Grants Policy

Exhibit A

1. PURPOSE

To encourage best financial and compliance practices in obtaining, spending, recovery, reporting, and closing of grants.

2. MANAGEMENT AND OVERSIGHT

The City of Franklin utilizes the services of its department personnel in applying for and accepting grants. Grants personnel are to have training on grants, including internal controls. Typically, through a resolution or contract, grants must be approved or acknowledged (if administratively approved) by the Board of Mayor and Aldermen before use. The department receiving the grant is responsible for its management through closure with citywide oversight by the Finance Department.

3. PAYMENTS

On or before the first payment, a copy of the executed grant agreement shall be submitted to the Finance Department. The payment request to accounts payable or purchasing card transaction needs to include the grant number that corresponds with the grant agreement.

4. REIMBURSEMENTS

Timely reimbursements after payment are critical with grants. After payment has been made, a reimbursement is to be requested within the time periods below unless the grant provides otherwise:

1. If $100,000 or over, within 14 days of the payment.
2. If between $25,000 and $99,999, at least monthly within 14 days of month-end.
3. If between $10,000 and $24,999, at least quarterly within 14 days of quarter-end.
4. Under $10,000 may be done annually within 45 days of fiscal year-end.

5. REPORTING AND SYSTEM ACCESS

Departments receiving the grants are responsible for program and financial reporting (with assistance from Finance as needed). Finance is to receive a copy of any reporting or permitted access to view the reports in the grant's online system. Finance will provide departments receipt information on grant reimbursements or online access to view the receipts.

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6. INDIRECT COSTS

For grants in which indirect costs, such as employee benefits, are eligible for reimbursement and anticipated to exceed 10% of direct costs, the recipient department shall submit an indirect cost plan with the grantor agency to negotiate an indirect cost rate. If no indirect cost rate is negotiated, the City uses the 10% de minimis indirect cost rate. For grants that do not permit indirect costs, only direct costs would be eligible for reimbursement. Some grants include management cost reimbursements as part of the grant.

7. MATCHING REQUIREMENT

Grants typically have a matching (funds provided by the City) requirement. If a matching requirement exists, the match must be budgeted by the Board of Mayor and Aldermen. The total costs are to be budgeted as expenses (appropriations). The reimbursements are to be budgeted under appropriate grant revenue.

8. OTHER REQUIREMENTS FOR GRANTS

The City follows all federal and state requirements for grants. Also, if administrative requirements such as posting of signs, etc. are included in the grant agreement, the department is to document compliance with each requirement.

9. AUDITS AND RECORD-KEEPING

An annual audit of federal and state grants is a requirement of Generally Accepted Accounting Principles. Audit steps may include reviewing payments, reimbursements, and compliance with the grant requirements. Department records need to be maintained to permit grantor to perform a compliance review of the use of the grant.

10. CLOSING

Department personnel are to close the grant with the grantor after all reimbursements are received and requirements of the grant are satisfied. Closing shall occur within a timely manner from completion of the project. A copy of the grantor's closing letter shall be provided to Finance by the initiating department.

11. REPORTS OF OUTSTANDING GRANTS

Finance will periodically submit reports of outstanding grants to the City Administrator as well as to the Budget & Finance Committee of the Board of Mayor and Aldermen.