



Coachella Valley Water District
Grant Administration Policy

Revised: December 2019

It is the objective of the Coachella Valley Water District to seek grant funding opportunities that add to the District's financial resources, which can help provide quality capital improvements for District ratepayers.

Grants should be pursued only when sufficient staff resources are available to effectively administer the program in compliance with grant requirements, successfully perform the grant work scope, and sufficient matching funds are reasonably available.

The minimum dollar amount for the solicitation of capital grant funding is \$500,000 unless there are minimal administrative tasks imposed on the District by the grantor. The minimum dollar amount for the solicitation of noncapital grant funding is \$50,000 unless there are minimal administrative tasks imposed on the District by the grantor.

Programs and projects proposed for grant funding should be those that are consistent with the District's goals, objectives, and priorities.

1. APPLICABLE REGULATIONS

CVWD personnel must adhere to the following state and federal regulations as well as CVWD's Purchasing Policy for all procurement under a federal or state award (it is more stringent than 2CFR Part 200), during implementation of a grant.

a. OMB, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200)

b. Federal Funding Accountability and Transparency Act (FFATA)

On September 26, 2006, FFATA was signed into law. To support this Act, the FFATA has created an online reporting system that requires prime contract awardees to report their awarded sub-contracts. Current recipients are required to keep their DUNS number and SAM registration up-to-date. The Finance Department Administrative Assistant updates CVWD's SAM registration annually.

c. Federal Debarment and Suspension

Executive Order 12549 established a government-wide system of accountability that was meant to curb waste, fraud, and abuse in the spending of federal program dollars. This order requires Federal financial assistance recipients to ensure that grant assistance monies are not paid to contractors that are debarred, suspended, or otherwise excluded from participating in Federal programs.

As a recipient of grant funding, CVWD will ensure that there is a process in place to check the status of any vendor or subcontractor before engaging that vendor or

subcontractor for services. Either the Engineering Department staff or Purchasing Division staff will complete this. Engineering Department staff will be responsible for vetting contracts executed by their department. The Purchasing Division will be responsible for vetting contracts executed by their division. CVWD staff will check the Excluded Parties List (EPL), which can be found at www.sam.gov, before executing any grant-funded agreements with vendors or subcontractors.

d. State of California Department of Industrial Relations

The Public Works Projects Registration (Form PWC 100) should be completed by the awarding body. The completion and the submission of this form will fulfill the required public works project award notification as required by Labor Code sec. 1773.3 and 8 Cal. Code Reg. sec. 16451(a). *Either the Engineering Department staff or Purchasing Division staff will complete this. Engineering Department staff will be responsible for contracts executed by their department. The Purchasing Division will be responsible for contracts executed by their division.*

2. GRANT ADMINISTRATION OVERSIGHT COMMITTEE

A Grants Administration Oversight Committee (Committee) will be established. This is considered a Government Finance Officers Association (GFOA) Best Practice.

The Committee will consist of the:

- ❖ Director of Finance (or designee)
- ❖ Director of Engineering (or designee)
- ❖ Director of Communications (or designee)
- ❖ Water Resources Manager (or designee) – IRWMG Representative
- ❖ Engineering Project Manager or Environmental Services Supervisor
- ❖ Subject Matter Experts (such as Environmental, Legal, Right-of-Way, etc.)
- ❖ Controller – Single Audits (Federal) / State Audits / Annual Financial Audits
- ❖ Budget and Grants Manager - Finance Project Manager
- ❖ Financial Analysts – Grant Billings
- ❖ Senior Accountant – Accounting for Grant Revenues and Expenses

The Budget and Grants Manager will serve as the Committee Chair.

Additional members may be added as necessary depending on the grant opportunities under review. The committee will review all grant opportunities before application to determine if the grant is in the best interest of the District. Once a grant award is received, the Committee will once again review the grant to determine if circumstances have changed for the District and if so, if the grant is to be accepted, renewed, continued or declined. The Committee will meet monthly.

3. CVWD GRANT ROLES AND RESPONSIBILITIES

Each CVWD grant application will designate the Budget and Grants Manager, or designee, as the Finance Project Manager. Grant administration will be coordinated by the Finance Project Manager. This designated staff member will be tasked with day-to-day management and oversight of the grant as laid out in the funded work plan. Furthermore, they are responsible for ensuring that grant deliverables are met in the time outlined in the approved work plan.

a. The rolls and responsibilities of the Budget and Financing Group are as follows:

- i. Inform the Grant Administration Oversight Committee (Oversight Committee) about available grant funding for CVWD project(s). Provide a summary of key facts about the grant program and how it relates to the particular project(s) and the benefits it will provide to the District and the District's customers.
- ii. Once the grant application has received approval from the Committee, the Finance Project Manager then submits a request to the Board of Directors for approval to apply for the grant.
- iii. If the Board approves the grant application, the Finance Project Manager has the CVWD Authorizing Official, the General Manager (or designee), sign the application and submits it to the appropriate grantor agency.
- iv. The Finance Project Manager has the CVWD Authorizing Official, the General Manager (or designee), execute the grant agreement and submits it to the appropriate grantor agency.
- v. Once the Finance Project Manager receives a fully executed copy of the grant agreement, a copy of the grant agreement is given to everyone on the Oversight Committee within seven business days of receipt, as well as sending a copy to Records Management.
- vi. Be responsible for federal and state sub-award management and monitoring:
 1. Mandatory steps (2 CFR 200.331(d) and (f))
 2. Discretionary steps (2 CFR 200.331(e))
- vii. Develop an internal process to provide for continuous review and evaluation of the grant work plan throughout the span of the grant project.
- viii. Create and submit to the grantor agency all required narrative reports.
- ix. Prepare an abstract, including the key terms and due dates of the grant; file this abstract in the grant file, on the Network drive or SharePoint and in Filenet.
- x. Create and submit all reimbursement/drawdown requests to grantor

agencies within the requirements of the grant agreement and send it to Accounting for tracking.

- xi. Monitor all grant-charged costs and cost allocations and sign-off on their coding.
- xii. Upon receipt grant funds, a check request is prepared for accounting to process payment to sub-recipients in the reimbursement request.
- xiii. Update and maintain the Grants Status tracking sheet for the monthly GM's report.
- xiv. Develop an internal process for the closing of grant projects to ensure compliance with closeout activities as outlined in the Notice of Award document.
- xv. Maintain all grant-related source documentation for audit purposes.

b. The roles and responsibilities of the Engineering Project Managers (or designees) are as follows:

- i. Preparing a project description and assisting with the preparation of the technical package to be included with the grant application.
- ii. Preparing cost estimates to be included with the grant application.
- iii. Provide PER and plans and specifications as required by the granting agency.
- iv. Preparing "Special Agreements" or "Consolidation Agreements", or coordinating with Development Services to prepare, based on the project description, cost estimates, fees, etc.
- v. Coordinate with Environmental Services for the necessary CEQA/NPA documentation for the grant application.
- vi. Nominating projects to the Oversight Committee for consideration of grant funding.
- vii. Ensuring that the project is included in the Capital Improvement Program.
- viii. Administer the design and construction of the project, once the grant is awarded.
- ix. Ensure that sub-contractors and sub-recipients are not currently suspended from the California DIR or on the federal exclusion list.

c. The roles and responsibilities of the Controller and Accountants are as follows:

- i. Upon the award of a federal grant to the District, Controller (or designee) will contact the District's audit firm so that the audit firm can provide the Finance Project Manager and lead Department with the critical

compliance requirements that will be evaluated in the Single Audit, State Audit and year-end Financial Audit.

- ii. The Accounting Department will create internal invoices in the District's financial software to track all grant reimbursement requests. When funds are received, Accounting will record the funds against the correct invoice.
- iii. The Controller and Accountants will resolve any outstanding questions on the SEFA (Schedule of Expenditure of Federal Awards) and SESA (Schedule of Expenditure of State Awards) to be prepared for the interim and year-end audits.
- iv. The Accounting Department will conduct regular financial compliance reviews of grant-funded activities and associated costs at least twice a year, at mid-year and year-end.

4. AUTHORIZED ORGANIZATIONAL REPRESENTATIVE

An Authorized Organizational Representative (AOR), also commonly called an "Authorized Signatory," is the individual who is authorized to sign all grant applications and Notice of Award documents on behalf of the grantee. The General Manager or designee is CVWD's Authorized Organization Representative. The General Manager is authorized, without further Board approval, to sign and submit all grant applications that are less than or equal to \$500,000. All grant applications exceeding \$500,000 will require Board approval.

5. INITIAL PROJECT MEETING

Within 30 days of receipt of grant award agreement and authorization from the CVWD General Manager to begin project activities, the Finance Project Manager shall convene a "kick-off" meeting with all appropriate CVWD personnel that will be involved in the grant activities.

- i. Review all funding agency requirements with project staff including applicable regulations and record-keeping and reporting requirements.
- ii. Address any staff issues and concerns with the grant work plan. Identify potential problems in grant implementation and create contingency plans.
- iii. Create an implementation timeline/schedule for the grant work plan; clearly define roles, responsibilities and related activities assigned to specific personnel.
- iv. Set up a calendar of due dates for all narrative and fiscal reports.

- v. Set up a master project grant file, including project number(s), consisting of:
 - 1. Original grant application
 - 2. Abstract of the grant, including key terms and due dates of the grant
 - 3. Award letter & special conditions
 - 4. Implementation schedule
 - 5. Required reports and their due dates
 - 6. Modification documents
 - 7. Monthly fiscal reports on grant activities
 - 8. Miscellaneous – Correspondence with funding agency
 - 9. Subrecipient agreements, if any, including risk analysis, monitoring plan, copies of their prior audits and/or Single Audits, etc.

6. SUBRECIPIENT MONITORING

A subrecipient is a nonfederal entity that receives a subaward from a pass-through entity to carry out part of a grant program. In some cases, the District will be the lead agency on a grant. The District will act as the pass-through agency when there are subawards that will be carried out by other agencies. In general, they are fixed amount awards. The Budget and Grants Manager should prepare a Subrecipient Agreement, in accordance with legal counsel. The Agreement will include requirements to determine whether there has been compliance with the terms and conditions of the award, access to subrecipient’s records and audits, and requirements for reimbursement submittal. The Agreement should be signed by the responsible party for subrecipient agency and by the District’s Authorized Organizational Representative.

7. ALLOWABLE COSTS MONITORING

Expenses under federal programs are governed by the Federal cost principles contained in 2 CRF Part 200 Subpart E – Cost Principles. The District is committed to ensuring that costs claimed under all grant awards follow these cost principles as well as any special terms and conditions contained in the award.

The District will maintain a system of internal controls over grant expenses to ensure that awards are expended only for allowable activities. Those controls will meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient program administration and*

performance of the award and be allocable to under these guidelines. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining the reasonability of a given cost, consideration shall be given to:

- i. Whether the cost is ordinary and necessary to the operation of the District or the performance of the award
- ii. Whether it conforms to any limitations or exclusions outlined in the award as to types or amount of cost items
- iii. Whether it is consistent with policies and procedures that apply uniformly to both grant-financed and other activities of the District
- iv. Whether it is in accordance with generally accepted accounting principles
- v. Ensuring it not be included as a cost or used to meet cost sharing or matching requirements of any other grant-funded program in either the current or prior period
- vi. Whether it is adequately documented
- vii. Whether it was incurred in accordance with the District's Procurement Policy

b. Below is a partial list of specific costs that have been identified as unallowable on grant awards. This list is not all-inclusive, for further guidance please review the Uniform Guidance, General Provisions for Selected Items of Cost 200.420-200.475.

- i. Advertising costs including promotional items and memorabilia – unless it is for program outreach and other specific purposes to meet the requirements of the award
- ii. Alcoholic beverages
- iii. Bad debts
- iv. Contributions and donations
- v. Credit card processing fees
- vi. Dues and memberships
- vii. Entertainment
- viii. Fines, penalties, damages, and other settlements
- ix. Food – other than the standard per diem
- x. Gifts, prizes, awards
- xi. Goods or services for the personal use of employees
- xii. Lobbying

c. Personnel Costs

All personnel who work on a grant award should ensure that their time is correctly allocated on their electronic timesheet to the appropriate work order and/or project identification number assigned to the grant award.

In addition, a monthly certification must be signed by the employee or his/her supervisor with firsthand knowledge that the employee worked on the project.

8. CASH MANAGEMENT PROCEDURE

Cash drawdowns or reimbursement requests must comply with the applicable requirements that pertain to 2 CRF Part 200.303 and 200.305.

For awards where the District will be paid in advance, the advance payment must be limited to the minimum amount needed and be timed with actual, immediate cash requirements in carrying out the purpose of the award. The District must then make timely payments to contractors in accordance with the provisions of the contract.

For awards where the District will be reimbursed, all required documentation must be presented for costs incurred.

Interest earned on advance payments may be retained by the District up to \$500 per year. Any additional interest earned on a Federal advance payment must be remitted to the Department of Health and Human Services Payment Management System per the Uniform Guidance. This will be reconciled and reported every October by the Controller and Accountant

9. INDIRECT COST ALLOCATION

The District has not prepared a Negotiated Indirect Cost Rate Agreement (NICRA) for submittal to the Federal Government; therefore, the District will elect to use the de minimis rate of 10% of modified total direct costs.

10. GRANT REPORTING PROCEDURES / MANAGEMENT PROCEDURES

The Notice of Grant Award (NGA) package for all grants will contain information on reporting requirements for grant-funded projects. Reporting requirements will differ among funding agencies, and reports may be required on a monthly, quarterly, bi-annual, or annual basis. General reporting types are for performance, financial, or closeout. Performance

reporting is subjective to the activities during a specific reporting period, which usually includes a project summary, status, any problems encountered, and a financial summary. Financial forms may be specific to the agency. It is the Budget and Grant Manager's responsibility to ensure that all required reports are submitted to the funding agency before their respective due dates.

Each report should be reviewed by another member of the Budget and Financing Division. The review should ensure that all costs are allowable, the amount being requested is reasonable, and the report meets professional standards for grammar and punctuation.

Failure to submit required reports on time or failure to submit accurate reports can negatively affect current and future funding from the funding agency.

11. GRANT CLOSEOUT PROCEDURE

The Notice of Grant Award will state the period of the grant-funded project and will state the last date of the project period. The closeout of a grant-funded project must be completed in a timely manner and consist of all required reports as stated in the NGA. The closeout of a grant does not negate any additional requirements for reporting of property purchased with grant funds, grant records retention, or financial accountability. If any grant funds have not been expended during the approved grant project period, they must be returned to the funding agency. During the closeout of any grant-funded project, the following procedure should be followed:

- i. Review final supplies, materials, or equipment purchases. Additional charges made after the closeout date will be disallowed by the funding agency.
- ii. Review all required reports previously submitted to the funding agency to verify accuracy (all required reports should be contained in the grant file).
- iii. Ensure all project staff effort has been correctly accounted for and is contained in the grant file.
- iv. Schedule a grant closeout meeting with the project staff to review all information in the grant file for accuracy.
- v. Send the closed grant file to the appropriate location and verify with Document Control that all grant-related documents have been scanned into Filenet. The retention period for grant records is ***PERMANENT***.

12. THE SINGLE AUDIT

A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the Single Audit Act of 1984 (amended in 1996). The Audit Requirements are required by the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR 200, Subpart F, 200.500 – 200.512) to have a Single Audit. The purpose of the Single Audit is to review an agency's compliance with federal program requirements, as established in a grant award. The auditing process analyzes and examines not only the financial requirements of a grant but also award-work plan requirements and deliverables. Auditors are in search of weaknesses in an agency's internal controls that govern their use of federal grant funds.

Issues that are often reviewed during the Single Audit process include:

- i. Cash management
- ii. Allowable versus unallowable costs charged to the grant
- iii. Property/equipment acquisition, management, and maintenance
- iv. Procurement/bidding processes
- v. Adherence to requirements such as lobbying, civil rights, drug-free workplace
- vi. Time and effort for project staff
- vii. Matching requirements (if applicable)

13. RECORD RETENTION REQUIREMENTS

Per the District's Record Retention policy, all grant records are retained indefinitely.