

Grant Administration and Compliance

Weaver Wednesday's Webinar Follow-up Questions



Q: We have multiple departments within our organization that received federal and state grants. Each department recipient is responsible for grant compliance, so there are inconsistencies throughout the organization. Do you have any suggestion on centralizing these function and what department would be best to own it? Should it be Purchasing, Accounting, etc.?

A: This isn't an uncommon issue in decentralized organizations, and there's no one right answer.

In a decentralized organization, you need to make sure you have good communication, as well as strong accounting and purchasing policies. For example, you can build collaborative approach with the recipient department, accounting and purchasing, in which accounting would need to approve the setup of fund sources from grants prior to their use. Purchasing would then require the identification of the funding for the expenditure in order to verify qualifying purchases with the department responsible for compliance.

It's also helpful to have a policy in place to ensure that any department recipients communicate with accounting, and possibly procurement/purchasing as well, before accepting or even applying for any grant funds. Throughout the grant life cycle, there needs to be communication with all three departments to ensure everyone is aware of the source of the funds, the coding of the expenditures, reporting requirements, monitoring, etc. and related responsibilities.

An approval checklist with all the pertinent grant information (source of funds, coding, budget, grant manager) that requires completion and approval prior to any grant acceptance is also a good tool to enforce for all your departments.

In the end, the accounting department has the most compliance efforts. Because of reporting grants on the SEFA, it often makes sense for them to be the department that can work with other departments to be sure they are in compliance. If your organization has an auditor, they can also work with all departments to help ensure compliance.



Q: Is there a grant management policy template available for small cities? We'd like to compare our current policy to a template.

A: We don't currently have a template policy to distribute. While many smaller municipalities don't have robust policy suites, the Texas Municipal League does have excellent grants guidance available, as does the OMB website.



Q: I can't get the federal program link to work. Are the links correct?

A: Both links are provided again below; we've double-checked both of them for accuracy. Try Ctrl + Click the link OR paste the link into your browser

https://www.cfo.gov/wp-content/uploads/2020/07/M-20-21_FAQ_07312020_UPDATED.pdf

<https://www.aicpa.org/content/dam/aicpa/interestareas/governmentalauditquality/resources/singleaudit/uniformguidanceforfederalrewards/downloadabledocuments/federal-programs-expected-to-be-included-in-the-2020-omb-compliance.pdf>



Q: Can you go over the "allocated" piece and how it relates to reporting the related expenditures - specifically when the two happen in two different fiscal years?

A: The "allocated" piece that was mentioned occurs when you have an invoice or other expenditure that benefits multiple grants, and you allocate that expense among the various grants.

If you are going to allocate expenditures among different grants (for instance, rent expense, utility expense, copier expense, etc), it's important that you have an allocation methodology in place (i.e. documented policy and procedure for allocation methodology). Common allocation methodologies include using grant FTEs or perhaps square footage. It's also recommended that this allocation methodology is approved by the grantor. You'll also need to make sure that the expense in question is allowed per the grant, and it is not already included in an indirect cost pool or other method of cost recovery for the grant.

With regards to reporting related expenditures that happen in two different fiscal years, this may occur due to an expense that has incurred in prior year that's just now getting allocated to a grant as an allowable cost in the current year. This often happens for disaster grants, such as the Coronavirus Relief Fund, where you've incurred expenses in a previous fiscal year, but the Grant Award Document or NOGA is not effective until the following fiscal year.

However, the NOGA allows the recipient to claim costs prior to the award or NOGA received date. In this case, expenditures would be recorded when incurred out of local or state funds, whatever the funding source was, for the initial expense. Once the NOGA was received in the following fiscal year, those expenditures would be recognized for federal grant reporting purposes on your SEFA and other financial reporting requirements in the fiscal year in which the NOGA was received. This would require a reconciliation on your SEFA to show the expenditures on your SEFA that were recognized in a previous fiscal year's financial statements or CAFR.

If this response didn't answer your questions, or you have more, please email me directly at rebecca.goldstein@weaver.com. I'd be happy to help!



Q: What percentage of clients do you find have defined and disseminated grant policies? We have internal controls, but no formal policy – which I would like to address.

A: We have several clients that do have good policies...but we've also seen clients that do not. While internal controls are a good start to meeting the requirements, Federal and most State guidance does require that there are documented policies for grant management.

Let's Connect!



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