



Grant Management: Avoiding Common Problems

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Common Audit Issues

- “What should we focus on to ensure compliance?”
- Everything in the compliance supplement, Code of Federal Regulations, the grant award, and on and on...
- **That answer does NOT feel helpful!**

Common Audit Issues

- Activities Allowed and Allowable Costs
 - Payroll allocations
 - Budget vs Actual
 - Indirect cost allocations
 - Unallowable direct costs

- It is **NOT** easier to ask for forgiveness...

Common Audit Issues

- Cash Management
 - Are there internal controls for cash management?
 - Records to support cash draws?
- Period of Performance
 - Pre-award, during the award, post-award
 - When was the obligation incurred?
 - Or, when the expenditure is paid?

Common Audit Issues

- Equipment & Real Property Management
 - Documentation of additions of equipment
 - Inventory management
 - Perform a physical inventory every two years
 - Disposition procedures

Common Audit Issues

- Procurement, Suspension & Debarment
 - Procurement regulations can be complex.
 - Allowable costs used for matching follow federal procurement.
 - Documentation for quotes
 - Online, email, verbal, written
 - Competitive bidding
 - Sole-source, emergency purchase, prior approval, bid response

Common Audit Issues

- Procurement, Suspension & Debarment
 - Suspended or Debarred?
 - Threshold
 - Means to determine –
 - EPLS, contract provision, certification
 - Frequency of determination?

Common Audit Issues

- Why does it matter?
 - No one wants to explain findings
 - No one wants to give money back
- Next year's audit?
- Don't be afraid to ask!

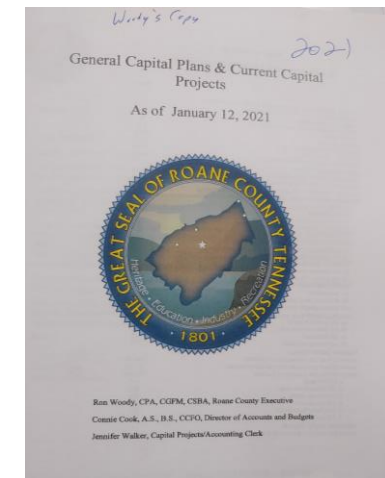
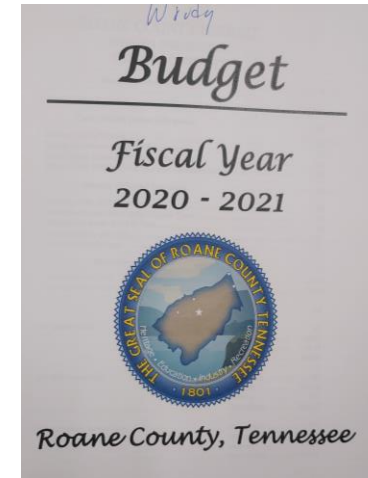
Organization and Systems

- Start Point
- Systematic – Methodology
- Step by Step Process
- Checklists
- Forms
- Milestones
- Read and understand the Financial Report (Budgets, Revenue, Expenditure, Encumbrances)
- Expedite –Follow up
- **Gantt Chart**
- Few Rabbits Trails
- End Point

Starting Point

- Vision- puts together two (2) documents
- Two (2) Documents
 - Operating Budget
 - Adopted
 - Requested and Not Funded
 - Capital Budgets
 - Adopted
 - Requested and Not Funded

Budgets and Accounting



- Examine your Operational Budget
- Examine your Capital Budgets
- This is where I see a lot of breakdowns in managing grants – there is not a good starting point. (Most municipalities do not have the capital budgets well thought out on **how to budget** and thus **how to account for the grants**.) Many times, little thought is given to the budgeting and accounting of grants.

Must Ask and Answer some Questions

- What are we trying to accomplish?
 - Is the accomplishment to solve a problem or a need?
 - Are we just trying to get an awarded grant?
 - Are we just trying to meet the Grant Auditor and Financial Auditors' requirements?

Answer: We should be **trying to solve a problem** or a **need** and **successfully implementing** the grant requirements **in an orderly and timely fashion** and while doing so **meet** the Grant and Financial auditors' **requirements**.

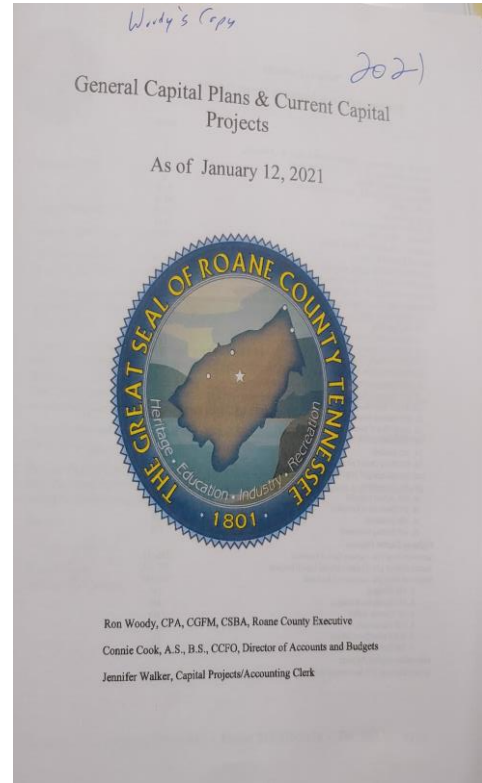
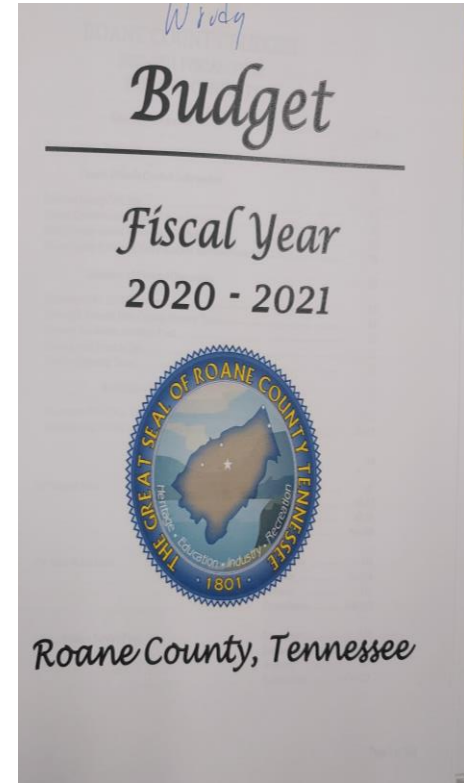
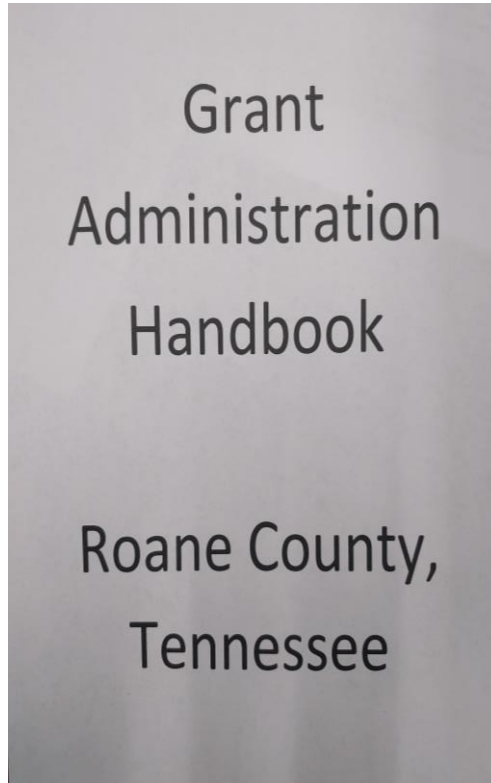
- How are we going to accomplish it?

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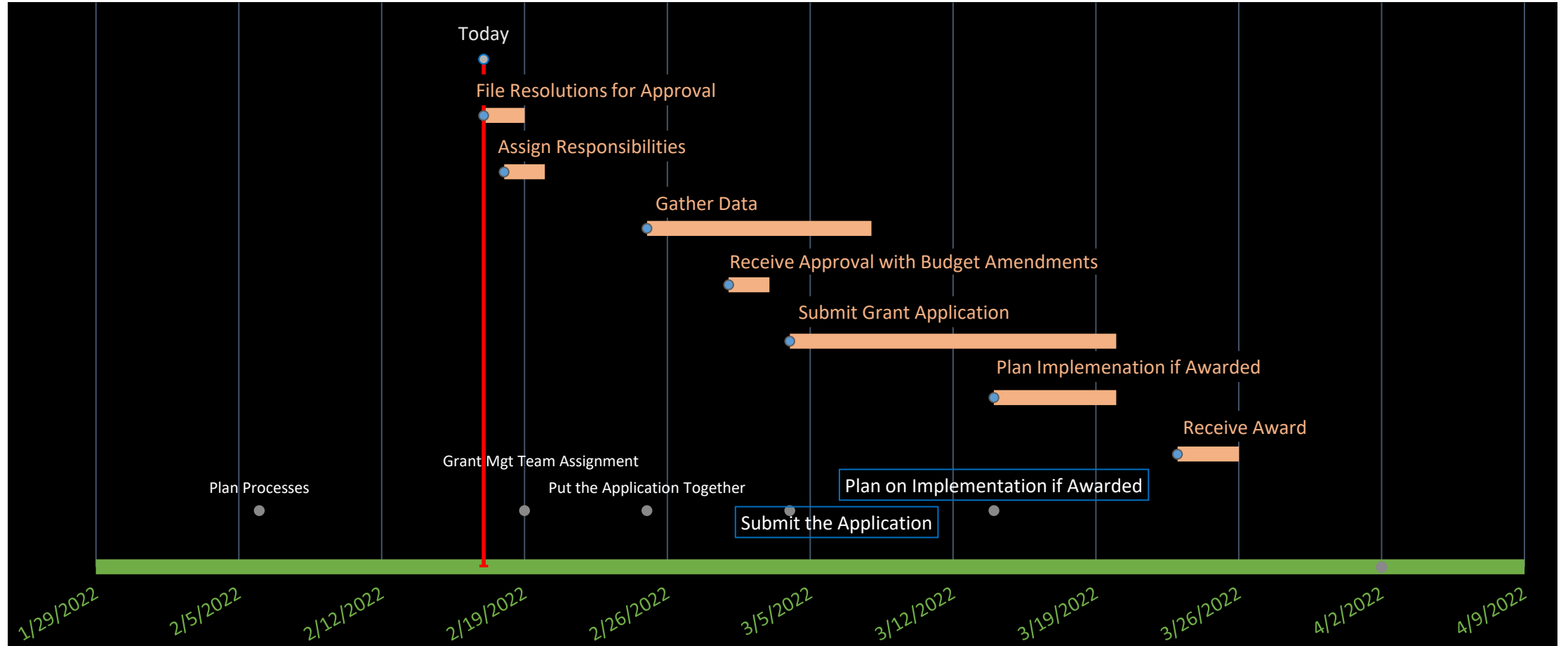
Reference/Guide Books



Managing Grants-Managing your Finances

- Identify the need or desire
- Identify a source of funding
- Understand the Grant requirements
- Obtain approval from your legislative body to apply
- Establish a budget with the legislative body approval
- Submit an application
- Receive the award
- Monitor the Grant status along with the interface with the Accounting Records

Gantt Chart



Gantt Chart

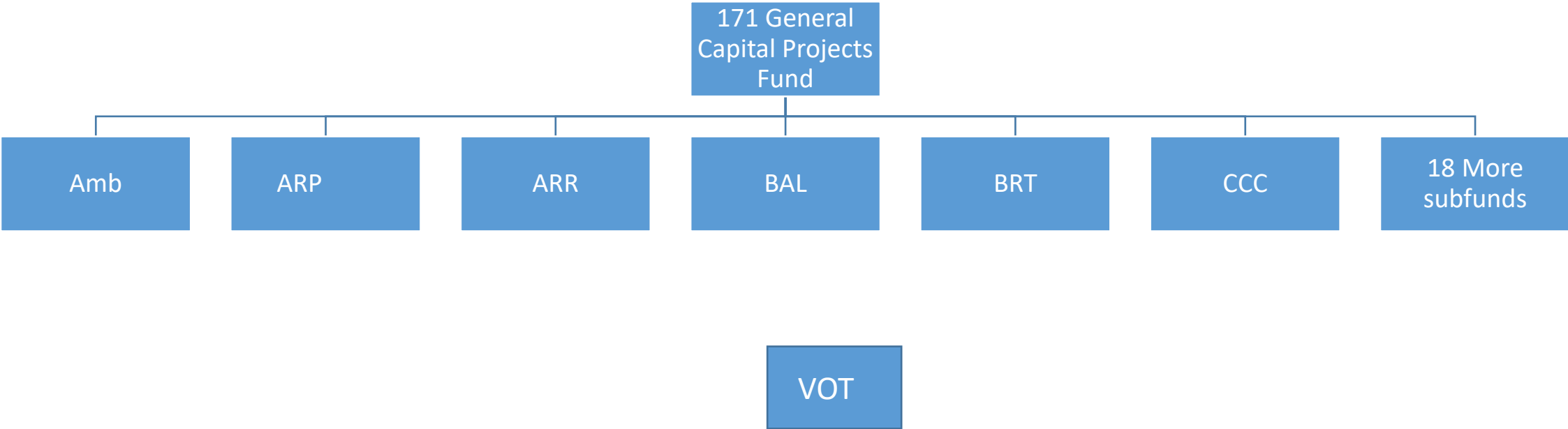


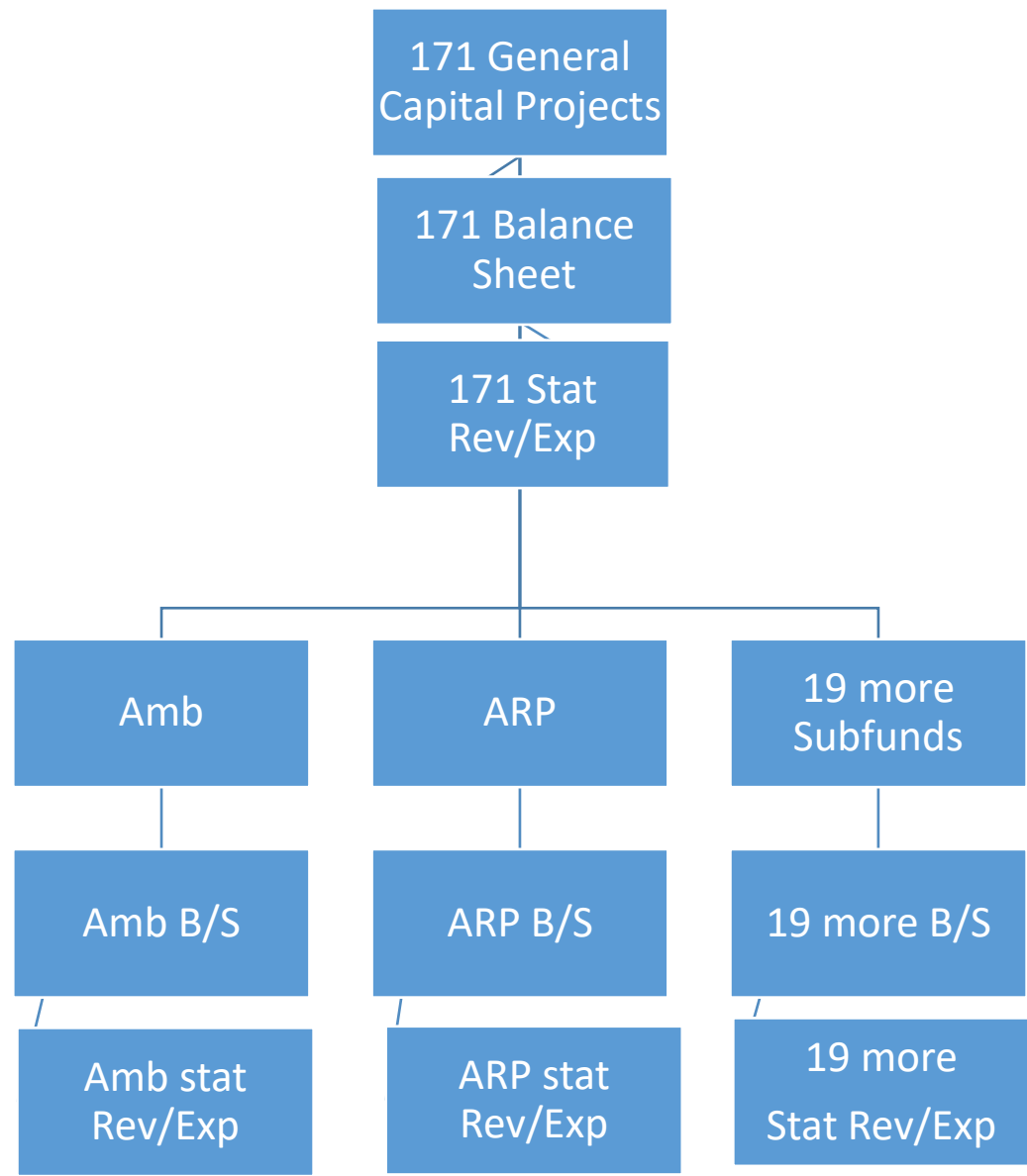
Tennessee Uniform Chart of Accounts

- For County and City Governments the State has a Uniform Chart of Accounts
- The County Chart is different than the City Chart of Accounts
- The County Chart of Accounts identifies:

Fund Number/Name	Fund Number/Name
101 General Government	171 General Capital Projects
131 Highway/Public Works	176 Highway Capital Projects
141 General Purpose Schools	177 School Capital Projects

Accounting and Budget Structure and Where the Needs Exist





Example- American Rescue Plan

- \$\$\$'s were dropped on county and city governments
- What are the governments going to be using the money for? A lot of \$\$\$
- We developed a plan:
 - Simple and Flexible Plan
 - Some core principles
 - Master resolution
 - Amendments to the master resolution
 - More amendments forthcoming (as we continue to learn)

Example con't- ARP Master Resolution- 08-21-01 and Amendment 10-21-12

- Implied that projects qualified- but should have written it in the resolution
- Methodology, prioritizing and funding of projects as follows:
 - Review Current 171 Capital Projects Budget for FY 2022 **Qualified Projects**
 - **Review Annual Capital Report to see if any future plans or needs should be fast forwarded**
 - **Determine if any additional capital needs developed from lessons learned from the pandemic**
 - **Determine if the project is for:**
 - Primary government (responsibility of ours)
 - Secondary government (municipality, public utility)
 - 501(c)3 or other partnerships

TDEC Projects

- Investment worthy? (return future revenues or reduces future expenditures)
- No more than 50% of the match cost
- Score Card completed

TDEC –water, sewer, and storm water funds and related matching from local.

Roane County established another subfund for TDEC projects and transferred the required match from an ARP subfund to a **DEC** subfund

Utilities then apply with their SCORE CARD completed for approximately \$7.6 million.

We developed a formula for distribution.

Example con't- Other stipulations in the Resolutions

- Separate vote on each project or group of similar projects
- Projects on Specific Form
- Accounting would handle the Budget with the approval of the project estimated cost
- Shall not pass funds to another entity that would create a sub-recipient *Exceptions being Municipality, Public Utility, or public audited held corporation
- Loss of revenue transferred into a separate fund

Example con't- Status of ARP Projects Approval

- **\$10,368,828 total ARP**
- Ten (10) Projects of Primary Government have been approved
- Four (4) in current year Capital Budget
- Four (4) in future Capital Budget
- Two (2) Needs development due to lessons learned from Pandemic
- Projects approved total \$4,295,919
- Now the problems begin, but the problems should not be within Accounting or Budget. **What Projects will be approved and by whom?**

Grant Administrator Responsibilities

- Understanding the Need and Search for the Grant
- Resolution to Apply
- Application
- Award Notification, Review, and Acceptance
- Action Plan Meeting with Timeline
- Oversight and Monitoring
- Accounting and Reporting
- Sub Recipient Monitoring
- Grant Close out
- Close out of Internal Grant Accountability and Performance

Policy of Grant Administration

- All Grant request must be submitted through the Grants Coordinator (GC)
- Determination is made with County Executive and maybe Budget Committee if application for grant should be submitted- You do not want them all – Submittal Evaluation
- **GC determines if Resolution of Legislative Body is required** or if already granted
 - Upon a successful application, a Grant Team Meeting is held and responsibilities are assigned
 - Accounting and Budget system established if not already
 - All Grant requisitions must be approved by Department Head
 - Requisitions also signed and stamped by GC
 - Invoices approved by Department Head and GC
 - Accounting notifies GC upon check being issued
 - GC request reimbursement from funding agency
 - GC notified upon receipt of grant revenue
 - Accounting records are reconciled

Grant Evaluation of Submittal

- Financial
 - Total Anticipated Project Cost
 - Match requirements and sources
 - Staffing Requirements
 - Cash flow needs
 - Continuation plan for sustaining grant funded programs if funding is reduced or terminated
- Programmatic
 - Alignment with County's strategic priorities
 - Provision or expansion of serviced
 - Capacity to administer the financial and administrative aspects of the grant

What's in the Resolution?

- Addresses the need
- Explains any reoccurring cost
- Explains any matching requirement and sources
- Post the Budget, if Awarded

null & void

RESOLUTION NO. 12-20-04

IN COUNTY COMMISSION FOR ROANE COUNTY, TENNESSEE

A Resolution authorizing the County Executive to apply for and if approved then accept a TVA InvestPrep Grant and amending the General Capital Projects Fund (171) in order to match the grant

WHEREAS, Roane County desires to improve our competitiveness in the Industrial Recruitment arena; and

WHEREAS, the Industrial Board of Roane County desires to partner with Roane County in this grant application; and

WHEREAS, the Industrial Board of Roane County wishes to continue the development of the Jones Road site and increase the marketability in the Roane Regional Business and Technology Park; and

WHEREAS, the sewer line extension to the Jones Road Site is expected to cost \$210,000; and

WHEREAS, the streetlight expansion on Sam Rayburn Parkway and Jones Road is expected to cost \$90,000; and

WHEREAS, the TVA InvestPrep Grant will provide approximately \$150,000 of the project cost; and

WHEREAS, the Roane County Industrial Development Board will provide approximately \$20,000 of the project cost; and

WHEREAS, Roane County will provide approximately \$130,000 of the project cost; and

WHEREAS, Roane County has funds in the Capital Industrial Development account (171-IND) with which to match the grant

NOW THEREFORE BE IT RESOLVED that the Roane County Commission approve the Roane County Executive to apply for the TVA InvestPrep Grant.

BE IT FURTHER RESOLVED that the General Capital Projects Fund 171 account IND be herein amended as follows if and only if the County is successful in the grant application:

Fund	Description	Current	Amend	Amend BGT
Increase Revenue Code:				
171-IND	44570-IDB Contributions & Gifts	-	20,000	20,000
171-IND	46980-TVA Other State Grants	-	150,000	150,000
	Totals	-	170,000	170,000
Increase Expenditure Code:				
171-IND	91190-724 Site Development	-	300,000	300,000
Decrease Reserve Code:				
171-IND	34585 Restricted for Capital Projects	333,989	(130,000)	203,989

was not awarded

Who Makes Up the Grant Management Team?

- Grant Coordinator
- Department Head or assigned recipient
- Director of Accounts and Budgets (Finance Director)
- Purchasing Agent

Steps for Easy Grant Management

- 1) Read the Grant Contract to know what is required of you
- 2) Re-Read and Highlight the Grant Contract
- 3) Understand your Budget and Accounting codes
- 4) Develop a Summary Page of:
 - a. Internal and External Contacts with phone numbers/emails and positions
 - b. Resolution Number approving the Grant
 - c. Grant Tracking Number
 - d. Details of the Contract regarding amount, time frame, and purpose
- 5) Program implementation as it is required
- 6) Meet all required deadlines
- 7) Keep good records**
- 8) Spend the money in a timely period
- 9) Close the grant and file

Grant Basics

CDBG Grant

CFDA No.

14.228

BEGINNING ACCOUNTING FISCAL YEAR GRANT STARTED:

ESTIMATED PROJECT END DATE:

Contact Person

Name/Number/Email

REPORT DATE:

Date of Creation

July 1 of fiscal year
end of grant date

Grant Revenue

REVENUE

ORIGINAL GRANT AMOUNT:
Grant Revenue:

\$ 50,000.00
171-46980-CDB

MATCH AMOUNT: N/A
County funds for match: N/A

REQUESTED AND RECEIVED

Date	Amount
7/31/2021	15,000.00
TOT. REVENUE	\$ 15,000.00

Expended

Date	Amount
N/A	

REQUESTED BUT NOT RECEIVED

Date	Amount
8/10/2021	\$ 10,000.00

TOT. REQUESTED \$ 25,000.00
TO BE REQUESTED \$ 25,000.00

Grant Expenditures

EXPENDITURES

word description of expenditures, department and items if possible
 Expenditures: 171-55130-718-CDB

ORIGINAL PROJECT ESTIMATE: \$ 50,000.00 must be sum of grant amount and match
REMAINING PROJECT ESTIMATE: \$ 25,000.00 amount (if any)

EXPENDITURES

Date	Object Code	Vendor	Dollars	Check Number
7/15/2021		718 Company X	\$ 15,000.00	123456
7/20/2021		718 Company Y	\$ 10,000.00	654321

TOTAL EXPENDITURES \$ 25,000.00

Grant Analysis

ANALYSIS

TOTAL REVENUE	\$	15,000.00
TOTAL EXPENSES	\$	<u>25,000.00</u>
DIFFERENCE	\$	(10,000.00)

Remaining Revenue	\$	25,000.00
Remaining Expenses	\$	25,000.00

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