



ADMINISTRATIVE DIRECTIVE

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I. PURPOSE

To provide City management with pertinent information pertaining to grants applied for by City of Tucson agencies prior to submitting the application to the grantor.

To establish internal guidelines for City agencies to account for grant funds following the grant award.

II. POLICY

It is the policy of the City to actively encourage efforts to bring grant dollars into our community, thereby augmenting City programs, creating innovative opportunities, and enabling the citizens of Tucson to receive as many benefits as possible from their tax dollars. All departments have authority to apply for grants. Budget capacity needs should be discussed with the Office of Budget and Internal Audit.

Departments should actively pursue grants from all legitimate sources, and when appropriate, use grants to develop cooperative programs with other jurisdictions and/or the private sector.

Grant administration is an extremely important part of ongoing budget activity. Since grant assisted funds represent a portion of the City's revenues, it is only appropriate that the management of grants be treated as a resource allocation and management function.

III. DEFINITIONS

- A. **Advanced Payment** - A payment made to a recipient upon its request either before outlays are made by the recipient or through the use of predetermined payment schedules.
- B. **Allocation** - An equitable distribution of aid or resources to states and localities through quantitative mathematical formulas usually specified in legislation but that can also be provided by regulation.
- C. **Applicant** - The City department applying for state, federal or other programs, such as formula allocations, competitive grants, and bonds.
- D. **Award** - Financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property in lieu of money, by the grantor to an eligible recipient. The term does not include: technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies,



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or insurance; direct payments of any kind to individuals; and contracts which are required to be entered into and administered under federal procurement laws and regulations.

- E. City Agency** - Any department, office, board, committee, commission, or other body, that is an entity of the City.
- F. Date of Completion** - The date on which all work under an award is completed or the date on the award document, or any supplement or amendment thereto, on which awarding agency sponsorship ends.
- G. Denied** - The grantor's refusal of funding (through awards or allocations) to the applicant. Denial should be confirmed through the applied program official award announcement.
- H. Grantor** - A federal, state or other entity who is the maker of a grant. Grantors seek and select applicants for the disbursement of funds or resources.
- I. Grants** - An award (money, equipment, material, etc.) that is made by a public or private source for a designated purpose, and which has governing regulations requiring some or all of the following as a condition of award: separate accounting, reporting, maintenance, responsibility for liability, and/or expenditure of additional financial or non-financial resources.
- J. In-Kind** - The value of non-cash contributions provided by non-federal third parties. Third party in-kind contributions may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to a project or program.
- K. Intergovernmental Agreement (IGA)** - A written contract required under Arizona Law (ARS 11-952) when two or more public agencies decide to jointly exercise common powers, contract for services, or enter into joint or cooperative action.
- L. Match** - The portion of project or program costs not borne by the grantor.
- M. Memorandum of Understanding (MOU)** - An informal document that sets forth an arrangement between the City or a City department and another entity. An MOU does not limit or affect the authority of each; and does not require the parties to assume or expend any monies.



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- N. **Pending** - When the application of a program has been submitted and the applicant is awaiting the official award announcement from the grantor.
- O. **Position/Full Time Equivalent (FTE)** - Any funding provided under a grant that is applied to any portion of the salary or benefits of a City employee, whether to fund all or part of an existing employee, to fund the creation of a new position requiring the hiring of a new employee or to fund all or part of the costs of transfer of an existing employee. Hiring and transfers of an employee shall require the review of the Human Resources Director.
- P. **Reimbursable Payment** - A payment made by the grantor to the recipient based on eligible spending of awarded or allocated funding.
- Q. **Strategic Work Plan/Focus Areas** - The Mayor and Council Strategic Work Plan is the guiding document outlining Mayor and Council Focus Areas, City Objectives and Priority Projects over a two year period. All projects and associated grants initiated and requested by City staff should be aligned with this plan.
- R. **Sub-Recipient Award** - An award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible sub-recipient or by a sub-recipient to a lower tier sub-recipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services nor does it include any form of assistance which is excluded from the definition of award.

IV. **ROLES AND RESPONSIBILITIES**

- A. **Budget and Internal Audit** - The Office of Budget and Internal Audit is responsible for establishing or assigning a unit number and providing that information to the Grant Coordinator and the Finance Department's Accounting Division. They are also responsible for determining if a grant application is consistent with the budget capacity of the applicant.
- B. **City Manager** - The City Manager oversees the Grants Team and provides direction to the team on the grants process. The City Manager has final approval and signature authority on any grants accepted by the City.
- C. **Department Grant Coordinator** - The Grant Coordinator is the department representative who is responsible for providing information to the reviewing departments during the pre-application process and for providing information to the departments responsible for financial tracking of the grant award.



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- D. **Department Grant Administrator** - The Grant Administrator is the person responsible for carrying out the direction of the grant award and is responsible for the budget into which the grant award will be placed. Once the department director signs off on the pre-application process the director becomes the grant administrator.

- E. **Finance Department - Accounting Division** - The Finance Department's Accounting Division has limited responsibility during the grant application phase. Some information needed by the department in the application phase may include information about the capabilities of the accounting system, tax identification number, DUNS number, etc. The Accounting Division will provide this and related information as needed. Once the grant is awarded, the Accounting Division will work with the department and Office of Budget and Internal Audit to establish the various chart of accounts needed to provide the financial information and reporting required by the grant. Other responsibilities include working with the department to ensure only eligible costs are recorded, making payments, preparing grant reports and initiating draw downs, as appropriate, and working with departments to closeout and finalize grants.

- F. **Human Resources** - The Human Resources Department is responsible for analysis of all positions for appropriate placement in job classification as well as compensation and employee group.

- G. **Information Technology** - The Information Technology Department is responsible for the analysis and approval to use grant awards to purchase and/or use City technology resources.

- H. **Mayor and Council** - The Mayor and Council is the governing body for the City and their approval may be required to submit for or accept grant awards. The grant application materials will indicate if this is required.

- I. **Procurement** - The Procurement Department is responsible for the purchase, acquisition and contracting process in accordance with applicable law, ordinance or regulation, for any equipment, materials and/or services necessary to carry out the purpose and intent of the grant.

V. GRANT DEVELOPMENT/PRE-APPLICATION PROCESS

A. Step 1: Determine Strategic Alignment/Strategic Work Plan

The Strategic Work Plan is a joint agreement between the Mayor and Council and the City Manager that sets the operational and project priorities for the City



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Manager. City staff should only be pursuing programmatic funds that support the Focus Areas and City Objectives of the Plan.

B. Step 2: Determine/Establish Budget Capacity

Prior to submission of the grant application, the applicant must consult with the Office of Budget and Internal Audit to determine the budget capacity needs.

1. Budget Considerations:

- a. Departments are encouraged to apply for grants as far in advance of the annual budget submission as possible to facilitate planning for required in-kind contributions and provision of adequate budget capacity when applicable. When possible, departments should provide for indirect costs in grant requests.
- b. When necessary, departments should make every effort to include contingent capacity for grants in their budget submissions. Sometimes grant applications have not yet been approved by or even submitted to the granting agency at the time the City's budget is put together and approved for the ensuing fiscal year, and the amounts of money that might be received are not known. To maintain the flexibility necessary to accommodate such circumstances, departments are encouraged to work with the Office of Budget and Internal Audit to establish adequate budget capacity.
- c. Departments may either be required to include, or wish to include grant initiated programs in their budgets upon the cessation of grant funding. Such inclusion may require departments to prioritize the grant against existing or other new programs.

2. Special State and Federal Grant Requirements:

- a. Grants from the State of Arizona that are made for a specific purpose are subject to State budget law (i.e., the grant money must be designated by purpose and identified in the City Budget) but not to spending limitations (i.e., the City's total "bottom line" capacity). To spend proceeds from these grants, expenditures must be anticipated and budgeted at the start of the fiscal year.



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- b. Federal grants that come to the City through the State are not subject to either the State budget law or spending limitations. While these grants can be budgeted and spent at any time, the Office of Budget and Internal Audit recommends that a department incorporate the anticipated spending in their annual budget.

3. **Matches (Hard or In-Kind):**

- a. A hard match is when a grant proposal requires a commitment of City funds. In-kind matches include the value of non-cash contributions provided by eligible third parties. Third party in-kind contributions may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.
- b. Insofar as in-kind services can be accommodated within existing budgets, departments are encouraged to utilize in-kind services in matching grant programs as allowed under program guidelines.

C. **Step 3: Evaluate Human Resource Needs/Seek Approval on FTEs**

1. Departments should insure that they have sufficient resources to administer and evaluate grant programs.
2. Prior to application, the Human Resources Department must approve every grant that results in a new grant funded position (See Administrative Directive 2.02-3, *Grant Funded Positions*). If the Human Resources Department does not approve the position in advance, the City agency will not be allowed to fill this position and will have to use existing resources to manage and administer the grant.

Prior to application, departments should also coordinate with other units or agencies affected by a grant application to insure that they can handle any additional workload. In the "Objectives" section of their budget requests, departments shall include an Impact Statement reflecting what effect a proposed grant will have on other City departments as well as any continued budgetary impact on future City budgets at the expiration of grant funds.



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D. Step 4: Evaluate and Seek Approval on Information Technology (IT) Needs

Grants that indicate a technology purchase must be pre-approved by the Information Technology Director in order to determine that the City has the funding for IT support, installation, maintenance and storage. Additionally, some applications may be unsupported in the City's technology environment and this needs to be determined in advance before a grant application is submitted.

E. Step 5: Determine Equipment/Insurance Needs

1. Grant applications shall not specify which specific service provider or consultant, which brand of equipment/materials, or which vendor the City would purchase from in order to carry out the purpose or intent of the grant. If a grant application is submitted that is specific to which service provider, consultant, equipment and/or materials supplier the City intends to utilize, the City is put in the position of potentially violating public bidding requirements or the competitive acquisition requirements of the granting agency. However, there may be instances when a cost estimate is needed or the name of a specific qualified person is required as a part of the application. In those cases, the Procurement Department's review and recommendation shall be obtained prior to grant application submission. In the event the required Procurement Department review and recommendation is not obtained prior to grant submission and an application is advanced that conflicts with the requirements of the Tucson Procurement Code, any resulting grant is subject to being declined by the City.
2. Capital equipment purchased from grant funding will be recorded at the acquisition amount. The equipment is tagged as City property. The record keeping procedures for capital assets and other equipment are defined in Administrative Directive 4.01-3, *Capital Assets and Other Equipment*.
3. Vehicles and heavy equipment that are temporarily furnished as part of the grant award will be insured separately and will not be part of the City's self insurance program. The premium for this insurance will be charged to grant funds.

F. Step 6: Seek Mayor and Council Approval (if required)

1. Some grants require Mayor and Council approval in order for a City agency to receive grant funds. If the grant requires Mayor and Council approval, it needs to be scheduled on the Mayor and Council agenda for



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consideration prior to the submittal of the grant application (See Administrative Directive 1.02-3, *Scheduling, Preparing, and Processing Mayor and Council Agenda Materials*). However, if a Mayor and Council resolution will strengthen a grant application, departments may also schedule this on the Mayor and Council agenda to request this resolution.

2. Once approved by Mayor and Council, the application may be submitted by the applicant.

VI. ACCEPTING AN AWARD

- A. **Department Notification** - Upon receipt of an award letter, the Grant Coordinator is responsible for providing the grant number, the amount, and the effective date of the award to the Finance Department’s Accounting Division and the Office of Budget and Internal Audit.

If the grant award requires a capital equipment purchase, the Grant Coordinator is responsible for notifying the Procurement Department to appropriately procure, and Risk Management to insure (property casualty and liability) the equipment.

- B. **City Manager Approval** - Under most grant awards, the City Manager is considered the Authorized Recipient Official or Senior Government Executive authorized to accept an award (in the form of a contract). Once signed by the City Manager, the Grant Coordinator is responsible for returning the letter/contract to the granting agency.

- C. **Mayor and Council Approval** - If a grant requires an increase to the City’s annual budget, a Mayor and Council resolution is required prior to submitting the grant application.

VII. GRANT ADMINISTRATION

- A. **Administration**

The **Grant Administrator** is required to:

- Alert all appropriate personnel concerning the importance of segregating grant financial activity at the outset of the project.
- Create appropriate procedures to track expenses and collect the information required in order to comply with the grant reporting requirements.
- Assure all eligible expenses are correctly charged to the assigned organization. If for any reason eligible expenditures are charged to some other organization, promptly request their transfer in writing, providing



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complete identification as to fund, organization location, and the nature of the charges being transferred.

- Assign the necessary personnel to comply with auditing and reporting processes.
- Be prepared to provide all program material and reports to auditors assigned to complete program and compliance audits of the grant.

B. Financial Reporting/Deliverables

Financial reporting is a joint responsibility of the Finance Department's Accounting Division (Accounting) and the department awarded the grant (Department). Accounting and the Department will work together to determine the best process for reporting and requesting reimbursement from the grantor. The area responsible for invoices, financial reports, draw requests, etc., will send the other party copies of invoices, grant draws and other pertinent information each month, quarter or other time period determined by the grant. When discrepancies are found by either Accounting or the Department, the other party will be notified to rectify the difference. If discrepancies or issues are found during draw requests through an electronic system, the party responsible for processing the draw will notify the other party of the discrepancy or issue, which will be resolved before the draw is completed. Upon a successful draw, the responsible party will notify the other party within five (5) days that the draw was finalized.

C. Grant Funded Positions (see A.D. 2.02-3)

D. Mayor and Council Approval

For grant awards that require the cooperation of other organizations, this cooperative agreement must be approved by the Mayor and Council through the Intergovernmental Agreement Process (See Administrative Directive 1.04-1, *Intergovernmental Agreements*). In addition, Mayor and Council approve budget capacity for grants as part of the annual budget adoption process.

Appendices None

References

- 1.02-3 Scheduling, Preparing, and Processing Mayor and Council Agenda Materials
- 1.04-1 Intergovernmental Agreements
- 2.02-3 Grant Funded Positions
- 4.01-3 Capital Assets and Other Equipment



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**Review Responsibility
and Frequency**

The City Manager will review this Administrative Directive annually, or as necessary.

Authorized



City Manager



Date