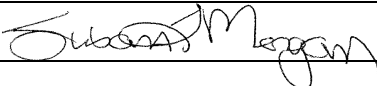




CITY OF ROUND ROCK

Grant Acquisition, Management and Compliance Policies and Procedures

Author	City of Round Rock Finance Department
Effective Date	September 23, 2019
Approved By	Susan Morgan, CPA, Chief Financial Officer
Signature	

Change Control

Revision Date	Summary of Changes
September 23, 2019	<ul style="list-style-type: none"> • Section 6.1.22 – Added to reflect a Federal requirement to document Cash management and payment. CFR Section §200.305(b) • Section 6.1.23 – Added to reflect a Federal requirement to document Allowability of costs. CFR Section §200.403

Purpose

To establish a City-wide policy governing grant acquisition, management and compliance procedures to ensure consistent use and application by City departments.

Application

All City departments and divisions are required to adhere to this procedure.



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1. PURPOSE

- 1.1. To establish a City-wide policy governing grant acquisition, management and compliance procedures to ensure consistent use and application by City departments.

2. OBJECTIVES

- 2.1. To provide written guidelines to ensure consistency in the City grants acquisition and management process across departments administering grants.
- 2.2. To encourage departments to seek State and Federal grants where applicable and practical.
The benefits of the grant should exceed the cost of administration of the grant when possible.
- 2.3. To ensure the grant processes are followed.

3. RATIONALE

- 3.1. To strategically maximize grant revenue to the City, enhance the efficiency of grants processes, improve financial monitoring and reporting associated with grant-funded programs and ensure that all deliverables and performance obligations required by Grantors are satisfied per grant obligations.

4. SCOPE

- 4.1. All City departments and divisions are required to adhere to this procedure.

5. DEFINITIONS

Administration – Primarily the responsibility of City departments; includes the collective grant activities from completing an application to completing all the closeout requirements for the award.

Application Package – A group of specific forms and documents for a specific funding opportunity which are used to apply for a grant.

Award – An approved application for financial assistance that provides support or stimulation to accomplish a public purpose.

Catalog of Federal Domestic Assistance (CFDA) number – The number assigned to a Federal program in the CFDA. CFDA provides a full listing of all Federal programs available to State and local governments.

Closeout – The process by which the Federal awarding agency or pass-through entity determines that all applicable administrative actions and all required work of the Federal award have been completed and takes actions as described in §200.343 Closeout of the OMB Uniform Grants Guidance.

Code of Federal Regulations (CFR) – A codification of the rules governing federal assistance programs published in the Federal Register.

Contract – An executed agreement for procurement of funds, goods, services or other assistance with specific obligations per the terms of an award and applicable federal, state and local regulations.



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Cost Sharing or Matching – The portion of project costs not paid by grant funds. Represents a contribution based on overall costs of a project or activity provided by the grantee or by third parties from sources other than the grant funds. Can be a “cash match” of money or “in-kind match” of personnel, supplies, services, equipment or other property.

Federal Awarding Agency – The Federal agency that provides a Federal award directly to the City or directly to the governmental entity for which the City serves as a subrecipient.

Financial Management – Primarily the responsibility of the Finance Department. This includes establishing policies and processes for administering all grants, updating these policies and procedures to comply with grant requirements, providing technical and management assistance to City departments, coordinating the City-wide Single Audit, submitting reimbursement requests to grantors where determined appropriate and practical by the Grants Compliance Team, and coordinating the City-wide physical inventory of grant-funded equipment.

Funding Period – The period when federal funding is available for obligation by the recipient.

Grant – An award to carry out a valid purpose under terms established by the grantor/awarding agency depending on the type of award and applicable federal, state and local regulations.

Grant Management – Primarily the responsibility of the City Departments. This includes seeking grants where applicable and practical and where benefits of the grant exceed the cost of administering the grant, obtaining City Manager or City Council approval needed to apply for a grant, submitting requested documentation to the Finance Department, complying with requirements of the grant agreement, monitoring the grant program activities, and cooperating with the Finance Department to fulfill auditor requests and complete the City-wide physical inventory of grant-funded equipment.

Grantee – A City Department or organization receiving financial assistance directly from an awarding agency to carry out a project or program, also referred to as a recipient or subrecipient.

Grantor – Entity providing financial assistance in the form of an award, also referred to as the sponsor or awarding agency.

Office of Management & Budget (OMB) – An Executive Office of the President of the United States responsible for issuing circulars to establish uniform standards for administrative and financial regulations for government granting agencies.

Pass-Through Entity – A non-Federal entity that provides a subaward to the City (as subrecipient) to carry out part of a Federal program.

Schedule of Expenditures of Federal Awards (SEFA) – a supplementary Comprehensive Annual Financial Report (CAFR) schedule that includes the name of the Federal grantor agency or organization, the official program title of the Federal award, the applicable CFDA number for each award, the grant number assigned by the Federal awarding agency, and current year expenditures (both directly incurred by the City and passed through to subrecipients).

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Single Audit – A financial, internal control and compliance audit established in OMB circular A-133 for entities that collectively expend \$750,000 or more of Federal assistance in a fiscal year.

Subaward – An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity.

Subrecipient – A non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program.

6. RESPONSIBILITIES

6.1. City Departments

Pre-Award Phase

- 6.1.1. Evaluates grant opportunities to determine its benefit to the City, long and short-term implications, feasibility and compatibility with existing City services and goals.
- 6.1.2. Obtains department director approval to apply for grants, **identifies and satisfies any matching requirements**, prepares and submits grant applications with required documentation by the deadline.
- 6.1.3. In considering the grant application, understands whether *future* requirements and commitments that extend beyond the funding period of the grant exist.
- 6.1.4. Completes the *Grant File Checklist, Attachment A*, and *Intent to Apply for Grant Funding form, Attachment B*, for approval *prior* to submitting a grant application. See item 1 of Attachment A.
- 6.1.5. Submits the forms identified in 6.1.4 to Finance for review and approval *prior* to submitting a grant application. Approval by Finance is required. See item 1 of Attachment A.
- 6.1.6. Keeps a copy of the *Grant File Checklist, Attachment A*, as a reference point during the life of the grant.
- 6.1.7. Obtains City Manager or City Council approval needed to apply for and accept grant funds. Applications for grant funds up to \$50,000 require City Manager approval; over \$50,000 requires City Council approval. *Thresholds are consistent with the City's purchasing guidelines.* See item 2 of Attachment A.
- 6.1.8. Submits a copy of the application and supporting documents to Finance at the time of application submission to the Grantor for tracking and monitoring grant compliance requirements. This information is required for the Single Audit performed by the City's external auditors and is necessary for preparation of the City's SEFA that is part of the CAFR. See item 3 of Attachment A.

Post-Award Phase

- 6.1.9. Upon receipt of the notice of the grant award, reviews the grant agreement (including grant requirements) and forwards all information to Finance for tracking the grant, filing in the grant file, and monitoring grant compliance requirements. See item 5a of Attachment A.
- 6.1.10. Complies with requirements of the grant. See item 5c of Attachment A.

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- 6.1.11. Monitors the grant program activities, including activities of subrecipients (if applicable), for compliance with the grant agreement and any applicable state, federal and local requirements.
- 6.1.12. If the City is the pass-through entity for Federal funds (i.e., City passes Federal funds to a subrecipient), the department collects and reviews audit reports of subrecipients, issues management decisions on audit findings, and ensures the subrecipient takes any necessary corrective action.
- 6.1.13. Retains all records relating to the grant program for a minimum of five years from the grant closeout. However, if any equipment was purchased, then the grant records must be retained for five years from the date of transfer, replacement, sale, or disposal of the equipment. See item 7 of Attachment A.
- 6.1.14. Notifies Finance when an external review is scheduled to be performed, whether on-site or a desk review. See item 8 of Attachment A. Communicates any potential audit findings and provides any reports issued from external reviews to Finance. See item 8a of Attachment A.
- 6.1.15. Provides all necessary documents and proactively communicates potential audit findings to Finance for review and technical support during the Single Audit review performed by our external auditors.
- 6.1.16. Assists Finance with the City-wide physical inventory of Federally funded equipment, required by CFR §200.313(d)(2) of the Uniform Guidance, at least once every two years. *Required for Federally funded assets.* See item 9 on the Grant File Checklist.
- 6.1.17. For purchases and contracts \$25,000 or more (cumulatively in any fiscal year), does not enter into contracts or procure goods from vendors or contractors that are suspended or debarred. See item 6 of Attachment A. **Purchasing checks suspension and debarment for every requisition \$25,000 and above. Finance will perform this test for all Federally Funded items that come through Legistar. Additionally, a suspension and debarment clause is included in our Standard Terms and Conditions for our purchase orders and contracts. The same is now included in the Instruction to Bidders in the Project Manual.**
- 6.1.18. Follows the City procurement policies when procuring goods or services with grant funds. See item 5b of Attachment A.
- 6.1.19. Follows the Federal procurement regulations when procuring goods or services with Federal funds, including completion of the (1) Independent Estimate Determination Form and (2) Cost or Price Analysis (Reasonableness Form) if the procurement is \$250,000 or more. **See Section 8: Uniform Grant Guidance – Procurement Rules** in this document. See item 5b of Attachment A.
- 6.1.20. **Submits reimbursement requests to Grantors where determined appropriate and practical by the Grants Compliance Team and shares the request with Finance. In most instances, Finance will handle these requests with the department’s assistance. This will be a collaborative effort.**

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- 6.1.21. Responsible for fulfilling closeout requirements of the grant, including coordination with Finance on any final financial information and reporting needed. See item 11 of Attachment A.
- 6.1.22. **Cash management and payment.** Since the City's general practice is to receive grant funds on a reimbursement basis, department ensures that the vendor is paid within 30 calendar days after receipt of the billing (2 CFR §200.305(b)(3)). If the 30 calendar days is not met due to a discrepancy or billing dispute, this is documented in the grant file. For Federal awards, being paid on a reimbursement basis minimizes the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the City (2 CFR §200.305(b)).
- 6.1.23. **Allowability of costs.** Ensure costs meet the following general criteria in order to be allowable under Federal awards per 2 CFR §200.403:
- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
 - (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
 - (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
 - (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
 - (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
 - (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
 - (g) Be adequately documented. See also 2 CFR §200.300 Statutory and national requirements through §200.309 Period of performance of this part.
- 6.2. Finance Department
- 6.2.1. Updates City grants-related policies and procedures to comply with grant requirements under the CFR, regulations issued by the Grantor and/or state agencies and updates grantees of any regulatory changes.
- 6.2.2. Establishes policies and business processes for administering all grants.
- 6.2.3. Prepares the SEFA, the list of subaward amounts, the Data Collection Form for the Federal Audit Clearinghouse and the reconciliation to the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30.
- 6.2.4. Provides technical and management assistance to City departments in the operation of their state and federal grant programs to ensure compliance with all applicable OMB Circulars along with other federal and state certifications and assurances.
- 6.2.5. Coordinates the City-wide Single Audit performed by the City's external auditors, in accordance with the Uniform Guidance.

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- 6.2.6. As part of grant coordination, receives a completed *Grant File Checklist*, **Attachment A**, and *Intent to Apply for Grant Funding* form, **Attachment B**, from the administering department prior to submission of the grant application.
- 6.2.7. Receives all grant applications (new and continuation) to be used for tracking and monitoring purposes. This information is required for the Single Audit performed by the City's external auditors and is necessary for preparation of the City's SEFA that is part of the CAFR.
- 6.2.8. Receives the grant agreement from the administering department and reviews to determine the requirements for grant compliance (e.g., applicable financial reports, terms for reimbursement, etc...).
- 6.2.9. Works with the departments to certify availability of matching funds, processes the final financial grant closeout report, and issues the Single Audit Report in tandem with the CAFR.
- 6.2.10. **Submits reimbursement requests to Grantors where determined appropriate and practical by the Grants Compliance Team**, along with support for the amount requested (e.g., check copies, copy of invoice paid by the City, calculation for reimbursable costs, etc...). Finance works with the departments to obtain all the support required for submittal.
- 6.2.11. Coordinates the City-wide physical inventory of grant-funded equipment, required by CFR §200.313(d)(2) of the Uniform Guidance, at least once every two years.

6.3. City Council

- 6.3.1. Per Round Rock's City Charter, City Council authorizes the Mayor and Mayor Pro-tem to sign grant agreements.
- 6.3.2. Approves subsequent procurement, contractual and administration actions, as required by City procurement policy.

7. GRANT REPORTING AND AUDITING

- 7.1. Finance shall ensure that a Single Audit is performed in compliance with applicable provisions of the Single Audit Act, applicable governmental OMB circulars, and other relevant federal, state and local rules and regulations.
- 7.2. External Auditor Selection
 - 7.2.1. Finance has primary responsibility for the timely selection of an Independent Certified Public Accounting firm to perform the annual City-wide audit in compliance with City procurement guidelines.
- 7.3. Content Requirement for Single Audit Reports
 - 7.3.1. In accordance with Uniform Guidance and annual Compliance Supplements issued by the OMB, the Single Audit is intended to be the basic financial and compliance audit of a federal and state assistance program. The auditor report shall include, at a minimum, all the following elements:
 - 7.3.1.1. The basic financial statements.

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- 7.3.1.2. The SEFA showing the total federal expenditures for the fiscal year for each financial assistance program, both directly incurred by the City and passed through to subrecipients.
- 7.3.1.3. An auditor's opinion on the basic financial statements, with notes, and an opinion whether the SEFA is presented fairly in all material respects in relation to the financial statements as a whole.
- 7.3.1.4. Scope of testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing.
- 7.3.1.5. For major federal award programs, an auditor's opinion on compliance with the requirements of the Single Audit Act, as amended, and the Uniform Guidance.

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Section 8: UNIFORM GRANT GUIDANCE – FEDERAL PROCUREMENT RULES (effective 10/1/2018 per *CFR § 200.320*)

Methods of procurement under Federal Awards. Note that City thresholds are more conservative and therefore are noted in place of Federal thresholds.

Purchase Type	Characteristics & Requirements	
Below \$50k (City threshold)		
Micropurchases	<ul style="list-style-type: none"> ● Under \$3,000 (City threshold) ● No bid or quote process required ● No cost or price analysis required ● Should be distributed among a range of qualified vendors ● Use interentity agreements where applicable 	<p>Written policies and procedures for:</p> <ul style="list-style-type: none"> ● Procurement standards ● Conflicts of interest in procurement ● Allowable cost standards
Small purchases	<ul style="list-style-type: none"> ● Under \$50,000 (City threshold) ● Price or rate quotes required from an adequate number of sources ● Should be distributed among a range of vendors ● Use interentity agreements where applicable 	
Equal to or above \$50k (City threshold)		
Sealed bids	<ul style="list-style-type: none"> ● Typically used for construction contracts ● Bids must be publicly solicited ● Two or more bidders are willing and able to compete and qualified to do the work ● Complete, adequate, and realistic specification or purchase description is available ● Firm fixed-price contract is feasible; a bidder can be selected based on price ● Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids ● Invitation for bids must be publicly advertised ● Bids will be opened at the time and place prescribed in the invitation for bids and the bids must be opened publicly ● A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder ● Any or all bids may be rejected if there is a sound documented reason 	
Competitive proposals	<ul style="list-style-type: none"> ● Requests for proposals must be publicized and identify all evaluation factors and their relative importance ● Proposals must be solicited from an adequate number of qualified sources ● Written method of evaluation, considering price as well as other factors advantageous to the program 	
Below, equal to, or above \$50k (City threshold)		
Noncompetitive proposals	<p>Falls into one or more of these four circumstances:</p> <ul style="list-style-type: none"> ● Item available only from a single source ● Public exigency or emergency won't permit a delay resulting from competitive solicitation ● Expressly authorized by the awarding agency or pass-through entity ● Competition is determined to be inadequate after solicitation 	

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Independent Estimate *and* Cost or Price Analysis

At or above the Federal simplified acquisition threshold of \$250,000, organizations are required to document their cost and price analysis as well as the criteria by which you selected a vendor. Even though one source is available for the purchase, the Independent Estimate Determination and Contract Cost or Price Analysis must be performed to ensure reasonableness. The requirements relating to these analyses follow.

Questions	Independent Estimate and Determination	Contract Cost or Price Analysis
Why is analysis required?	Code of Federal Regulations §200.323 requires documentation of an independent estimate reached.	Code of Federal Regulations §200.323 requires documentation of a cost analysis or price analysis.
When does analysis apply?	For every procurement action at or above \$250,000	For every procurement action at or above \$250,000
When should analysis be performed?	BEFORE receiving bids or proposals or BEFORE receiving quotes or proposals from other governmental entities through an interlocal contract or a purchasing cooperative.	AFTER proposals or quotes are received <u>but</u> BEFORE the contract is awarded.
What is the purpose of the analysis?	Used to document the City's estimated range of fair and reasonable costs for the goods and/or services to be acquired and to document the analysis PRIOR to seeking bids, proposals, or quotes.	Demonstrates that the procurement process was conducted in an open and fair manner and that the City received the most advantageous price.
What do I do with the analysis once completed?	Submit completed form to the Purchasing Manager, or designee, for approval. Once approved, submit completed and signed form to the Grants Compliance Team for retention with the grant file.	Submit completed form to the Purchasing Manager, or designee, for approval. Once approved, submit completed and signed form to the Grants Compliance Team for retention with the grant file.

The required forms can be located on the City's Grant Webpage:

- Independent Estimate Determination Form
- Cost or Price Analysis (Reasonableness) Form

For Help with Procurement Forms, Contact:

Teresa Reddy, Purchasing Manager, at treddy@roundrocktexas.gov or (512) 218-5457

Cheryl Kaufman, Purchasing Supervisor, at ckaufman@roundrocktexas.gov or (512) 218-5417

Contract Provisions for Contracts Under Federal Awards

In addition to other provisions required by the City, all contracts made by the City under Federal awards must contain provisions covering Appendix II to Part 200 of the CFR. See these provisions in the table below.



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The City is addressing this requirement as follows:

- Adding to the Standard Terms and Conditions that accompany every contract and purchase order the following: City of Round Rock agreements made under a Federal Award as defined in the CFR will adhere to the provisions described in 2 CFR § 200.326 Appendix II to Part 200.
- Insert reference to clauses in Section 03000 Federally Required Contract Clauses referenced in the City's Standard Form of Agreement for construction contracts.

<ul style="list-style-type: none"> • Contracts for more than \$250,000 must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
<ul style="list-style-type: none"> • Contracts more than \$10,000 must address termination for cause and for convenience by the non-Federal entity including how it will be affected and the basis for settlement.
<ul style="list-style-type: none"> • Contracts that meet the definition of "federally assisted construction contract" must include the equal employment opportunity clause.
<ul style="list-style-type: none"> • Construction contracts more than \$2,000 must include a provision for compliance with the Davis-Bacon Act.
<ul style="list-style-type: none"> • Contracts more than \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 W.S.C. 3702 and 3704.
<ul style="list-style-type: none"> • Contracts entered into with a small business firm or nonprofit organization and the Federal award meets the definition of "funding agreement," must comply with the requirements of 37 CFR Part 401.
<ul style="list-style-type: none"> • Contracts more than \$150,000 must contain a provision that requires the non-Federal award to agree to comply with the Clean Air Act and the Federal Water Pollution Control Act.
<ul style="list-style-type: none"> • Contracts must not be entered into with parties listed on the government-wide exclusions in the System for Award Management (SAM).
<ul style="list-style-type: none"> • Contracts that apply or bid for an award more than \$100,000 must file the required certification regarding the Byrd Anti-Lobbying Amendment.

For Help with Grants, Contact Finance via:

Email: @ _Grants Compliance Team

Phone: Debra Doss, Accountant Tech Senior @ 512-218-5436

Erica Solis, Accounting Manager @ 512-341-3300

Becca Thibodaux, Accountant Supervisor @ 512-671-2732