

Lakes Region Planning Commission

FEDERAL GRANTS MANAGEMENT POLICY

PURPOSE

The Lakes Region Planning Commission is committed to responsible federal grant financial management. The policy and procedural guidelines contained in this statement are designed to:

1. Ensure the maintenance of accurate grant records; and,
2. Ensure compliance with federal reporting requirements; and,
3. Ensure compliance with subrecipient monitoring and management.

FEDERAL FINANCIAL REPORTING

Allowable Costs

All expenses are reviewed by the appropriate party prior to payment to ensure that costs to be allocated to the grant are allowable and that there is appropriate documentation to support the expense. Key areas that are considered are as follows:

- 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
- Consistent with the policies and procedures the organization would apply to non-federally financed work
- 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
- Costs are adequately documented.

Monthly Review of Actual vs. Budget Expenses

Expenses related to the LRPC's grant agreements are monitored on a monthly basis. At the end of each month after all transactions have been entered into the accounting system, a budget vs. actual report is run for each grant agreement. These reports are reviewed for reasonableness and for indications that actual expenses may not be in line with approved budgeted amounts. Monitoring these variances on a monthly basis helps ensure that substantial expenses which have not been approved are not incurred. This monitoring also ensures that, if necessary, budget modification requests can be made in a timely manner.

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Requesting Grant Reimbursement

The LRPC's practice is to only draw funds after allowable expenses have been incurred. As such, the LRPC requests funds from awarding agencies on a cost reimbursement basis. This practice ensures compliance with the federal administrative requirements.

The (Executive Director/Finance Office/Grants Manager) reviews the balance of each of the grants, contracts, and cooperative agreements, at a minimum, on a monthly basis to determine the total amount expended by the organization on the grant, contract or cooperative agreement related items. The LRPC subsequently requests reimbursement for the amount through invoices or other means as required by the grantor. All amounts requested are documented in a spreadsheet. The spreadsheet is maintained so that, at any given time, the organization knows the amount of funds requested and received for each of its grants and has the necessary accounting support for the draw.

Quarterly, Semi-Annual and Year End Grant Reporting

As outlined in the specific grant, contract or cooperative agreement, the organization reports grant, contract or cooperative agreement related activities as required by the funder. The FFR- Federal Cash Transaction Report for the quarter is due 30 days after the end of the period. The FFR is filed together with the accounting data that supports the transactions.

CONSULTANTS/CONTRACTS AND SUBRECIPIENTS

The Uniform Guidance 2 CFR 200.330 - 200.332 are the federal regulations that define the requirements for recipients of federal funds with respect to Subrecipient Monitoring and Management. As a recipient of federal funds, the organization is responsible for the programmatic and financial monitoring of its subrecipients. Such monitoring responsibilities are shared among various staff and should be followed in accordance with the guidelines provided below.

The organization will select consultants and/or subrecipients in accordance with Uniform Guidance Subpart D and in compliance with the regulations in 2 CFR 200.330-332.

A **Consultant/contractor** is an individual or organization from whom you procure professional goods or services. (Justice, 2015)

A **Subrecipient** is 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. (Justice, 2015)

Responsibility

The grantee (recipient) is responsible for the settlement and satisfaction of all legal, financial, contractual and administrative issues related to agreements entered into in support of an award. This includes disputes, claims, protests of award, source evaluation, or other matters of a contractual nature.

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The subrecipient is responsible for the settlement and satisfaction of all legal, financial, contractual and administrative issues related to agreements entered into in support of an award. This includes disputes, claims, protests of award, source evaluation, or other matters of a contractual nature.

Avoiding Conflicts of Interest

The organization's Code of Conduct policy has been developed to avoid real or apparent organizational conflicts of interests among contractors and subrecipients and among employees and officers with procurement supported by Federal funds. All parties involved in any aspect of a grant, contract or cooperative agreement are to abide by this policy including any disciplinary actions should the policy be violated.

Procurement

Procurement shall be conducted in a manner to provide, to the maximum extent practical, open and free competition and as required by the uniform guidance.

Factors that should be considered when selecting a contractor or subrecipient are:

- Contractor integrity;
- Compliance with public policy;
- Record of past performance;
- Financial and technical resources;
- Responsive bid; and
- Excluded Parties Listing (Debarred Consultants).

Contracts will be normally competitively bid unless:

- The item is available only from a single source;
- A true public exigency or emergency exists;
- The awarding agency or pass-through entity expressly authorizes noncompetitive proposals
- After solicitation of a number of sources, competition is determined inadequate; or
- Meets the requirements of simplified acquisition.

Notice and distribution of the RFP

RFPs shall be distributed to an adequate number of qualified sources, at least 10 days prior to the date set for receipt of proposals.

Evaluation of Proposals

Evaluation of the proposals received by the organization in response to an RFP shall be conducted based on price and other factors identified within the RFP. These factors typically include factors relevant to a determination of responsibility (such as financial, human, and organizational capability), as well as other

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technical factors (such as the degree to which the proposer is expected, based on information submitted and available, to achieve the performance objectives, to provide the quality expected, and on the relative qualifications of the proposer's personnel).

Award and Compensation

Upon conclusion of a competitive proposal process, the organization may award a contract to a responsible consultant whose proposal is deemed most advantageous and whose rate is reasonable and consistent with that paid for similar services in the market place. Consultant rates should not exceed the maximum limit established by the granting agency. An analysis is to be done and documented showing justification for the agreed upon rate. Any agreement with a consultant will be in writing.

Monitoring

The organization will monitor all consultant activities to include documenting performance, adherence to timeline or deadlines, time and effort reports, and review/verification of invoices. Any deficiencies in performance will be addressed directly with the consultant. The organization will monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. The organization will submit performance reports at the interval required by the Federal awarding agency.

SUBRECIPIENT MANAGEMENT AND MONITORING

Subrecipient Eligibility

The organization will notify each potential subrecipient ("subrecipient") by email or other means that a grant application has been sent to the subrecipient. The subrecipient must confirm with the staff that the subrecipient received the application.

To be eligible to apply for funding, a subrecipient must:

- Meet deadlines for applications, including those established by the organization; and
- Submit grant acceptance letters and /or signed funding contracts within 30 days of receipt from the organization.

Awards

The Executive Director makes funding awards to its subrecipients per government requirements on an as needed basis. The funding awards are communicated to subrecipients electronically.

Federal Obligations

The organization will provide subrecipients with the following information at the time of the award. If any of these data elements change during the award period, the changes will be included in subsequent award modifications.

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- Federal Award Identification
- Subrecipient Name (which must match the registered name in DUNS)
- Subrecipient DUNS number
- Federal Award Identification Number (FAIN)
- Federal Award Date
- Subaward period of performance start and end date
- Total amount of federal funds obligated to the subrecipient
- Federal award project description
- Name of the federal awarding agency, pass-through entity, and contact information for the awarding official
- Catalog of Federal Domestic Assistance (CFDA) number and name
- All requirements imposed by the organization on the subrecipient so that the federal award is used in accordance with federal statutes, regulations and the terms and conditions of the federal award
- Any additional requirements that the organization imposes on the subrecipients to meet its own responsibility to the funding entity including identification of required financial or performance reports
- The federally approved Indirect Cost Rate to be used by the subrecipient
- A requirement that the subrecipient permit the organization and auditors to have access to the subrecipients' records and financial statements as necessary for the organization to meet the requirements of 2 C.F.R. §299, and
- Appropriate terms and conditions concerning closeout of the subaward.
- The organization will provide subrecipients with any other obligations that the it is aware of related to federal funds.

Unexpended Funds

If a subrecipient informs the organization that it will be unable to expend all allocated funds from a grant program before the end of the award period, the organization will inform all other eligible subrecipients of that grant program of the amount of funding that is available. All other eligible subrecipients of that grant program will be invited to submit requests for the specified remaining funds. Staff will review all requests submitted to ensure that the proposed use of the funds is allowable within the grant program requirements. The organization will divide available funds evenly among the subrecipients that request the funds for allowable expenses. If a subrecipient requests less than an equal share of the funds available, that amount will be granted, and the balance divided evenly among the other requests.

SUBRECIPIENT FINANCIAL OVERSIGHT

When the organization delegates performance of activities under a grant to a subrecipient, it is responsible for all aspects of the program including proper accounting and financial recordkeeping by the subrecipient.

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Required financial recordkeeping includes the accounting of receipts and expenditures, cash management, the maintaining of adequate financial records, and the refunding of expenditures disallowed by audits.

The organization will monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes and is in compliance with Federal regulations. This includes but it not limited to the following:

- Reviewing financial and performance reports required by the award
- Ensuring the subrecipient takes appropriate action on any deficiencies detected
- Monitor and consider any effect the subrecipient activity may have on the organization's book

Budgeting and Budget Review

Each subrecipient shall prepare and submit to the organization a budget that adequately reflects its subaward. The organization shall approve and maintain each subaward project budget.

Audit Requirements

The organization must ensure that subrecipients meet applicable audit requirements.

Reporting Irregularities

The organization and its subrecipients are responsible for promptly notifying the granting federal and/or state agency of any illegal acts, irregularities and/or proposed and actual improper actions related to fund administration.

SUBRECIPIENT MONITORING

The organization is required during a contract program period to monitor the subrecipients' use of funds. The organization will evaluate the subrecipients' risk of non-compliance with Federal statutes, regulations and terms and conditions of the subaward for purposes of determining the appropriate monitoring.

Subrecipients may be evaluated as higher risk or lower risk to determine the need for closer monitoring. When evaluating whether a subrecipient is higher or lower risk, the organization will consider:

- Grants/subcontracts with complex compliance requirements have a higher risk of non-compliance;
- The larger the percentage of program awards passed through, the greater the need for subrecipient monitoring;
- Larger dollar awards are of greater risk.

Methods of monitoring may vary. Factors considered in determining the nature, timing, and extent of monitoring are as follows:

- A subrecipient's prior experience with the same or similar subawards;
- Results of previous audits, monitoring's, status of quarterly financial reports, communications regarding financial matters;

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- Whether the subrecipient has new personnel or a new or a substantially changed financial system;
- The extent and results of federal awarding agency monitoring.

Generally, new subrecipients require closer monitoring. For existing subrecipients, closer monitoring may be warranted based on results noted during monitoring and subrecipient audits, a history of non-compliance as either a recipient or subrecipient, the factors listed above, or other factors related to the implementation of grant funding and fiscal practices.

Non-Compliance

Subrecipients are required to comply with applicable federal and state laws, rules and regulations, and applicable policies and procedures adopted by federal funding agencies and the organization in effect during the contracting period. Failure to comply with such obligations may result in remedial consequences and corrective actions up to and including the reduction or termination of funding to the subrecipient. If remedial actions include reduction or termination of funding, those actions may only be made by the Executive Director, in consultation with Board of Directors.

Record Retention and Access

Financial records, supporting documents, statistical records, and all other records pertinent to a Federal award will be retained for a period of three years from date of submission of the final expenditure report. There are exceptions listed under Subpart D, 200.333, of the uniform guidance.

The Federal awarding agency, Inspector General, the Comptroller General of the United States, or any other authorized representatives will have the right of access to any documents or other records to make audits, or examinations.

Closeout

The Federal awarding agency will close-out the award when it determines that all administrative actions and work have been completed.