



Grant Management Policy and Procedures

City of Pasadena
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Grants Management Policy and Procedures

Table of Contents

I. PURPOSE.....	1
II. GENERAL POLICY.....	1
III. DEFINITIONS.....	1
IV. PROVISIONS.....	1
GENERAL CONCEPTS AND FRAMEWORK.....	2
ROLES AND RESPONSIBILITIES	2
City Council.....	2
City Mayor.....	2
City Controller.....	2
City Budget Director.....	3
Compliance Officer.....	3
Operating Departments (Directors/Project Managers).....	4
CONFLICT OF INTEREST	6
INTERNALLY COMPETING APPLICATIONS.....	6
INTERNALLY COMPETING APPLICATIONS PROCEDURE.....	6
AUTHORIZED WRITTEN SIGNATURE	7
System for Award Management (SAM) NUMBER.....	7
GRANT SEEKING PROCESS	7
GRANT APPLICATION.....	7
PRE-APPLICATION ASSESSMENT & REVIEW.....	7
PRE-APPLICATION ASSESSMENT & REVIEW PROCEDURE.....	7
a) Pre-Application Assessment.....	8
APPLICATION SUBMISSION	8
AWARD NOTIFICATION AND ACCEPTANCE.....	8
1. AWARD NOTIFICATION PROCEDURE.....	9
2. COUNCIL APPROVAL TO ACCEPT AWARD PROCEDURE.....	9
USE AND RECEIPT OF GRANT FUNDS	9
GRANT REPORTING	10
GRANT REPORTING PROCEDURE.....	10
GRANT FILE MANAGEMENT, ACCESS AND RETENTION.....	10
1. FILE MANAGEMENT PROCEDURE.....	10



Grants Management Policy and Procedures

2. FILE RETENTION PROCEDURE	10
GRANT CLOSEOUT	11
GRANT CLOSEOUT PROCEDURE	11
SINGLE AUDIT ACT REQUIREMENTS	11



Grants Management Policy and Procedures

I. **PURPOSE**

The purpose of this policy is to set forth an overall framework for guiding the City's use and management of grant resources and to ensure consistent use by City departments and compliance with the 2 Code of Federal Regulations Part 200 (2 C.F.R. Part 200) (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) and all applicable federal, state and local regulations.

II. **GENERAL POLICY**

Grant revenues are an important part of the City's overall resource picture, especially in funding capital improvements. Actively seeking out grant revenues that assist in achieving identified City goals and objectives play a key role in the City's overall financial health strategies.

The purpose of this policy is to ensure that each grant application submitted by or on behalf of the City is aligned with an established City priority, meets the City's expectations of document quality, has matching funds available if required by grantor, and that the means for continuation of the project or program after the grant period ends has been given realistic consideration.

III. **DEFINITIONS**

Federal, State and Local Governmental Grants all have a specific purpose and are subject to Single Audit and are reported In the Grant Management Funds.

Memorandum of Understanding (MOU) are where Joint Law Enforcement Operations are reimbursed for overtime by a federal department after the city carries out a public purpose described in the MOU. Even though these funds come from the federal government and are considered a reimbursement of operational expenditures, they are not a grant. These funds are not subject to Single Audit and are posted in a general fund revenue account.

Funds from a Non-Profit and Other Agencies are considered donations and/or gifts and are not part of this policy and are not subject to Single Audit and follow the City's standard Donation Procedures.

IV. **PROVISIONS**

GOALS

1. To set forth the importance of grant programs in accomplishing City goals and objectives.
2. Establish general concepts and framework for seeking and managing grant programs.
3. Identify roles and responsibilities in managing grant programs.
4. Establish criteria for evaluating the benefits and costs of grant programs.
5. Establish criteria to determine assets purchased or developed with grant funds are being safeguarded properly.
6. Establish criteria to determine that financial reporting required by the grant and state and/or federal agencies are adhered to.
7. Establish criteria to determine that grant resources are being utilized in compliance with appropriate laws and regulations.
8. To set forth the City's policy in complying with Single Audit Act requirements.



Grants Management Policy and Procedures

GENERAL CONCEPTS AND FRAMEWORK

1. The City will aggressively pursue grant funding from federal, state and other sources, consistent with identified City goals and objectives.
2. Aside from entitlement grants, the City should focus its efforts on securing grants for capital improvements. This approach will allow the City to compete for projects we might not otherwise be able to afford while maintaining financial independence should future grant sources diminish. Grants for operating purposes may be considered on a case-by-case basis after careful consideration of the benefits of the program and the ongoing impacts on the City if grant funding is no longer available.
3. The City will only seek grants when sufficient staff resources are available to effectively administer the program in compliance with grant requirements and successfully perform the grant scope of work.
4. Operating departments have the primary responsibility for seeking out grant opportunities, for preparing effective grant applications and for successfully managing grant programs after they have been awarded.
5. Operating departments should develop a simple system that tracks grant funding availability in their functional areas. Using this system, all capital improvement plan budget requests will evaluate and document the ability of grants to assist in funding the project.

ROLES AND RESPONSIBILITIES

City Council

1. Approves grant management policies.
2. Approves all grant applications, including when additional City resources or obligations (matching funds that are not budgeted and delegates receipt and contract execution to the Mayor if delegation is allowed by the grantor agency.

City Mayor

1. Receives grants and executes related contract documents when delegated to do so by City Council.

City Controller

1. Responsible for the oversight of City of Pasadena financial activity. In this role, the Controller has the authority to review financial reports generated by recipient departments, work with the City Attorney to identify and investigate issues that may arise with respect to the management of City grants, and provides general oversight of other grant financial related issues, including the accounting for grants and other responsibilities indicated throughout this policy.
2. Responsible for creating a grant fund and/or project accounts by grant type (Federal, State, Agency), which is used to recognize grant revenue and expenditures in the department or division's budget after approval by City Council and execution of the grant contract.
3. Sign the certification of funds acknowledging the grant application.
4. Coordinates preparation and distribution of single audit reports in tandem with the Annual Comprehensive Financial Statements. Ensure that the City's policy regarding single audit act requirements is implemented. Each department that enters into a grant contract is responsible to follow all requirements in that contract and single audit requirements.



Grants Management Policy and Procedures

5. Monitor general management and administration of the City's grant activities to include: ensuring that grant resources are being utilized in compliance with appropriate laws and regulations; developing a project plan that would include how new programs or activities funded by grants are implemented and identifying who's responsible for implementation (when needed); ensuring that departments track and report departmental grant activity; maintain grant policies and procedures for financial and administrative purposes, maintain a Financial Grants Management Database and informational web pages.
6. Monitor documentation for compliance with regulatory financial reporting requirements.
7. Provides technical assistance to operating departments in preparing grant applications, submitting reports and maintaining records.
8. Identifies and investigates issues that may arise with respect to the management of City grants.

City Budget Director

1. The Director of Budget and Financial Planning is responsible for the budget process consisting of activities that encompass the development, implementation, and evaluation of a budget plan that incorporate long-term perspectives, establish a broad organizational goal, focuses budget decisions on results and outcomes with the guidance of the Controller's Office.
2. The Budget department will review grant applications to determine if matching funds required by the grantor are available and in accordance with budgetary guidelines. The Budget department will sign the agenda request (resolution) confirming budget and then the Controller's Office will sign certification of funds acknowledging the grant application.

Compliance Officer

1. Assist in the general management and administration of the City's grant activities to include:
 - Ensuring that grant resources are being utilized in compliance with appropriate laws and regulations.
 - Assist in the development of a project plan that would include how new programs or activities funded by grants are implanted and identifying who's responsible for implementation (when needed).
 - Ensuring that departments track and report departmental grant activity as required by federal law and/or the grantor.
 - Assist in reviewing and maintaining grant policies and procedures, establish a Grants Management Database for tracking purposes and create informational web pages as needed.
2. The Compliance Officer will review documentation for compliance with grant requirements and federal laws.
3. Assist in providing technical assistance to operating departments in preparing grant applications, submitting reports and maintaining records and will aid in executing the administrative process.
4. Will assist in Identifying and investigating issues that may arise with respect to the management of City grants.



Grants Management Policy and Procedures

Operating Departments (Directors/Project Managers)

1. Develop systems for maintaining ongoing information regarding grant availability within their functional areas of responsibility.
2. Evaluate benefits and costs of specific grant programs on a case-by-case basis:
 - a. Purpose of the grant program and its consistency with identified City goals and objectives.
 - b. Additional staffing, office space, facilities, supplies or equipment that will be required if the grant is awarded.
 - c. Ongoing impacts of the grant program after it is completed.
 - d. Responsibilities of other departments and impacts on them in preparing the grant application or performing scope of work if the grant is approved.
 - e. Total program costs, including portion funded through grant revenues and any required City contribution.
 - f. Source of funding for any required City share.
 - g. Compliance and audit requirements, paying special attention to the grantor's administrative procedures (reporting requirements, wage requirements, time and effort reporting, etc.).
3. Prepare grant applications
 - a. Work with the grantor agency in identifying special program requirements and developing strategies for preparing a successful grant application.
 - b. Complete grant application documents.
 - c. Prepare all required internal forms from the Budget Department and City Controller's Office.
 - d. Coordinate with affected departments as necessary.
 - e. Prepare a Council agenda request (resolution) requesting authorization to seek grant funding. This resolution should describe the grant program's conformance with this policy, including the results of the cost/benefit analysis. The Controller's Office and the Budget Department must sign this resolution.
 - f. Submit the grant application, subject to the following conditions:
 - Any matching funds or in-kind contributions are already available within existing resources, and no additional appropriation of unreserved, undesignated fund balance or working capital is required.
 - The purpose of the grant program is clearly consistent with current City plans, policies and goals.



Grants Management Policy and Procedures

4. Awarded grants and MOUs

- a. For a grant, prepare Council agenda request (ordinance) to request acceptance of grant award, including a summary of the grant certification of funds and any other required City forms or documents. The Controller's Office and the Budget Department signatures are required on this ordinance prior to turning into the City Secretary for placement on agenda for Council approval. Coordinate execution of grant documents with the Mayor (signature) and return executed documents to grantor agency.
- b. For a MOU, prepare a council agenda request (resolution) to accept reimbursement funds.
- c. Maintain financial and other records in accordance with grant requirements.
- d. Complete and submit required reports, including requests for funds.
- e. Monitor grant expenditures and receipt of revenues.
- f. Coordinate on-site management reviews by the grantor agency during the grant term.
- g. Ensure compliance with grant requirements.
- h. Perform the grant scope of work.
- i. Project Managers will reconcile proposed reimbursement requests with the appropriate General Ledger information prior to submitting reimbursement requests. Requests for CIP projects should be forwarded to the Controller's office and Budget processing.

5. Complete grant closeout.

- a. Complete the grant scope of work.
- b. Notify affected departments, including the Compliance Officer, that the project is completed and schedule a "close-out" meeting if necessary to resolve any final procedural issues.
- c. Ensure final receipt of grant revenues.
- d. Prepare and submit any required grant close-out documents to the Controller's Office and grantor (when applicable).
- e. Review grant file for completeness.
- f. Retain all necessary program and financial records for the period of time required by grantor agency.
- g. Coordinate any on-site management reviews or audits after the grant is completed.
- h. Resolve any audit findings.



Grants Management Policy and Procedures

CONFLICT OF INTEREST

Grant audit findings due to conflicts of interest can damage the reputation and credibility of the City. Further, the appearance of a conflict of interest can be just as damaging to the City's reputation and credibility as an actual conflict. The purpose of this policy is to avoid the appearance, as well as the actuality, of any conflict of interest or breach of trust by an official or employee of the City.

1. No employee shall transact any business on behalf of the City in his official capacity with any business entity of which he is an officer, agent or member, or in which he owns a substantial interest. When a business entity seeks a business arrangement with the City, any employee who is an officer or employee of that business shall make known his interest in the enterprise. All business dealings with that company shall be turned over to his superior and the employee shall have nothing further to do with the matter involved.
2. No officer or employee 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.
3. The Department Director and/or Grant Project Manager for each particular grant funded project shall 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:
 - a) Using his or her official position for private gain;
 - b) Giving preferential treatment to any person or organization;
 - c) Losing complete independence or impartiality;
 - d) Making an official decision outside official channels;
 - e) Affecting adversely public confidence in the grant funded program in particular and the City in general;
 - f) Any violation of this provision is governed by any City of Pasadena Policies & Procedures.

INTERNALLY COMPETING APPLICATIONS

Grantors generally will not consider any proposal from a jurisdiction if that jurisdiction has submitted more than one proposal during the same funding round. Even if the grantor allows competing applications from the City, it may not be in the best interest of the City to compete against itself. The purpose of this policy is to identify the procedure for resolving such conflicts.

INTERNALLY COMPETING APPLICATIONS PROCEDURE

1. Upon identifying the potential for the submission of multiple grant applications to the same grantor during the same funding cycle, the Compliance Officer shall confirm with the grantor's program manager in writing to determine if the grantor permits multiple submissions and inform the Department Director.
2. The Compliance Officer and Department Director shall take appropriate steps to resolve the situation, such as determining whether one department is better suited to pursue the grant, if more than one department should work together to pursue the grant or if more than one application may be submitted.



Grants Management Policy and Procedures

AUTHORIZED WRITTEN SIGNATURE

1. The purpose of this policy is to identify who may approve and provide authorized written signatures on grant applications and subsequent grant agreements. This shall be done well in advance of grant submission due dates to avoid last minute delays or problems that could cause the grant deadline to be missed.
2. The Mayor, upon approval by the City Council, is the authorized signer for all grant applications and contracts. Should additional signatories be required by the grantor, the request must be submitted to City Council for consideration and authorization.

System for Award Management (SAM) NUMBER

The City's SAM number, a unique 12-character alphanumeric identification number assigned by SAM.gov is required to apply for US federal government contracts or grants.

1. The City Controller has the **sole responsibility** of managing and renewing the SAM number for the City of Pasadena from the federal government on an annual basis.
2. Contact the City Controller to obtain the City of Pasadena's SAM number for use on grant application when necessary (primarily US federal government grants).

GRANT SEEKING PROCESS

In order to coordinate the City's grant activities effectively and support the City's strategic priorities, the Compliance Officer must have knowledge of prioritized department needs for the various departments that potentially can be met through grants. This knowledge will allow the Compliance Officer to identify the potential for parallel or redundant submissions, as well as areas for potential collaboration among departments, plan for submission of proposals to regular cyclical grant opportunities, and be pre-positioned to assist the departments in the submission of proposals to those opportunities when they arise.

The grant seeking process has three components: (1) the development of a departmental grant seeking plan; (2) pre-application assessment and review; and (3) application submission.

GRANT APPLICATION

The purpose of this policy is to encourage the pursuit of grant opportunities that ensure that each grant application submitted by or on behalf of the City supports the City's strategic priorities and is aligned with established City priority, has matching funds available if required by grantor, and that the means for continuation of the project or program after the grant period ends has been given realistic consideration. The department submitting the grant application is responsible for ensuring that pre-application assessment factors noted below have been evaluated and completed prior to grant submission.

PRE-APPLICATION ASSESSMENT & REVIEW

The purpose of this process ensures that possible costs to the City are identified and considered as early as possible.

PRE-APPLICATION ASSESSMENT & REVIEW PROCEDURE

The department considering an application for a grant is responsible for pre-application assessment, in which the following factors shall be evaluated in consultation with the City Controller and/or his designee, the City Budget Director and Compliance Officer. Pre-application assessment shall be done well in advance of grant submission due dates to avoid last minute delays or problems that could cause the grant deadline to be missed.



Grants Management Policy and Procedures

a) Pre-Application Assessment

(1) Financial

- Total anticipated project cost;
- Match requirements and sources;
- Administration Amounts;
- Staffing requirements (including salary and benefits increases for multi-year grants);
- Maintenance costs;
- Documentation of a clear continuation plan. It is required that departments develop continuation plans (plans for sustaining grant funded programs if funding is reduced or terminated) prior to applying for grants, which reflect the potential for loss of funding and the subsequent loss of grant funded positions or program components. Departments must plan responsibly for either termination or reduction of the program or seek to secure alternative sources of funding.

(2) Programmatic

- Alignment with City's strategic priorities and/or department's business plan;
- Provision or expansion of services to address critical needs;
- Department's capacity to administer the financial and administrative aspects of the grant.

This pre-application assessment may be documented on the Grant Request Form located on the City website under Compliance.

APPLICATION SUBMISSION

1. The department submitting the grant application is responsible for ensuring that pre-application assessment factors noted above have been evaluated and completed prior to submission.
2. The department is responsible for obtaining required authorized written signature as noted in this policy the time of application submission and for submitting the grant application to the grantor by the grant application due date.
3. The department shall prepare an agenda request (resolution) for City Council approval to submit a grant application.
4. A copy of the completed application must be submitted to the Compliance Officer to confirm the grants recorded in the Grants Tracking Spreadsheet for status tracking and reporting to the City Council.

AWARD NOTIFICATION AND ACCEPTANCE

Grant agreements are legal contracts. It is the City'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. Failure to do so increases the City's exposure to legal liability and compromises current and future grant funding. Therefore, the City carries a significant legal and ethical responsibility when accepting grant funding.

The award notification, review and acceptance process have two components: (1) award notification and (2) City Council approval to accept the award.



Grants Management Policy and Procedures

1. AWARD NOTIFICATION PROCEDURE

All departments that receive a grant award shall date stamp, duplicate, and forward a copy of the award notification, the grant agreement or contract, and any memoranda of understanding to Compliance Officer within 2 days of receipt.

2. COUNCIL APPROVAL TO ACCEPT AWARD PROCEDURE

Awards granted to the City **must** be formally authorized by City Council.

- a) The Project Manager shall prepare the Agenda request (ordinance) for City Council authorization for the Mayor to execute the Grant Agreement and related documents.
- b) Once signed by the proper City Officials, the Project Manager will forward the executed document to the Grantor.
- c) The fully executed original Grant Agreement (signed by the City and the Grantor) shall be received by the appropriate Department.
- d) The department must provide an original of the fully executed (signed) grant agreement to the City Secretary and Compliance Officer when the fully executed grant award is returned to the City by the grantor.

USE AND RECEIPT OF GRANT FUNDS

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

1. All departments receiving grant funds shall adhere to City Financial Policies and Procedures
2. No grant funds shall be disbursed until a project has been established in an appropriate fund in the Controller's Office, any sub-grant awards, consultant agreements, contracts are approved by Council and required documentation is complete.
3. Modifications to the budget associated with a grant funded project in such a way that alters the grant amount or moves funds from one budget line item to another must adhere to City policy and procedures for budget modifications and grantor requirements and be approved by the City Budget Director and/or his or her designee and City Controller. Copies are to be provided to the Compliance Officer.
4. Grant funds awarded to the City of Pasadena 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.
5. All income resulting from a grant funded project or program shall adhere to City Policy and Procedure and be managed and maintained as established in the award letter, grant agreement, contract, special conditions, or other document generated by the granting entity.
6. All procurement and contract activity associated with grant funded projects or programs shall follow the procedures outlined in City Purchasing Policies and Procedures, state and federal requirements. A copy of the grant agreement and/or documentation specifying grantor purchasing requirements must be provided to Purchasing to ensure compliance.
7. All property acquired through grant funds shall follow the procedures outlined in City Policies and Procedures and any state or federal guidelines as applicable.
8. All grant and any related matching fund revenues and expenditures shall be recorded in the grant project.



Grants Management Policy and Procedures

9. Grant project managers are ultimately responsible for adherence to the stipulations outlined in the approved grant award/contract to ensure that allowable expenditures are incurred.

GRANT REPORTING

Grants awarded to the City may require that progress, programmatic and financial reports be submitted to the grantor. Accurate and timely reporting is critical to maintaining a good relationship with the grantor. Late or inaccurate reports may negatively impact current or future funding.

GRANT REPORTING PROCEDURE

- a) Recipient departments must prepare timely and accurate progress, programmatic or financial reports as required by grantor. Financial reports are prepared by the City Controller's Office.
- b) Copies of all financial status and final reports prepared for submission to the grantor shall be provided, along with the associated grant name and year to the Compliance Officer and Controller or his/her designee at the time of submission to the grantor.
- c) The Controller or his/her designee will review the financial reports for content and quality and address any issues with the recipient department to better assist for future reports.
- d) The Compliance Officer will review any programmatic reports for content and quality and address any issues with the recipient department to better assist for future reports.

GRANT FILE MANAGEMENT, ACCESS AND RETENTION

The Mayor, City Controller, Compliance Officer or designee may review the files, activities, equipment, and facilities, and interview relevant personnel and contracted entities of any City of Pasadena project or program that is funded with grants awarded to the City. Equipment purchased with grant funds but not capitalized (over \$5,000) must be maintained by the department and include a label stating the grant fund used to purchase the item.

1. FILE MANAGEMENT PROCEDURE

All department and master files associated with a grant award must maintain a file structure that includes the following five sections with clear separations between different fiscal years, unless otherwise directed by the grantor:

- a) **Submittal** (e.g., application guidance and a copy of the application)
- b) **Research** (e.g., statistical and other information used in preparation of and support of the grant)
- c) **Award** (e.g., award letter, council agenda item, grant agreement, grant amendments, modifications, extensions, cancellations and terminations and anything else related to the award)
- d) **Finance** (e.g... account set up. purchase orders, invoices)
- e) **Reports** (e.g., reports to granting entity and evaluation components)

2. FILE RETENTION PROCEDURE

The City of Pasadena shall maintain records for at least five years following the closure of the grant. If any litigation, claim, negotiation, audit, or other action involving grant records has been started before the expiration of the five-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular five-year period, whichever is later.



Grants Management Policy and Procedures

- a) Grantors may require retention periods in excess of five years. Departments must ensure they comply with retention requirements specified by each grantor.
- b) Retention requirements extend to books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, cancelled checks, and related documents and records.
- c) Source documents include copies of all awards, applications, and required recipient financial and narrative reports. Personnel and payroll records shall include the time and attendance reports, personal activity reports or equivalent documentation for all individuals reimbursed under the award.

GRANT CLOSEOUT

Upon completion of the grant term of each grant award, the recipient department shall alert the City Controller and Compliance Officer.

GRANT CLOSEOUT PROCEDURE

1. Upon completion of the grant period of each grant, the recipient department must prepare a memorandum to the City Controller and Compliance Officer that identifies the name of the grant, the project number and describes the final disposition of the funds and required activities.
2. Upon review of the memorandum and satisfaction of any discrepancies, the City Controller or his/her designee will update the accounting system and confirm grant closeout with the Compliance Officer.
3. The grant closeout memo shall be placed in the grant's master file.

SINGLE AUDIT ACT REQUIREMENTS

The City is subject to the financial and compliance requirements of the 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Subpart F. This section sets standards for obtaining consistency and uniformity among Federal Agencies for the audit of non-federal entities expending Federal Awards. Should the City expend \$750,000 or more during the City's Fiscal year in Federal Awards, the City must have a single or program-specific audit conducted for that year in accordance to the provisions of subpart F. The single audit must meet the requirements as listed in subsection 200.512 – Report submission.

Federal grants are included under an inclusive single audit program that is incorporated into the City's annual audit and financial report preparation process. During the audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

Federal grant funds refers to money paid, either directly from a federal agency, or by way of funds originating at the federal level and passing through another entity, such as a state or local government agency.