



Town of Boxford
7A Spofford Road
Boxford, MA 01921

DRAFT

Financial Administration of Grants Policies and Procedures

PURPOSE:

To establish financial and control standards and practices for federal and state grants that are centralized for purposes of control within the Town Accountant's office, to prevent deficits in grant funds (special revenue funds) and to promote timely grant reimbursements to minimize reliance on the Town's cash and accordingly optimize the Town's cash flow.

AUTHORITY:

MGL Chapter 44 §53A

POLICY:

Consistent with the requirements of state law, it is the policy of the Town that the Town Accountant will only record a grant budget on the General Ledger for a municipal department based upon a vote of the Select Board to accept the grant. The Town Accountant will monitor grant expenditures for consistency with the grant award requirements. The Town Accountant will monitor the department's submittal of reimbursement requests to assure timely reimbursements.

Federal Grants and State Grants (Award Programs) Procedures:

Award of Grant

When any department receives a grant award, they should notify the Accountant and provide copies of grant guidelines, regulations and allowable costs. The Accountant and relevant department official will discuss control procedures and set up of a line item budget on the General Ledger.

Preparation of Grant Budget Order

After notification of an award from a granting agency, the Accountant will prepare a grant acceptance order indicating the total amount of the grant for vote of the Select Board. The documentation submitted to the board should include an assessment of the fiscal impact on the Town.

Vote of the Select Board

A majority vote of the Select Board is required to formally authorize the Town to begin to make obligations and expend funds.

Recording of the Grant Budget Order

The Town Accountant should record the grant budget in the appropriate fund and sub-fund of the General Ledger based on receipt of both the grant award letter/documentation and the vote of the Select Board. Each grant will have a unique fund number. The budget should be recorded in total and then by line items approved in the grant award budget (personal services, professional services, materials etc.).

Grant Amendments and Revisions

After the award of the grant, a granting agency may decrease the grant, increase the grant or make revisions to line-item budgets.

When a department managing the grant receives a grant amendment or adjustment the department must immediately forward it to the Accountant.

The Accountant will record the grant amendment on the General Ledger and make the appropriate increase or decrease to the grant budget. If line items were adjusted the “object” budgets will be revised on the General Ledger.

Procedures for Determining Allowable Costs

All costs incurred are reviewed monthly to determine that the cost is an allowable cost under the federal award. (200.403)

All costs must:

Be necessary and reasonable

Conform to limitation or exclusions regarding type or cost

Be consistent with policies and procedures that apply to both federal and nonfederal funding

Be treated consistently with other comparable costs

Be determined in accordance with US generally accepted accounting principles except otherwise provided in CFR 200

Be adequately documented

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

<i>Selected Cost Item</i>	<i>Uniform Guidance General Reference</i>	<i>Allowable/Unallowable</i>
Advertising and public relations costs	§200.42 1	Allowable with restrictions
Advisory councils	§200.42 2	Allowable with restrictions
Alcoholic beverages	§200.42 3	Unallowable
Audit services	§200.42 5	Allowable with restrictions
Compensation – fringe benefits	§200.43 1	Allowable with restrictions
Conferences	§200.43 2	Allowable with restrictions
Depreciation	§200.43 6	Allowable with qualifications
Employee health and welfare costs	§200.43 7	Allowable with restrictions
Entertainment costs	§200.43 8	Unallowable with exceptions
Equipment and other capital expenditures	§200.43 9	based on specific requirements
Fines, penalties, damages and other settlements	§200.44 1	Unallowable with exception
Gains and losses on disposition of depreciable assets	§200.44 3	Allowable with restrictions
Goods or services for personal use	§200.44 5	Unallowable (goods/services); allowable (housing) with restrictions
Insurance and indemnification	§200.44 7	Allowable with restrictions
Interest	§200.44 9	Allowable with restrictions
Lobbying	§200.45 0	Unallowable
Losses on other awards or contracts	§200.45 1	Unallowable (however, they are required to be included in the indirect cost rate base for allocation of indirect costs)

Maintenance and repair costs	Allowable with restrictions	
Materials and supplies costs, including computing devices	§200.453	Allowable with restrictions
Memberships, subscriptions, and	§200.454	Allowable with restrictions; unallowable for lobbying organizations.
Selected Cost Item	Uniform Guidance General Reference	Allowable/Unallowable
Organization costs	§200.455	Unallowable except Federal prior approval
Plant and security costs	§200.457	Allowable ; capital expenditures are subject to §200.439
Professional service costs	§200.459	Allowable with restrictions
Proposal costs	§200.460	Allowable with restrictions
Publication and printing costs	§200.461	Allowable with restrictions
Recruiting costs	§200.463	Allowable with restrictions
Rental costs of real property and equipment	§200.465	Allowable with restrictions
Selling and marketing costs	§200.467	Unallowable with exceptions
Training and education costs	§200.472	Allowable for employee development
Transportation costs	§200.473	Allowable with restrictions
Travel costs	§200.474	Allowable with restrictions

Payment of Project Invoices and Reimbursement Requests

Each Town department is responsible for the management of their grant expenditures consistent with the grant award requirements.

When grant funded invoices are received, they should be reviewed, coded, and then submitted to the Accountant's Office consistent with the procedures in the town's Accounts Payable Policy.

The Town Accountant and the relevant department official should discuss grant requirements and timing of reimbursement requests (at time of expenditure, monthly or quarterly) consistent with the reimbursement standards of the granting agency.

Each Town department should request reimbursements from the granting agency as often as allowed per grant guidelines. The town department must submit evidence of the grant reimbursement request at the same time it is submitted to the granting agency, to assure timeliness of reimbursements.

Since many grants are processed as reimbursements, the Accountant will monitor the "deficit" balances to assure that they are temporary balances and that reimbursements are received within the allowable timelines (60 days, 90 days etc) for that grant.

Upon the completion of a grant project/program, the department should complete their final grant status/expenditure report to be submitted to the granting agency. The General Ledger of the Town is the official record of grants funds expended and receipts received.

The Accountant will review the department's final grant report/close out for accuracy of funds received and expenditures. The Town's General Ledger is the official record of all grant activity. Any funds due to the granting agency should be subject to review and certification by the Accountant based upon the activity as recorded on the General Ledger.

Subrecipient Monitoring and Management

The Town must determine whether the recipient of each sub-agreement it makes is a "contractor" or "subrecipient" for the disbursement of Federal funds. In making such a determination, the Town will utilize the following definitions: §200.23 Contractor and §200.93 Subrecipient along with the guidance found in §200.330. Generally, "subrecipients" are instrumental in implementing the applicable work program whereas a "contractor" provides goods and services for the Town's own use. Contractors will be subject to the Town's Procurement Policies. Subrecipients are subject to the Town's Subrecipient Monitoring and Management Policies.

The Town in its administration of Federal funds will monitor any subrecipients in accordance with 2 CFR §200.330 to §200.332 Subrecipient Monitoring and Management.

The Town is considered a "pass-through entity" in relation to its subrecipients, and as such requires that its consultants and subrecipients comply with applicable terms and conditions (flow-down provisions). All subrecipients of Federal or State funds received through the Town are subject to the same Federal and State statutes, regulations, and award terms and conditions as the Town.

Subaward Contents and Communication

In the execution of every subaward, the Town will communicate the following information to the subrecipient and include the same information in the subaward agreement.

Every subaward will be clearly identified and include the following Federal award identification:

- Subrecipient name
- Subrecipient's unique ID number (DUNS)
- Federal Award ID Number (FAIN)
- Federal award date
- Period of performance start and end date
- Amount of federal funds obligated
- Amount of federal funds obligated to the subrecipient
- Total amount of Federal award
- Total approved cost sharing or match required where applicable
- Project description responsive to FFATA
- Name of Federal awarding agency, pass through entity and contact information
- CFDA number and name
- Identification if the award is R&D
- Indirect cost rate for the Federal award

Requirements imposed by the Town including statutes, regulations, and the terms and conditions of the Federal award.

Any additional requirements the Town deems necessary for financial or performance reporting of subrecipients as necessary.

An approved indirect cost rate negotiated between subrecipient and the Federal government or between the pass-through entity and subrecipient.

Requirements that the Town and its auditors have access to the subrecipient records and financial statements.

Terms and conditions for closeout of the subaward.

Subrecipient Monitoring Procedures

The individual grant administrators are responsible for subrecipient monitoring and will monitor the activities of the subrecipient to ensure the subaward is used for authorized purposes. The frequency of monitoring review will be specified in the subaward and conducted concurrently with all invoice submission.

Subrecipient monitoring procedures include:

At the time of proposal, assess the potential of the subrecipient for programmatic, financial, and administrative suitability.

Evaluate each subrecipient's risk of noncompliance prior to executing a subaward. In doing so, the Town will assess the subrecipient's:

Prior experience with the same or similar subawards.

Results of previous audits and single audit (if applicable).

New personnel or new or substantially changed systems.

The extent and results of Federal awarding agency monitoring.

Confirm the statement of work and review any non-standard terms and conditions of the subaward during the negotiation process.

Monitor financial and programmatic progress and ability of the subrecipient to meet objectives of the subaward. To facilitate this review, subrecipients are required to submit sufficient invoice detail and a progress report. The grant administrators will encourage subrecipients to submit regular invoices.

Invoices and progress reports will be date stamped upon receipt if received in hard copy. A record of the date of receipt will be maintained for those invoices sent electronically.

In conducting regular oversight and monitoring, grant administrators will:

Verify invoices include progress reports.

Review progress reports to ensure project is progressing appropriately and on schedule.

Compare invoice to agreement budget to ensure eligibility of costs and that costs do not exceed budget.

Review invoice to ensure supporting documentation is included and invoices costs are within the scope of work for the projects being invoiced.

Obtain report, certification and supporting documentation of local (non-federal)/in-kind match work from the subrecipient.

Review subrecipient match tasks for eligibility.

Initial the progress report and invoice confirming review and approval prior to payments.

The grant administrators will approve invoice payment and will initial invoices confirming review and approval prior to payment.

Payments will be withheld from subrecipients for the following reasons:

- Insufficient detail to support the costs billed;
- Unallowable costs;
- Ineligible costs; and/or
- Incomplete work or work not completed in accordance with required specifications.

Verify every subrecipient is audited in accordance with 2 CFR §200 Subpart F – Audit Requirements

Subrecipient project files will contain, at a minimum, the following:

- Project proposal
- Project scope
- Progress reports
- Interim and final products
- Copies of other applicable project documents as required, such as copies of contracts or MOUs

Audit Requirements

All subrecipients are required to annually submit their audit and Single Audit report to the Town for review to ensure the subrecipient has complied with good accounting practices and federal regulations. If a deficiency is identified, the Town will:

Issue a management decision on audit findings pertaining to the Federal award

Consider whether the results of audits or reviews indicate conditions that necessitate adjustments to pass through entity's own record.

Methodology for Resolving Findings

The Town will work with subrecipients to resolve any findings and deficiencies. To do so, the Town may follow up on deficiencies identified through on-site reviews, provision of basic technical assistance, and other means of assistance as appropriate.

The Town will only consider taking enforcement action against noncompliant subrecipients in accordance with 2 CFR 200.338 when noncompliance cannot be remedied. Enforcement may include taking any of the following actions as appropriate:

Temporarily withhold cash payments pending correction of the deficiency

Disallow all or part of the cost of the activity or action not in compliance.

Wholly or partly suspend or terminate the subaward.

Initiate suspension or debarment proceedings.

Withhold further Federal awards for the project or program.

Take other remedies that may be legally available.

Closeout of Grants Procedures:

As grants are completed, the municipal department that received the grant must prepare a grant close out package and submit it to the Accountant. If the grant had allowed drawing of funds based on estimated expenditure and actual expenditures were less, then the granting agency will require the return of unexpended funds.

The Accountant will review the department's documentation to the grant receipts and expenditures as recorded on the General Ledger. Any funds due to a granting agency must reconcile to the grant activity as recorded on the General Ledger. Only after the Accountant reviews the grant close out documentation to the General Ledger and approves it can a check be drawn to "refund" a granting agency.

Federal Cash Management:

The grant administrators will request reimbursements for actual expenditures incurred under federal grants in accordance with the requirements of each grant (timing of requests, basis of accounting, use of standard forms and/or web portal, etc.). Consistent with state and federal requirements the Town will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.).

When the Town receives advance payments of federal grant funds, it must minimize the time elapsing between the transfer of funds to the Town and the expenditure of those funds on allowable costs of the applicable federal program. The Town will attempt to expend all advances of federal funds within 30 days of receipt.

When applicable, the Town shall use existing resources available within a program before requesting additional advances. Such resources include program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds. The Town shall hold federal advance payments in insured, interest-bearing accounts.

Pursuant to federal guidelines, interest earnings shall be calculated from the date that the federal funds are received from the granting agency until the date on which those funds are disbursed by the Town. Remittance of interest earnings, if applicable, shall be the responsibility of the grant administrator.

The Town maintains the following procedures for cash management:

All federal contracts the Town enters into (directly or indirectly) must include the following and be retained in the contract files in the Town Accountant's office:

- Requirements for subawards if allowed;

- Requirements for cost analysis, match requirements, record keeping and billing procedures;

- Specifics for suspension or extension options of contract; and

- Any and all appropriate federal requirements and regulations that pertain to the award.

Documentation must also include:

- CFDA title and number
- Federal award identification number and year
- Name of Federal Agency
- Name of pass-through entity, if any

All federal requirements pertaining to the specific contract and award shall be followed. Reimbursement request for costs previously incurred shall follow stated guidelines and rules within the contract or award. The grant administrators shall monitor each contract's costs and expenditures closely to ensure that they do not go over budget and that the cash is available for spending. All efforts shall be taken to avoid spending monies that are unavailable or incurring costs not expected to be reimbursed.

Responsibility for determining how required match amounts or limits for matching, levels of effort, or earmarking will be secured, are those of the grant administrators and accomplished in the preparation and collaboration of contract proposal and preparation with said federal agency or agencies.

Methods of valuing matching requirements and in-kind contributions of property and/or services, calculations of effort, etc. are maintained by the grant administrators and overseen by the Town Accountant in the management of the contract over the duration of the contract. These methods are to be based on federal requirements specific to that award as stated in the award contract, or based on accepted federal policies for that program. Day to day accounting of match, level of effort, or earmarking are monitored and documented by the Town Accountant during the course of the awarded contract.

Subcontracts between the Town and another entity will be established consistent with federal requirements governing the award. Unless explicitly forbidden by the granting agency the Town is not obliged to make a payment disbursement under a sub-agreement for grant funds which are not first made available by the federal granting agency.

The Town uses the following federal requirements in establishing its procedures for administering all awards for federally funded program agreements:

OMB Uniform Guidance, Subpart E (Cost Principles)

Additionally, the allowability of costs is further determined by any additional federal requirements pertaining to the specific contract and award.

Subsequent to the identification of any instances of non-compliance, the Town shall take prompt action to remedy the situation. All such action shall be documented in writing.

