



CITY OF HOUSTON

Administrative Procedure

Subject: **External Funds (Grant) Acquisition, Management and Compliance**

A.P. No:

4-1

Effective Date:

December 4, 2012

1. AUTHORITY

1.1 Article VI, Section 7a, of the City Charter of the City of Houston.

2. PURPOSE

2.1 To establish a City-wide policy governing grant acquisition, management and compliance procedures to ensure consistent use by City departments.

3. OBJECTIVES

3.1 To provide written guidelines to ensure consistency in the City grants acquisition and management process across grant administering departments.

3.2 To encourage departments to responsibly pursue external funding that can be reasonably managed while serving the needs of the City.

3.3 To ensure grant audits are being conducted in an appropriate manner.

3.4 To ensure that grant processes are followed.

3.5 To coordinate, where possible, with grant acquisition among City departments.

4. RATIONALE

4.1 To strategically maximize grant revenue to the City, enhance the efficiency of grants processes, improve financial monitoring and reporting associated with grant-funded programs and ensure that all deliverables and performance obligations required by Grantors are satisfied per grant obligations.

5. SCOPE

5.1 All City departments and divisions are required to adhere to this procedure.

6. DEFINITIONS

Administration – Primarily the responsibility of City departments; includes the collective grant activities from proposal inception to project completion of a sponsored program.

Approved:

Date Approved:

12/04/2012

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Application – A written initial, modification, or renewal request for funds, goods, or services submitted by the City to federal, state, nonprofit, private, or local entities, which clearly describes city obligations in return for the grant funds. If security concerns prevent public disclosure of such information, the ordinance must identify the document(s) that establishes such obligations and the location in which it is maintained.

Award – An approved application for funds, goods, services, or other assistance subject to terms agreed upon in an executed grant agreement, cooperative agreement, or other legally binding contract.

Capital Project Section – Business units within the Department of Public Works and Engineering (PWE) Resource Management Division and the Houston Airport Systems Finance Division.

Catalog of Federal Domestic Assistance (CFDA) – A listing of all federal assistance programs by agency and number.

Closing – A process initiated by a recipient prior to the end of the grant validity period.

Closeout – The formal conclusion of all spending, reporting and any changes or exceptions. A requirement of most sponsors, this process documents that all program activities are complete according to the terms of the award and any applicable federal, state or local regulations.

Code of Federal Regulations (CFR) – A codification of the rules governing federal assistance programs published in the Federal Register.

Cognizant Agency – The single federal agency, designated by the OMB, with whom state and local governments negotiate central service plans, indirect cost proposals and resolve audit findings that affect more than one federal funding source.

Contract – An agreement for procurement of funds, goods, services or other assistance with specific obligations according to the terms of an award and applicable federal, state and local regulations.

Cost Allocation Plan – Determines the cost of indirect services provided by central service departments (e.g., Finance Department, Controller’s Office, Administrative and Regulatory Affairs Department) and what administration costs each program should bear according to the indirect cost rate. This rate is set by the cognizant agency or the terms of the grant agreement.

External Funds – Any federal, state, nonprofit, private, or local agency monies external to City government, usually in the form of a grant.

Fiscal Year (FY) – For City purposes, the period from July 1 through June 30. For the State of Texas, the period from September 1 through August 31. For the federal government, the period from October 1 through September 30. Other fiscal years as may be prescribed by granting agencies.

Grant – An award to carry out a valid purpose under terms established by the grantor depending on the type of award and applicable federal, state and local regulations.

Grantee – A City Department or organization receiving financial assistance directly from an awarding agency to carry out a project or program. Also referred to as recipient or subrecipient.

Grantor – Entity providing financial assistance in the form of an award. Also referred to as the sponsor or awarding agency.

Grants Management Section (Grants Management) – A section within the Finance Department (Finance).

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Indirect Cost (IDC) – Expenses necessary for the general operation of the organization and project activities but are not readily identified with a particular grant, contract, project, or activity. Also referred to as overhead or facilities and administrative costs.

Grant Status – Pre-award stages are: research, proposal, and application; and post-award stages are: award, closing, and closed. Applications that are not awarded are cancelled. Also known as the lifecycle status.

Management – Primarily the responsibility of Grants Management; includes general oversight of grants resulting in the policies, procedures and operations supporting the receipt, award and monitoring of grants.

Match – A contribution based on overall costs of a project or activity provided by the grantee or by third parties from sources other than the grant funds. Can be a “cash match” of money or “in-kind match” of personnel, supplies, services, equipment or other property.

Office of Management & Budget (OMB) – An Executive Office of the President of the United States responsible for issuing circulars to establish uniform standards for administrative and financial regulations for government granting agencies.

Pre-award spending – Authorization from the awarding agency to allow for certain expenditures of funds prior to the start of the grant validity period for a specific purpose as stated in the grant agreement. Pre-award spending must be approved by the Grants Management as per business processes.

Post-award – The active grant validity period whereby grant activities and expenditures can proceed according to the conditions of the grant agreement, the OMB Circulars, federal and state law and local policies and procedures.

Single Audit – A financial, internal control and compliance audit established in OMB circular A-133 for entities that collectively expend \$500,000 or more in a year in state, federal and Uniform Grant Management and Standards (UGMS) awards.

Subaward – A formula or competitive allocation by an award recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient for funds, goods, services, or other assistance subject to award terms. Also called a subgrant.

Subrecipient – An agency, organization, or individual that receives a subaward as a contract from the primary grantee for the purposes of helping the primary grantee in carrying out its mission or program. Generally, recipients are responsible for monitoring compliance of subrecipients with terms of the award, and applicable federal, state and local regulations.

Uniform Grant Management Standards (UGMS) – Under authority of Chapter 783 of the Texas Government Code, UGMS outlines the standards for State of Texas grant programs, including cost principles, administrative requirements and the Texas Single Audit circular. UGMS is similar to the federal OMB Circulars.

Validity Period – The lifespan of a particular grant that has been awarded to the City. At the conclusion of the validity period, the grant must be either closed, extended or renewed. Also known as the program period.

Vendor – A supplier of goods or services that are commonly available to both government and non-government entities that is not subject to the same federal, state and/or local regulations as an award recipient or subrecipient.

7. RESPONSIBILITIES

7.1 Grants Management

- 7.1.1 Updates City grants-related policies and procedures to comply with grant requirements under the CFR, UGMS, regulations issued by the Grantor Agency and/or state agencies and update grantees of any regulatory changes.
- 7.1.2 Establishes policies and business processes for administering all grants.
- 7.1.3 Posts approved grant budgets and inputs the indirect cost rate into the City database.
- 7.1.4 Prepares the Schedule of Expenditures of Federal and State Awards (SEFA), the list of subaward amounts, the data collection form for Reporting in Audits of States, Local Government and nonprofits (SF-SAC) for the federal audit clearinghouse and the reconciliation to the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30.
- 7.1.5 Provides technical and management assistance to City departments in the operation of their state and federal grant programs to ensure compliance with all applicable OMB Circulars along with other federal and state certifications and assurances.
- 7.1.6 Coordinates the City-wide Single Audit, in accordance with OMB Circular A-133.
- 7.1.7 Formally places grants in a closed status upon receipt of the certification from the City Controller's Office.
- 7.1.8 As part of grant coordination, receives an intent to apply for grant funds document from all departments planning to apply for grant funds, Attachment D.
- 7.1.9 Receives all grant applications (new and continuation) for inclusion in the financial system to be used for tracking and monitoring purposes. Departments must submit a request for grant setup documents upon receipt of a grant award from a grantor agency.
- 7.1.10 Provides technical assistance to the departments through the grants research, application and grant program periods.
- 7.1.11 Enforces the programmatic and policy priorities of the Mayor's Office.

7.2 City Council

- 7.2.1 Authorizes grant applications with an annual value over \$400,000.
- 7.2.2 Approves the acceptance of all grants with matching requirements.
- 7.2.3 Approves all subsequent procurement, contractual and administrative actions or delegates such approval authority to the appropriate department director, as required by the grant agreement.

7.3 City Controller

- 7.3.1 Certifies availability of matching funds, final financial grant closeout report, and issues the Single Audit Report in tandem with the Comprehensive Annual Financial Report (CAFR).

7.4 Cost Analysis Section

7.4.1 Submits indirect cost rates determined by the annual cost allocation plan for central service departments to the cognizant agency for approval.

7.5 City Departments

7.5.1 Obtain department director's approval to apply for grants, identifies and satisfies any matching requirements, prepares and submits grant applications with required documentation by the deadline.

7.5.2 Determine whether City Council approval is needed to apply for and accept grant funds, and prepare a Request for Council Action (RCA). For guidance on submitting an RCA for Council approval, refer to Administrative Procedure 2-1. Under Ordinance #97-776, any grant with matching requirements or with an annual value over \$400,000 requires City Council approval.

7.5.3 Submits a copy of the application, supporting documentation and a copy of the RCA to the Legal Department for preparation of ordinance for Council.

7.5.4 Submit a copy of the application and supporting documents, including the RCA, to Grants Management at the time of application submission to the Grantor for the grant to be created in the grants module in application status.

7.5.5 Monitor the grant program activities, including activities of subrecipients, for compliance with the grant agreement and any applicable state, federal and local requirements. Attachment B serves as a guideline and checklist for subrecipient monitoring.

7.5.6 Collect and review audit reports of subrecipients, issue management decisions on audit findings, and ensure the subrecipient takes any necessary corrective action.

7.5.7 Retain all records relating to the grant program for a minimum of five years after (1) the date the final financial report is submitted; or (2) the last request for grant records during an audit, whichever is most recent, unless otherwise noted by the grantor or in OMB Circular A-102.

7.5.8. Provide all necessary documents and proactively communicate potential audit findings to Grants Management for review and technical support during the Single Audit Review.

7.6 Housing and Community Development Department (HCDD)

7.6.1 While keeping with all aspects of this policy, HCDD is primarily responsible for administering HUD-related programs for the City.

7.6.2 All City departments spending HUD funds or grant funds originating or passing through HCDD, will adhere to and comply with the same requirements as though such City department was the primary administrator. This includes proper timekeeping as required by applicable prevailing wage statutes, specific grant fund allocation, etc.

7.7 Legal Department

7.7.1 Upon receipt of grant application and all supporting documentation from the Department, prepares ordinances to accompany Requests for Council Actions.

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- 7.7.2 Reviews grant applications and related contracts prior to Council approval.
- 7.7.3 Resolves legal questions regarding grants.
- 7.7.4 Assists, as necessary, with the development or negotiation of the terms and conditions of grant applications and related contracts.

7.8 Capital Project Section

- 7.8.1 Maintains the City database Project Module records for the related Grant Reimbursable CIP Projects and prepares the necessary CAFR reports.

8. GRANTS MANAGEMENT PROCEDURE

8.1 Grants Management and Pre-Award Process

- 8.1.1 Grant programs that a department wishes to operate shall be evaluated by the department to determine its benefit to the City, long and short-term financial implications, feasibility and compatibility with existing City services and goals. The review may include evaluations of the amount of funds and resources available, regulations, sustainability, assurances, compliance, certifications, eligible activities, reporting and matching requirements.

8.1.2 Application Request for Council Action (RCA)

- 8.1.2.1 Under Ordinance #97-776 (Attachment C), applying for and receiving grant funds with matching requirements or with an annual value over \$400,000 requires City Council approval. City Council shall also take all actions per the solicitation as required by the grant agreement
- 8.1.2.2 The application and RCA should be sent to the Legal Department for preparation of an ordinance.
- 8.1.2.3 An RCA must be completed, and the original must be submitted to the office of the Agenda Director and one copy must also be provided to the Legal Department.
- 8.1.2.4 The Department submits a copy of the application and supporting documents including the RCA to Grants Management at the time of application submission to the Grantor for the grant to be created in the grants module in application status.
- 8.1.2.5 The RCA should describe the proposed application, including all of the following:
 - 8.1.2.5.1 Purpose
 - 8.1.2.5.2 Need for the project
 - 8.1.2.5.3 Effect on or relationship with other City departments or divisions
 - 8.1.2.5.4 Total cost, match requirement and fund account information
 - 8.1.2.5.5 Long and short-term effect on City budget

- 8.1.2.5.6 Grant program period
- 8.1.2.5.7 Status application (new, renewal, modification)
- 8.1.2.5.8 Plans for continuation, if any, following grant termination
- 8.1.2.5.9 General benefit to the City

- 8.1.3 The Legal Department will review all applications and forward one copy with the ordinance and copy of the Request for Council Action form to the City Controller.
- 8.1.4 The City Controller will certify the availability of funds for any financial obligation of the City in connection with the grant application and forward the original and two copies with the certified ordinance and a copy of the Request for Council Action to the City Secretary for presentation to the Mayor’s Agenda Director for inclusion on the Council Agenda.
- 8.1.5 Following Council approval of an application, the City Secretary will forward the original application and any copies to the Mayor for signature, as needed. After the Mayor’s signature is obtained, applications may be submitted to the Grantor.
- 8.1.6 It is anticipated that processing the above-described steps will require ten working days following receipt of the applications by the Legal Department and Grants Management; thus, it is incumbent on departments/divisions to submit applications within ample time to meet the Wednesday Agenda Office deadline.
- 8.1.7 Council may delegate to the director of a department seeking a grant the authority to apply for and accept future funding under a grant program that is offered on a recurring or multi-year basis as specified in the RCA for the project period but not to exceed five years. Council may also delegate the authority to execute any related documents necessary to secure the grant. If Council makes this delegation, it will not be necessary for a department to return to Council for approval to apply for subsequent funding under the same grant program or project period but not to exceed five years. This section does not apply to any grant application or contract that requires City matching funds, as opposed to in-kind contributions. Cash matching funds do not include in-kind contributions such as City staff time, office space or other non-cash items.

8.2 Other Grants

Blanket Ordinance No. 97-776, authorizes department directors to apply for and accept grant funding on the City’s behalf for all grant assistance programs related to that department that are valued at \$400,000 or less per year provided that no matching city funds are required. The following requirements apply:

- 8.2.1 Submit a Notice of Intent to Apply for Grant Funds to Grants Management, Attachment D.
- 8.2.2 Obtain the department director’s approval to apply for new and continuation grant funding.
- 8.2.3 Submit a copy of the grant application and other supporting documentation along with grant set-up documents to Grants Management at the time the application is submitted to the grantor. Grants Management will enter the grant within the grants module to be used for tracking and monitoring purposes.

- 8.2.4 Monitor the grant program activities, including activities of subrecipients.
- 8.2.5 Collect and review audit reports of subrecipients, issue management decisions on audit findings, and ensure that subrecipient takes any necessary corrective action.
- 8.2.6 Reconcile all expenditures under the grant programs, forward copies of final grant reports to Grants Management and the Controller's Office.
- 8.2.7 Once the department has reconciled its final financial reports to the grantor, the department must reconcile the same final financial information in the City's financial system no later than 60 days after closing the grant with the grantor.
- 8.2.8 Retain all records relating to the grant program for a minimum of five years after (1) the date the final financial report is submitted; or (2) the last request for grant records during an audit, whichever is most recent, unless otherwise noted by the grantor or in OMB Circular A-102.
- 8.2.9 Provide all necessary documents and proactively communicate potential audit findings to Grants Management for review and technical support during the Single Audit Review.

8.3 Pre-Award Spending

- 8.3.1 Request for pre-Award spending. Departments may request pre-award spending of their grant application under certain scenarios:
 - 8.3.1.1 The grantor authorizes expenditures of funds prior to the start of the grant validity period for a specific purpose as stated in the grant agreement.
 - 8.3.1.2 A City department has already received from City Council authorization to apply for, accept and expend funds for a grant program where the grant validity period has already begun, but the grant agreement has not been fully executed.
- 8.3.2 Pre-Award spending will primarily be used for payroll purposes or other requests as may be reviewed and approved by Grants Management.
- 8.3.3 Pre-Award spending must be approved by Grants Management.

8.4 Post-Award

- 8.4.1 Award notice – Upon receipt of the notice of the grant award, the department is responsible for reviewing the grant agreement and forwarding all information to Grants Management. Grants Management shall review Checklist to Move a Grant to Award Status upon approval to change the application status to award. Departments shall enter and pre-post the grant's budget.
- 8.4.2 Grant Budget Modifications – Accompanied by supporting documentation and the appropriate approvals, departments will notify Grants Management when modifications to the grant budget are necessary. Grants Management should make the necessary database post and notify the department upon completion.

- 8.4.3 Closing process – When possible, departments shall begin the closing process no later than 30 days before the end of the grant validity period. Departments shall give Grants Management advance warning when they are not able to close grant funded payroll positions before the end of the grant validity period. Further, departments shall:
 - 8.4.3.1 Notify Grants Management to update the grant to closing status.
 - 8.4.3.2 Grants Management will forward the grants closeout checklist.
 - 8.4.3.3 Ensure all outstanding invoices are paid and billings and/or draw downs are submitted to the grantor.
 - 8.4.3.4 Review all records for compliance, eligibility and validity.
- 8.4.4 Final billing and reporting – There should be no new purchase acquisitions or reimbursement requests at the conclusion of the validity period with the exception of entitlement grants and grantee procedures. In accordance with OMB Circular A-102, or the terms of the grant agreement:
 - 8.4.4.1 Equipment shall be disposed of;
 - 8.4.4.2 Excess revenue shall be returned to the grantor agency; and
 - 8.4.4.3 Excess expenditures including personnel shall be removed from the grant fund and moved to another operating fund.
 - 8.4.4.4. Once the department has reconciled its final financial reports to the grantor, the department must reconcile the same final financial information in the City’s financial system no later than 60 days after closing the grant with the grantor.

The final financial report shall be sent to the City Controller’s Office for certification.

9. GRANT ACCOUNTABILITY AND AUDITING

- 9.1 Finance shall ensure that a single audit or other audit of federal and state grant funds is performed in compliance with applicable provisions of the Single Audit Act applicable governmental OMB circulars, and other relevant federal, state and local rules and regulations.
- 9.2 City departments administering federal and state grants are responsible for ensuring that an annual audit of federal and state grant funds disbursed by subrecipients is conducted each fiscal year in compliance with applicable provisions of the Single Audit Act, applicable governmental OMB circulars, and other relevant federal, state and local rules and regulations.
- 9.3 External Auditor Selection
 - 9.3.1 Finance has primary responsibility for the timely selection of an Independent Certified Public Accounting Firm to perform annual City-wide audits in compliance with City purchasing guidelines.

9.4 Monitor and Tracking of Subrecipient Audit Activities

- 9.4.1 Finance is responsible for the monitoring and tracking of audit activities. Each department shall submit an Attachment A to the Finance Director no later than thirty days after approval of subrecipient contract with the City.
- 9.4.2 Subrecipients of the City who receive federal grant awards in the amount of \$500,000 and above are required to have an Independent Certified Public Accountant firm perform annual audits of their activities. Such audit must be submitted to the City within 30 days upon completion.
- 9.4.3 The department shall be responsible for monitoring the subrecipient requirements as follows:
 - 9.4.3.1 Project progress, site visits, and compliance with the contract agreement.
 - 9.4.3.2 Subrecipient funds are used for approved purposes only.
 - 9.4.3.3 Subrecipients are accounted for appropriately by submitting Attachments A & B to Grants Management.

9.5 Content Requirement for Single Audit Reports

- 9.5.1 In accordance with OMB Circulars A-133 and annual Compliance Supplements, the single audit is intended to be the basic financial and compliance audit of a federal and state assistance program. The audit report shall include, at a minimum, all of the following elements:
 - 9.5.1.1 The basic financial statements.
 - 9.5.1.2 A schedule of federal assistance showing the total federal expenditure for each financial assistance program.
 - 9.5.1.3 An auditor's opinion on the basic financial statements, with notes, and a supplementary data opinion on the schedule of federal and state financial assistance (SEFA).
 - 9.5.1.4 An auditor's report on the study and evaluation of internal control systems. The auditor's report shall identify the significant internal accounting controls, and those controls designed to provide reasonable assurance that federal programs are being managed in compliance with applicable laws and regulations. The auditor's report shall also identify the controls that were evaluated, the controls that were not evaluated together with the reasons why, and the material weaknesses identified as a result of the evaluation.
 - 9.5.1.5 An auditor's report on compliance containing:
 - 9.5.1.5.1 An opinion as to whether the grant recipient or subrecipient has complied with applicable laws and regulations;
 - 9.5.1.5.2 Noncompliance which would have a material effect on the program;

- 9.5.1.5.3 A statement of positive assurance with respect to those items tested for compliance, including compliance with laws and regulations pertaining to financial reports and claims for advances and reimbursements;
- 9.5.1.5.4 Negative assurance on those items not tested;
- 9.5.1.5.5 A summary of all instances of noncompliance; and
- 9.5.1.5.6 An identification of total amounts questioned, if any, for each federal assistance award, as a result of noncompliance.

9.5.2 All fraud, abuse, illegal acts or indications of such acts, including all questioned costs found as the result of these acts that are disclosed during the audit, shall be covered in a separate written report.

9.5.3 A corrective action plan (CAP) including comments on the auditor's findings, recommendations, and comments on the status of corrective action on prior year findings shall accompany the single audit report.

9.6 Audit Resolution Process

9.6.1 The department administering the grant will be responsible for resolving questioned or disallowed audit costs and audit findings identified in City-wide and sub-recipient audits and forwarding a written resolution of audit findings to the Finance Director or designee. The Finance Director or designee will review and approve the department's resolution work and submit the proposed resolution to the grantor agency for approval.

9.6.1.1 After the final audit report is issued, a copy of the audit report will be forwarded by the department administering the grant to the Finance Director or designee and the City Controller. The department shall review audit findings, in consultation with the sub-recipient, and submit a written response to the Finance Director. The department will be allowed up to 45 days to respond to any audit findings.

9.6.1.2 The response to audit findings shall include a corrective action plan which outlines specific action to be taken, or underway to correct any deficiencies identified in the audit report.

9.6.1.3 The department administering the grant will issue an initial determination to subrecipients. Up to 30 days will be allowed for the subrecipient to respond to the audit findings.

9.6.1.4 The department will issue a final determination to the subrecipient within 120 days after receiving the final audit report. Final determination will reference all questioned and disallowed costs, and administrative findings cited in the audit report.

9.6.1.5 The department shall submit the final determination to the Director of Finance for review, approval and submittal to the appropriate federal or state grant agency.

9.7 Appeal Procedure

9.7.1 A subrecipient may appeal within 30 days of the final determination to an Appeals Board, composed of the Director of Finance or designee, a representative of the City Legal Department, the Office of the City Controller and the director of the department administering the grant. The Director of Finance will make the final decision to allow or disallow costs in compliance with applicable laws and regulations, to proceed with debt collection, or to adopt other remedies for resolution of questioned and disallowed costs. The time frame for audit resolution will be as follows:

9.7.1.1 Resolution leading to final determination – 120 days

9.7.1.2 Appeal from final determination – 30 days

9.7.1.3 Disposition of audit findings – 150 days

9.8 Debt Collection

9.8.1 When a final determination disallowing costs has been issued, a debt is established. The department, in consultation with the Director of Finance and the Legal Department, will identify any sanctions or corrective action to impose, and any actions that may be needed to collect a debt.

9.8.2 There are several options available to the City for settlement of debts. These options include installment payments, withholding, offset, adjustments in payments and cash. Although these options are available, in cases where cash is not the method of repayment, the City through the federal or state grantor agency, shall request approval to use a non-cash option for repayment. It should be noted that cash is the required method of repayment where there is an unallowable expenditure due to willful disregard of the requirements of applicable grant rules and regulations, gross negligence or failure to observe accepted standards of administration.

9.8.3 A total of three demands, at not more than 30-day intervals, shall be issued to the subrecipient by the City. Prompt action by the City will be taken to protect the City's interest and to recover any disallowed costs.

9.9 Follow-Up on Corrective Action

9.9.1 The department administering the grant will conduct follow-up to verify that corrective action has been taken by the subrecipient.

10. APPENDICES

10.1 Legal and Compliance References

10.1.1 All City Departments that apply for and administer state and/or federal grants are required to be knowledgeable in and have policies in place to ensure compliance with (in the order in which they are typically followed):

10.1.1.1 Federal statutes, including applicable OMB Circulars and the Code of Federal Regulations (CFR);

- 10.1.1.2 Federal and state granting agency policies and rules;
- 10.1.1.3 Grant award terms and conditions as set forth in the grant agreement;
and
- 10.1.1.4 City Charter, ordinances, policies and procedures.

10.2 Website Directory

- 10.2.1 Grants Management shall host and maintain a web-directory that links to applicable state, federal or other informative websites that can be used to aid in the proper administration of grants. This directory may be found at:

<http://www.houstontx.gov/finance/grants.html>

11. CONFLICT AND REPEAL

- 11.1 This Administrative Procedure supersedes Administrative Procedure 4-1, External Funds (Grant) Application Procedure, signed June 10, 1983, and Administrative Procedure 4-3, Audit Management Plan, signed February 15, 1996, which shall be of no further force or effect.

12. ATTACHMENT

- 12.1 Attachment A – Subrecipient Tracking Sheet
- 12.2 Attachment B – Subrecipient Monitoring Checklist
- 12.3 Attachment C – Code of Ordinance 97-776
- 12.4 Attachment D – Intent to Apply for Grant Funding

Attachment A
Subrecipient Tracking Sheet

City of Houston

Sub-recipient Tracking Sheet



Name of sub-recipient

Contact

Telephone

City Grant Number

Type of Contract (Cost Reimbursement, Unit Cost)

Total Grant Funds Received from the City

Granting Agency or Program

Grant Period

Sub-recipient Fiscal Year End

Estimated Audit Completion Date

Sub-recipient Organization Type

Sub-recipient Reporting

Progress

Financial

Monthly

Quarterly

Yearly

Program Manager

Date

Department Chief Financial Officer

Date

Attachment B
Subrecipient Monitoring Checklist

City of Houston

Department:

Grant Number:

Subrecipient Name:

Monitoring Checklist:

Subrecipient Monitoring	Yes	No	Comments
1. Has the subrecipient received more than \$500,000 in COH federal funds?			
If answer #1 is yes, has the subrecipient identified an Independent CPA firm to conduct an audit? If the audit is completed, have you received final audit report from subrecipient?			
If answer #1 is no, does the subrecipient maintain a complete filing system with all relevant supporting documents? If no, write comments.			
2. Are the expenditures properly identified and with the approved proposal?			
3. Is the subrecipient complying with the contract agreement? If no, is the department taking appropriate action by using sanction options mentioned in the grant agreement?			
4. Does department reconcile the programmatic and financial reports from subrecipient with what is required by the contract agreement? If no, write comments.			
5. Does department hold on-site visits throughout the project period?			
6. Does the department do the testing on subrecipient: procurement, Davis Beacons and invoices?			

7. Does the sub-recipient have an inventory item valued over \$5,000? If the answer is no, skip question #7.			
8. If answer to #7 is yes, are there guidelines and an approval method established to dispose of the item?			
9. Is there a program exit interview with subrecipient scheduled?			
10. Is the close-out letter to the subrecipient signed by both parties and formally concludes monitoring protocols?			
11. Date of subrecipient monitoring termination.			

Program Manager Signature: _____ **Date:** _____

Department Financial Chief Officer: Signature: _____ **Date:** _____

Attachment C
Code of Ordinance 97-776

Mayor's Office

To the Honorable City Council of the City of Houston:

In accordance with the provisions of Article VII, Section 7 of the Charter of the City of Houston, I submit and introduce to you the Ordinance set out below with the request that it be passed finally on the date of its introduction. There exists a public emergency requiring such action and I accordingly request that you pass the same if it meets with your approval.

Date: _____, 1997

Mayor of the City of Houston

Boltson

Controller's Office

To the Honorable Mayor and City Council of the City of Houston:

In accordance with Article II, Section 19a of the Charter of the City of Houston, I do hereby certify that the money required for the expenditure or expenditures specified in Section 7 of the Ordinance set out below will be available out of current or general revenue prior to the maturity of any such obligation, and is not appropriated for any other purpose.

Date: June 17, 1997

Jerry Miller
City Controller of the City of Houston

Ray E. Kelley

WF 46-9

City of Houston Ordinance No. 97-776

AN ORDINANCE RELATED TO THE FISCAL AFFAIRS OF THE CITY; APPROVING THE ANNUAL BUDGETS OF THE CITY OF HOUSTON, TEXAS, FOR FISCAL YEAR 1998 FOR THE GENERAL, ENTERPRISE, SPECIAL, INTERNAL SERVICE, REVOLVING AND DEBT SERVICE FUNDS; RECEIVING AND ACCEPTING FOR REVIEW PRIOR TO SUBMISSION THE COMMUNITY DEVELOPMENT 1997 CONSOLIDATED ANNUAL PLAN; AMENDING ORDINANCE NO. 87-1881 RELATING TO THE USE OF EXCESS FUNDS IN THE GENERAL FUND FUND BALANCE; APPROPRIATING EXCESS FUNDS IN THE GENERAL FUND FUND BALANCE AND AUTHORIZING THEIR TRANSFER; APPROVING AND AUTHORIZING THE DELEGATION OF AUTHORITY TO APPLY FOR AND ACCEPT GRANT FUNDS IN SPECIFIED CIRCUMSTANCES; PROVIDING FOR FUTURE ADJUSTMENT TO THE BEGINNING FUND BALANCES; MAKING VARIOUS AMENDMENTS TO THE PROPOSED BUDGETS; MAKING CERTAIN FINDINGS RELATED THERETO; PROVIDING A REPEALING CLAUSE; PROVIDING FOR SEVERABILITY; AND DECLARING AN EMERGENCY.

d.c.

Morgan

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WHEREAS, on May 30, 1997, the Mayor of the City of Houston, Texas, filed with the City Secretary a proposed budget of the expenditures of the City of Houston General, Enterprise, Special, Internal Service, Revolving and Debt Service Funds for the Fiscal Year beginning July 1, 1997 and ending June 30, 1998, (the "Proposed Budget"); and

WHEREAS, pursuant to a resolution of the City Council of the City of Houston, and after notice was provided as required by law, a public hearing on the Proposed Budget was held in the Council Chamber in the City Hall Annex on June 17, 1997, at which hearing all citizens, including all taxpayers, had the right to be present and to be heard, and those who requested to be heard were heard; and

WHEREAS, the City Council has considered the Proposed Budget and has made those changes to the Proposed Budget that in the City Council's judgment are warranted by law and demanded by the best interest of the taxpayers of the City; and

WHEREAS, the City Council desires to approve and adopt the final Budget as set out herein; and

WHEREAS, the City Council wishes to receive and accept for review the Community Development 1997 Consolidated Annual Plan, prior to its future final approval for submission to the United States Department of Housing and Urban Development; and

WHEREAS, the City Council wishes to amend the Financial Policies ordinance with regard to the use of excess funds in the General Fund Fund Balance; and

WHEREAS, the City Council wishes to delegate certain authority to Department Directors to apply for and accept grants; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON:

Section 1. The findings contained in the preamble of this Ordinance are determined to be true and correct and are adopted as a part of this Ordinance.

Section 2. In accordance with the City Charter and Sections 102.001 through 102.011, Tex. Loc. Gov't Code (Vernon's), the City Council hereby approves and adopts the Proposed Budget as amended and supplemented herein as the Fiscal Year 1998 City of Houston, Texas, Budget, the same being contained in the budget document on file with the City Secretary in two volumes entitled "Proposed Budget For Fiscal Year Ending June 30, 1998", with such deletions as previously made, as amended and supplemented herein, but specifically not including as part of the Budget, the City-wide Overview, the description of the General Fund other than the Fund Summary, data relative to any Fiscal Years prior to 1998, the Appendices or information concerning Full-Time Equivalents, all of which is provided for background and reference purposes only (the "Budget"). The City Secretary is hereby directed to attach to Volume 1 of the Budget a copy of this ordinance, any motions amending the Proposed Budget and an endorsement reading: "The Official Budget of the City of Houston, for the General, Enterprise, Special, Internal Service, Revolving and Debt Service Funds for the Fiscal Year Beginning July 1, 1997 and ending June 30, 1998" and to keep the Budget on file in her office as a public record. In addition, in accordance with Section 102.009(d), Tex. Loc. Gov't Code (Vernon's), the City Secretary is hereby directed to file a true copy of the approved Budget in the offices of the county clerks of the counties in which the City is located.

Section 3. The Beginning Fund Balance reflected in the Budget for each fund for which a budget is adopted hereby shall automatically be adjusted to be the amount of the Ending Fund

Balance included in the final Comprehensive Annual Financial Report for Fiscal Year 1997 for each respective fund. The revised Beginning Fund Balance shall thereafter be used to calculate the Ending Fund Balance for each such fund which shall also be adjusted automatically. No adjustment to the expenditure budgets is authorized by this Section.

Section 4. The City Council hereby incorporates into the final approved Budget the revisions to the Proposed Budget contained in Exhibits A, B and C and D, attached hereto and incorporated herein for all purposes.

Section 5.

- A. The City Council hereby authorizes the Director of any City department, or his or her designee, to apply for and receive funds on the City's behalf for all grant assistance programs related to that department that are valued at \$400,000 or less per year, provided that no matching City funds are required. Each department Director is hereby officially designated as the City's representative and is authorized to execute, in conjunction with the City Attorney, all grant-related documents on behalf of the City of Houston. The City Secretary is hereby authorized to attest to all such signatures and to affix the seal of the City to all such documents.
- B. Each department Director is hereby designated as the official authorized to accept the funds, if awarded, for all grant assistance programs related to his or her department and to accept all subsequent awards, if any, pertaining to the designated grant program, unless City Council fails to approve, by budget or otherwise, any matching funds required. The Mayor and the respective Director or any officials herein designated are authorized to execute all documents accepting such funds.

- C. The respective Director must prepare and submit to Council on or before June 30 of each year an accounting of all grant monies accepted and those received by the Department during the prior fiscal year.

Section 6. City of Houston Ordinance No. 87-1881, adopting financial policies for the City of Houston, is hereby amended by adding the following sentence to the end of Item 4 of Exhibit "A" of that ordinance:

"To the extent that funds in the General Fund Fund Balance exceed 7.5% of total expenses less debt service, the excess funds are available upon appropriation for non-recurring expenses."

Section 7. The City Council hereby appropriates the difference between the General Fund Ending Fund Balance, as adjusted by Section 3 hereof, and the amount derived as 7.5% of total General Fund expenses, less debt service ("Excess Funds"). The City Council hereby authorizes the Mayor to transfer the Excess Funds described hereinabove to any account in any fund without regard to Section 10 hereof. (In order to expend the Excess Funds transferred to a Fund other than the General Fund, a budget amendment in that Fund, and appropriation and a transfer for expenditure will be required).

Section 8. The City Council hereby authorizes for each City Department the positions listed for that Department on the Personnel Summary included in the budget for that Department. In addition, the City Council previously has authorized classified positions subject to Chapter 143, Tex. Loc. Gov't Code, through individual personnel ordinances which shall continue to regulate those positions. The City Council further authorizes all currently existing grant funded positions. In the future, additional grant funded positions will be authorized by acceptance or modification of a grant whether by City Council or administratively. The City Council takes cognizance of the fact that in

order to facilitate the operations of the various City departments the numbers and types of positions needed to carry out the functions of the departments may vary. Accordingly, the Mayor is hereby authorized to alter the numbers and types of positions authorized herein (classified positions subject to Chapter 143, Tex. Loc. Gov't Code not being authorized herein, but by separate personnel ordinances) in order to accomplish the program goals of each department; provided, however, that in so doing, all such positions must have been established by City Council in the Master Classification Ordinance and the total departmental expenditures for the affected department must remain within authorized budgetary limits, or in the case of grant funded positions, within the funding levels of the grant. The Personnel Summaries adopted by this Section are not to be considered part of the Budget adopted by this ordinance for purposes of amendments to the Budget.

Section 9. All expenditures heretofore made for Fiscal Year 1998, if any, are hereby approved, ratified and confirmed and since it is the intention of the City Council that the Budget hereby approved be inclusive of previous expenditures and commitments for Fiscal Year 1998, the City Controller is hereby directed to apply the amounts thereof to the appropriate accounts in the Budget.

Section 10. The City Council takes cognizance of the fact that in order to facilitate operations of the various City departments established in the Code of Ordinances of the City of Houston (singularly "department"), and to make adjustments occasioned by events transpiring during the year, some transfers will be necessary to and from some of the accounts contained in the Budget as adopted herein. Accordingly, the Mayor shall have authority to transfer funds to and from the Budget accounts within any department without limitation. In addition, for transfers among departments within a Fund, the Mayor shall have authority to transfer funds from any Budget account

(whether one or more) in one department to any other account or accounts in any other department within the Fund, but for each department such aggregate interdepartmental transfers from any Budget Expenditure Account Group in that department's budget shall not exceed 5% of the total amount shown for such Budget Expenditure Account Group in the adopted budget for such department. Provided, however, that any such transfers shall not be subjected to or be included within the foregoing 5% limit if such transfers are approved by City Council in compliance with Section 102.001 through 102.011, Tex. Loc. Gov't. Code (Vernon's).

As used in this section the term "Budget Expenditure Account Group" means a group of accounts within a department or a group of nondepartmental accounts which have similar purposes (for example, the Budget Expenditure Account group for "Personnel Services" within a given department might include all of the following accounts: 10100, 10105, 10110, 10120, 10130, 10135, 10140, 10145, 10150, 10155, 10200, 10205, 10210, 10215, 10230, 10235, 10240, 10245, 10250, 10255, 10260, 10265, 10270, 10275, 10405, 10410, 10415, 10420).

Section 11. The City Council hereby receives and accepts for review prior to submission the 1997 Consolidated Annual Plan including without limitation, the following 1997-1998 grant applications to the United States Department of Housing and Urban Development ("HUD") upon the expiration of the citizen comment period: 1) 23rd Year Community Development Block Grant ("CDBG") in the amount of \$37,391,000.00, (\$35,891,000.00 Entitlement Grant; \$1,500,000.00 Program Income); 2) Home Investment Partnerships ("HOME") in the amount of \$10,422,000.00 (\$10,222,000.00 Grant; \$200,000.00 Program Income); 3) Housing Opportunities for Persons with AIDS ("HOPWA") in the amount of \$3,316,000.00, and 4) Emergency Shelter Grants in the amount of \$948,000.00, in substantially the forms as those which are included in the volume

entitled City of Houston 1997 Consolidated Annual Plan - Department of Housing and Community Development on file in the office of the Department of Housing and Community Development at 601 Sawyer, 4th Floor, Houston, Texas.

Section 12. All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict only.

Section 13. The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall Annex of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Tex. Gov't Code, and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 14. If any provision, section, subsection, sentence, clause or phrase of this ordinance, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this ordinance or their application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this ordinance that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other portion hereof, and all provisions of this ordinance are declared to be severable for that purpose.

Section 15. There exists a public emergency requiring that this Ordinance be passed finally

on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 25th day of June, 1997.

APPROVED this 25th day of June, 1997.

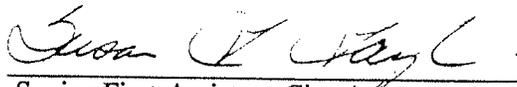


Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is _____.

City Secretary

(Prepared by Legal Dept.



Senior First Assistant City Attorney

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Attachment D
Intent to Apply for Grant Funding

Attachment D



Intent to Apply For Grant Funding

City of Houston, Texas

What is the Name and Purpose of the Grant ?

Who is providing the funds? Identify Agency

Is there a CFDA ?

State

Federal

Private

What is the due date of the grant application?

Other: _____

Are there other departments/stakeholders participating?

What is the amount of the grant?

Number of projected jobs created:

\$ _____

Full Time: _____

Part Time _____

Are matching funds required?

Yes

No

What wil the funds be used for?

\$ _____

Source _____

Please print, sign and return this form to the Grants Management Section
611 Walker Street 10th Floor
Houston, Texas 77002

Contact: _____

Department: _____

Title: _____

Email: _____

Phone: _____

Fax: _____

(This section to be completed by the Grants Department)

Grants Management Deputy Assistant Director

Grants Management Department Liasion



Intent to Apply For Grant Funding

PROJECT SUMMARY PAGE

(Required if grant is greater than \$2,500)

**Project
Summary**

Goals

**COH
Departmental
Stakeholders**