Town’s budget process is open for Town employees to be involved as well as citizens. The Finance Director is responsible for outlining the budget process working with the Town Board, Administrator and Department Directors. The following draft timeframe allows for appropriate, responsible development of department budgets.

APRIL - Budget calendar distributed to Department Directors
JULY - Financial books closed; distribution of budget preparation worksheets
JULY - Pre-budget study session for Town Board & Department Directors
JULY - Due date for end of year revisions
AUGUST - Due date for next year's budget requests
AUGUST - Next year's budget due to Town Administrator
SEPTEMBER – Meetings with Department Directors to review & finalize budget numbers
SEPTEMBER - Publish budget sessions notice in newspaper
OCTOBER - Budget review sessions with Town Board and Department Directors
OCTOBER - Budget work sessions open to the public
OCTOBER - Publish budget adoption notice in newspaper
NOVEMBER - Budget overview and approval at Town Board meetings
DECEMBER - Deadline to submit budget to Department of Local Affairs

Program Income

Grant recipients are encouraged to earn income to defray program costs as appropriate. If the federal awarding agency does not specify how program income is to be used, then this revenue is either deducted or added to the grant award amount. Program income is used for related, relevant and current costs of the program. [2 CFR 200.307]

Payment Methods

Payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the state and the disbursement by the Town whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. [2 CFR 200.305(b), 44 CFR 13.20(b)(7)]

DOCUMENTATION MANAGEMENT, RETENTION AND ACCESS

Starting the documentation process when writing the grant application will better ensure successful documentation. The grant master files are housed in the Finance Department for file management and security of paper and electronic files. Exceptions to this might include originally signed documents by elected officials retained in the Town Clerk's office. Grant files may be copied and used by departments; however, originals shall be maintained in the Finance Department. Electronic versions of grant documents may be used by departments.

Grant files should be consistently maintained and include the following as indicated for both paper and electronic versions:

Submittal — application guidance, application
Research — supporting documentation, calculations
Award — award letter, Board agenda item and minutes indicating approval or notice to the BOT, grant agreement, amendments, and extensions
Finance — project/accounting codes and numbers, vendor contracts, invoices, proof of payment
Reports – i.e. Quarterly reports or requests for reimbursement
Grant closeout —reconciliation, thank you or closeout letters, final report

The Town of Lyons must follow its current documentation policies and procedures.

Granting agencies may require record retention periods shorter or longer than the Town's. The Town must ensure compliance with the grantor's retention requirements, even if the grantor requires a longer retention period. If a grant award is silent as to document retention, the Town shall follow its own policies. The general policy of the Town is to retain grant files for 6 years after closeout.

In general, financial records and all supporting documents pertinent to the federal grant award must be retained for a period of three (3) years from the date of close out or final expenditure submission or report. Awarding federal agencies may have varying record retention requirements which the Town shall follow according to the grant award. [2 CFR 200.333]

Grant records must include the following identification as applicable:

- Catalog of Federal Domestic Assistance (CFDA) title and number, federal award identification number, award year, name of the federal agency, and identification of the state agency acting as a pass-through entity
- Accurate, current and complete disclosure of the financial results of the grant
- Submit performance and financial reports as required

In addition, the following will be included in the documentation file: journal entries, general ledger reports, personnel and payroll records, proof of payment, invoices, procurement documentation, awards, applications, and miscellaneous reports.

Reports generally include actual accomplishments to the objectives of the grant award, reasons why goals were not met, and additional pertinent information including when applicable analysis and explanation of cost overruns or high unit costs. [2 CFR 200.328(b)(2)]

The Town should, whenever practicable, collect, transmit, and store Federal award-related information in open and machine readable formats rather than in closed formats or on paper. [2 CFR 200.335]

The following agencies shall have access to any documents pertinent to the grants: awarding agency, Inspectors General, the Comptroller General of the United States, and the State as a pass-through entity, or any of their authorized representatives. This also includes timely, reasonable and allowed access to the Town's records for the purpose of interview and discussion related to such documents. The rights of access do not follow the record retention schedule rather remain in effect as long as records are retained. [2 CFR 200.336]

Exceptions to access:

- For records related to litigation, claims or audits started before the three-year retention period expires, the federal award recipient must retain records until all actions have been resolved and final dispositive action related to the litigation, claims, or audits has occurred.
- For real property and equipment, records must be retained for three years from the date of final disposition of the property.
- When the federal awarding agency maintains the records, the three-year retention requirement does not apply to the federal award recipient.
- For program income received after the period of performance, the federal award recipient must retain such records for three years after the end of the federal award recipient's fiscal year during which the program income was earned. For example, if a federal award recipient

concludes its period of performance in 2015, but earns program income in 2017, then it must maintain those program income records for three years after the end of 2017.

Grants will vary in documentation retention. Town staff responsible for grant implementation and management must know and follow the specific documentation and retention policies of the applicable grant and related rules and regulations.

GRANT ADMINISTRATION AND OVERSIGHT REQUIREMENTS

The Town acknowledges its responsibility for oversight of the operations of State and Federal grants. The Town monitors grant activities through a variety of means to assure compliance with applicable Federal requirements and to ensure that performance expectations are achieved.

The Town fully participates in the reporting, auditing and monitoring requirements for each grant. Oversight includes frequent references to the grant agreement and vendor contracts to ensure work is being completed as agreed in the contract; comparing actual accomplishments to the project objectives; meeting contract provisions; reviewing invoices as compared to proposed work; and submitting reimbursement requests which are carefully reviewed by the granting source. [2CFR 200.328]

Internal Controls

The Town shall establish and maintain effective internal control over the federal award that provides reasonable assurance that the Town is managing the federal award in compliance with statutes, regulations, and the terms and conditions of the award. The Town has an organizational chart that depicts the Town as a whole and also has information that is specific to grants management including position descriptions of those involved in grants, including the Town Administrator, Finance Director, Department Directors, engineering employees, Grant Coordinators and other positions, as applicable.

Reference *ToL Org Chart Nov2016-Grants Management and Position Descriptions*

These internal controls shall comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

This document is referenced in some State/ Federal monitoring forms: GAO Greenbook – Control Environment – Principle 3.01 Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives. [2 CFR 200.303(a), GAO Greenbook].

Lobbying Restrictions

The Town prohibits using federal funds to influence federal employees or members of Congress and their staff. If the Town engages in lobbying activities, it must submit a form SF-LLL, Disclosure of Lobbying Activities, with the grant application. [2 CFR 200.450]

Informing and educating legislative representatives about projects and programs that are federally funded is considered allowable; however, caution must be taken when doing this because of interpretation.

Drug-Free Workplace

See Town Employee Handbook, July 2012, Section 7.30, for compliance with 7 CFR 3021, *Government-wide Requirements for Drug-Free Workplace (Financial Assistance)*.

Personally Identifiable Information

The Town will take reasonable measures to safeguard protected personally identifiable information and other information the federal awarding agency or state designates as sensitive or the Town considers sensitive information consistent with applicable federal, state and local laws regarding privacy and obligations of confidentiality. [2 CFR 200.303]

Funding Department Rules

Federal government departments will have their own grant rules and regulations that must be followed. The Town shall have in place processes for learning these rules and applying them as required.

Duplication of Benefits

Recovery from a disaster provides supplementary assistance under the Stafford Act which generally may not duplicate benefits received by or available to the Town and may include insurance, other assistance programs, legal awards, or any other source to address the same purpose. The Town shall notify Federal funding agencies of all benefits that it receives or anticipates from other sources for the same purpose, and shall seek all such benefits available for recovery. Duplicative funding will result in a reduction of the grant amounts available for the same purpose. Or will result in the Town being obligated to repay to the funding agency any duplicative amounts that it receives. Often federal funding sources will serve as primary or secondary sources of funds. Duplication of funds will result in disallowed funds or recouping of funds. [44 CFR 204.62]

The Town will make every effort to track carefully and monitor multiple funding sources to ensure that duplicative funding for the same purpose is avoided. This includes insurance, loans and multiple funding sources that is tracked, documented and reported to funding sources.

Section 3 (HUD CDBG-DR)

This rule applies to HUD funding, including Community Development Block Grants (CDBG) and CDBG-Disaster Recovery (CDBG-DR). Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) ("Section 3"), requires to the greatest extent feasible, that employment and other economic and business opportunities generated by the HUD financial assistance are directed to public housing residents and other low-income persons, particularly recipients of government housing assistance and business concerns that provide economic opportunities to low- and very-low income persons.

It is the Town's policy to ensure that there are equal employment opportunities without regard to race, color, religion, sex, national origin, disability, and other protected classes. Further, it is the Town's policy to monitor contractors to ensure they create employment and business opportunities for area residents.

Reference to Section 3 must be included in all HUD solicitation packages and in contracts. Much of the work on meeting this requirement falls with contractors. Therefore, the Town is responsible for informing contractors and monitoring to ensure that this requirement is met. This also applies to sub-contractors. Threshold amounts will apply to ensure the most current information is used.

The Colorado Department of Local Affairs has a HUD CDBG Section 3 reference manual available for use.

Equipment Management

The Town has procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a federal award, until disposition takes place. The Town will, at a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the Town is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

[2 CFR 200.313(d), 44 CFR 13.32]

Inventory Management

Title to federally-owned property remains vested in the federal government. The Town must submit annually an inventory listing of federally-owned property (if any is in its custody) to the federal awarding agency. Upon completion of the federal award or when the property is no longer needed, the Town must report the existence of the property to the federal awarding agency for further federal agency utilization. [2 CFR 200.312]

Title to supplies will vest in the Town upon acquisition of supplies. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other federal award, the Town must retain the supplies for use on other activities or sell them, but must, in either case, compensate the federal

government for its share. As long as the federal government retains an interest in the supplies, the Town must not use supplies acquired under a federal award to provide services to other organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by federal statute.

Costs incurred for materials, supplies, and fabricated parts necessary to carry out a federal award are allowed. Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from inventory should be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs.

Materials and supplies used for the performance of a federal award may be charged as direct costs. In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a federal award.

Where federally-donated or furnished materials are used in performing the federal award, such materials will be used without charge.

[2 CFR 200.314, 200.453]

Sub-recipient and Contractor Determinations

The Town may concurrently receive federal awards as a recipient, a sub-recipient, and a contractor, depending on the substance of its agreements with federal awarding agencies and pass-through entities. As a pass-through entity, the Town must make case-by-case determinations whether each agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of a sub-recipient or a contractor. The federal awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section. [2 CFR 200.330-332, 44 CFR 13.37]

Procurement and Contracts

2 CFR 200.319 and Appendix II, 44 CFR 13.236 – see Grant Purchases and Contract Management Sections.

Nondiscrimination

Section 504 of the Rehabilitation Act of 1973 prohibits discrimination of people with disabilities. The Town, as a recipient of federal funds adopts a policy of nondiscrimination on the basis of disability. The Town's programs and activities shall be accessible to, and usable by, qualified persons with disabilities, in accordance with Section 504 and the Americans with Disabilities Act (ADA). The Town conducted a Section 504 Self-Evaluation and drafted a transition plan and that is reviewed annually. Citizens requiring assistance may contact the Town.

Intellectual Property

The Town may copyright any work under a grant award. The federal awarding agency retains a royalty-free, nonexclusive and irrevocable right to reproduce, publish or otherwise use the work for federal purposes and to authorize others to do so.

GRANT MANAGEMENT PROCESS

In order to coordinate the Town's grant activities effectively and support the Town's strategic priorities, department directors and grant coordinators must have knowledge of prioritized needs. Understanding needs will help with identifying grant opportunities and coordinating applications. Ultimately, having grant procedures in place will allow the Town to be positioned when grant opportunities are announced.

THE GRANT PROCESS INCLUDES:

1. PRE-APPLICATION/PUBLISH PUBLIC NOTICE (IF APPLICABLE)
2. FEDERAL AWARDING AGENCY RISK ASSESSMENT OF APPLICANTS
3. APPLICATION NOTIFICATION, REVIEW AND ACCEPTANCE
4. FILE AND DOCUMENTATION MANAGEMENT, ACCESS AND RETENTION
5. USE AND RECEIPT OF GRANT FUNDS
6. PAYMENT/ REIMBURSEMENT REQUEST PROCESS
7. GRANT OVERSIGHT AND MONITORING
8. GRANT CLOSEOUT

A Note about Board of Trustees (BOT) Approval

Some grant applications will require prior BOT approval before submission; however, if the timing is such that approval would result in missing the grant application due date, the department and grant coordinator must seek approval for the grant application from the Town administration including the Town Administrator and Finance Director. Such grant applications can be presented to the BOT at the next available opportunity with an explanation of the grant due date. Grant applications for BOT approval always include those applications with required cost share, purchase of property, or the Town acting as fiscal agent. Additionally, grants that may conflict with the Town's comprehensive plan, strategic plan or Lyons Recovery Action Plan (LRAP) also must be approved by the BOT. The Town Administrator shall have the discretion to determine on a case-by-case basis whether other grant applications require BOT approval.

Town staff shall follow the Town's process for submitting documents to the Board through the Town Clerk's office.

PRE-APPLICATION PROCESS

This section applies to Town departments as well as Town Board-appointed commissions, committees and boards.

GRANT IDENTIFICATION AND OPPORTUNITIES

The Town takes a strategic approach to grant seeking and application process, to enhance the Town's ability to coordinate grant activity on a department-wide basis and provide an overview of department-level needs that could be met through grant funding.

Grant opportunities should be evaluated by the department directors and grant coordinators based on funding opportunities and availability of potential funding, and based on goals outlined in the Comprehensive Plan, Parks Open Space & Trails Master Plan, Town of Lyons Recovery Action Plan and related documents. Town Board-appointed commissions, committees and boards should work closely with the appropriate departments on identifying and applying for grants. At a minimum, the Board-appointed commissions, committees and boards must coordinate grant applications with the Finance Department.

GRANT SEEKING PLAN PROCEDURE

Each Town department that seeks grant funding should produce a prioritized list of needs and share this list with grant coordinator staff. Town-appointed commissions, committees and boards should work closely with departments and Town staff to ensure priorities are adhered to when seeking funds.

PRE-APPLICATION ASSESSMENT AND REVIEW

Town departments are encouraged to pursue grant opportunities, provided that possible Town costs related to the grant are identified and considered as early as possible. Grant- coordinating staff will enter grant information into the database at the time the application is submitted (on a pending list). The coordinator should take the lead on following up with grant applications and their pending award notification, i.e., follow-up with granting organization regarding award notification delays.

The department considering an application for a grant is responsible for pre-application assessment, which should be conducted well in advance of the application due date. Assessment includes the following:

FINANCIAL EVALUATION

- Total anticipated project cost
- Match/cost share requirements and sources
- Program income considerations, if any
- Staffing requirements (salary, benefits, multiple years)
- Continuation, operations and maintenance plans and costs
- Indirect costs

PROGRAMMATIC EVALUATION

- Alignment with Town's strategic priorities and/or department's plan
- Provision or expansion of services to address critical needs
- Department's capacity to administer the grant through closeout

APPROVAL AND APPLICATION SUBMISSION

Each grant application submitted by or on behalf of the Town must be aligned with established Town priorities, based on current plans, have matching funds available if required, consider continuation of operations and maintenance plans and costs, and ensure that the approval process is followed. This is the responsibility of the department directors and grant coordinators working closely together.

The department director and grant coordinator are responsible for ensuring that pre-application assessment factors, noted previously, have been evaluated and completed prior to submission.

APPLICATION SUBMISSION PROCEDURE

Applications must be reviewed by the grant coordinator, appropriate department directors and the Finance Director. A pre-application press release of grant application intent and clear project title may be required to be sent to local newspapers at least five days prior to application submission. The purpose is to inform the general public of the project and ensure that there are no conflicts of interest. The grant coordinator will then confirm the grant is recorded on the pending list, and review for accuracy, document quality, and duplication with other grants. Clear communication between the grant coordinators and department directors on final submission is important, including any last-minute edits.

Be certain that grant coordinators have a copy of the final application for the grant files.

The grant coordinators are responsible for obtaining required signatures and preparing for Board approval as appropriate.

FEDERAL AWARDING AGENCY RISK ASSESSMENT OF APPLICANTS

Prior to awarding a grant, the Federal awarding agency is required to review information available on applicants applying for funds. For competitive grants, the Federal agency shall have in place a system for evaluating the risks posed by applicants before they receive Federal awards. This evaluation may include the applicant's eligibility or the quality of its application. If the Federal awarding agency determines that an award will be made, special conditions that correspond to the degree of risk assessed may be applied to the award. Criteria to be evaluated must be described in the announcement of funding opportunity.

In evaluating risks posed by applicants, the Federal awarding agency may use a risk-based approach and may consider any items such as the following:

- (1) Financial stability;
- (2) Quality of management systems and ability to meet the management standards;
- (3) History of performance. The applicant's record in managing Federal awards, including timeliness of compliance with applicable reporting requirements, conformance to the terms and conditions, the extent to which any previously awarded amounts will be expended prior to future award;
- (4) Reports and findings from audits; and
- (5) The applicant's ability to effectively implement statutory, regulatory or other requirements imposed on the Town.

Other risk assessment areas include: internal controls, Federal programs that have not been audited and single audit participation.

[2 CFR 200.205, 2 CFR 200.519-520]

APPLICATION AWARD NOTIFICATION, REVIEW AND ACCEPTANCE

Grant agreements are legal contracts. It is the Town's responsibility to carry out the project and/or activities associated with a grant to accomplish its objectives, while adhering to all of the terms and conditions prescribed by the grantor.

This section includes award notification and review, and Town Board approval (as indicated) to accept the award.

AWARD NOTIFICATION AND REVIEW

Grant award notification will come in various forms ranging from a single award letter to a grant award letter followed by a grant contract (agreement). Grant awards are often sent to the signing representative, the elected official or the Town Administrator. Such award letters and grant contracts must be routed to the grant coordinator who is responsible for several tasks including the following:

- Scan paper award letters to save electronically
- Share copy of award with responsible department and finance department
- Obtain legal review of grant award contract as indicated
- Review grant contracts for terms and conditions and prepare a list of requirements in an easy-to-follow format for responsible department(s)
- Obtain signatures for a fully executed contract as required

- Set up timelines for due dates for reports and other tasks – insert in a calendar with reminders

The grant coordinator is the primary person responsible for reviewing the grant award for compliance. In the event that funds awarded by the granting entity are less than the amount requested in the application, or factors previously evaluated at the time of application have changed, the department director and grant coordinator must ensure that the intent of the work can still be accomplished.

If award terms need to be amended before the grant award can be accepted, the department director and grant coordinator will draft such amendments to be reviewed by the Town Attorney and submitted and negotiated by the person with signatory authority or his/her designee, to obtain changes to the grant award. All amendments must be in writing. It is recommended that before making this effort, the department director or grant coordinator contact the granting agency to discuss the possibility of an amendment.

If award terms cannot be negotiated to the department director's satisfaction, the department director will discuss with Town administration the possibility of declining the grant. If it is determined that declining the award is in the best interest of the Town, the authorized signer should send a letter to the granting organization outlining the specific reasons for declining the grant.

BOARD OF TRUSTEES APPROVAL AND CONTRACT EXECUTION

The purpose of this section is to ensure that the Board of Trustees approves grant awards when necessary and agrees to accept the terms and conditions. The BOT will approve grant awards when:

- the grant may conflict with the Town's comprehensive plan, strategic plan, or Lyons Recovery Action Plan (LRAP)
- the funds will be used to purchase property
- the Town acts as fiscal agent for another agency
- the grant requires a local cost share/match

Other awards may be approved by the Board as determined by the Town Administrator. The department director and grant coordinator shall prepare a Board agenda item, which shall include a fiscal impact statement if the grant has a local cost share. The agenda item must be accompanied by the award letter, grant agreement and any other required and appropriate documentation.

The grant coordinators will submit a budget revision request to the Finance Director adding the final grant award amount.

USE AND RECEIPT OF GRANT FUNDS

The purpose of this section is to ensure that grant funds are properly used and received by the Town of Lyons. Violations can result in a range of penalties, including suspension of future funds from the grantor, return of funds associated with the award, including those already expended, and civil and/or criminal penalties.

All departments receiving grant funds must comply with all applicable Town policies and state and federal laws and regulations. Grant funds will not be disbursed until the Town receives a fully executed grant agreement and the BOT has approved the award, if appropriate. Pre-award expenditures are often allowed during emergencies and other circumstances. Grant coordinators and department directors should be knowledgeable about pre-award allowances.

Modifications to a grant-funded project that alter the grant amount or move funds from one budget line item to another must adhere to grant award terms and conditions (i.e. State GOCO funding for a Parks Stream project may not be used for an urgent utility improvement), and follow Town policies (i.e. change orders greater than \$5,000 must be approved by the Town Administrator and the Board of Trustees).

Grant funds awarded to the Town shall not be used to supplant an existing expense so that current funds can be diverted to another use, unless such use of grant funds is explicitly identified as allowable in writing by the granting entity in the grant award.

All income resulting from a grant-funded project or program shall adhere to Town policies and procedures, and be managed and maintained as established in the grant agreement by the granting entity.

All procurement activity associated with grant-funded projects shall follow the procedures outlined in the Lyons Municipal Code and the Town Purchasing Policy and Procedures and shall adhere to grant requirements.

Cost share or matching funds will be accounted for in the budget and coded accordingly.

PAYMENT/ REIMBURSEMENT REQUEST PROCESS

Federal grants must be tracked separately for audit purposes. If the Town expends at least \$750,000 in federal funds in a calendar year, it is subject to a single audit. For more information, see OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule (12-26-2014).

Grant funds will be paid differently depending on the granting organization. Some foundations will pay in a lump sum at the time of the award, though most government grants use a reimbursement payment system. In this case, the Town is responsible for paying expenses, then requesting reimbursement. There will be a delay in reimbursement, so the Town must be in a position to expend funds and wait for reimbursement.

Reimbursement documentation will vary depending on the grant. Know the requirements by carefully reviewing the grant award contract/agreement. This section provides information on what may be required for government grants, which are generally more stringent.

PROCESS INVOICES

Town employees must follow the current internal control system for processing and approving invoices:

- Invoices must be sufficiently detailed, including Town of Lyons as the responsible party, contractor identification, description of the expense including date of purchase or service, location, price and fees
- Prior to payment, invoices must be approved by the department incurring the expenses
- Signature or initials of the department head shall serve as approval, unless the invoice is for \$2,500 or more in which case the Town Administrator must also sign to approve the expense
- Invoices should be coded with appropriate grant expense codes
- Approved invoices are routed to Accounts Payable for payment

- Original approved invoices will be filed in the Accounts Payable files, while a copy of the invoice and the corresponding check stub, or proof of payment, will be filed in the grant file

ACCOUNTS PAYABLE

Invoices are entered into the Town's accounting system. Each invoice is properly coded identifying the expense, project and grant. All unpaid invoices are reported to the Board of Trustees as part of the consent agenda at regularly scheduled BOT meetings. Internal control is conducted through monthly financial reports.

In order for the Town to request reimbursement for expenses on grants, the following documentation is generally required. Again, grants may differ; therefore, reimbursement requirements for the specific grant must be known and adhered to for successful payment.

CONTRACTS

Approved and signed invoices; signed contract; change orders or amendments; all procurement documentation quotes, bids, tabulation, selection process, advertisement, proposals or bids; cost reasonableness documentation as indicated; proof of payment

MATERIALS

Approved invoices for inventory process, listing and daily work sheets; bid tabulations or quotes; signed contracts, purchase orders, change orders or amendments; procurement process documentation (advertisement, proposals or price quotes); cost reasonableness documentation as indicated; proof of payment

RENTAL EQUIPMENT

Approved invoices; bid tabulations or quotes; signed contracts, purchase orders, change orders or amendments; procurement process (advertisement, proposals or price quotes); cost reasonableness documentation as indicated; proof of payment

FORCE ACCOUNT LABOR AND EQUIPMENT

Hourly rates, fringe benefit policy, overtime policy, timesheets, payroll records; schedule of equipment rates, operator hours of each equipment claimed for reimbursement; salvage value

Exceptions to this documentation might arise in an emergency (refer to the Town's procurement policy and procedure), however, every effort must be attempted to uphold the procurement policy.

Required documentation will allow accounting and grant coordinators to submit requests for reimbursement (RfRs). Each grant will have its own process. The Town will strictly adhere to each grant's process for requesting payment or reimbursement using the granting agency forms and/or online systems, and time frames. For example, FEMA reimbursements are processed through the State Department of Homeland Security & Emergency Management and their online portal, EMGrants. Refer to user guidelines.

ACCOUNTS RECEIVABLE

Payment for grant expenses must be routed to accounting. The accounting department will code the check with the appropriate grant revenue code. The check will be entered in the cash receipting module. A copy of the check and receipt is then routed to the grants department for inclusion in the grant file. Payment must be tied to each reimbursement request.

GRANT MONITORING

The purpose of this section is to ensure that all grant-funded programs and projects are managed according to the grant agreement terms and conditions, grant guidelines and Town policies and procedures. The grant oversight and monitoring process has two primary components: (1) implementation plan and (2) reporting.

DEVELOP AN IMPLEMENTATION PLAN

All Town departments that receive grant awards must have an implementation plan to ensure the initiation of the grant work. If an implementation plan is not in the grant application, the department is expected to submit such a plan, within one month of notice of grant award, to the grant coordinator. This simply ensures that the grant work starts and continues so that funds are expended.

The implementation plan includes the following:

1. Project goal and objectives
2. Timeline, including tasks and persons responsible
3. Evaluation measures – how will you know the grant was successful?
 - a. A pending project/ post project survey may be conducted to gauge effectiveness of the project and the expenses and effort related to the program
 - b. Per State protocol: A perpetual citizen participation plan may be included that engages the Town Board, committees, local businesses, and citizens-at-large, so constituents are kept informed or are able to ask questions about the project in a timely way, and intervene if they do not like how the project is progressing

MANAGEMENT OF AMENDMENTS, TIME EXTENSIONS, SCOPE CHANGE REQUESTS

Grant coordinators are responsible for closely managing grant contract changes, by working directly with the vendor and department directors or their designees. This includes amendments, scope changes and time extensions. Every effort must be made to provide the funding source with advance notice of any changes. Some grantors allow for budget changes within a certain limit. It is the responsibility of the grant coordinators to know limits and change request/ approval processes.

GRANT REPORTING

Grants awarded to the Town may require progress, programmatic and financial reports to be submitted to the granting organization. Accurate and timely reporting is critical to maintaining a good relationship with the grantor. It is recommended that with each grant award, the coordinator carefully reviews the grant agreement, lists all due dates, and inserts these into a calendar system.

Reports may include the following:

A comparison of actual accomplishments to the objectives of the federal award established for the period. Where the accomplishments of the federal award can be quantified, a computation of the cost (for example, related to units of accomplishment) may be required if that information will be useful. The reasons why established goals were not met, if appropriate. Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

Construction performance reports may include on-site technical inspections and certified percentage of completion data to monitor progress.

Significant developments would include events that occur between the scheduled performance reporting dates that have significant impact upon the supported activity. In such cases, the Town must inform the federal awarding agency as soon as the following types of conditions become known:

(1) Problems, delay, or adverse conditions which will materially impair the ability to meet the objective. This disclosure must include a statement of the action taken, or contemplated and any assistance needed to resolve the situation.

(2) Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.

The federal awarding agency may make site visits as warranted by program needs.

[2 CFR 200.327-329]

GRANT REPORTING PROCEDURE

Recipient departments, in conjunction with grant coordinators, will prepare reports as required by the grantor. The Department Directors and Grant Coordinators will submit financial reports to the Finance Director for review and approval before submitting to the grantor. The recipient department must provide support documentation.

The Finance Director (or designee) will review financial reports for content and quality and address any issues with the department and Grant Coordinator. The Grant Coordinators will review progress reports for content and quality, and address any issues with the department.

Copies of all financial statuses and final reports prepared for submission shall be provided to the grant coordinator at the time of submission for filing.

GRANT CLOSEOUT

Upon completion of the grant period (or project work is completed – whichever comes first), the Department Director will notify the Grant Coordinator to begin the project closeout process. The process will vary depending on the grant and may include: notification of the granting organization, final report, final reimbursement request, invoice payment (notice of final settlement for construction projects), reconciliation, and release of unobligated funds. Grant accounting numbers are placed on an inactive status. A careful review of grant terms and conditions must be conducted to ensure compliance before the grant is closed.

INITIALS, ACRONYMS AND DEFINITIONS

The Town of Lyons considers the term *grant* to include the following funding types:

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 disaster recovery activities, secondary education or health services. 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 and 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.

Fiscal sponsor – generally a 501(c)3 that accepts funds for a group or club that is not a legal entity.

Formula Grant - programs are noncompetitive awards based on a predetermined formula. These programs are sometimes referred to as state-administered programs.

Reimbursement Programs – 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.

DEFINITIONS

Calendar or Business Days – calendar days are generally considered to be all seven days in a week, Sunday through Saturday. Business days are considered to be Monday through Friday and exclude holidays.

Budget Period – generally for 12 months and is usually in the fiscal year of the granting organization.

Federal Fiscal Year (FFY) – October 1 start; when FY is referenced always confirm the dates for this.

Grant Coordinator – someone who monitors the grant for compliance and progress. Can be in the grant department, can also be department heads or project managers who are responsible for overseeing grants.

Grant Period – the life of a grant which could be multiple months or years.

Pending – the time in which a grant application has been submitted but has not yet been awarded or denied.

State Fiscal Year (SFY) – July 1 start; important to confirm fiscal years for knowing when quarterly reports are due.