



OFFICE OF THE CITY MANAGER

Administrative Instruction
Section IV
No. #7

Project Accounting, Reporting and Claims for Grant Reimbursement

Effective Date: May 28, 2013

Purpose

The purpose of this Administrative Instruction (AI) is to describe procedures related to accounting, reporting and submitting claims for reimbursement for projects using the City's Eden project accounting software module. A separate set of internal procedures governs Community Development Block Grant (CDBG) project reporting in compliance with Housing and Urban Development (HUD) regulations. At this time, this AI does NOT apply to risk management grants from risk pools, such as those from the Association of Bay Area Governments (ABAG) Insurance Pool or from the California State Association of Counties-Excess Insurance Authority (CSAC-EIA). In addition, some routine, non-federal library grants do not require a significant level of documentation and do not require as much centralized oversight, and those grants are also exempted from this AI at this time.

A project account will be established for each project. The project account will be used to record project revenues, expenditures and claims for reimbursement.

These procedures will ensure that the City complies with grant requirements and receives proper reimbursement of project expenditures. The procedures are designed to:

- Ensure that the City receives all reimbursement and funding it has earned.
- Prevent over-billing and under-billing.
- Assist project managers in understanding the net cost of projects.
- Adopt best practices for grant and project management as recommended in the Single Audit Report.
- Develop expertise and confidence in the Eden accounting system.
- Improve coordination of efforts by the Finance Department and other City departments.

Although this Administrative Instruction discusses the use of the Eden project accounting module for administering grant-funded activities, the module can also be used to track the revenues and costs of other activities which may or may not have specific sources of funding.

Policy

The Finance Department is responsible for establishing and maintaining a system of accounting for financial transactions and for ensuring that adequate controls have been designed and implemented to ensure that the City receives proper reimbursement for grant expenditures. Accordingly, the Finance Department will be responsible for reviewing requests for the creation of project accounts, establishing the accounts needed to administer projects, monitoring claims for reimbursement, and performing periodic reviews of the status of the projects.

Ultimately, the department project manager, along with the department director and departmental project reviewer, is responsible for the administration of grant-funded projects, ensuring that the project is administered in compliance with applicable regulations, that all appropriate and eligible costs are charged to the grant, that matching funds will be identified and expended as required, and that reimbursement is claimed correctly and on a timely basis.

Procedures

I. Establishment of Project Account

Departments make applications to various agencies for funding of activities that will benefit the City. When the department receives notice that funding has been approved, the department director will request approval from the City Council to accept the grant. When accepting a grant, the City agrees to comply with all requirements and restrictions imposed by the grantor; therefore it is necessary to formalize the procedures that staff will utilize to administer the grant. Before a new project is created, staff from the responsible department and the Finance Department will meet to discuss grant and other project requirements, set up, and administration. This will help Finance set up the project in a way that best suits the department's reporting and information needs.

The following procedures will be used to establish a grant-funded project:

Department Responsibilities:

- The department director will designate a project manager and project reviewer.
- The project manager and project reviewer must sign this Administrative Instruction acknowledging they have read and will comply with its guidelines.
- The project manager will provide Finance Department staff the following information:

- Name and address of grantor agency.
- Copy of award letter.
- Name and address of managing agency, if different from grantor agency.
- City Council resolution or date of accepting award.
- For Federal grants, Catalog of Federal Domestic Assistance (CFDA) number.
- Purpose and amount of award.
- Amount of matching funds required; sources and eligible use of matching funds.
- Expected project start and end dates and final reimbursement cut-off date for grants.
- Frequency of reimbursements.
- General information on eligible costs.
- The types of documentation grantor requires, such as timesheets, vendor invoices, or canceled checks.

Finance Department Responsibilities:

- Establish appropriate project accounts in the Eden project accounting module and in the Highline payroll system.
- Provide the project manager with account coding needed to be used for grant and match expenditures and revenues.
- Provide training on using the Eden accounting system to produce timely and useful reports.

II. Claims for Reimbursement

Department Responsibilities:

- Project managers will be required to use the Eden project accounting module to manage, monitor and request reimbursements for grants and projects.
- Claims for reimbursement will be submitted using a grantor-specific format and must be reconciled to:
 - Reports generated from the Eden project accounting module for the specified time period; and
 - An inception-to-date (ITD) reconciliation: ITD expenditures – ITD revenues = amount currently being claimed. Any differences must be explained and documented.
- Claims for reimbursement will be based solely on Eden's project accounting reports; claims may not be based on invoices that may or may not be paid, estimates, encumbrances, purchase orders, or any other documentation which may or may not be posted to Eden.
- Claims for reimbursement will be prepared by the project manager and reviewed by the project reviewer.

- The project reviewer will use a review checklist:
 - Are the grantor-specific forms completed correctly?
 - Does the claim tie to Eden's project revenue and expenditure reports?
 - Are the expenditures eligible for reimbursement?
 - Does the time period reported on the claim tie to the accounting records for that time period?
 - Is the report being submitted timely?
 - Are expenditures from matching funds reported, if required?
 - Is the documentation required by the grantor attached, such as timesheets, vendor invoices, or canceled checks?
- Claims must include instructions to direct payments to the Finance Department. If wire payment is available, wire instructions should be included.
- After the information has been reviewed, the reviewer will forward the claim and supporting Eden reports to the Finance Department for final review prior to the claim being submitted to the grantor.

Finance Department Responsibilities:

- Finance staff will review amounts claimed and tie information to the supporting Eden reports supplied by the departments.
- Based on grant program information provided by project manager in the Grant/Project Setup Questionnaire, Finance staff will review claims for eligibility and timeliness.
- After Finance staff reviews the claim, the amount being claimed will be recorded as an Accounts Receivable.
- Finance staff will notify department that claim is approved for submittal.
- When payments are received, Finance staff will notify the department.

III. Administration and Monitoring

Finance Department staff will generate reports on all projects and post them on the City's intranet. Departments will be notified when the reports have been posted. The information will be posted in two formats:

1. Inception-to-date summary information on revenues and expenditures; and
2. Detailed revenue and expenditure information by fiscal year.

Departments will review the information and report any discrepancies or concerns within thirty days of the posting.

As noted above, grant revenues will be recorded as Accounts Receivable when a claim is approved for submittal. Finance staff will be responsible for monitoring collection of these receivables and will request assistance from project managers for follow-up as needed.

IV. Project Close Out

The project manager will notify Finance staff when a grant or project should be closed out. After the final reimbursement is received and recorded in the Eden project accounting module, inception-to-date expenditures and revenues should net to zero. If they do not net to zero, the project manager will explain and document any differences.

ACKNOWLEDGEMENT

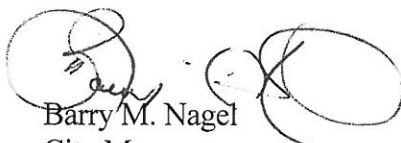
To be signed and dated by employee upon appointment as project manager or reviewer:

I have received a copy of this Administrative Instruction on Grant Accounting, Reporting and Claims for Reimbursement. I agree to comply with the policies and procedures contained herein.

Name

Date

Department


Barry M. Nagel
City Manager

Dated: May 28, 2013