SAINT PAUL
MINNESOTA

# Grants Manual

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Maintained by the OFS Grants Division
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# Table of Contents

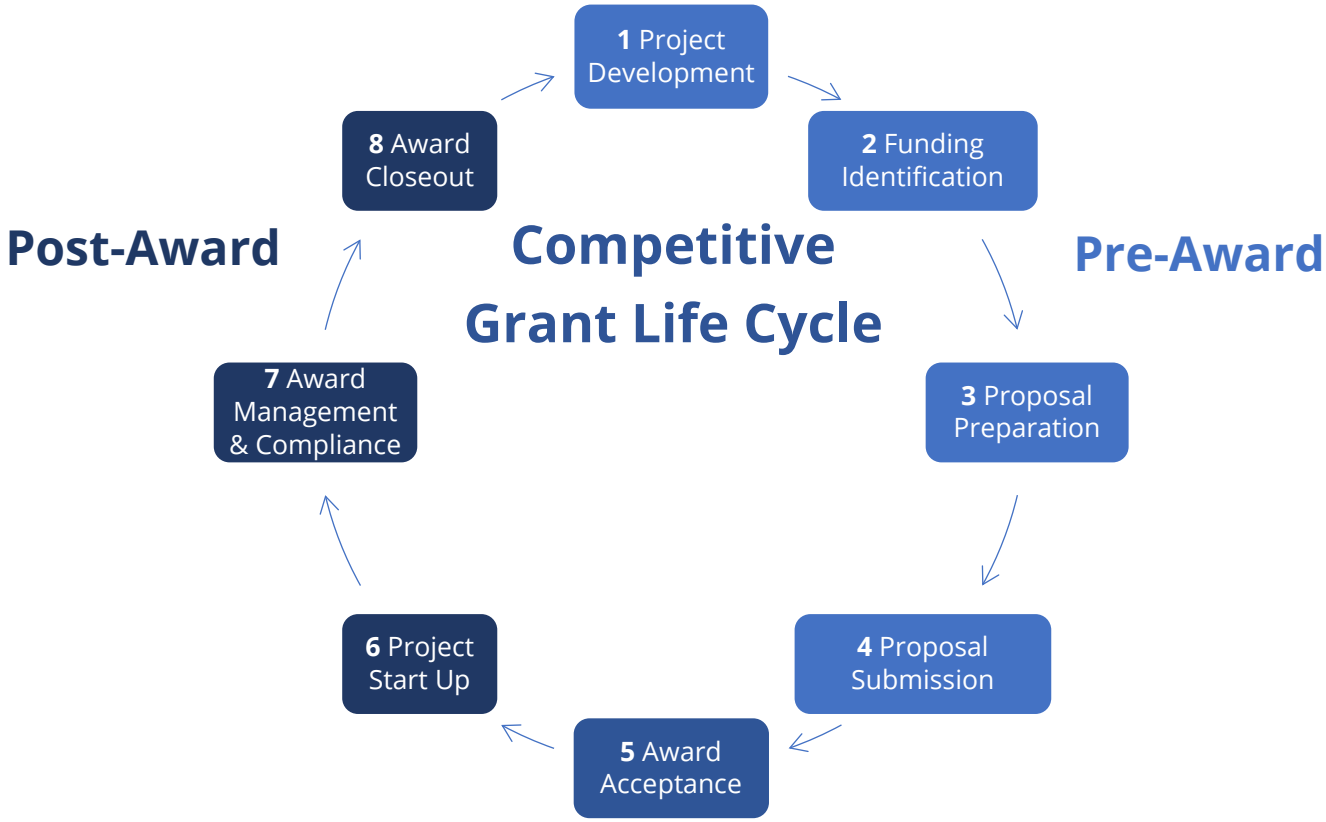

Overview ..... 3
Purpose ..... 3
Grants Management Training ..... 3
Part I: Legal Requirements ..... 4
City ..... 4
State ..... 4
Federal ..... 5
Part II: Researching and Applying for Grants ..... 6
City Grant Application Process ..... 7
Grant Systems ..... 8
System for Award Management (Sam.gov) ..... 8
Automated Standard Application for Payments (ASAP) ..... 9
FEMA Grants Outcomes (FEMA GO) ..... 9
Integrated Disbursement and Information System (IDIS) ..... 9
Common Grant Application Areas ..... 9
Common Requirements, Certifications, and Assurances ..... 12
Part III: Creating a Grant Budget ..... 14
Personnel Budgeting ..... 15
Non-Personnel Budgeting ..... 15
Cost Allocation Plan and Indirect Cost Rates ..... 15
Cash or In-Kind Match ..... 16
Part IV: Grant Proposal Approval Process ..... 16
Grants Division Approval ..... 16
Council Approval ..... 18
Part V: Managing Grants ..... 19
Budgeting Grants ..... 19
Employment and Payroll ..... 20
File Maintenance ..... 21
Email Retention Schedule ..... 21
Reporting ..... 23
Financial Management ..... 23

Infor System ..... 24
Grant Revenue ..... 24
Grant Expenditures ..... 25
Grant Award Modifications (GAMs) ..... 27
Creating and Managing Contracts ..... 27
Defining and Determining Subrecipients, Beneficiaries, and Contractors ..... 27
Subrecipient Management ..... 29
Procurement ..... 32
Capital Purchases and Inventory Management ..... 32
Grant Closeout ..... 34
Part VI: Compliance, Monitoring, and Audits ..... 35
Internal Monitoring ..... 36
Preventing Fraud, Waste, and Abuse ..... 36
External Monitoring and Audits ..... 37
Appendix ..... 41
Department Roles and Responsibilities ..... 41
Office of Financial Services ..... 41
Departments Overseeing Grants ..... 42
HREEO, Procurement ..... 43
City Attorney's Office ..... 43
City Council, Housing Redevelopment Authority (HRA), Library Board ..... 43
Mayor's Office ..... 43
Friends Groups ..... 44
Terms and Definitions ..... 46
Frequently Asked Questions ..... 48
Resources ..... 48
Example Regulations and Contract Compliance for Property Sale Program ..... 49
Updates ..... 60

# Overview

## Purpose

This document provides guidance, policies, and procedures required for City departments to apply for and manage grants. It also defines roles for the various departments that manage and interact with grants. Applying for and accepting grants is a significant commitment involving complex analysis, management, reporting, and compliance. The chart below demonstrates the typical life cycle for competitive grants.




## Grants Management Training

Applying for and managing grants requires in-depth knowledge of a range of best practices and policies, and the funding agency's requirements. The following resources offer training opportunities, courses, and materials regarding grants management.

- State of Minnesota Office of Grants Management Training and Development
- State of Minnesota Office of Grants Management Best Practices
- Grants.gov Grants Learning Center
- Department of Justice (DOJ) Grants Financial Management Training
- Housing and Urban Development (HUD) Exchange
- FEMA Grants Management Technical Assistance
- National First Responder Training and Education Division
- Thompson Grants

# Part I: Legal Requirements

This section provides a general overview of some of the key Federal, State, and City legal requirements governing grants. The processes and procedures outlined in this manual follow these legal regulations on administering grant funds.

## City

City Administrative Code 86.12 – Council Approval of Grant Applications, requires Council approval of any grant application prior to submission to the granting entity. Council approval comes through a formal resolution which includes the intended use of the grant funds and any anticipated City grant obligation, which should be noted in the resolution title. Failure to obtain Council approval may result in the rejection of the grant award and corresponding budget action or contract requests.

City Charter Chapter 10 – Finance, outlines budget requirements. This includes that the Mayor submits to the Council an annual operating budget that includes special funds (like grants), and the budget for the next fiscal year of the five-year long-range capital improvement programs, which include revenue sources the Council deems appropriate (such as grants).[1] Throughout the year if the Mayor certifies there are total revenues in excess of those in the budget, the Council may approve supplemental appropriations up to the amount of excess through a resolution.[2] This is typically how departments budget grant funds once they receive awards.

City Charter Chapter 9A.02 - Emergency Management, states that the Department of Emergency Management will coordinate the preparation, submission, and management of regional, state, and federal homeland security and emergency management-related grants, equipment donation programs, and assistance citywide.

City Administrative Code 14.05 – Saint Paul Library Agency, describes the partnership with the Friends of the Saint Paul Public Library. The Friends of the SPPL nonprofit will pursue individual donations and grants on behalf of library initiatives.

## State

The Minnesota Department of Administration oversees grants management for the State. Its website includes a section on grant management policies, statutes, and forms including:

*Statutes*

- 16B.98 Grants Management Process: requires entities receiving state grants (except general obligation or capital project grants), agree to minimize administrative costs.

[1] City of Saint Paul, City Charter, Secs. 10.02, 10.03, 10.05(3).
[2] City of Saint Paul, City Charter, Sec. 10.07.1.

- 270C.65 subd. 3 Taxpayer ID Number: requires any entity doing business with the State to provide either its Federal taxpayer identification number or Minnesota tax identification number.
- 412.201 Execution of Instruments: requires that every contract of a City be executed by the Mayor and clerk, pursuant to authority from the Council.
- 471.87 Public Officers, Interest in Contract; Penalty: establishes that a public officer taking part in any contract in their official capacity shall not have a voluntary personal financial interest in or financial benefit from that contract.

*Policies and Resources*

- Policy on Writing and Publicizing Grants Notices and RFPs
- Policy on Grants Progress Reports
- Policy on Grant Monitoring
- Policy on Grant Closeout Evaluation
- Overview of State Grants

## Federal

Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards: this is the Federal Office of Management and Budget's (OMB) rules and requirements for Federal awards. Implemented in December 2014, the Uniform Guidance (2 CFR 200) reformed prior OMB circulars, and aimed to remove administrative burden for recipients while guarding against the risk of waste and misuse of Federal Funds. It:

1. Removes previous guidance that is conflicting and establishes standard language;
2. Directs audits to focus on areas identified as a risk for waste, fraud, and abuse;
3. Lays the groundwork for Federal agencies to standardize data processing; and
4. Clarifies and updates cost reporting guidelines for award recipients.[3]

The Uniform Guidance went under significant revisions in spring 2024.

*Resources*

- Frequently Asked Questions (updated May 2021)
- Grants.Gov webpage on Uniform Guidance
- Government Accountability Office Guidance to State and Local Governments
- Annotated updates to the Uniform Guidance

Federal Funding Accountability and Transparency Act (2006): FFATA requires Federal award information to be posted on a publicly available site: www.usaspending.gov. The FFATA

[3] Grants.gov, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, https://www.grants.gov/learn-grants/grant-policies/omb-uniform-guidance-2014.

Subaward Reporting System (FSRS) is the tool prime recipients of Federal awards use to report subaward and executive compensation data.

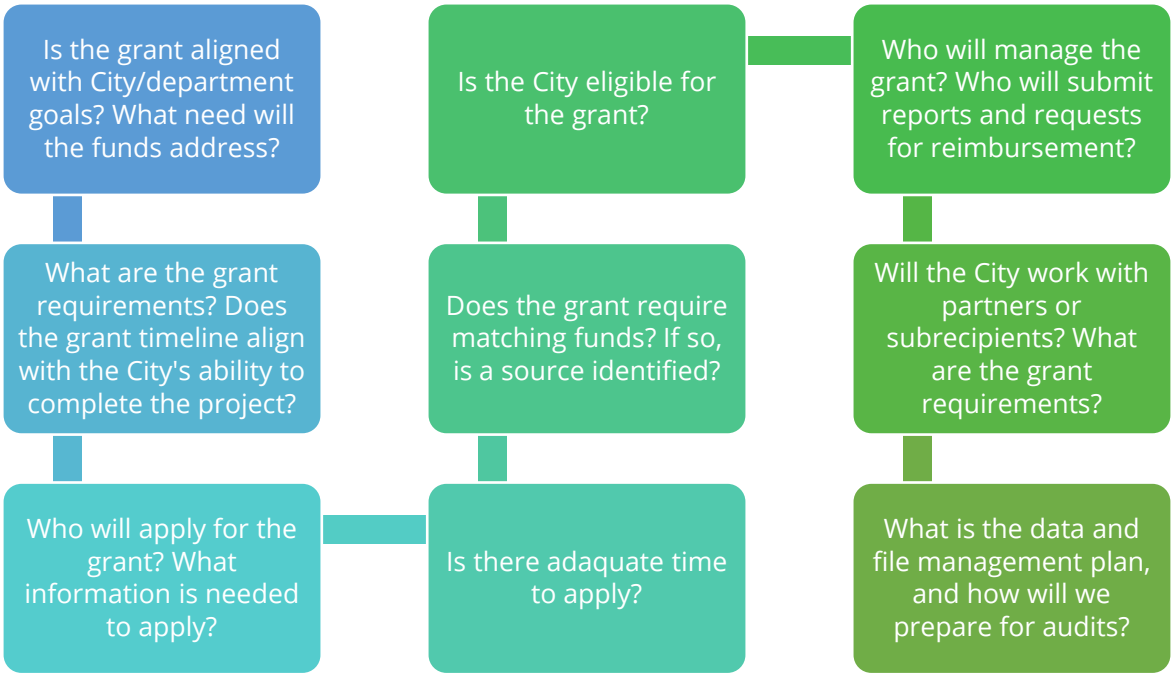
*Resources*

- FSRS Overview (including FAQs)
- FSRS Awardee User Guide (updated April 2023)
- FSRS Awardee User Demonstration
- Grants.Gov webpage on FFATA

## Part II: Researching and Applying for Grants

Departments and the OFS Grants Division regularly engage in needs assessments and identification of grant opportunities best aligned with the City's needs. There are Federal, State, Local, and private sources of funding available through competitive processes and entitlement programs. For example, Grants.gov is the common website for Federal agencies to post competitive funding opportunities. Similarly, mn.gov/grants is the single point of entry for State grant opportunities.

Before seeking a new grant, the potential applicant should assess the City's capacity to manage the grant, including:




The applicant should also assess whether the City will need to take any additional actions to comply with grant requirements such as recording a deed restriction on the City's real property or amending a City ordinance.

Occasionally the City will act as a fiscal agent or lead applicant for a consortium of partners. This may occur in situations such as hosting shared technology or all participating in the

same activity but in a non-programmatic way. In this situation, the City will apply on behalf of the partners, accept funds from the funders, and distribute funds to the partners. Department staff are responsible for applying and securing the resources, stewarding the funds, and monitoring subrecipients. The fiscal agent process generally follows the same steps as other grant applications, however, please discuss any outliers with the Grants Division.

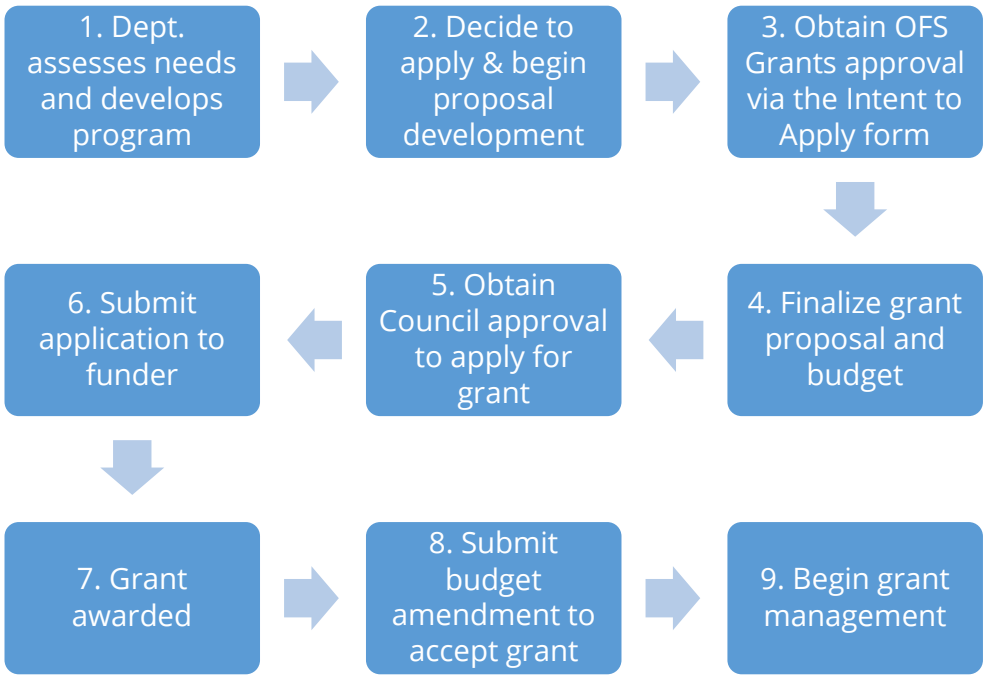
## City Grant Application Process

Some City Departments have staff dedicated to grant applications and management, while others do not. The OFS Grants Division may support department staff in grant seeking, particularly those that do not have dedicated grants staff. **Any department may initiate grant research and applications; however, all competitive grant applications must be approved by the OFS Grants Division prior to submission to the granting agency**.[4] The goal of this process is to share information about the funding opportunity and proposed activities with OFS to flag upcoming needs or issues. This is also an opportunity to identify any areas of support or capacity that the Grants Division can provide to the department team, such as budget development, logic model or evaluation assistance, or sustainability planning. The Grants Division can also assist with required assurances or due diligence documents needed for proposal submission.

Department grant managers should submit an Intent to Apply form to the OFS Grants Division when they begin working on a grant application. The OFS Grants Division will review and approve the form, or review and respond with questions to the Department within five business days. Simultaneously, grant managers must submit a resolution through Legistar to obtain Council approval to apply for the grant. The Grants Director will provide OFS approval for a department to submit the grant application. In the absence of the Grants Director, the OFS Deputy Director or Director may approve grant applications. The section on grant approval activities provides further details.

The grant application process follows these steps:

[4] Entitlement grants that the City receives through formula allocations, such as HUD CDBG, ESG, and HOME programs, are not included in this process and do not require Grant Division approval.




## Grant Systems

Many Federal grants require that the applicant be registered in certain systems, described below. In general, the OFS Grants Division maintains the City's registration in these key systems. This involves holding specific administrative roles for the City that allow the Grants Division to manage who can apply for and report on grants. Other department staff may have different types of access in these systems, allowing them to apply for grants, submit reports and financial reimbursement requests, and close out grants.

The systems included in this manual are those in which OFS has administrative roles. Many other grant systems exist and are found on the Grants.gov page describing systems and tools supporting Federal awards. In addition, different City departments maintain profiles in systems particular to certain Federal or State agencies, for example, the Police Department maintains a profile in the U.S. Department of Justice's JustGrants system.

### System for Award Management (Sam.gov)

Sam.gov is the U.S. Government system used to register to do business with the government; update and renew the status of an entity; search for assistance listings, wage determinations, contract opportunities, and contract data reports; and access award data. Federal grants, whether competitive or entitlement, typically require that the recipient:

1. Register in SAM.gov before application submission;
2. Provide a valid Unique Entity Identifier (UEI) in its application; and
3. If selected for an award, maintain an active SAM.gov registration.

To maintain an active SAM.gov registration, entities must renew annually. The renewal process may involve uploading official documents to demonstrate the entity's legal name and address. Different Federal systems then check and confirm the renewal information matches with their systems, including the Internal Revenue Service (IRS), and Commercial and Government Entity Code Office (CAGE). Renewal may be complex so any staff responsible for UEI renewal should begin at least one month prior to the UEI's expiration.

The OFS Grants Division maintains two City of Saint Paul UEIs:

- NAWUYFNLSK35 (considered the main or "parent" UEI)
- SHQDV94JYMU4 (currently used for HUD and FEMA grants)

When seeking grants, City departments should work with the OFS Grants Division to confirm the appropriate UEI. **Departments should not create new UEIs**.

Other active UEIs currently exist for the City and are maintained by the departments noted:

- Q91BDNBC1VT7 (Police)
- KGJ7SH6BBK76 (Fire)
- M4F4L24BBWG5 (Library)

### Automated Standard Application for Payments (ASAP)

The ASAP system is an electronic system used by Federal agencies to securely transfer money to recipients. Federal agencies enroll recipients, authorize payments, and manage accounts; recipients request payments from pre-authorized accounts. The City's ASAP registration is managed by several departments, including the OFS Accounting Division.

### FEMA Grants Outcomes (FEMA GO)

The FEMA GO system is the platform for submitting, approving, and managing FEMA grants. Emergency Management primarily manages FEMA Grants. The OFS Grants Division maintains the City's authorized organization representative role in the FEMA GO system.

### Integrated Disbursement and Information System (IDIS)

The IDIS is the drawdown and reporting system used by the U.S. Department of Housing and Urban Development (HUD) for its five entitlement grant programs: Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Housing Trust Fund (HTF), Emergency Solutions Grants (ESG), and Housing Opportunities for Persons With AIDS (HOPWA); and for the CPD competitive grant program HOPWA Competitive. HUD uses the system to collect program activity information that it uses to report to Congress and monitor grantees, and grantees also use the system for consolidated planning.

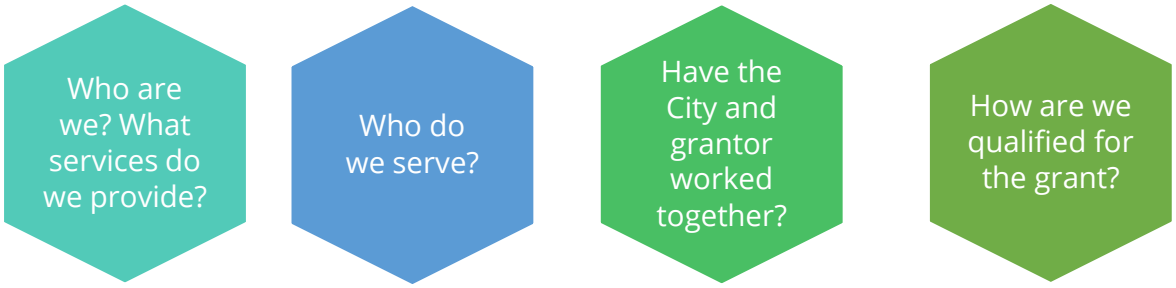
## Common Grant Application Areas

Sufficient planning is key to the success of grant applications. Some grants offer funding for planning processes, while others do not. This section includes common areas in grant

applications to assist with planning processes and highlight key questions City staff should consider before applying for grants. The centralized Grant Division can provide template language or data for common answers at a citywide level.

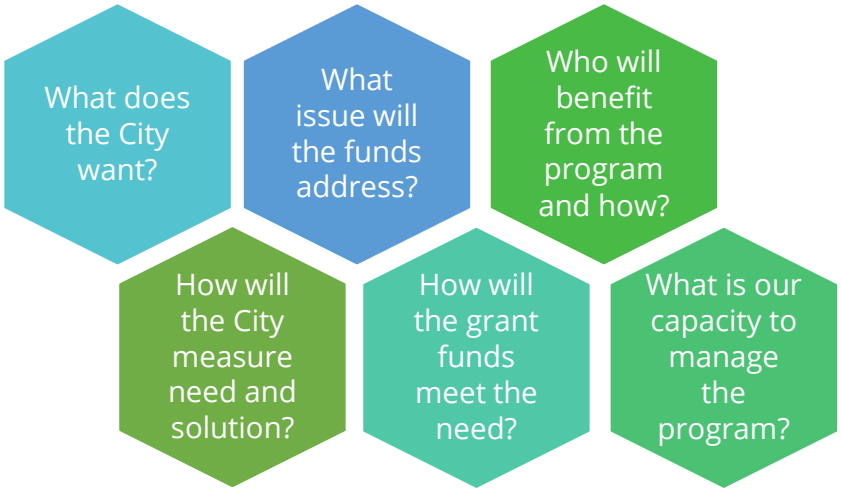
*Executive Summary or Agency History*

This section addresses common questions about the City and the specific department applying for the grant. It should also summarize the key goals and purpose of the grant application. This section may include answers to the following types of questions:




*Problem Statement*

This section provides evidence that the applicant has a significant need and how the grant funds will address that need. A well-defined, clear problem statement is a key factor in the success of the grant application. Ensure that the problem statement clearly identifies the need and solution based on the City's experience and ability. The statement should be factual, supportable, and concise. This may include answers to the following questions:




*Targeted Population*

This section defines the beneficiaries of the program, which may include population demographics or geographic area served. If the grant supports internal City services, like

staff costs, this section may require data like personnel count and costs, but still usually requires a goal or benefit to the community that is associated with funding those positions.

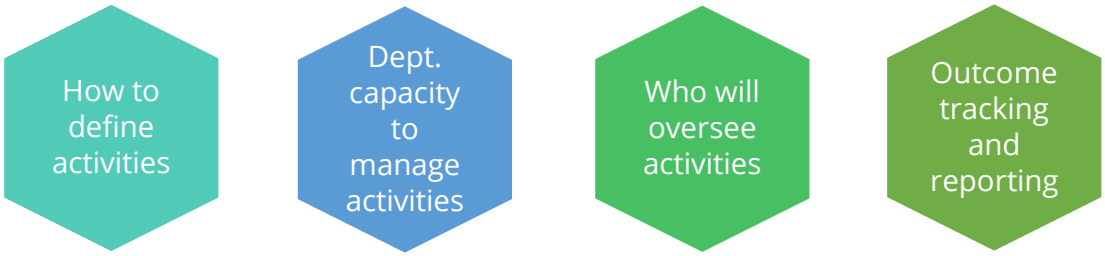
### *Goals and Objectives*

This section outlines the clearly defined program mission and outcomes. This should include (1) how the applicant will use the funds and (2) why the applicant's proposal meets the grantor's priorities and requirements. The goals and objectives are typically included in a workplan submitted with the grant application. Workplans outline key goals, and then associated activities that will be completed to achieve those goals, and measurable outcomes for each activity. It is important that the workplan aligns with the program design so that the recipient can directly demonstrate how grant-funded activities will be tracked, measured, and reported.

### *Project Description and Activities*

This section provides a detailed explanation of the program design and implementation strategy. The applicant should define activities that the grant will fund, the timeframe for those activities, and methods used to manage the program and achieve outcomes.

Creating an effective program design is essential to the success of the application, and once funded, to the implementation of the grant program. When creating a program design, departments should consider:




### *Collaborating Entities*

This section identifies any partners that will join the applicant in administering the program. This should clearly define the role of the collaborating partner as it relates to the City's role, and any in-kind or financial contributions the partner may make. A formal letter of support from a collaborating entity might be a required attachment for some proposals, or might be a helpful supporting document for others. Working to secure letters of support from external partners is important to do early in the process, as it often takes more time than anticipated to receive final signed copies.

### *Performance Measures*

This section defines performance metrics and standards for measuring program success. Grantors may require both outputs and outcomes. Output measures provide quantifiable information on the grant activities that help achieve outcomes. Outcome measures assess whether a program is achieving its overall goals. For example, an output may be the

number of water lead service lines replaced in private homes, and an outcome may be the reduction of lead-related health issues in a service area. A logic model can be helpful in identifying activities, inputs, outputs, and short- and long-term outcomes, and may be required by funders. It is important to include clear and achievable performance indicators because progress reports typically require the grantee to revisit these measures and provide information on results.

#### *Budget Narrative and Budget*

This section identifies the amount of funding needed and how the funds will be spent in specific expense categories. Include all types of spending in terms of items and services needed to implement the program. Some common items are personnel, employee (fringe) benefits, supplies, contracts, and indirect costs. Grantors may define requirements for spending categories; for example, Federal funds have specific allowable cost categories. The budget should clearly adhere to the grantor's requirements and goals, and to the City's financial processes and system. See Part III: Creating a Grant Budget for more details.

## Common Requirements, Certifications, and Assurances

This section includes common requirements, certifications, and assurances associated with Federal grant awards. This list is not exhaustive; grant managers should consult with their assigned Attorney, OFS Grants Director, and HREEO Procurement to determine specific grant requirements. This is another aspect of a grant proposal that should be reviewed early in the process, as finding or confirming information or securing signatures can take longer than anticipated. See the Appendix for an example of regulations and contract compliance requirements for a specific program type.

#### *National Historic Preservation Act*

Section 106 of the National Historic Preservation Act requires Federal agencies to identify and assess the effects its actions may have on historic properties. More information is available from the Advisory Council Historic Preservation.

#### *National Environmental Policy Act (NEPA)*

This act requires Federal agencies to assess the environmental effects of their proposed actions prior to making decisions, including permit applications, adopting Federal land management actions, and constructing highways and other publicly owned facilities. The U.S. Environmental Protection Agency NEPA website provides more information.

#### *Uniform Relocation Assistance a Real Property Acquisition Policies Act*

This Federal law establishes minimum standards for Federally funded programs and projects that require the acquisition of real property or displace persons from their homes, businesses, or farms. Its protections and assistance apply to Federal or Federally-funded acquisition, rehabilitation, or demolition projects. See 49 CFR 24.

### *Violence Against Women Act (VAWA)*

The Violence Against Women Act provides enhanced protections and options for victims of domestic violence, dating violence, sexual assault and stalking. VAWA protections apply to both Federal and State of Minnesota housing programs.

### *Build America, Buy America Act (BABA)*

This act requires that federally-funded infrastructure projects use all iron and steel, construction materials, and manufactured products produced in the United States. This requirement originated in the Infrastructure Investment and Jobs Act and 2 CFR 184.

### *Debarment and Suspension*

The U.S. Office of Management and Budget (OMB) provides guidance for Federal agencies on governmentwide non-procurement debarment and suspension in 2 CFR 180. The guidance restricts subawards and contracts with entities that are debarred, suspended, or otherwise excluded or ineligible for Federal assistance programs or activities.

### *Anti-Lobbying*

31 CFR 21 prevents the use of Federal contracts, grants, loans, or cooperative agreements to pay people influencing or attempting to influence an officer or employee of Federal agencies or a member or employee of Congress regarding Federal awards. It outlines requirements for certification and disclosure forms, and penalties associated with prohibited expenditures.

### *Anti-Discrimination*

Many statutes and regulations prohibit discrimination including:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.) and Treasury's implementing regulations at 31 CFR 22, prohibit discrimination on the basis of race, color, or national origin under programs or activities receiving federal financial assistance.
- The Equal Employment Opportunity Act of 1972, as amended, (42 U.S.C. § 2000e et seq.) prohibits discrimination in employment because of race, color, religion, sex or national origin.
- The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.), prohibits discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability.
- Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), prohibits discrimination on the basis of disability under any program or activity receiving federal financial assistance.
- The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and Treasury's implementing regulations at 31 CFR 23, prohibit discrimination on the basis of age in programs or activities receiving federal financial assistance.

- Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.), prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.

## Part III: Creating a Grant Budget

Understanding and determining allowable expenses is an important step in the grant application process, because expenses must align with the budget included in the approved grant application. All expenses charged to a grant must be allowable under the terms and conditions of the grant award; grants typically outline eligible and ineligible expenses, which applicants should understand prior to application submission. Expenses for Federal grants, whether direct or pass-through funding from another agency, must also be allowable according to the Uniform Guidance cost principle in 2 CFR 200, Subpart E. This section includes factors impacting cost eligibility, including that costs must:

1. Be necessary and reasonable to perform the Federal award.
2. Conform to limits or exclusions in Uniform Guidance or the Federal award.
3. Be consistent with policies and procedures of the City.
4. Be treated consistently with similar costs – for example, a cost may not be charged to a Federal award as a direct cost if a similar cost is charged as indirect.
5. Comply with Generally Accepted Accounting Principles (GAAP) except as otherwise directed in Uniform Guidance.
6. Not be included as a cost or matching requirement for other Federal awards.
7. Be adequately documented.
8. Be incurred during the grant budget periods.

In some instances, prior approval from the Federal grantor is required for expenses. Grantees may also request prior approval to ensure expenses are allowable. Section 2 CFR 200.407 outlines the types of expenses that may require prior approval, including:

- Travel and conferences
- Equipment and other capital expenses

Applicants are responsible for developing the grant budget in alignment with department and City financial rules and processes, capacity, and goals. Departments seeking grants may collaborate with the OFS Grants Division to ensure adherence to City processes and grant budgeting best practices. Departments should also connect with their OFS Budget Analyst on any questions regarding grant impacts to the ongoing budget, for example requirements for matching funds or continuation of services beyond the grant period. The OFS Grants division can also assist with mapping funder budgets to City chart of accounts

to ensure expenses are requested, spent, and reported in the same budget categories during the life of the grant.

## Personnel Budgeting

If staff costs are eligible, applicants should include direct staff costs associated with grant management in the proposed budget and final agreement. Departments should work with Human Resources and their OFS Budget Analyst to confirm staff costs and titles and understand rules regarding grant-funded positions. Applicants should confirm with the OFS Grants Division the appropriate fringe rates to use in grant applications. The Grants Division will work with OFS Budget and Accounting to identify fringe rates that should be used in grant applications. For Federal grants, 2 CFR 200.430 and 200.431 outline requirements for the use of Federal funds for compensation and fringe costs, respectively.

## Non-Personnel Budgeting

Grant applications often allow non-personnel spending which may include equipment, supplies, capital, and professional services. Different grantors may restrict the types of spending categories allowed. Grantors may also restrict spending on specific types of expenses within a category, for example not allowing funds to be spent on food or beverages. It is important to fully understand the grant's allowable costs before developing a budget. For Federal Grants, 2 CFR 200.310-316 outline property standards for capital, equipment, supplies, and intangible property purchased with Federal funds.

For Federal grants, a distinction between equipment and supplies is important for budgeting and grant management. According to 2 CFR 200.1, equipment is tangible personal property, including information technology systems, with a useful life of more than one year and per-unit cost equal to or exceeding $10,000 or the capitalization level established by the City, whichever is less. This differs from supplies, which are tangible personal property other than those defined as equipment. For example, a computing device is a supply if the cost is less than $10,000 or the capitalization level established by the City for financial statements, whichever is less, regardless of the useful life.

## Cost Allocation Plan and Indirect Cost Rates

Indirect costs are organizational costs not readily assignable to a particular project but are necessary to the operation of the organization and performance of the project; for example, central staff costs in Human Resources or the Grants Division. Some grantors allow indirect costs as part of the budget, and others do not. Non-Federal entities may propose an indirect cost rate to establish a rate for Federal grant programs. The City does not have an enterprise-wide indirect cost rate for Federal grants, though some departments may have rates for specific programs. The OFS Grants Division works with departments to track all indirect cost rates approved for specific departments.

In lieu of a federal indirect rate, some federal funders will allow a 10-15% de minimus rate. As a municipal government, cities are not allowed to claim this de minimus rate, per 2 CFR 200.414. When preparing a grant application or subrecipient agreement, departments should consult with the OFS Grants Division and OFS Accounting regarding indirect costs.

For Federal grants, 2 CFR 200 Appendix V outlines indirect cost rules for local governments.

### Cash or In-Kind Match

Some grants require non-Federal local cost sharing, or matching contributions. This is often stated as a percentage of the total project costs for a grant award. For example, if a $100,000 grant project requires a 20% local cash match, the grantor would provide $80,000 and the City would provide $20,000. Matching requirements may either be:

1. *Cash Match*: requires cash to support project-related expenses, and often must include costs that are allowable expenses for the grant funding.
2. *In-Kind Match*: this may include the valuation of non-cash contribution in the form of services, supplies, real property, or equipment.

Match funds often must also meet the same regulations and spending restrictions as Federal dollars. For Federal grants, 2 CFR 200.306 provides further details on cost sharing or matching.

The Uniform Guidance code was updated in 2024, so double check with the Grants Division or the department's Budget Analyst if you have questions about eligible expenses, budget categories, or other regulations impacting a grant budget.

## Part IV: Grant Proposal Approval Process

### Grants Division Approval

Upon reviewing a grant opportunity and deciding to apply, departments will submit an Intent to Apply form to the Grants Division. This submission should occur as soon as the department decides to apply. This gives the Grants Division time to review the Intent to Apply early in the proposal development process and provide technical assistance or support to the department lead.

Departments may access the Intent to Apply form on Sharepoint; once submitted, the form feeds into a central tracking list that OFS and departments may access.

The information shared in the Intent to Apply process includes:

- Proposal Lead: this person is the lead for writing and submitting the grant application;
- Project to be funded and brief description of the project;
- Funder;

- City Project Manager: this person is the lead for implementing the grant project;
- Proposal deadline;
- If this funding source is a new or existing grant;
- Estimated grant budget (can be best estimate at this stage);
    - If there are multiple funding sources, the overall project budget;
- Grant period and estimated award window, if known;
- Financial notes: funding source (federal/federal pass-through/state/other), if a match is required and possible sources, if any indirect rate is allowed;
- Anticipated subrecipients, if any;
- Compliance notes: new regulations or rules the City needs to be aware of in implementation;
- Any involvement with Procurement, OTC, or HR: this could include significant purchases, any technology needs, or new hires;
- Requests for any specific Technical Assistance from the Grants Division; and
- Anything else to note.

A copy of the RFP, Notice of Funding Opportunity (NOFO), or sample contract should be submitted along with the Intent to Apply form.

If a department already maintains a process that identifies comparable information, staff should work with the Grants Division to assess ways of incorporating that process and adding any Grant Division specific needs to it.

The Grants Division will review and respond to the Intent to Apply form within five business days with an approval or a request for more information. If the Grants Division has questions on the grant project, they will connect with the Proposal Lead to discuss any follow-ups or request more information. If approved, the Grants Division will notify both the Proposal Lead and Project Manager. Departments are encouraged to begin work on the grant proposal during this process. The Grants Division may offer, or the Proposal Lead Contact may request, specific technical assistance or support on the grant application during the Intent to Apply review.

This review process is an opportunity for departments and the Grants Division to identify and address material weaknesses in the grant project, such as unidentified match sources, lack of department project manager, inability to add capacity to implement the grant project, or unsustainable long-term project costs. The proposal development stage offers several chances for departments to mitigate and manage any material weaknesses.

In rare circumstances if material weaknesses are not addressed, the Grants Director may recommend to the OFS Director that the City not pursue a grant opportunity. The Grants Division will work collaboratively with departments to avoid this recommendation. The OFS Director's decision is final.

This process happens concurrently with, and not in replacement of, the Council approval process (described below). The department is responsible for managing internal departmental processes for writing and reviewing the grant proposal, and final submission in the grant portal or to the funder.

After proposal submission, the department emails to the OFS Grants Director the final proposal details. The Grants Division will update the Intent to Apply form with the final info. The information that must be submitted includes:

- Proposal summary including any updates from information in the Intent to Apply Form:
    - Finalized budget amount, indirect rate claimed, source of match;
    - Finalized partnerships/subrecipients.
- Full application draft, including required attachments.

## Council Approval

City Code requires that Departments obtain Council and Mayor approval to apply for, accept, and budget grant funds.[5] Approval occurs through the resolution process. Departments submit resolutions and supporting documentation in Legistar, a document routing system used by City Council for agenda-setting. Resolutions submitted and approved in Legistar by Wednesday are placed on the Council agenda for the following week. Legistar grant resolution approvers include:

1. Department Director
2. Department-assigned City Attorney
3. Department-assigned OFS Budget Analyst
4. Infor ChartMaster (FYI)
5. OFS Grants Director
6. OFS Director
7. Deputy Mayor
8. Council President or sponsor

For grant application resolutions, the resolution text includes, to the extent possible, a grant description, the funding agency, amount, fiscal impact (cash match), and period. For grant acceptance and budget amendments, the resolution text should include the same information as the resolution to apply, plus the final award and the amount of funding available above the original budget for the grant fund (200). This resolution includes the

[5] For the City's HUD entitlement grants the approval and budget process varies. CDBG awards are budgeted in the City's CIB process prior to the City applying for the funds. CDBG, HOME, and ESG funds are budgeted based on estimated amounts. The City's HUD ConPlan resolution gives staff permission to apply for and accept funds in one resolution after the funds have been budgeted.

financial analysis to budget the funds, and the grant agreement or award letter approved by the funding agency. Additionally, the budget resolution should include the resolution number for the grant application resolution. Once approved by Council, resolutions must be signed by the Mayor for final approval.

A step-by-step guide and template language for both 1) the grant application resolution and 2) the grant acceptance and budget resolution can be found on Sharepoint.

# Part V: Managing Grants

## Budgeting Grants

The City's annual budget process incorporates grants in both the operating and capital budgets. The annual capital budget incorporates spending decisions for entitlement grant program funding, such as Federal Community Development Block Grants. Outside of the capital budget, City departments typically budget grant funds as they are awarded, which may occur throughout the year in budget amendment resolutions. Once a resolution to accept grant funds and increase the grant budget is approved by the Council and signed by the Mayor, the Department must send the resolution's financial analysis in Excel format, and proof of approval to Business Support. For a budget amendment, the resolution's signature copy, including the Mayor's dated signature, constitutes proof of approval. For grants impacting Water or the HRA, proof of approval constitutes the dated proof of respective Board approval. Based on the information in the financial analysis, Business Support will load the budget into Infor which provides the Department the budget authority necessary to begin spending.

Grants are budgeted in City Special Funds. All City operating (non-capital) Federal, State, and other grants must be budgeted in fund 200; the exceptions are Federal Housing and Urban Development grants (fund 282), Housing and Redevelopment Authority grants (fund 2800), and Library grants (fund 275). Grants may be awarded for a period of multiple years and thus the special funds used to budget grants are multi-year. Departments should work with OFS Accounting and Business Support to confirm the correct Fund and Accounting Unit to use for grants, and decide whether a new Accounting Unit (AU) may be needed. If a new AU is needed, departments submit the New AU Template form to Business Support.

Unspent grant funds may carry forward into the next year in the annual operating Adopted Budget. Departments work with their Budget Analyst to identify carry forward amounts that are included for each grant in the Adopted Budget. The amount carried forward is budgeted in the "use of fund equity" revenue account and appropriate spending accounts. At the project level, some multi-year grant budgets may automatically carry forward into the next year.

## Employment and Payroll

If grant funds will be used for employee expenses, there are several key factors to ensure compliance with City and grantor requirements.

First, new hiring needs must follow the City's already established hiring process involving submission of a requisition through Infor. The Hiring Committee, comprised of OFS and HR staff, review and approve hiring requisitions. Postings for new positions should include language about the position being grant-funded, and the time frame for which it is funded. This may not be required if the grant funding is ongoing, but departments should confirm with their HR Consultant.

If grant funds pay for a portion or all of a current staff person's salary, the department should work with their OFS Accountant and HR Payroll Specialist to ensure systems are in place to effectively track that person's time and assign eligible costs to the grant. For grants that cover a portion of a staff person's time, it is a best practice for departments to work with HR to create a new pay code in the payroll system for that person to indicate which of their hours are spent working on the grant. After the pay period, the department can work with Business Support to run a payroll report to see which hours should be charged to the grant, and Accounting can submit a journal entry to move those hours into the grant. If a person's time is entirely paid for by the grant, their home Accounting Unit (the budget from which they are automatically paid) can be moved to the grant. In that case, the department should submit a form to their Payroll Specialist to move the home Accounting Unit.

Departments are responsible for monitoring employees, titles, codes, and amounts associated with a grant. If employee time is charged incorrectly, departments should contact OFS Accounting and their Payroll Specialist to address any issues.

For Federal grants, the Uniform Guidance section 2 CFR 200.430 outlines requirements for using funds to cover compensation costs including that the costs:

1. Are reasonable for the services provided and conform with City policies that are applied consistently to Federal and City activities,
2. Follow an appointment made in accordance with City rules, laws, or policies, and meet Federal requirements, and
3. Meet the standards for documentation of personnel expenses.

Tracking employee expenses on grants is often referred to as "time and effort" reporting. Any employee paid for by a Federal grant, whether competitive or entitlement, must track the time they spend working on the grant's objectives to demonstrate that the amount of compensation budgeted and claimed for reimbursement is accurate. The Federal guidelines outline a series of requirements including that charges for salaries and wages:

- Must be supported by a system of internal control that provides reasonable assurance the charges are accurate and eligible,
- Are incorporated into the City's official records,
- Reasonably reflect the employee's total activity, not to exceed 100%,
- Encompass federally assisted and all other activities compensated by the City on an integrated basis,
- Comply with the established accounting policies and practices of the City,
- Support the distribution of the employee's salary among specific activities or cost objectives if the employee works on multiple Federal awards or other activities,
- Do not rely on budget estimates alone to support the charges.

## File Maintenance

While financial transactions and budgeting for grants occur in Infor, there is not a central grant system to track awards, save contract documents, and collect performance measures. Until the City procures a central system, departments overseeing grants should maintain required documentation associated with the grant. Maintaining consistent files is fundamental to effectively managing grants and preparing for audits. Departments overseeing grants should maintain grant files in an accessible shared space (ex: SharePoint, network drive, Infor) to ensure files remain available if staff turnover and are maintained according to City and grantor records retention requirements (whichever is longer). Some grants may also require the City to maintain hard copies of files, like the signed contract.

### Email Retention Schedule

When saving emails, save as a PDF file. Outlook files are only accessible as long as the email account is active and this will ensure longevity of documentation past any one employee.

The City's email retention schedule is:

- Inbox and its subfolders – 180 days
- Drafts – 180 days
- Sent Items – 180 days
- Deleted Items – 14 days
- Folders at the top of mailbox level – 3 years
- Junk email – 14 days
- Calendar – 1 year

The following is intended to be a comprehensive list of key grant files departments should maintain; however, this may vary depending on the specific grant award.

**Key Elements of Grant Files**

*Research and Application Development*

- ✓ Grant RFP and proposal documents
- ✓ Budget forms
- ✓ Attachments and certifications, signatory authority (if required), program-specific requirements (ex: Hazard Mitigation Plan, Consolidated Plan)

*Grant Award*

- ✓ Communications associated with award negotiation
- ✓ Award document and signed contract
- ✓ Budget, personnel information, program documents, and any modifications

*If Sub-contracting with the Grant Funds*

- ✓ RFP notice
- ✓ Respondents, review criteria and materials, decision-making documents and award notification
- ✓ Risk assessment (for subrecipients), Sam.gov check, required vendor information
- ✓ Documentation of trainings, report gathering, monitoring, and site visits

*Supporting Documents*

- ✓ Evaluation and selection documents
- ✓ Invoices, approvals, resolutions
- ✓ Agency good standing documents
- ✓ Any contract modifications and correspondence with the granting agency
- ✓ Property and equipment inventory documentation

*Reports*

- ✓ Fiscal, programmatic performance, inventory reports submitted to grantor
- ✓ Backup for all reported programmatic measures and reimbursement requests

*Audit and Monitoring*

- ✓ Correspondence with the grantor regarding audits and monitoring
- ✓ Site visit documentation and audit documents
- ✓ Communications with and materials provided to auditor
- ✓ Corrective actions and City response

*Closeout*

- ✓ Expense reports and supporting documents
- ✓ Closeout notice from the grantor
- ✓ Completed financial closeout report
- ✓ Final performance report
- ✓ Disposal plans for grant records

## Reporting

Reporting ensures compliance with grant program expectations and demonstrates fiscal responsibility and efficient use of funds. It allows granting agencies to monitor recipients of grant funding and serves to prevent waste, fraud, and abuse which can be detected during reporting. Grant reporting typically involves two components: *1) Programmatic reporting and 2) Financial reporting.* Departments overseeing grants are responsible for submitting program and fiscal reports required as part of the grant agreement. Inadequate, late, or inaccurate reporting may lead to audit findings, reduction in grant funds, or elimination of grant funds. Departments may work with the OFS Grants Division to identify grant reporting requirements and develop plans to ensure accurate and timely reporting.

To ensure successful reporting and preparation for audits, departments should:

1) Understand grant reporting requirements and timelines.
    a. Consider using project management tools and calendars to track requirements, assignments, and deadlines.
2) Select outcomes that are feasible to measure and align with the grant's goals.
    a. Identify data sources to collect outcomes and outputs, and staff responsible for tracking and gathering that data.
    b. Review data for accuracy prior to submission.
3) Conduct regular financial reconciliations with finance and program staff to ensure grant expenses are accurate and allowable. Depending on funding source, reconciliation quarterly or based on expenditure rate is recommended.
    a. Connect with OFS Accounting and OFS Grants if there are questions about expense eligibility, coding, or adjustments.
4) Identify staff responsible for submitting reports.
    a. Save backup documentation for all programmatic and financial data reported, including point-in-time system downloads.
    b. Prior to report submission, review programmatic and financial data with department leadership (example: Deputy Director or Director). It is a best practice to save a confirmation from leadership that they reviewed and approved this data prior to submission.
5) Save submitted reports in grant files, including date and time stamps.

## Financial Management

Effective and accurate financial management is a significant component of successful grants management. Departments overseeing grants should ensure there are clearly defined roles and staff assigned for grant-specific financial management tasks, and work with OFS Accounting and OFS Grants as needed.

## Infor System

The City uses Infor Financial System to record all grant accounting transactions including:

- Accounts Payable
- Accounts Receivable
- Global Ledger
- Procurement
- Grant Accounting
- Project Accounting

Grants are managed in the Global Ledger, with additional details recorded at the Project level. When established in Infor, each grant must include a fully qualified Global Ledger account string, also known as a Fully Qualified Account (FQA). The FQA includes:

| Global Ledger | Example |
|---|---|
| Company | *1* |
| Accounting Unit | *20017820* |
| Account | *43030* |
| Account Description | *Dept of Treasury* |

| Project Level | Example |
|---|---|
| Project Group | *G-Grants* |
| Project | *G1721609010008* |
| Account Category | *43030* |
| Account Category Description | *Dept of Treasury* |

The Infor Resources page includes more information on how to build an FQA.

## Grant Revenue

### *Reimbursement Request to Granting Agency*

Depending on the grant award requirements, the timeframe and process for the City to request reimbursement or process drawdowns of grant funding may differ. Some grants may allow monthly or quarterly reimbursements, while others may provide funds in lump sums at prescribed intervals. Certain Federal grants use different payment systems, such as ASAP and IDIS. When preparing an invoice for grant reimbursement, this Grant Invoicing document provides steps for managing the process in Infor.

When budgeting and depositing grant revenues, departments should review the revenue accounts and account categories and if needed consult with OFS Accounting to ensure the use of correct codes. The City's Chart of Accounts includes accounts and account categories specific to various funding sources, such as specific Federal or State agencies.

### *Direct Cash Receipting*

The City may receive direct cash from granting agencies, in the form of checks, wires, or ACH payments. In these instances, the revenue is receipted as cash. If grant managers expect to receive a wire or ACH payment, they should notify the OFS Cash Manager of the amount, description, expected payment date, and account coding if it is known. This Creating a Cash Receipt document outlines the steps in Infor involved with cash receipts.

### *Accounts Receivable Invoicing*

Accounts receivable is revenue generated from an invoice the City creates. For grants, this could include loan payments or revenue from the sale of property purchased with grant funds. This Accounts Receivable document outlines Infor processes including creating AR invoices, reviewing and tying out invoice batches, and variations.

## Grant Expenditures

### *Accounts Payable Invoicing*

In making vendor payments, the City adheres to the stipulations in its contracts with vendors and Minnesota Statutes 471.425, which requires municipalities to pay vendors within a standard period of 35 days of the date of receipt.

Invoices should include, at a minimum, the following information:

- The period of time covered by the invoice.
- What services or items were provided.
- If the invoice is connected to a contract with a line-item budget, the invoice should charge against those line-items.

As part of their review of the invoice, staff should confirm that the expense is allowable by the grant and occurred within the contract and grant period. When submitting invoices in Infor, grant staff should include a copy of the invoice and documentation that department staff received the goods or services and approved the invoice for payment. This could be a copy of an e-mail chain confirming receipt of the invoiced items and grant source that should be used to pay the expense.

Grant Accounting Units (AUs) are set up in Infor with approval flow sequences that ensure the City's adherence to Generally Accepted Accounting Principles (GAAP) regarding invoice payments. This includes a payables manager and AP Clerk, a Grant Approver, and an AU Approver. If spending exceeds $50,000, the Department Director also approves, which may be the same person as the AU Approver. It is best practice to incorporate separation of duties and ensure a different person carries out each of these approver roles, to the extent possible. Departments should work with OFS Business Support to assign staff the correct approver roles for grant AUs.

This AP Invoice Approval document outlines the process steps for uploading invoices, navigating Infor approvals, and finalizing and creating invoices. Additional resources for invoice processing in Infor include:

- Vendor Payment History
- Searchable Invoice Processor
- View Project Invoices

### *Procurement Card Spending*

Some grant managers may use P-Cards for small transactions of grant spending. The City's P-Card program allows for the purchasing of certain goods and services in transactions that do not exceed $2,500. It allows for spending primarily for vendors not established in the Infor purchasing system and should not be used to circumvent the City's purchasing processes. P-Card holders must submit itemized receipts for expense reporting and failure to do so results in deactivation of the card.

The OFS Treasury Division oversees the P-Card program. Departments seeking a P-Card for a grant should review the Procurement Card Manual and Policy, submit an Application Form, and complete training to ensure compliance with City policies. The P-Card is connected to a default account code string (ex: General Fund), which can be changed to another account during monthly reconciliation or through an online approval process.

### *Journal Entries and Internal Bills*

Journal entries redistribute grant costs accumulated in non-grant funds to specific eligible grants. They also allow for account coding and cost corrections between grant projects. Internal bills (1) charge internal service costs to a grant when services are provided by another department or fund and (2) record transfers between funds. Internal bills typically create revenue in the billing department and expenditure to the grant.

When submitting a journal entry or internal bill, backup documentation must be attached to the transaction in Infor. The backup documentation needs to clearly support the transaction's rows in the journal entry or internal bill. Supporting documentation for journal entries should include: (1) the original accounting string that incurred costs, (2) source document, (3) the reason for the journal entry, (4) the new accounting string for the costs, and (5) notations or emails supporting the authorization to prepare the journal entry. For internal bills, documentation consists of an agreement or other authority to bill the grant for internal services. This could be in the form of a council resolution, other authorizing official correspondence, or detailed internal service invoice. The backup documentation must be sufficient so that a third party can clearly understand the nature of the transaction without having to contact the originator.

This Journal Entry/Internal Bill manual reviews steps for processing transactions in Infor.

### *Expenditure Reconciliation*

As departments manage grant spending, regular reconciliations are an important step to ensure accuracy and eligibility of costs. At least quarterly, departments should review all expenses charged to a grant Accounting Unit. It is a best practice for finance staff to run expense reports from Infor and review those reports with the grant manager. The grant manager brings their grant materials and documentation to these consistent reviews, ensuring that all expenses charged to grants are correct and eligible.

If in the review process staff find expenses incorrectly coded to a grant, they must (1) process an AP redistribution for AP Invoice corrections and (2) submit a journal entry for payroll corrections to move the expenses to a different funding source. Additional resources for expenditure reconciliation include:

- Grant Look Up Payments
- Projects by Account Category Report
- Project Dimension Analysis Report

### Grant Award Modifications (GAMs)

If implementation of a grant deviates significantly from the proposal or award agreement, a formal request to the funder to change the terms of the grant may be required. This occurs most clearly when actual spending will vary from the proposal budget. Grantors usually specify how much variance is allowed without a formal request (ex: federal grants greater than $250,000 may exceed a budget line by up to 10%). It is usually easier to obtain approval to shift funds between approved budget categories within a grant budget; adding funds to a budget category not funded in the original proposed budget is rarer.

Even if the expected variance between the grant budget and actual spending is allowed by the grantor without a formal GAM, the city budget may still need to be revised if grant spending is higher than expected in a budget category. It is also sometimes possible to request an extension of the grant period, to get more time to fulfill grant obligations (this is known as a "no cost extension" because it adds time but not funds to the grant).

Other changes that might necessitate a GAM include significant changes in the program objectives or key personnel associated with the grant. It is always best to consult with the granting agency to see if filing a GAM is necessary to stay in compliance. Even if a GAM is not required, the grantor usually prefers to be informed of changes.

## Creating and Managing Contracts

Grant awards often allow recipients to distribute funds to subrecipients, beneficiaries, and contractors, and there may be other types of entity relationships defined by different grants. In the case of Federal funds, different regulations govern the City's engagement with and oversight of these recipients, outlined below.

The OFS Grants Division oversees policies and processes related to subrecipients and beneficiaries, while the HREEO Procurement Office oversees contractor policies and processes. Departments managing grants are responsible for direct oversight of subrecipients, beneficiaries, and contractors paid for with grant funding.

### Defining and Determining Subrecipients, Beneficiaries, and Contractors

Understanding the difference between grant subrecipients, beneficiaries, and contractors is key to ensuring compliance with grant and City requirements. Certain granting agencies

may define other categories for entities receiving City grant funds; in these cases grant managers should consult with their assigned Attorney, the OFS Grants Division, or HREEO Procurement to confirm appropriate management.

- *Subrecipient:* an entity that receives a grant subaward from the City to carry out part of a grant program on the City's behalf; this does not include an individual or organization that is a beneficiary of a program. For Federal funds, a subrecipient may also be a direct recipient of other Federal awards. 2 CFR 200.331-333 provides rules for Federal subrecipient determinations, assessment, and monitoring. Subrecipients of the City's grant funds typically have these responsibilities:

  - Determine eligibility for grant assistance.
  - Have performance measured in relation to grant program objectives.
  - Are responsible for programmatic decision-making.
  - Adhere to applicable grant program requirements specified in the award.
  - Use grant funds to carry out a public purpose program specified in authorizing statute, as opposed to providing goods or services for the City's benefit.
  - Adhere to compliance requirements, often designated by the funder.

  Certain granting agencies may provide variations on the definition of subrecipient; in those cases, grant managers should consult with their assigned Attorney and the OFS Grants Division to confirm requirements.

- *Beneficiary:* an individual (or in some cases organization or community) receiving assistance through a grant program, which may include direct cash, subsidies, loans, or insurance. Beneficiaries are the end user benefitting from grant assistance and must meet grant eligibility requirements. Beneficiaries are sometimes defined by not meeting the requirements of being a subrecipient or contractor.

  For programs serving beneficiaries, grant managers must follow the grant award's requirements. The grant manager should have a documented process to determine beneficiary eligibility that includes: (1) eligibility criteria that meet the grant rules, (2) a process for identifying and selecting beneficiaries, and (3) methods for protecting personally identifiable information.

- *Contractor:* an entity or vendor that provides goods or services to the City in accordance with a grant-funded contract (legal agreement). According to 2 CFR 200.331(b), a contract allows the City to obtain goods or services for its own use and creates a procurement relationship with the contractor. Grant contractors of the City typically:

- Provide goods and services within their normal business operations.
- Provide similar goods or services to many different purchasers.
- Normally operate in a competitive environment.
- Provide goods or services that are ancillary to the grant program's operation.
- Are not subject to the grant program's compliance requirements due to the contract with the City, although similar requirements may apply.

### *Grant Agreement Structure Determination*

Prior to beginning any contracting process, departments need to determine whether an entity receiving City grant funds is a subrecipient, beneficiary, or contractor, or a different type of entity. Departments managing grants must complete the Grant Agreement Structure Decision Matrix if working with a subrecipient, beneficiary, or contractor, and submit to the OFS Grants Director.[6] The Grants Director, HREEO, and CAO will review and determine the appropriate structure and communicate this back to the department, and the OFS Grants Division will save these determinations. Departments will then work with their attorney and either the OFS Grants Division or HREEO to develop the appropriate grant agreement. During the grant application process, grant managers should consult with this group to assess the types of contract relationships that may exist for the grant, so that any contracts are listed in the appropriate budget categories in the proposal.

## Subrecipient Management

Departments overseeing grant fund subrecipients must ensure adherence to the grant requirements through subrecipient application, contracting, monitoring, and reporting phases. The City's Subrecipient Management SharePoint provides trainings and documents to aid departments in successfully engaging subrecipients. These materials cover topics including Request for Proposal development, application materials, subrecipient trainings, risk assessments, contract development, and financial and programmatic monitoring. The materials adhere to Federal requirements for subrecipients; however they may be used for other types of grant funding. Grant managers should work with the OFS Grants Division if they believe materials need amendments to meet specific program rules. In addition, the OFS Grants Division is developing a subrecipient monitoring guide to supplement these materials. 2 CFR 200.332 outlines subrecipient requirements, summarized below.

[6] Departments may have processes to determine contract structures, or may consistently only work with one type of contract. For example, PED and CAO use a process specific to determining CDBG subrecipients. Also, certain grants define different types of entities besides subrecipients, beneficiaries, or contractors. In these instances, grant managers should confirm with the OFS Grants Director that there is an alternative process in place, and do not need to submit the matrix.

*Subaward Identification*

For Federal funding, the City must make clear to the subrecipient that they are receiving a Federal subaward with specific regulations. Subrecipients must be registered in Sam.gov and maintain an active registration throughout the grant period. To meet its reporting and monitoring requirements, the City includes the following information in the subrecipient agreement (contract):

- ✓ Federal award identification
  - ✓ Subrecipient name, matching the name associated with its UEI.
  - ✓ Subrecipient UEI.
  - ✓ Federal Award Identification Number (FAIN).
  - ✓ Federal award date (date awarded to the City).
  - ✓ Subaward period of performance start and end date.
  - ✓ Subaward budget period start and end date.
  - ✓ Amount of Federal funds obligated by the City to the subrecipient by this action.
  - ✓ Total amount of Federal funds obligated by the City to the subrecipient, including this action.
  - ✓ Total amount of the Federal award committed by the City to this subrecipient.
  - ✓ Federal award project description, required to be responsive to FFATA.
  - ✓ Federal awarding agency name, City name, and City awarding official contact information.
  - ✓ Assistance Listings number and Title; the City must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement.
  - ✓ Identification of whether the award is Research and Development.
  - ✓ Indirect cost rate for the Federal award.
  - ✓ Indirect cost rate for the subrecipient.
- ✓ City requirements to ensure alignment with Federal regulations and terms and conditions of the grant, and allow the City to adhere to its reporting requirements.
- ✓ Permission for the City and auditors to access the subrecipient's records and financial statements needed for monitoring and reporting requirements.
- ✓ Terms and conditions regarding subaward closeout.

*Risk Assessment*

As part of the subrecipient application process, grant managers must evaluate each potential subrecipient for risk of noncompliance with Federal statutes, regulations, and the grant's terms and conditions. This risk assessment determines the appropriate level of monitoring the City will conduct throughout the subaward. This Risk Assessment Toolkit provides the grant manager steps to follow when conducting the risk assessment and determines a score indicating whether the subrecipient is low, medium, or high risk. Key components of the risk assessment include:

1. The subrecipient's prior experience with Federal funds.
2. Results of previous audits and whether the same or similar grant has been audited.
3. Whether it has new personnel or new or substantially changed systems.
4. The extent and results of Federal awarding agency monitoring of the subrecipient for direct awards.

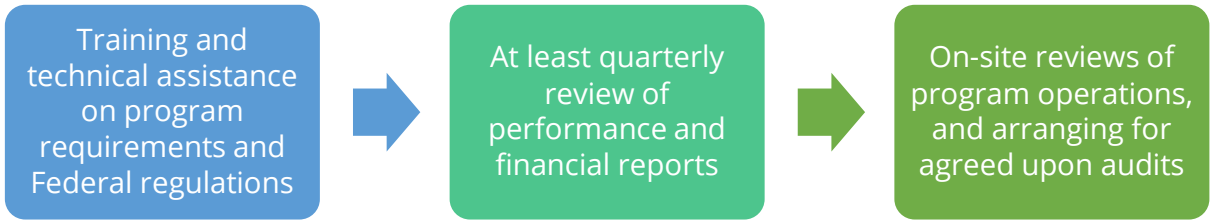
Certain granting agencies may provide their own risk assessment tools or requirements; in these cases, grant managers should consult with their assigned Attorney and OFS Grants Division to confirm requirements.

### *Subrecipient Monitoring*

The department overseeing the grant must monitor any subrecipients to ensure they (1) use funds for authorized purposes, (2) remain in compliance with Federal rules, and (3) meet performance goals. Subrecipient monitoring must include these elements:

1. Reviewing of financial and performance reports required by the City.
2. Following up to ensure the subrecipient takes action to correct any deficiencies detected in City reviews, and written confirmation from the subrecipient highlighting the status of those actions.
3. Issuing a management decision for audit findings for the Federal grant.
4. Resolving audit findings specific to the Federal award.

Depending on the level of risk determined in the risk assessment, grant managers may consider different training and monitoring tools to ensure the subrecipient's success:




Departments should work with the OFS Grants Division to ensure monitoring plans adhere to the training and templates outlined in the Subrecipient Management SharePoint site, and summarized here. Successful monitoring depends on clear communication with the subrecipient about expectations and requirements. Subrecipients should submit performance and financial reports to the grant manager at least quarterly, or as often as monthly in the case of a high-risk subrecipient. Departments should maintain documentation of all monitoring activities, including recordings or copies of trainings, calendar meetings, e-mails and letters, and on-site review checklists. Monitoring involves interviews with staff, analysis to confirm performance and financial information reported, and records reviews to confirm required documentation, policies, and processes are in place. The grant manager should document and communicate any concerns in writing and provide to the subrecipient, with clear requirements for corrective action and deadlines.

The City must also ensure that if the subrecipient spends Federal funds totaling $1,000,000 or more during its fiscal year that it receives a single or program-specific audit.[7] If the City finds that a subrecipient is noncompliant with any Federal or City rules, the City may consider taking action, including temporarily withholding cash payments pending corrections, disallowing all or part of a cost for an activity that is not compliant, suspending the award, and withholding future Federal awards (see 2 CFR 200.339).

### Procurement

When using grant funds for contracting and purchasing from a contractor (not a subrecipient or a beneficiary), the City's HREEO department oversees processes and policies, and ensures compliance with City, State, and Federal procurement requirements. Depending on the funding source and amount of a purchase, different rules guide the type of solicitation required. This can range from non-competitive micro-purchases, to informal procurement methods, to competitive request for proposal processes. In all instances, purchases must be reasonable and documented. Grant managers should work with HREEO to confirm the regulations that govern purchasing for their specific grant.[8]

Uniform Guidance sections 2 CFR 200.317-200.327 provide procurement standards for Federal funds and outline requirements for the use of documented procurement procedures, consistent with Federal standards. For procurement with Federal funds, the City must follow one of these methods:

| Method | Threshold | Reference |
|---|---|---|
| Micro Purchase | $1 - $10,000 | 2 CFR 200.320(a)(1) |
| Small Purchase | $10,001 - $174,999 | 2 CFR 200.320(a)(2) |
| Sealed Bid | Above $175,000 | 2 CFR 200.320(b)(1) |
| Request for Proposal | Above $175,000 | 2 CFR 200.320(b)(2) |
| Noncompetitive | Above $10,000 | 2 CFR 200.320(c) |

Grant managers should references the City's Procurement Templates and Resources SharePoint page for more information.

### Capital Purchases and Inventory Management

Grants may allow the acquisition of real or personal property, such as land, equipment, information technology systems, and vehicles. For Federal grants, 2 CFR 200.439 outlines the following rules that apply to the acquisition of equipment or other capital expenses:

[7] See 2 CFR 200.501(a).

[8] For example, FEMA does not reimburse costs incurred under a cost plus a percentage of cost contract or a contract with a percentage of construction cost method.

- General purpose equipment (ex: office equipment, vehicles), buildings, and land are not allowed as direct costs without the prior written approval from the Federal awarding or pass-through agency.
- Special purpose equipment (equipment used for research, medical, or technical activities) are allowed as direct costs; items with a unit cost exceeding $5,000 need prior written approval from the Federal awarding or pass-through agency.
- Land, building, or equipment improvements that materially increase value or useful life are not allowed as direct costs without prior written approval from the Federal awarding or pass-through agency.
- Direct costs for capital expenses are charged during the period the expense is incurred, or as otherwise determined with the Federal awarding agency.
- Any equipment's unamortized portion written off due to a change in capitalization levels may be recovered by continuing to claim the allowable depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the Federal cognizant agency for indirect cost.
- If the Federal awarding agency instructs the City to dispose or transfer equipment, the costs involved are allowable.
- Equipment and capital expenses are not allowed as indirect costs.

For equipment purchased with Federal funds, 2 CFR 200.313 further defines requirements for the use, management, and disposition of those purchases, which are summarized here.

### *Equipment Use and Management*

The department purchasing equipment must ensure it is used for the program for which it was acquired, whether or not that program continues to be supported by the grant. If no longer needed for the original program, the equipment may be used for other activities currently supported by a Federal agency. Departments must maintain records of all equipment purchased in whole or in part with Federal funds, including:

1. Serial number or other identification number.
2. Source of funding for the property (including the FAIN).
3. Title holder and acquisition date.
4. Property cost and percentage of Federal award spent on that property.
5. Property's location, use, and condition.
6. Any disposition data including date of disposal and sale price.

Departments must conduct a physical inventory of Federally acquired property and reconcile property records at least once every two years. Federal rules further require a control system to ensure safeguards against loss, damage, or theft; maintenance procedures to keep property in good condition; and sales procedures that ensure the highest possible return if property must be sold. The OFS Grants Division works with

departments overseeing grants to ensure adequate systems and processes are in place to meet Federal requirements.

### *Equipment Disposition*

To dispose of Federally funded equipment, the City must first request disposition instructions from the awarding agency, and then follow these rules:

1. Equipment with a fair market value of $5,000 or less may be retained, sold, or disposed of without further responsibility toward the Federal awarding agency.
2. Equipment with a fair market value greater than $5,000 may be retained or sold, and the Federal awarding agency is entitled to an amount equal to the current market value or sale proceeds multiplied by the percentage of the original purchase paid for with Federal funds.
3. Title to the equipment may be transferred to the Federal Government or a third party; in this case the City is entitled to compensation for its percentage of the equipment's current fair market value.
4. If the City fails to dispose of equipment appropriately, the Federal awarding agency may direct the City on disposition actions.

## Grant Closeout

All grant management processes impact the closeout process; most specifically processing eligible expenses, reporting and reviewing performance and financial data, and maintaining adequate records. All eligible costs must be included in final reimbursement requests to the grantor. Grant managers should contact any subrecipients prior to the contract end date to ensure completion of activities and final invoices will be submitted according to the contract deadline. Closing out the grant in Infor means Business Support can inactivate the project, including stopping any transactions that may be processed after the end date.

To close a grant, departments should follow these steps:

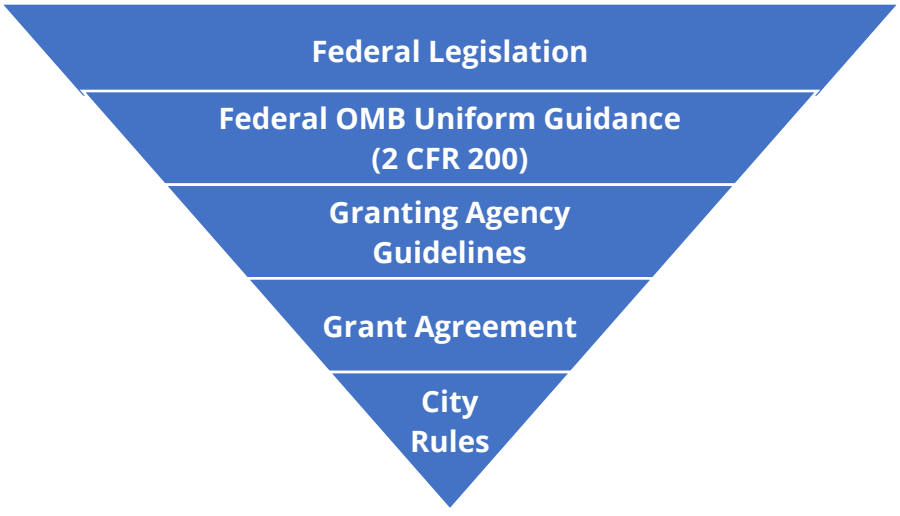
1. Finance and grant program staff should review all costs charged to the grant project to ensure accuracy, and make any correcting entries as needed.
2. Review open encumbrances and ensure there are no outstanding invoices.
3. After review and all outstanding invoices are paid, contact Procurement staff and request they close all open purchase orders (POs).
4. Finalize any subrecipient or beneficiary agreements including required reporting.
5. If staff charged their payroll directly to the grant funds, the department should submit a TASS change form to their HR Payroll Specialist to change the payroll coding to another funding source.
6. Confirm that staff payroll fringe costs have been charged to the grant.
7. Confirm that all Procurement Card (P-card) transactions have posted to the grant.

8. Review and confirm that the City received all expected revenue, and it is recorded properly in the grant project.
9. Ensure that total grant revenue and expense actuals balance.
10. Ensure that total expenses reported to the granting agency match the total expenses recorded in Infor.
11. Review the Budget to Actuals report in Infor and confirm whether any budget adjustments are needed to best reflect actual revenue and spending.
12. Submit final financial and narrative reports to the funder and retain documents in the grant file.
13. Email Business Support (OFS-BusinessSupport@ci.stpaul.mn.us) when the project is ready to be closed and include the following information:
    a. Use "Close and Deactivate Grant Project" in the email subject line.
    b. Grant FQA information
    c. Expiration date (final date of eligible spending).

## Part VI: Compliance, Monitoring, and Audits

This section reviews both internal and external monitoring of grant funds. The City continually monitors its own grant activities to ensure compliance with City and grant rules and progress toward goals. Granting agencies and the Office of the State Auditor also conduct monitoring and audits to assess the City's management of grant funds. Effective monitoring helps ensure that grant recipients (1) use funds for the intended purpose, (2) manage projects that are consistent with approved plans, and (3) make adequate progress toward stated goals and objectives. Monitoring serves as the primary mechanism to confirm compliance with law, rules, regulations, and program guidance. Inadequate compliance puts all City grants at risk.

When there are overlapping regulations, grant managers should follow the most conservative. Particularly for Federal grants, this chart demonstrates the hierarchy of rules:



## Internal Monitoring

Regular internal monitoring of department grant management, and when applicable subrecipient grant management, is a vital component of successful grant implementation and audit preparation. Each section of this manual provides guidance to aid departments in creating systems for planning, documentation, reconciliation, oversight, and subrecipient management that contribute to consistency in monitoring grants. Following and documenting adherence to this manual and all City policies, State and Federal requirements, and specific grant requirements is essential to monitoring grants. In summary, grant monitoring should include the following:

## Preventing Fraud, Waste, and Abuse

Recipients of grant funds are responsible for ensuring the funds are used for the goals and objectives of the grant. Grant funds may not be used for personal gain, unjust enrichment, or any other purposes than their intended use. In terms of grants, the following are several forms of financial theft that violate law: embezzlement, theft or bribery concerning programs receiving grant funds, false statements, false claims, and mail and wire fraud. The following may be indicators of grant fraud:

- Lack of separation of duties and internal controls.
- Unexplained entries or altered records.
- Unusually large amounts of cash payments.

- Inadequate or missing documentation for financial transactions.
- Non-serial number transactions.
- Unauthorized transactions.

To prevent fraud, the City ensures effective systems are in place for accounting, internal controls, financial management, records controls, subrecipient monitoring, and records retention. The City also makes clear the need to recognize and report fraud, waste, and abuse of grant funds to the CAO, OFS, City leadership, the Office of the State Auditor, and in the case of Federal grants, the Inspector General of the Federal awarding agency.

*Resources*

- Office of the State Auditor information on reporting the misuse of public funds: https://www.osa.state.mn.us/about/contact-us/report-unlawful-use-of-public-funds-or-property/.
- A list of Inspector General Offices for each Federal agency: https://www.ignet.gov/content/inspectors-general-directory.
- Further resources regarding grant fraud prevention: https://grants.gov/learn-grants/grant-fraud/grant-fraud-prevention.

## External Monitoring and Audits

External monitoring and audits provide an independent assessment of the City's grant performance, cost, programs, and operations. This oversight may take different forms; the grant awarding agency may conduct either a monitoring visit or an audit, while the Office of the State Auditor (OSA) conducts audits. It is possible for a single grant to be audited by the awarding agency and the OSA at the same time. Monitoring visits and audits assess financial and programmatic records for compliance with grant rules, and may result in a corrective action plan. Monitoring visits and audits may include file reviews, in-person visits, confirmation of equipment purchases, and financial reconciliations.

According to Minnesota Statutes 6.49, the City undergoes an annual single audit conducted by the OSA. OFS Accounting manages the relationship with the OSA, and provides the OSA with a preliminary schedule of Federal expenditures. The OSA selects certain grants to include in the single audit for that year. OFS Accounting notifies department finance staff and grant managers if their Federal grants are included. The objectives of the single audit are to determine whether:

| | | | |
|---|---|---|---|
| Financial statements conform to GAAP | Schedule of Federal awards expenditures is presented fairly | Internal controls are adequate | Entity complied with laws, regulations, and contracts |

Grant managers should follow these steps when notified of a monitoring visit or audit:

- Notify stakeholders of the monitoring visit or audit
    - Stakeholders include: department finance staff and leadership, OFS, CAO, HREEO, Mayor's Office, and grant subrecipients.
    - Explain the type of visit, timeframe, and materials that may be needed.
    - Communicate the importance of timely and complete responses to granting agency or auditor requests.
- Review grant guidelines and City rules.
- Review grant file and ensure its completeness.
- Connect with CAO, OFS, or HREEO on any questions in preparation.

Audit results impact the City's ability to obtain future grants, and can impact the City's credit rating. The City's Annual Comprehensive Financial Reports and the OSA's Management and Compliance Reports are available on the City's website.

Uniform Guidance section 2 CFR 200.500-521 Subpart F outlines audit requirements, summarized in the following sections.

### *Audit Requirements*[9]

During its fiscal year a non-Federal entity, like the City, that spends at least $750,000 in Federal awards must have a single audit or program-specific audit. The City may be considered simultaneously a recipient, subrecipient, and contractor of Federal funds, and the Federal funds received as a recipient or subrecipient are subject to the audit requirements of this section of Uniform Guidance. In terms of contractors, when the City uses Federal funds to pay for contractors, it is responsible for ensuring the procurement, receipt, and payment for goods and services adhere to Federal regulations and the terms and conditions of contracts.

Determining when a Federal award is expended must be based on when the activity related to the award occurs. Generally, activities pertain to events that require compliance with Federal regulations and contractual provisions, such as expenditures associated with grants, the use of loan proceeds under loan programs, the receipt of program income or property, and the period when insurance is in force.

Federal audits outlined in this section of Uniform Guidance must occur annually; if a constitution or statute requires a state or local government to undergo audits less frequently, then they may be conducted biennially. The City of Saint Paul undergoes annual single audits.

[9] See 2 CFR 200.501-507.

### *Auditee Responsibilities*[10]

Auditees like the City must arrange for the audit required in Uniform Guidance. Additionally, the City must prepare appropriate financial statements; promptly follow up and take corrective action on audit findings; and provide auditors with access to personnel, records, supporting documentation, and other information needed to perform the audit. The City must prepare a schedule of Federal award expenditures for the period under audit that includes:

- List of individual Federal programs by Federal agency.
- For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned.
- Total Federal awards expended for each program and the Assistance Listings Number or other identifying number.
- Total amount provided to subrecipients from each Federal program.
- Notes on any outstanding balances for loan programs.
- Notes on significant accounting policies used to prepare the schedule and whether the City is using the 10% de minimis cost rate.

As part of its response to audit findings, the City must prepare a summary schedule of prior audit findings and their status, and a corrective action plan for any current year findings. The corrective action plan must include names of contact people responsible for the corrective action, the specific action identified, and its completion date. If the City does not agree with a finding, then the plan must include an explanation and specific reasons. Audit findings may not warrant further action if all of the following apply:

1. Two years have passed since the audit report in which the finding occurred was submitted to the Federal Audit Clearinghouse,
2. The auditor is not following up on the audit finding, and
3. A management decision was not issued.

Unless restricted by Federal regulations, the City must make copies of the audit public.

### *Federal Agencies* [11]

Federal awarding agencies must perform a series of duties regarding grants including:

- Ensure audits are completed and reports received according to Federal regulations.
- Provide technical advice and counsel as requested by auditees and auditors.
- Follow up on audit findings to ensure the auditee takes corrective actions.

[10] See 2 CFR 200.508-512.
[11] See 2 CFR 200.213.

- Provide the Federal Office of Management and Budget (OMB) updates to the compliance supplement to ensure it focuses auditors on compliance requirements most likely to generate findings, fraud, waste, or abuse.

### *Auditors*[12]

Auditors conduct the single audit of the City's entire operations according to generally accepted government auditing standards. The audit assesses the City's (1) financial statements, (2) internal controls, (3) compliance, and (4) corrective action on prior findings. The auditors create a report describing the scope of their assessment, opinions on compliance with regulations, and a schedule of findings and questioned costs. Auditors must report the following as findings:

1. Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs.
2. Material noncompliance with Federal regulations or terms and conditions of Federal awards related to a major program.
3. Known questioned costs that exceed $25,000 for a type of compliance requirements for a major program.
4. Known questioned costs that exceed $25,000 for a Federal program which is not audited as a major program.
5. Circumstances concerning why any opinions other than unmodified opinions are given for each major program.
6. Known or likely fraud affecting a Federal award.
7. Instances where the summary schedule of prior audit findings prepared by the auditee materially misrepresents the status of prior findings.

Audit findings must be provided with sufficient detail and clarity for the auditee to prepare and take corrective action.

### *Management Decisions*[13]

A management decision is the written determination of the Federal awarding agency or pass-through entity on the adequacy of the auditee's proposed corrective actions for audit findings. It must state (1) whether the audit findings are sustained, (2) reasons for the decision, and (3) the expected action in response to the findings.

[12] See 2 CFR 200.514-520.
[13] See 2 CFR 200.521.

# Appendix

## Department Roles and Responsibilities

This section summarizes the key roles and responsibilities of different departments and divisions in terms of grant management. It is intended to provide a comprehensive outline but is not a detailed or exhaustive list of all potential duties and needs related to grants.

### Office of Financial Services

#### *Accounting Division*

- Produce the Annual Comprehensive Financial Report
- Oversee the annual single audit, main contact with the Office of the State Auditor.
- Consult with departments on questions related to grant coding, finances, fringe rates, indirect rate, and financial reconciliations.
- May hold roles in Federal grant systems, including Sam.gov and ASAP.
- Process accounts payable.
- Assist with grant closeouts.

#### *Budget Division*

- Manage the annual operating and capital budget processes, which both include grant funding.
- Budget Analysts are part of the approval string for grant resolutions in Legistar.
- Consult with departments on grant impacts to the department's budget, including personnel costs and titles, fringe rates, grant match requirements, and continuation of services beyond the grant.
- Confirm cash match availability and coding.

#### *Business Support Division*

- Set up grant Project and Accounting Units in Infor and assign appropriate staff as approvers.
- Complete additional set up to allow billing for grant projects.
- Load grant budget amendments in Infor.
- Support grant processes and reporting needs in Infor.
- Close grant projects in Infor.

#### *Grants Division*

- Lead citywide grant planning and prospecting.
- Facilitate grants strategy conversations with departments.
- Establish and implement citywide grant policies, processes, and best practices, ensuring compliance with Federal, State, and City requirements.
- Establish and implement policies and processes for subrecipients and beneficiaries of grant funds. Certain departments may have established policies for subrecipients

and beneficiaries; the Grants Division and these departments should work together to ensure alignment and that grant requirements are met.
- Review grant Intent to Apply Forms for approval prior to submission to awarding agencies.
- Grants Director is part of the approval string for grant resolutions in Legistar.
- Provide technical assistance to departments on grant seeking, writing, and management.
- Facilitate grant management training opportunities for departments.
- May consult with department grant managers on questions related to grant applications and support departments in grant-seeking.
- May lead grant seeking and application efforts for particular departments or citywide grant opportunities.
- May consult with departments on grant budgeting, personnel, fringe rates, indirect costs, reporting, and financial management questions and policies.
- Meet with HREEO and CAO to determine whether entities receiving grant funds are subrecipients, beneficiaries, or contractors. Maintains decision matrix documents.
- Provide review of grant certifications and assurances and partner with CAO on any challenging or unfamiliar documentation.
- Assist departments in monitoring plans, compliance requirements, and ensuring preparation for audits.
- Maintain the City's registration in Sam.gov and other key Federal grant systems.
- Provide technical assistance to departments on navigating grants.gov and other key Federal grant systems.
- Maintain lists of City UEIs, department-specific indirect cost rates, and grant systems the City is enrolled in.

*Treasury*

- Manages the Procurement Card program, accounts receivable, and cash.

## Departments Overseeing Grants

- When preparing grant applications: (1) submit Intent to Apply form to OFS Grants team, (2) submit a resolution in Legistar for Council approval to apply for grant, and (3) obtain approval from OFS Grants Division to submit grant application to awarding agency.
- Lead on proposal development and writing.
- Identify any required matching funds and a source.
- Submit proposals to funders via grant portals and other systems.
- Once grant is awarded: (1) submit a budget amendment in Legistar for Council and Mayor approval, (2) send Business Support the financial analysis and signature copy to enter budget in Infor.

- As required, a department's signatory authority signs grant agreements on behalf of the department and City.
- Implement grant program according to grantor and City requirements.
- Assess and monitor any grant subrecipients according to grantor and City rules.
- Ensure expenses are accurately charged to the correct grant.
- Ensure compliance with grantor requirements.
- Submit Federal Funding Accountability and Transparency Act (FFATA) reports.
- Maintain grant files according to City and grantor records retention rules.
- Manage property records and inventory maintenance for equipment purchased with grant funds. PED requires departments acquiring equipment with HUD funds to maintain these records.
- Comply with single audit and prepare and implement corrective action plans.
- Consult with OFS, HREEO, and CAO on grant questions and challenges.
- For Police, Fire, and Library: maintain unique UEIs and their Sam.gov registration.

### HREEO, Procurement

- Oversee policies and processes for contractors paid for with grant funds.
- Meet with OFS and CAO to determine whether entities receiving grant funds are subrecipients, beneficiaries, or contractors.

### City Attorney's Office

- Review certifications and assurances required by the application or contract.
- Meet with OFS and HREEO to determine whether entities receiving grant funds are subrecipients, beneficiaries, or contractors.
- Department-assigned attorneys consult with and support departments that may raise legal questions related to grants.
- Draft legal documents (ex: subrecipient contracts) needed for grant programs.

### City Council, Housing Redevelopment Authority (HRA), Library Board

- The City Council President or a councilmember sponsor is the final approver for grant resolutions in Legistar, allowing resolutions on the Council meeting agenda.
- For grant resolutions on the City Council meeting agenda, the Council considers and approves or denies grant resolutions to apply for, accept, and budget grants.
- Grant resolutions for the HRA and Library are reviewed and approved by the HRA Board and Library Board, respectively.

### Mayor's Office

- The Deputy Mayor is an approver for grant resolutions in Legistar.
- The Mayor's signature is required for final approval on grant resolutions that have been approved by City Council.

## Friends Groups

Friends groups are non-profit partners who raise funds to support City departments. Most of the funds raised through Friends groups are philanthropic in nature – private funders or individual donations. Friends groups include:

- Friends of the Saint Paul Public Library
- Como Friends
- Saint Paul Police Foundation
- Saint Paul Fire Foundation
- Saint Paul Parks Conservancy

Saint Paul Public Library is authorized to partner with the Friends of the Saint Paul Public Library on fundraising in the City Administrative Code 14.05 – Budget and Fiscal Matters.

The Office of Financial Empowerment has a partnership with the Saint Paul Foundation, which includes managing an endowment that performs similar functions as a Friends Group, such as accepting philanthropic donations from individuals and private funders. Other departments may have similar temporary or long-term partnerships with external funding partners. Departments should consult with the OFS Grants team about establishing any new partnerships.

Activities for Friends groups may include:

- Accepting donations on behalf of the City;
- Soliciting funds that benefit City programs;
- Selling City branded merchandise with proceeds benefitting the City;
- Develop and implement capital campaigns.

Partnerships with Friends groups vary by department. Some departments collaborate with external groups on individual grant applications, and some departments receive undesignated funds to support their priority list. These are a few examples of how departments seek out funding in partnership with Friends groups:

- Department sends their Friends groups a priority list each year, and a grants committee at the Friends group appropriates funds once or twice a year to projects on the list. Occasionally there will be funds that don't go through the committee, such as one-off items on the strategic plan.
- Friends group has an endowment fund that departments can help dictate how it's spent.
- Department meets regularly with the grants team at the Friends group to identify opportunities, and partner on competitive grants, including submitting grants on behalf of the City department and passing through.
- Friends groups will purchase items off a wish list and donate to the department.

Some Friends groups will take a percent of the grant amount as an administrative fee, up to 10%.

Similarly, grant management and reporting varies depending on how departments partner with their Friends group and receive funds. Some departments will receive funds as a donation instead of a grant, including no grant agreement. In this case, the department will send a thank you letter to document acceptance of the donation. Departments will provide generalized outcomes and document impact through a general report. Additionally, others will provide informal reports through regular conversation and contact with the Friends group.

Occasionally, a Friends group will have individual endowments or grants with individual reporting needs. The department will report on specific outcomes to the Friends group. In these cases, departments will use individual codes to ensure funding is used as intended and provides reports on spending.

## Terms and Definitions

*Assistance Listing:* detailed public descriptions of federal programs that provide grants, loans, scholarships, insurance, and other types of assistance awards. Assistance listing numbers (formerly Catalog of Federal Domestic Assistance or CFDA) are the unique numbers assigned to each assistance listing.

*Beneficiary:* an individual (or in some cases organization or community) receiving assistance through a grant program, which may include direct cash, subsidies, loans, or insurance. Beneficiaries are the end user benefitting from grant assistance and must meet grant eligibility requirements. Beneficiaries are sometimes defined by not meeting the requirements of being a subrecipient or contractor.

*Competitive Grant Program:* allocations of funding for which the awarding agency selects from multiple eligible recipients, based on programmatic, technical, or scientific content of an application. The awarding agency may also determine the award amount.

*Contractor*: an entity that provides goods or services to the City in accordance with a grant-funded contract. According to 2 CFR 200.331(b), a contract allows the City to obtain goods or services for its own use and creates a procurement relationship with the contractor.

*Earmark*: grants that are appropriated by Congress for specific local projects.

*Entitlement Grant Program*: allocations of funding determined by distribution formulas in the authorizing legislation and regulations.

*Equipment*: when purchased with Federal funds, equipment means tangible personal property (including information technology systems) with a useful life exceeding one year and per-unit cost of at least $5,000 or the capitalization level established by the City for financial statements, whichever is less. See 2 CFR 200.1.

*Federal Award Identification Number (FAIN):* the unique identification within the Federal agency for each financial assistance award.

*Fully Qualified Account (FQA):* the City's accounting string for a specific grant, which contains a series of codes representing needed accounting information including company, accounting unit, account, project, account category, fund, department, and funding source.

*Indirect Costs*: organizational costs not readily assignable to a particular project but are necessary to the operation of the organization and performance of the project. The City does not have a Federally approved indirect cost rate for the enterprise, though some departments may have rates negotiated and approved for specific entitlement grant programs. Entities that do not have a current negotiated indirect cost rate may elect to charge a 10% de minimis rate of the modified total direct costs.

*Logic Model:* a visual representation of a program, including resources, activities, and impact. Logic models are a key building block in evaluation plans. A logic model shows resources (financial, partnerships, or specialty skills) needed for a program to be successful, activities undertaken, outputs generated, and impact created at a short-term, medium-term, and/or long-term level.

*Major Program*: a designation for a Federal program determined by an auditor or awarding agency. The designation depends on the recipient's audit experiences, oversight provided by Federal or pass-through entities, and inherent risk of the Federal program. Federal awards deemed major programs come with specific audit requirements.

*Outcomes:* the difference that occurs because of the outputs. Outcomes may be short-, medium- and long-term. Examples of outcomes may be an increase in program participants trained as apprenticeships, an increase in city capacity to respond to emergencies, or city streets are plowed faster than the previous year.

*Outputs:* the quantifiable result of an activity that can be measured. Outputs feed into outcomes. An example of an output may be number of people participating in a program, number of pieces of equipment purchased, or quantity of miles of streets plowed.

*Pre-award costs:* costs that are incurred prior to the effective date of the Federal award or subaward directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. These costs are only allowed if they would be eligible after the date the grant begins, and with written approval from the Federal awarding agency. See 2 CFR 200.458.

*SAM.gov*: U.S. Government system used to register to do business with the government; update and renew an entity's status; search for assistance listings, wage determinations, contract opportunities, and contract data reports; and access publicly available award data.

*Subrecipient*: an entity that receives a subaward to carry out part of a grant program; this does not include an individual or organization that is a program beneficiary. A subrecipient may also be a direct recipient of other Federal awards. For Federal grants, 2 CFR 200.331-333 guides subrecipient determinations, assessment, and monitoring. The City may be the subrecipient of an award made to another entity (ex: State of Minnesota); regulations that apply to award recipients generally apply to the City when it is a subrecipient of funds.

*Time and Effort Reporting*: documentation that supports all salaries and wages of any employee charged to a grant. For Federal grants, this is regulated by 2 CFR 200.430.

*Unique Entity Identifier (UEI):* a number that identifies an entity registration in the SAM.gov system. A non-Federal entity must have a UEI to apply for, receive, and report on Federal awards. The City has two UEIs managed centrally by the OFS Grants Division, and applicants for grants should confirm with OFS which UEI to use for grants.

## Frequently Asked Questions

1. *Who can apply for grants at the City?* Any department may submit a grant application once approval has been obtained from the OFS Grants Division and required City Council or HRA Board approvals. Refer to City Grant Application Process for more details.
2. *What approvals are needed for grant applications?* Departments initiating grant applications should first obtain approval to apply for the grant from its Department Director. Once drafted, all competitive grant applications must be submitted to the OFS Grants Division for review and approval prior to submission to the granting agency. Departments must also submit a resolution through Legistar to receive Council approval to apply for a grant. Once awarded from the granting agency, Departments submit a budget amendment to the City Council to accept and budget the grant funds.
3. *What UEI should I use for a grant application?* Grant applicants should work with the OFS Grants Division to confirm which City UEI to use for an application. **Applicants should not create a new UEI**.

## Resources

- Federal Grants Learning Center: https://www.grants.gov/learn-grants
- State of Minnesota grant opportunities: https://mn.gov/grants/
- Federal Uniform Guidance (2 CFR 200): https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200
- City of Saint Paul Annual Comprehensive Financial Report: https://www.stpaul.gov/departments/financial-services/annual-comprehensive-financial-report

## Example Regulations and Contract Compliance for Property Sale Program

1.1 State and Local - Preconstruction Compliance Conference.

A. Initial conference. Developer and its contractors and subcontractors must attend a preconstruction compliance conference conducted by authorized Government Authority staff. These conferences are held for the benefit and information of all participating contractors and subcontractors and attendance is required. Each area of compliance is reviewed by the appropriate staff member and forms are distributed for documentation and reporting. Government Authority staff will explain the documentation at this time and will provide on-going technical assistance in an effort to keep the report requirements up to date.

B. Ongoing meetings. Following the initial conference, Government Authority staff will schedule meetings at such intervals as deemed necessary by Government Authority staff with the Developer and its contractors and subcontractors to review the compliance reports, discuss any obstacles to reach the required goals and contract requirements, and propose courses of action to follow to assure full compliance.

1.2 State and Local - Reporting. This Agreement is subject to contract compliance tracking, and the Developer and its contractors, suppliers and subcontractors are required to provide any noted and/or requested contract compliance-related data electronically using the B2GNOW/LCPtracker systems unless other methods are approved by the Government Authority.

A. B2GNOW. The Developer and its contractors, suppliers and subcontractors shall use B2GNOW for vendor outreach reporting. The Developer is responsible at all times, before, during and after execution of this Agreement, for ensuring all its contractors, suppliers and subcontractors have completed all requested items, that their contact information is accurate and up-to-date, and that all requested information has been provided by the required due dates. Information related to contractor access of the B2GNOW system will be provided to a designated point of contact with the Developer and each of its contractors, suppliers and subcontractors upon execution of the contract.

B. LCPtracker. The Developer and its contractors, suppliers and subcontractors shall use LCPtracker for prevailing wage reporting. The Developer is responsible at all times, before, during and after execution of this Agreement, for ensuring all its contractors, suppliers and subcontractors have completed all requested items, that their contact information is accurate and up-to-date, and that all requested information has been provided by the required due dates. Information related to

contractor access of the LCPtracker system will be provided to a designated point of contact with the Developer and each of its contractors, suppliers and subcontractors upon execution of the contract.

1.3 State and Local - Labor Standards. Developer shall comply with, and ensure that all contractors and subcontractors comply with, all applicable state and local labor and wage standards including but not limited to the following, as applicable:

A. The State of Minnesota Prevailing Wages requirements set forth in Minn. Stat. §§ 177.41-177.44 and Minn. Rules 5200.1000-5200.1120 as detailed in attached Exhibit M.

B. The City of Saint Paul's Minimum Wage on Public Contracts Ordinance known as "Little Davis Bacon" set forth in Section 82.07 of the Saint Paul Administrative Code as detailed in attached Exhibit M.

C. If construction does not commence within 90 days of the Effective Date hereof, the wage decision set forth in Exhibit M shall be replaced by the wage decision provided to Developer by the Government Authority upon the commencement of construction and such wage decision shall be incorporated herein by reference upon delivery.

1.4 State and Local - Additional Laws and Regulations. Developer shall comply with, and ensure that all contractors and subcontractors comply with, the following state and local laws and regulations, as applicable:

A. The City of Saint Paul's Vendor Outreach Program set forth in Chapter 84 of the Saint Paul Administrative Code and as detailed in attached Exhibit N.

B. The State of Minnesota's Human Rights Statute set forth in Minn. Stat. Chap. 363A and implementing regulations set forth in Minnesota Rules Chapter 5000, as well as the City of Saint Paul's Human Rights Ordinance as set forth in Chapter 183 of the Saint Paul Legislative Code.

C. The City of Saint Paul's Affirmative Action/Equal Opportunity Requirements set forth in Section 183.04 of the Saint Paul Legislative Code, Section 86.06 of the Saint Paul Administrative Code, and the Rules Governing Affirmative Action Requirements in Employment adopted by the Saint Paul Human Rights Commission and all as detailed in attached Exhibit O.

D. The City of Saint Paul has a Project Labor Agreement requirement set forth in City of Saint Paul Resolution 09-584, however, the Saint Paul City Council has determined that Project Labor Agreements are not appropriate for projects subject to the Government Authority's 2022 Inspiring Communities Request for Proposal 7 and

has adopted Resolution No. 22-1074 for the non-use of Project Labor Agreements attached as Exhibit P.

E. The City of Saint Paul's Sustainable Building requirements set forth in Chapter 81 of the Saint Paul Administrative Code.

F. The Housing and Redevelopment Authority of the City of Saint Paul's two bid requirements set forth in the HRA's Policy Regarding Requirement of Two (2) bids and as detailed in Exhibit R.

G. The City of Saint Paul Living Wage and Responsible Public Spending Ordinance set forth in Chapter 98 of the Saint Paul Administrative Code.

1.5 Federal - Uniform Guidance. Developer shall comply with, and ensure that all contractors and subcontractors comply with, all applicable regulations of Uniform Guidance set forth in 2 C.F.R. Part 200. The Uniform Guidance specifically includes but is not limited to the following, as applicable:

A. Developer shall comply with all administrative requirements, cost principles and audit requirements set forth in the Uniform Guidance.

B. As required by Uniform Guidance Appendix II (C), Developer shall comply with the Equal Opportunity Clause set forth in 41 C.F.R. § 60-1.4 (b) and copied below. For purposes of this requirement, Developer shall be considered the "applicant".

Uniform Guidance EEOC Statement

The applicant hereby agrees that it will incorporate or cause to be incorporated into any contract for construction work, or modification thereof, as defined in the regulations of the Secretary of Labor at 41 CFR Chapter 60, which is paid for in whole or in part with funds obtained from the Federal Government or borrowed on the credit of the Federal Government pursuant to a grant, contract, loan, insurance, or guarantee, or undertaken pursuant to any Federal program involving such grant, contract, loan, insurance, or guarantee, the following equal opportunity clause:

During the performance of this contract, the contractor agrees as follows:

(1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:

Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.

(3) The contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the contractor's legal duty to furnish information.

(4) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(5) The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(6) The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(7) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(8) The contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance:

Provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

The applicant further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: Provided, That if the applicant so participating is a State or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in work on or under the contract.

The applicant agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance.

The applicant further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive Order. In addition, the applicant agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the applicant under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such applicant; and refer the case to the Department of Justice for appropriate legal proceedings.

C. As required by Uniform Guidance Appendix II (D), Developer shall comply with the Davis-Bacon Act set forth in 40 U.S.C. §§ 3141-3148 and 29 C.F.R. Part 5.

D. As required by Uniform Guidance Appendix II (E), Developer shall comply with the Contract Work Hours and Safety Standards Act as set forth in 40 U.S.C. §§ 3701-3708 and 29 C.F.R. Part 5.

E. As required by Uniform Guidance Appendix II (F), if the funding for the Project qualifies as "funding agreement" under 37 C.F.R. § 401.2 (a) Developer shall comply with the Rights to Inventions Made Under a Contract or Agreement as set forth in 37 C.F.R. Part 401.

F. As required by Uniform Guidance Appendix II (G), Developer shall comply with the Clean Air Act and the Federal Water Pollution Control Act as set forth in 42 U.S.C. §§ 7401-7671q and 33 U.S.C. §§ 1251-1387.

G. As required by Uniform Guidance Appendix II (H), Developer shall comply with the Debarment and Suspension requirements as set forth in Executive Orders 12549 and 12689 and 2 C.F.R. Part 180.

H. As required by Uniform Guidance Appendix II (I), Developer shall comply with the Byrd Anti-Lobbying Amendment as set forth in 31 U.S.C. § 1352.

I. As required by Uniform Guidance Appendix II (J), Developer shall comply with the procurement requirements as set forth in 2 C.F.R. § 200.323.

J. As required by Uniform Guidance Appendix II (K), Developer shall comply with the telecommunications and video surveillance requirements as set forth in 2 C.F.R. § 200.216.

K. As required by Uniform Guidance Appendix II (L), Developer shall comply with the domestic preferences for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products) as set forth in 2 C.F.R. § 200.322.

1.6 Federal - Section 3. Developer shall comply with, and ensure that all contractors and subcontractors comply with, all applicable provisions of Section 3 set forth in 12 U.S.C. Chap. 13 and 24 C.F.R. Part 75 and as set forth in attached Exhibit S relating to economic opportunities for low- and very low-income persons. Section 3 specifically includes but is not limited to the following, as applicable:

A. Developer shall comply with the employment and training requirements and contracting requirements of Section 3 as set forth in 24 C.F.R. § 75.19.

B. Developer shall comply with the reporting requirements of Section 3 as set forth in 24 C.F.R. § 75.25.

C. If the Project has multiple funding sources, Developer shall comply with the funding source, recordkeeping and compliance requirements as set forth in 24 C.F.R. §§ 75.29, 75.31 and 75.33.

D. Developer shall comply with the Section 3 Benchmarks adopted by HUD including the 25% Section 3 Worker benchmark and the 5% Targeted Section 3 Worker benchmark, both Section 3 Worker and Section 3 Targeted Worker are defined in 24 C.F.R. § 75.21.

1.7 Federal - Code of Federal Regulations Title 24. Developer shall comply with, and ensure that all contractors and subcontractors comply with, all applicable provisions of Title 24, including but not limited to regulations relating to nondiscrimination, accountability, fair housing, equal access, access to records, privacy, administration, debarment/suspension, fraud, lead-based paint, accessibility, displacement/relocation, environmental, and lobbying. Title 24 specifically includes but is not limited to the following, as applicable:

A. As required by 24 C.F.R. § 5.105 (a)(1) Developer shall comply with nondiscrimination and equal opportunity regulations including but not limited to the following: The Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 et seq.; Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24

CFR part 107; title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1; the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and implementing regulations at 24 CFR part 146; section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title; title II of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq.; 24 CFR part 8; Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR, 1964-1965 Comp., p. 339; 3 CFR, 1966-1970 Comp., p. 684; 3 CFR, 1966-1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60; Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971-1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise).

B. As required by 24 C.F.R. § 5.105 (a)(2) Developer shall comply with equal access regulations including but not limited to the following: A determination of eligibility for housing that is assisted by HUD or subject to a mortgage insured by HUD shall be made in accordance with the eligibility requirements provided for such program by HUD, and such housing shall be made available without regard to actual or perceived sexual orientation, gender identity, or marital status.

C. As required by 24 C.F.R. § 5.105 (b) Developer shall comply with disclosure requirements including but not limited to the following: The disclosure requirements and prohibitions of 31 U.S.C. 1352 and implementing regulations at 24 CFR part 87; and the requirements for funding competitions established by the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3531 et seq.).

D. As required by 24 C.F.R. § 5.105 (c) Developer shall comply with debarred, suspended, or ineligible contractors and participants regulations including but not limited to the following: The prohibitions at 2 CFR part 2424 on the use of debarred, suspended, or ineligible contractors and participants.

E. As required by 24 C.F.R. § 5.105 (d) Developer shall comply with drug-free workplace regulations including but not limited to the following: The Drug-Free Workplace Act of 1988 (41 U.S.C. 701, et seq.) and HUD's implementing regulations at 2 CFR part 2429.

F. Developer shall comply with all applicable environmental requirements set forth in 24 C.F.R. Parts 50, 51, 52, 55, and 58.

G. Developer shall comply with all applicable flood insurance regulations including but not limited to 42 U.S.C. Chap. 50, 24 C.F.R. Part 58, 42 U.S.C. 4001 et seq, Executive Order 11988, Executive Order 11288, and Public Law 93-234.

H. Developer shall comply with all applicable lead-based paint regulations, including but not limited to 24 C.F.R. Part 35.

I. Developer shall comply with the Affirmative Fair Housing Marketing Regulations set forth in 24 C.F.R. §§ 200.600-200.640.

J. Developer shall comply with the Code of Conduct and Conflict of Interest regulations set forth in 24 C.F.R. §§ 200.317-200.318.

K. Developer shall comply with the requirements governing lobbying of HUD Personnel set forth in 24 C.F.R. Part 87.

L. Developer shall comply with the requirements related to housing counseling set forth in 24 C.F.R. § 5.111.

1.8 Federal - Labor Standards. Developer shall comply with, and ensure that all contractors and subcontractors comply with, all applicable federal labor and wage standards including but not limited to the federal labor and wage requirements set forth in 40 U.S.C. §§ 3141-3148 as detailed in attached Exhibit M.

1.9 Federal - Additional Laws & Regulations. Developer shall comply with, and ensure that all contractors and subcontractors comply with, the following federal laws and regulations, as applicable:

A. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 set forth at 42 U.S.C. Chap. 61 and 49 C.F.R. Part 24 as well as the Housing and Community Development Act of 1974 set forth at 42 U.S.C. § 5304(d).

B. The Copeland Anti-Kickback Act set forth at 18 U.S.C. §§ 874 and 3145 and 29 C.F.R. Part 3.

C. The Hatch Act related to the prohibition of use of federal funds for political activities set forth at 5 U.S.C. § 1501 et seq and shall submit the Lobbying Certification attached as Exhibit T.

D. The Immigration and Nationality Act as amended by the Immigration Reform and Control Act set forth at 8 U.S.C. §§ 1324a et seq and 8 C.F.R. § 245a5.

E. Executive Order 13166 “Improving Access to Services for Persons with Limited English Proficiency” and all related guidance.

1.10 Historic Preservation. Developer shall comply with all applicable federal, state and local historical preservation regulations including but not limited to the National Historic Preservation Act set forth at 16 U.S.C. 470 et seq and Public Law 89-665; Archeological and Historic Preservation Act of 1974 set forth at 54 U.S.C. 312501-312508; and Executive Order 11593. Furthermore, Developer shall comply with all necessary applicable State Historic Preservation Office (SHPO) requirements and any requirements for locally designated historic properties.

1.11 Other Requirements. In addition to all other provisions set forth in this Agreement, Developer shall comply with, and ensure that all contractors and subcontracts comply with, all other applicable federal, state and local laws, rules and regulations and those regulations and restrictions contained in all agreements related to the funds provided by the Government Authority.

1.12 Records and Reports. The Developer will establish and maintain accurate and complete books, accounts, records and reports pertaining to the Project pursuant to the requirements contained in Exhibit U. In addition, all financial books, accounts, records and reports shall be kept in the manner of normally accepted accounting practices. Developer shall retain all such books, accounts, records and reports for a period of six (6) years from the forgiveness or repayment of the Loan. The Government Authority, Title Company, their representatives, and others related to this transaction will have the right, but not the obligation, at all reasonable times to inspect, examine and copy all books, accounts, records and reports of Developer relating to the Project and Public Funds and to inspect all work done, labor performed, and material furnished in or about the Project. Notwithstanding the foregoing, Developer shall be responsible for making inspections to the Project during the course of construction and shall determine to its own satisfaction that the work done or materials supplied by all contractors and subcontractors have been properly supplied in accordance with the applicable contract. Developer will hold the Government Authority harmless and the Government Authority has no liability or obligation of any kind to Developer or creditors of Developer, in connection with any defective, improper or inadequate workmanship or material brought in or related to the Project, or any mechanic’s liens arising as a result of such workmanship or materials.

1.13 Assistance to Developer.

A. The Government Authority may assist the Developer with clarifications and interpretations of federal, state and local requirements as specified in this Agreement. The Developer shall notify the Government Authority if and when such assistance is required, and Government Authority staff shall provide to the

Developer whatever technical and professional assistance the Government Authority deems appropriate to help Developer comply with all federal, state and local regulations. Notwithstanding anything in this Agreement or paragraph to the contrary, the Government Authority does not warrant or guarantee the accuracy or correctness of the technical or professional assistance given to Developer and that Developer relies upon such assistance at its own peril or risk. Developer understands and agrees that the compliance with rules and regulations referenced in this Agreement shall always remain the sole responsibility of the Developer.

B. Nothing in this section shall be taken or regarded by the Developer as placing the Government Authority, its employees or agents as acting in the role of the Developer's attorneys, accountants or engineers. The pledge of assistance herein is limited to that of the Government Authority serving as a facilitator and liaison with the federal, state and local governments so that the Developer can be apprised of those governmental units' business practices and customs, as the Government Authority understands them to be, in the area of the Public Funds.

C. At all times, the Developer has the sole and non-delegable responsibility to obey all laws, rules and regulations and to conform to accepted accounting and auditing practices and so has a duty, throughout the term of this Agreement to retain at its own expense, such attorneys, accountants, engineers and business advisers upon whose advice and counsel the Developer may incur risk, liability and penalty.

## Updates

- November 4, 2024 – added email retention schedule, clarification of department roles and responsibilities.