



City of Hot Springs

Grant Policy

Adopted November 5, 2018

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Introduction

The purpose of this policy is to ensure the compliant, efficient, fair and professional administration of grant funds in compliance with all local, state, and federal requirements. It applies to all public officials, officers, employees or agents of the City engaged in the award and administration of contracts supported by state, federal or local funds.

Administration–

All grants, regardless of dollar amount, will be fully reviewed and approved by the Hot Springs City Council prior to award acceptance. A complete assessment of potential reporting requirements, current and future cost implications and any other legal or compliance measures will be prepared by the grant applicant and reviewed by Common Council; grant acceptance will occur during an official council meeting. The City Council has the sole responsibility for approving grant awards on behalf of the City.

The finance office and the requesting employee shall be designated as grant administrators. All grants exceeding \$5,000 will be assigned a project code in the accounting software to track all grant revenues and expenditures. Grant administrators are responsible for all aspects of the grant process, this includes researching and planning for grant acquisition, preparing and submitting grant proposals, providing complete documentation when requesting council action to accept grant funds, developing grant implementation plans, managing grant programs, preparing and submitting reports to grantors, and properly closing out grant projects.

All federal awards will be identifiable by using the Catalog of Federal Domestic Assistance (CFDA) title and number, award number, award year, name of federal agency, and the name (if applicable) of the pass-through agency. The City will follow the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Rules”)Codified at 2 C.F.R. §200.317 through 200.326 when managing federal awards, even when they are coming through a pass-through agency.

The designated grant administrators shall maintain internal controls over federal programs that provide reasonable assurance that the City is managing the award in compliance with all requirements including but not limited to; allowable costs review, procurement standards, contract provisions, affirmative hiring practices, and non-procurement debarment and suspension regulations. Debarment and suspension regulations restrict awards, sub-awards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. The City is subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2CFR 180 (2 CFR 200.212) and must not make any award or permit any award at any tier to parties listed on the government-wide exclusions in the System for Award Management (SAM) www.sam.gov .

Allowable costs review–

The following criteria are highlighted in 2 CFR 200.403 as necessary for costs to be considered allowable. The costs must:

- Be necessary and reasonable for the performance of the federal award (and be allocated to that use)
- Conform to limitations or exclusions regarding type or cost
- Be consistent with the policies and procedures the City would apply to non-federally financed work
- Be treated consistently with other comparable costs—for example, a cost may not be treated as a direct cost if a cost incurred for the same purpose in similar circumstances was allocated as an indirect cost
- Be determined in accordance with US Generally Accepted Accounting Principles (GAAP) except as otherwise provided in 2 CFR 200 (for state and local governments and Indian tribes only)
- Not be used to meet cost-sharing or matching requirements of any other federally financed program
- Be adequately documented (see documentation below)

Conflict of Interest–

No employee or official of the City shall have any interest, financial or otherwise, direct or indirect, or have any arrangement concerning prospective employment that will, or may be reasonably expected to bias the design, conduct, or reporting of a grant funded project on which he or she is working. It shall be the responsibility of the governing body, the finance office and the grant administrator for each grant-funded project to ensure that in the use of project funds, officials or employees of the City and non-governmental recipients or sub-recipients shall avoid any action that might result in or create the appearance of:

- Using his or her official position for private gain
- Giving preferential treatment to any person or organization
- Losing complete independence or impartiality
- Making an official decision outside official channels
- Affecting adversely public confidence in the grant funded program in particular and the City in general
- Soliciting or accepting gratuities, favors or anything of monetary value from contractors, potential contractors or subcontractors

Penalties for violating conflict of interest policy–

The City recognizes violations at 3 levels; mistakes, gross negligence and criminal fraud. Our goal is to address, resolve and disclose potential conflicts. If the City has reasonable cause to indicate that an insider of the organization has failed to disclose actual or possible conflicts of interest, including those arising from a transaction with a related interested person, the insider shall be informed of the basis for the belief and they will be afforded an opportunity to explain the alleged failure to disclose. If, after hearing the insider's response and making any further investigation as warranted by the circumstances, the Council determines that the insider has failed to disclose an actual or possible conflict of interest,

the Council shall take prompt corrective action to ensure that such conduct ceases and will not recur. Correction action can include but is not limited to;

- The City determines the conflict cannot be avoided and shall be disqualified from eligibility for the grant award and the grant agreement is terminated
- The responsibility for the grant or grant program is reassigned to a different employee.
- Actions to be taken to mitigate or neutralize perceived or actual conflicts of interest include: revising the grantee's duties so that the conflict is mitigated; allowing the grantee to propose the exclusion of task areas that create a conflict, if appropriate; submitting an organizational conflict of interest avoidance or mitigation plan; or making all information available to all grantees and/or potential grantees in order to eliminate favoritism toward any one grantee.
- Violations of this policy may result in disciplinary action up to and including discharge, fines and possible imprisonment. Disciplinary actions shall be consistent with all other City policies, procedures, and state and federal laws.

Accounting and Reporting–

City accounting software has the ability to track revenues and expenditures related to grant funding sources through a project code system. The finance office will set up the project code in the accounting software and will communicate the code to the grant administrator responsible for purchasing and processing requests for payments related to the grant funds. It is the responsibility of the preparer of the claim voucher to document the project code on all vouchers to ensure the finance office staff can identify and track those items. Only allowable costs will be allocated to the grant.

Budget–

Grant funds will only be added to the budget once received. Federal Grant dollars can be added to a budget by a simple motion of the Council, other grant dollars will be added by supplemental appropriation ordinance. Any necessary budget supplements must be discussed with the finance office and approved by Council.

Department staff and Finance staff will maintain a close working relationship with respect to any grant activity to ensure compliance and a clear understanding of the project status.

Documentation–

All grant expenses must comply with the terms set forth in the grant application, grant award letter, City procurement policies and the guidelines in the OMB Compliance Supplement-Uniform Guidance, Title 2- Subtitle A-Chapter II - Part 200.

When using **federal funds** the City will follow its own documented procurement procedures which reflect applicable state (bid laws, etc.) and local laws and regulations, **provided** that the procurements conform to applicable federal law and the standards identified in 2 C.F.R.§200.318 through 326. **When using federal funds the City will follow the most restrictive requirements outlined in applicable state, local, OR federal laws and regulations.**

Documentation for all expenditures must be retained by the City for audit purposes and should include:

- Timesheets signed by the employee and approved by their department head for all grant related payroll expenses
- Complete purchasing documents for all expenditures (detailed receipts and/or invoices)
- City, State or Federal governmental agreement number
- Formal bids for all purchases over \$50,000
- Ledger showing all expenditure activity
- If required by grantor, check numbers, copies and payment dates for all payments made

Grant documents should be read carefully to ensure compliance with all grant requirements. Additional documentation may be required under the terms and conditions of the specific grant award to include, but not limited to, procurement justification, grant reconciliation frequency, cash match, calculation and tracking and records retention.

Audit–

If the City expends more than \$750,000 in a year of federal award dollars, either as the grantee or the sub-grantee, then we will be subject to a single or program specific audit. The single audit encompasses both our financial statements and the federal awards received by the City; whereas a program specific audit will audit one federal program and can only be used when the grantee receives grant awards only from one federal program. The City contracts with an external auditing firm to conduct both our annual and single audits as needed.

Any awarding agency may also specify additional audit requirements in a grant award letter or grant guidance document.

The Finance Office, with the assistance of the specific grantee city department head, shall follow up and take corrective action on all audit findings.

Approved this 5th day of November, 2018

Approved:

George Kotti, Mayor

Attest:

Misty Summers-Walton Finance Officer