



Grant Management and Oversight Policy

Section 1: Purpose:

This policy provides guidance to city staff on federal grants to maximize benefits and minimize risks. Grants are a key funding source for the City of Minot and frequently come with special requirements to be followed. The city shall observe all federal grant guidance and follow local procedures to meet requirements, with federal regulations always taking precedence.

The City of Minot is a non-federal entity administering federal programs and is therefore required to account for and present their basic financial statements according to the Generally Accepted Accounting Principles (GAAP) standards set by the Governmental Accounting Standards Board (GASB). The financial management system of the City of Minot complies with the provisions of Title 2, Part 200 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Grant Guidance").

Section 2: Grant Application and Oversight

Departments are responsible for completing grant applications and obtaining all documents requested by the grantor. The department head must also provide advance notice to city leadership so effects on City operations can be analyzed and approved prior to grant submission.

Departments should ensure grants are congruent with City's mission, values, strategic priorities, and City Council aspirations.

Grant applications may include, but are not limited to: project scope, cost estimates, projected completion timelines, and necessary internal approvals.

For construction projects, city engineering/public works will provide a direct or supporting role in grant application and oversight, depending on contracted private engineering firm involvement.

Department heads will review grant submission and submit to City Council upon award and recommendation of budget amendment, if necessary.

The City will make financial records available for review of management system adequacy prior to award, and any time following.

Reviews for accuracy and grant applicability are completed at each city management level.

The Finance Department is responsible for supporting and coordinating the City of Minot's efforts to successfully compete for and implement grants. The Finance Department is also responsible for assisting the departments in ensuring the project is properly administered and remains in compliance with the terms and conditions



of the contract and ensure project reporting requirements. This includes ensuring the financial compliance is met and records are retained in accordance with the grantor's requirements. The Finance Department is also responsible for validating the accuracy and documentation of the appropriate expenditures before submission to the grantor. This is completed by reviewing invoices and reconciling the grant information in the financial system. The Comptroller is responsible for ensuring the City of Minot complies with 2 CFR 25 which requires federal grant recipient to maintain current information in the System for Award Management (SAM).

The Department Head must assign a Grant Program Manager who is responsible for the scope of the project, cost estimates, projected timelines of completion and necessary internal approvals. Once a grant is awarded the Grant Program Manager is responsible for ensuring that the program objectives are met and the grant follows existing federal, state, local and grantor agency regulations. The Grants Project Manager is responsible for coordinating and communicating the progress reports and completion schedules in accordance with the grant specifications. Proper usage of funds and oversight is coordinated within the Department and through the procurement process.

Section 3: Standards for Financial and Program Management:

The City of Minot Financial Management System Policy provides all accounting details since grants are processed like other City funds. The policy ensures:

- a. Fund accounting shall be used to ensure accounting records contain information on grant awards, authorizations, obligations, unobligated balances, assets, liabilities, expenditures, program income and interest.
- b. Expenses can be tracked via fund accounting, including allowability reviews, computation / extension accuracy, correct funding source, funds expenditure authority, project specificity, and compilation into documents for comparison to budget, planning, and financial statements. Source documentation guidance is detailed in Section 8 below.
- c. All inflows and outflows of funds are recorded in detail, including both the category of expenditure and funding source. Source documentation is compiled and maintained.
- d. All accounting activities meet Generally Accepted Accounting Principles (GAAP).
- e. All general journal entries are approved by either the Comptroller, Treasurer or Senior Accountants. Senior Accountants or Comptroller process the month end closing in the financial system. The Comptroller reviews financial reports after the month has been closed in the financial system. Any changes deemed necessary are made in the following month.



- f. Accounting and records ensure program costs are incurred for the proper period and are actually paid. Funds are spent on eligible items and expended from the appropriate grant source. All spending is approved by appropriate personnel.
- g. All records / reports must be cross-checked for accuracy. External reports will reconcile agency standards against City accounting records, to ensure compliance.
- h. Funding agency compliance requirements are monitored, and controls are developed to ensure compliance.
- i. General ledger data is manually combined when preparing the Annual Comprehensive Financial Report (ACFR) with government-wide entries completed via Excel spreadsheet. The ACFR is prepared by the Comptroller with the assistance of Senior Accountants and the Treasurer. The Finance Director reviews the ACFR for completeness and accuracy.
- j. Annual audits by independent external auditors will follow both Federal rules and GAAP.

As the recipient of federal awards, the City of Minot bases its allowable cost principles on 2 CFR Part 200, Subpart E of the Uniform Grant Guidance and shall expend grant funds only for activities that are expressly approved in the federal grant award. No moneys shall be expended for activities that are unallowable or that are included as a cost of any other federally-funded program in either the current or a prior year. In determining the allowable costs for federal awards, the City of Minot must apply the following criteria to costs:

- Be necessary, reasonable, and allocable;
- Conform to any limitations or exclusions;
- Be consistent with policies and procedures;
- Apply treatment of cost consistently;
- Generally, be treated in accordance with generally accepted accounting principles (GAAP)

The City of Minot's budget process meets federal requirements by planning for revenue and expenditures at project and program levels. This process provides an ongoing reasonableness check by comparing actual expenditures against the plan and ensures funds availability. Budgets are included in written agreements to promote accountability, and changes to an approved project's budget, scope, or objectives shall be identified to the granting agency. The City's annual budget is developed in accordance with Chapter 2, Article IV, Division 4 of the Code of Ordinances and North Dakota Century Code Chapter 40-40.



Procurement procedures promote cost reasonableness and help ensure goods and services are purchased in a fair and transparent way. All procurement transactions must follow the City of Minot's Federal Procurement Policy.

The City of Minot shall comply with its capital asset policy and procedures that provide guidance for employees to manage and safeguard the City of Minot's capital assets, including active management of assets with processes in place for tracking additions through purchases and donations, disposition, and depreciation.

The City of Minot shall comply with Federal award requirements cited in 2 CFR 200.300

- a. The provisions of the Federal Funding Accounting and Transparency Act, Public Law 109- 282 (FFATA), which require all recipients of Federal awards to report first-tier subawards of \$30,000 and greater including executive compensation if applicable. FFATA requirements and reporting can be found on the SAM.gov website.
- b. System for Award Management (SAM) and Unique Entity Identifier Requirements are found at 2 CFR Part 25.
 - i. The City of Minot must maintain current SAM.gov information while the City receives Federal assistance. The Finance Department shall perform annual updates, or more frequently if required by City or Federal guidance changes.
 - ii. The City of Minot shall notify potential subrecipients that no entity may receive a subaward until proof of unique entity identifier has been provided to the City.
- c. The City of Minot is responsible to take reasonable measures to safeguard protected personally identifiable information and other information designated as sensitive by the Federal awarding agency or the pass-through entity, consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

Section 4: Internal Controls

Grant awards shall be held to the same internal control standards as all City of Minot funds. Additionally, the following activities promote assurance that awards are only expended for allowable activities and the costs of goods and services meet applicable cost principles.

- a. Provide accountability for charges and costs between Federal and non-Federal activities.
- b. Compare supporting documentation to applicable list of allowable expenditures.
- c. Rectify unallowable costs where appropriate and follow-up to determine the cause.



- d. Entrust accountability for authorizations to individuals knowledgeable of the requirements, allowed activities and costs.
- e. Make documents available for review by auditors and staff
 - i. Grant agreements (including referenced program laws, regulations, handbooks, etc.) and cost principles circulars
 - ii. A file of post-award changes to grant terms and conditions.
- f. Implement procedures for regular reconciliation of financial records, comparing grant or project's records with organization's actual assets, liabilities, and financial reports.

Procedures for reconciling subsidiary project worksheets to the accounting system:

- a. Project sheets are reconciled before requests for reimbursements are made.
- b. Management reviews supporting documentation for allowability and eligibility of costs.
- c. Budget process reviews availability period of Federal funds for obligation/disbursement.
- d. Project manager communicates availability requirements and expenditure deadlines to management.
- e. Ensure vendors providing goods and services under grant awards have not been suspended or debarred by the Federal Government.

Conduct procurement actions in accordance with City of Minot Federal Procurement Policy and document appropriately in procurement files.

Section 5: Administrative and Operational Support

Grant oversight is handled by the department head, finance department, the City's engineering department, public works department, and applicable consultants. These agencies are responsible for understanding grant terms and conditions related to their areas, such as:

1. Developing project plan of how grant-funded programs will be implemented and responsibilities.
2. Objective determination, risk analysis for objectives accomplishment, development, implementation, and monitoring of internal controls.

Internal auditors are responsible for understanding how the grant will be monitored, planning, conducting, and reporting monitoring activities.

Program milestones will be built into the grant and project program, where applicable. The following items are a framework for building programs that meet the City's requirements for timely management:



1. Complete planning and reviews before the award deadline so funds can be released in a timely manner from granting agencies. Plan additional time for reviews such as wetland preservation.
2. Long-term projects will have a schedule of projected funds tied to key milestones or objectives, so actual performance can be measured against expectations and problems identified early.
3. Contracts and agreements shall have expenditure reporting requirements that outline the required content and frequency of reporting. Timely completion rates will be noted by the program manager.
4. Matching fund information, including source identification, is tracked on the project sheet.
5. Department heads are responsible for providing project status and timelines to the City Council.
6. City of Minot Program Income has been a minimal part of grant budgets, however it is always incorporated into the program subject to granting agency-specific guidelines.
7. Contingency plans for unexpected delays will be developed in the programming stage. Funds allocated to a department or project might need to be reprogrammed to support contingencies. (Reprogramming for City of Minot department funds is handled through budget amendment. See Section 2-164 of the Code of Ordinances City of Minot, North Dakota)
 - a. Grants have preapproved budgets and require meeting specific intents for reprogramming
 - b. Requirements could include but are not limited to:
 - i. Action Plan Amendment for HUD awards.
 - ii. Budget amendment
 - iii. Reprogramming agreement with the awarding agency
 - iv. Amended grant agreement
 - v. Specific reprogramming procedures for individual grants, when indicated.
 - c. Utilize grant regulations to determine specific reprogramming requirements, standards to follow, and any required public hearing or comment periods.
 - d. Monitor funds reprogrammed for new purposes, per corresponding requirements.
 - e. Ensure reprogramed funds can meet grant timelines for obligation.
 - f. Project managers or department heads will continually monitor grant award progress.
 - g. Assign high risk and frequent auditor monitoring of short performance period awards.
 - h. The project manager or department head should investigate reprogramming at first indication an activity could be stalled or interrupted.



Section 6: Salaries and Wages Charged to Grant Funds

The Human Resource Director ensures

- a. Grant-funded personnel payrolls follow City practices and are approved by the City Council. See Chapter 24 PERSONNEL CODE of Employee Manual and the Minot North Dakota Code of Ordinances.
- b. Individual employee appointments are made in accordance with City guidance and meet the requirements of Federal statute 2 CFR 200.430.
- c. Employee compensation engaged in Federal award work will be considered reasonable if consistent with pay for similar work in other activities of the City.
- d. Where no similar City work exists, compensation will be considered reasonable if consistent with pay for similar work in a labor market the City competes for employees.

Employee supervisors are responsible for ensuring charges to Federal awards for salaries and wages are based on records accurately reflecting the work performed. Records must:

- a. Be supported by a system of internal control which provides reasonable assurance the charges are accurate, allowable, and properly allocated.
- b. Be incorporated into the official records of the City.
- c. Reasonably reflect the total activity for which the employee is compensated by the City, not exceeding 100% of compensated activities.
- d. Encompass federally assisted and all other activities compensated by the City on an integrated basis.
- e. Comply with the established accounting policies and practices of the City.
- f. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than on Federal award etc.
- g. Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.

Section 7: Responsibilities

Department Heads

- a. Review and approve expenditures for accuracy, eligibility, and allowability.
- b. Submit expenditure supporting documentation to accounts payable for processing, according to Accounts Payable Policy and Procedures.
- c. Work with members of the project management team to ensure timely submission of progress reports, closing procedures, and other documents required by the award.



- d. Provide labor documents, payment requests, change orders, and other management information for project management support.
- e. Adhere to completion schedules in accordance with grant specifications.
- f. Support project administration consultants as needed.

Finance Department

- a. Helps departments in the development of plans for effective program management and utilization of federal, state and local funds; as well as reporting and ensuring compliance with the grantor's terms and conditions.
- b. Responsible for transferring all approved funds into projects, reconciling the projects quarterly or monthly, if applicable, and applying for appropriate funds.
- c. Ensures effective and compliant utilization of grant funds by performing the following:
 - i. Coordination of the City's grant processes and procedures to ensure grant programs and projects are properly administered.
 - ii. Familiarization with agency requirements and regulations.
 - iii. Development and recommendation of policy changes to comply with grant and project requirements.
 - iv. Representation of the City's grant and project interests and maintenance of ongoing relationships with external funding agencies.
 - v. Performance of grant and project management accounting and provision of technical accounting assistance to departments regarding financial and accounting issues related to grant and project activities. All activities are reviewed and approved by the Comptroller.
 - 1. Reconciling the project worksheet on a regular basis to the financial management system.
 - 2. Reviewing expenditures to ensure accuracy, eligibility, allowability.
 - 3. Verifies grant charges only occur during period of performance.
 - 4. Ensures pre-award costs are authorized.
 - vi. Preparation and maintenance of a grant project file and project worksheet, which maintains detailed financial transactions, with required records. The files must contain:
 - 1. The grant award.
 - 2. Amendments to the grant award.
 - 3. If a construction project, the procurement records, including contracts.
 - 4. Budget information.
 - 5. Encumbrance/obligations.
 - 6. Unobligated balances.



7. Assets, liabilities, expenditures, revenue, program income and interest earned.
8. City Council authorizations.
- vii. Verification of the grant and project budget with actual expenditures and resolution of any discrepancies with the departments.
- viii. Reviewing documentation of any exceptions or deviations from the original grant or project documentation.
- ix. Assistance to the departments in ensuring the project is properly administered, documented, and remains in compliance with the terms and conditions of the contract.
- x. Assistance to departments for resolution of program and contract issues and compliance with the City and grantor's administrative rules and regulations.
- xi. Ensuring project reporting requirements, including financial reports are met, accurate information is collected and reported to the funding agency in compliance with Federal policies and requirements governing reporting, and records are maintained and retained in accordance with the grantor's requirements and the City's records retention policy.
- xii. Regular reconciliation of the funding agency reports to the financial management system records to ensure accuracy.
- xiii. Ensuring the time lag between expenditures and drawdown or request of reimbursement from granting agencies is minimized.
- xiv. Ensuring proper close out is completed in accordance with the grantor's requirements.

Comptroller

The Comptroller oversees the day-to-day financial management activities of the City of Minot's funds, ensuring the accuracy of the accounting records, internal controls are in place and adhered to, financial reports are prepared, and communicated to the Finance Director timely. The Comptroller is responsible for the preparation and maintenance of the accounting software's chart of accounts, maintenance of the general ledger, reconciliation of subsidiary system accounts such as cash management, accounts payable, accounts receivable, activity and grant costing, journal entries, and State and Federal grant reporting requirements.

City Council

The City Council reviews and approves all expenditures, adopts all policies and approves an annual budget. The budget is adopted on a budgetary basis consistent with GAAP for the general fund, special revenue funds and capital project funds.

Consultant



The City of Minot may contract with an engineering firm or other consultant to help with project management. Large programs such as City airport retain an engineering firm to assist grant submissions, project management, and other related activities such as progress reports, labor documents, contractor procurement, reporting requirements, and project closeout.

Section 8: Records and Information Management

The City of Minot will maintain adequate accounting records that are supported by source documents, which are the basis for the accounting transactions that are entered into the City of Minot's accounting system. Examples include checks, invoices, copies of checks and receipts, timesheets, etc.

The City of Minot will maintain records that adequately identify the source and application of funds provided.

The City of Minot must maintain source documents that adequately support the grant award, authorizations, obligations, unobligated balances, assets, expenditures, income and interest. The City of Minot's reports grant revenue and expenditures as a separate fund or with the use of a grant code that separates by department, grant, and sub-grant. The grants are budgeted and restricted according to the fund or grant code. All grants must be within the budget and/or grant award that is authorized by the City Council.

The City of Minot shall apply uniform rules for the City of Minot's records (including financial) and information which meet legal standards and best practices for effective records and information management for existing records and yet to be created records, and shall apply to all employees and contractors who generate information for the City of Minot. The City of Minot shall ensure:

- Control of all the City of Minot's information, regardless of media form;
- Records are retained in accordance with federal, state, and local government program requirements;
- Records are maintained and stored in a manner that is secure and accessible through the retention period;
- Appropriate safeguards are in place against illegal access, removal, loss, or destruction of the City of Minot's records and information;
- Disposal of records and information is performed in accordance with an approved records retention schedule.

Section 9: Cash Management

The City of Minot recognizes the importance of cash management to ensure there are sufficient funds to pay for the expenditures of operating the City of Minot's



grant programs. The Treasurer shall be responsible for monitoring the daily cash flow and balances of all cash funds, including investments.

If at any time, the Treasurer finds the City of Minot in a potential cash deficiency situation, the City Council, City Manager and the Finance Director must be notified immediately.

Any cost allocable to a particular Federal award may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. For example, the City of Minot should not divert funds between programs and/or activities.

Petty Cash

The purpose of the fund is to have a small amount of cash available to pay small amounts owed, rather than writing a check. The petty cash shall be in the safekeeping of the designated custodian who shall keep track of payouts from the fund with receipts. At all times, the amount of cash on hand and the receipts must total the amount of authorized petty cash. When the cash in the petty cash fund is low, the custodian shall request a check to replenish the cash that has been paid out. The fund shall be subject to surprise audits conducted by the internal auditor.

Banking and Investing Services

The administration and investment of the City of Minot's cash requires the establishment of bank and investment accounts and will use the prescribed method that is required by the Federal and/or State agency. The City of Minot establishes a bank account and investment accounts with a bank or financial institution that is an authorized depository approved by the City Council.

The depository must be a financial institution that is sufficiently insured by the Federal Deposit Insurance Corporation ("FDIC") and a pledging of securities in excess of 110% over the investment less the FDIC insurance. Cash and investments are maintained in accordance with NDCC 21-06-07.

Section 10: Reporting

Financial Reporting

The City of Minot will prepare financial position statements (2 CFR 200.510):

- a. Results of operations or changes in net assets
- b. Cash flows for the fiscal year

The Finance Department will prepare a Schedule of expenditures of Federal Awards (SEFA) as required by 2 CFR 200.510(b), for the period covered by the City's financial statements. This schedule must include the total Federal awards expended in accordance with 2 CFR 200.502. At a minimum, the schedule must:



- a. List individual Federal programs by Federal agency using the applicable Assistance Listing number(s). For a cluster of programs, the non-Federal entity must provide the cluster name, a list of individual Federal programs within the cluster, and provide the Federal agency name and the applicable Assistance Listing number(s). For research and development, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision within the Department of Health and Human Services.
- b. For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- c. Provide total Federal awards expended for each individual Federal program and the Assistance Listings number or other identifying number when the Assistance Listings information is unavailable. For a cluster of programs, the auditee must also provide the total for the cluster.
- d. Include the total amount provided to subrecipients from each Federal program.
- e. For loan or loan guarantee programs described in [§ 200.502\(b\)](#), identify in the notes to the schedule the balances outstanding at the end of the audit period. This requirement is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- f. Include notes describing the significant accounting policies used in preparing the schedule and whether the auditee elected to use the de minimis indirect cost rate of up to 15 percent.

A comprehensive review is conducted by the Comptroller and finance department staff during preparation for fiscal year end.

Performance Reports

In accordance with 2 CFR 200.328 Reporting of Program Performance, the City of Minot is responsible for oversight, compliance, and performance achievement.

The program manager and Finance department will be responsible for researching reporting requirements and adding them to the City's comprehensive list of reporting requirements. This includes reporting deadlines.

Section 2 CFR 200.328 requires the City of Minot to submit performance reports using OMB-approved government wide standard information collection. Performance reports must be submitted at the interval required by the Federal awarding agency. Reports will contain for each Federal award, brief information on the following unless otherwise approved by OMB:

- a. A comparison of actual accomplishments to the objectives of the Federal award established for the period



- b. If established goals are not met, the reasons.
- c. Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.
- d. Construction performance reports. For the most part, onsite technical inspections and certified percentage of completion data are relied on heavily by Federal awarding agencies and pass-through entities to monitor progress under Federal awards and subawards for construction. The Federal awarding agency may require additional performance reports only when considered necessary.
- e. Significant developments that have significant impact upon the supported activity. In the below cases, the City must inform the Federal awarding agency or pass-through entity as soon as the following types of conditions become known:
- f. Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the Federal award. The disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.
- g. Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.

Section 11: Auditing

The City of Minot shall have a financial audit completed annually by a certified, external, independent accounting firm. The Comptroller shall have the direct responsibility of overseeing of the audit. The selection of an auditor shall be competitively procured using the Request for Qualifications (RFQ) method with the objective of obtaining a high quality audit, and the selected audit firm must provide a peer review report as part of the selection process.

The Finance Director shall make available the completed audit report to the City Council. The audit shall meet the Generally Accepted Government Auditing Standards (GAGAS) and comply with the audit requirements under Title 2 Part 200 of the Uniform Grant Guidance. The City of Minot's audit shall include an audit of the City of Minot's federal, state, and local government grant funded programs expended during the audit period.

- Single Audit: The City of Minot expends \$1,000,000 or more of federal funds during the fiscal year and is subject to a single audit. The scope of audit must comply within the Uniform Grant Guidance where the external auditor shall test for the City of Minot's:
 - Compliance with the requirements of the federal program, and
 - Internal Control over the compliance of the program.



Audit Findings and follow-up: The City of Minot shall develop a plan to correct all deficiencies (if any) noted in the audit and shall implement sufficient and appropriate corrective actions in order to preclude repeated findings in subsequent audits. The City of Minot shall be required to describe in the audit document, reasons for the finding, planned corrective action, and any partial corrective action taken.

Report Submission: The audit shall be submitted to the State Auditor's Office and the Federal Audit Clearinghouse (FAC) within thirty (30) days after receipt of the auditor's report, or nine (9) months after the end of the audit period, whichever is earlier.

A copy of the Annual Comprehensive Financial Report including the independent auditor's reports will be posted on the City's public web site.

The City Finance staff and the independent auditors must ensure their respective parts of the reporting package do not include protected personally identifiable information.

Section 12: City of Minot Monitoring

The City of Minot is responsible for oversight of the operation of the Federal award supported activities. Internal Auditors in accordance with 2 CFR 200.328 will monitor activities under Federal awards to ensure compliance with applicable Federal requirements and that performance expectations are being achieved.

The City of Minot will make reviews and audits available, including on-site reviews of any subrecipients as required in the Subrecipient Monitoring Policy.

Section 13: Fuel Purchasing and Utilization

The City of Minot purchases and distributes fuel for all city-owned vehicles and equipment. Fuel is acquired through an annual contract, which is awarded based on a competitively bid Request for Proposals. The contract is granted to the lowest and best bidder based on the markup dollar amount above the daily fuel rack price throughout the contract's performance period.

Fuel is stored in underground tanks and distributed via an automated fueling system. Each time a vehicle is refueled, the operator must input the vehicle's unit number, mileage or hours, and their employee number to access the system. After fueling, transactions are automatically uploaded into the Assetworks Asset Management System. These transactions are verified by fleet staff, and once confirmed, all fuel charges are allocated to the appropriate department account through the city's financial management software. The fuel usage, along with



associated charges, can be tracked throughout the lifetime of the equipment within the Assetworks program.