



City of Independence

Review of Internal Grant Monitoring and Policies

City of Independence, Missouri

Report to the Mayor and City Council

By City Management Analyst

March 31, 2017

Report No. 16-02

City of Independence

City Council Office



March 31, 2017

Honorable Mayor and Members of the City Council:

The attached report was assigned to me by the Audit and Finance Committee in June 2016 and was initiated pursuant to Chapter 1, Article 43 of the City Code of Ordinances. The findings in this report outline the City's internal grant policies and monitoring procedures and make recommendations for improvement.

The city's internal grant management and monitoring processes have areas of strength as well as opportunities for improvement. The current processes for monitoring grants have produced properly managed and successful grant funded projects to date. Grant funds are spent in ways consistent with all grant agreements and applicable laws. The Finance Department plays a key role in monitoring each grant award by providing the proper internal accounting controls and financial reporting necessary to comply with GAAP rules. While the city's grant management process is effective, its decentralized nature poses challenges. Establishing overall grant policies would enhance cross-departmental coordination of grant applications.

Staff from the Finance Department reviewed this report, to provide detailed feedback of the findings. The draft report was also reviewed by the City Manager and City Counselor, and responses from both are appended. Finally, members of the Audit and Finance Committee have approved the final report with the addition of a formal response, which is also attached. The cooperation of all those who provided assistance is greatly appreciated.

Respectfully,

A handwritten signature in cursive script that reads "Jordan Ellena".

Jordan Ellena
City Management Analyst

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Introduction

Objectives

This review of the city's internal grant monitoring process was conducted under the authority of Section 2.11 of the Charter of Independence, Missouri, which establishes the position of City Management Analyst and Article 43 of Chapter 1 of the City Code outlining the primary duties.

This audit provides findings or conclusion based on an evaluation of sufficient, appropriate evidence against certain criteria and/or best practices in the field of grant management. Performance audits, like this, are intended to provide the City Council and staff with an objective analysis of programs, policies, and procedures. Policymakers and managers rely on this information to inform decision making, ensure the organization is publicly accountable, improve performance, and reduce costs.

This report is designed to answer the following questions:

- What oversight is there for the city's various grant administration functions?
- What internal monitoring requirements are imposed to ensure grant and matching funds are spent in an appropriate manner?
- Is there a need for a "grant writer" on staff?

Scope & Methodology

This review looks at the city's current process for monitoring federal, state, and other grants including: financial tracking of grant funds and their match, tracking of programmatic accomplishments/grant deliverables, and the maintenance and retention of documentation pertaining to the grant award. The review compares the findings with recommended best practices in the grant administration industry, as well as, Generally Accepted Accounting Principles (GAAP) pertaining to the same. Audit methods included:

- Interviewing Finance Department staff about their process for monitoring and tracking grants funds.
- Interviewing staff members from various departments tasked with implementation of grant awards and maintaining project files.
- Reviewing grant administration literature and best practices.
- Developing a list of grant awards and amounts the city has received over the last 5 years.

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that each audit is planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. The evidence uncovered during this audit provides a reasonable basis for the findings and conclusions based on the objectives. No information was omitted from this report because it was deemed privileged or confidential.

Background

Grant Management and Monitoring

A grant is defined as a sum of money given by a government, university, or private organization to another organization or person for a particular purpose¹. The granting organization or person, also called the grantor, defines the purpose of the grant and/or the desired outcome they want to achieve by giving the money. In exchange for the grant, the organization receiving it (grantee), agrees to certain requirements and restrictions when using the money. There are typically penalties for failing to meet these requirements.

Grant requirements and restrictions can include but are not limited to; the eligibility of certain organizations to apply for funds, a stipulation that grant dollars are matched with local funds, an expectation of certain outcomes, establishment of eligible costs, reporting requirements, and more. Additionally, grants may, either as a condition of the grant itself or politically, commit a government to financially maintain a program or asset after the expiration of the grant. Any requirements and restrictions for a grant award are outlined before they are offered or accepted. After an award has been accepted a formal agreement outlining each requirement is approved by both organizations. This process allows any grantee the opportunity to review the terms and conditions before final acceptance.

The terms and conditions attached to a grant create the framework for grant management and monitoring process. After the final grant agreement is accepted, the work of grant management and monitoring continues through the grant closeout, or final financial and programmatic accounting and reporting to the grantor at the conclusion of the project. While the grant is active, it is incumbent on the grantee to follow all terms and conditions of the grant, including fulfilling all programmatic and financial reporting requirements throughout, request any changes, such as time extensions, to the grant agreement, account for grant revenue and expenditures, and submit final reports. The grantee is expected to conduct this process in an ethical manner.

Grant Funding by Department

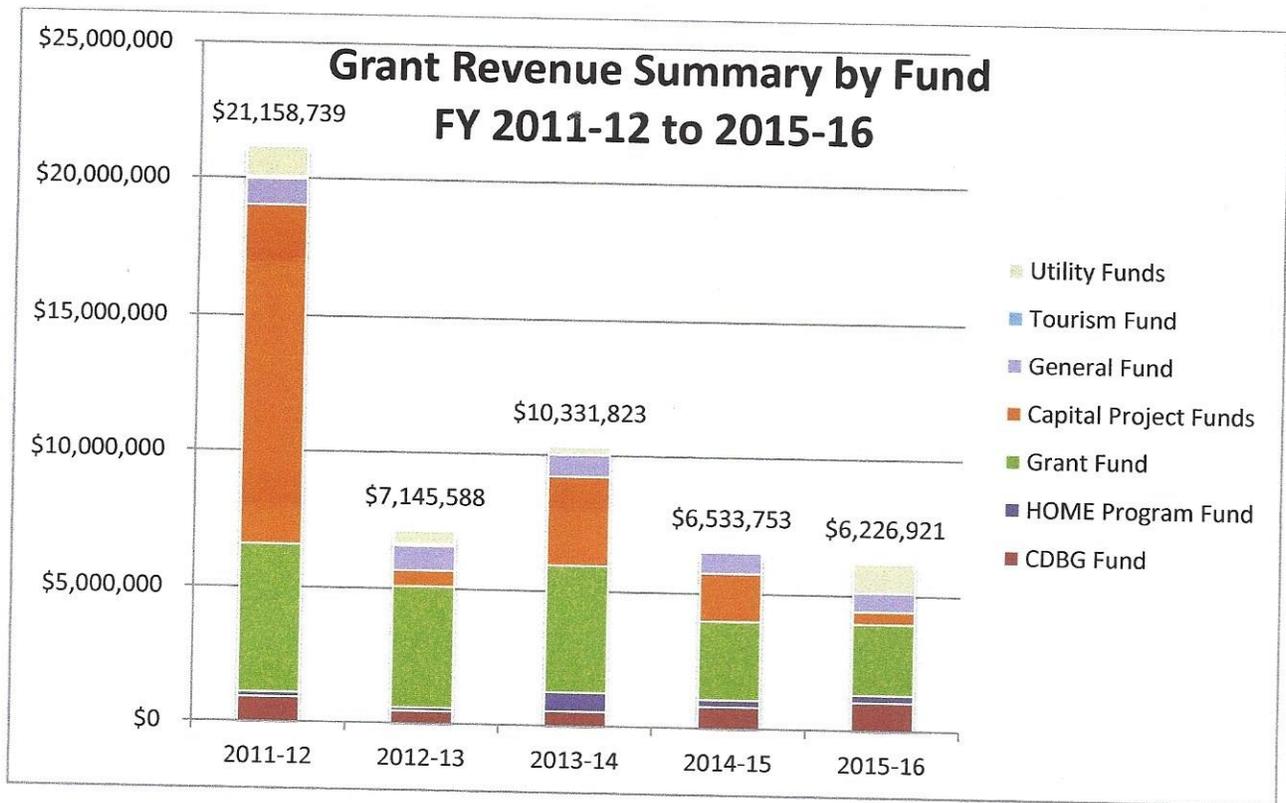
The City of Independence receives grant awards from many sources each year. Frequent originators of grant funding to the City of Independence are the federal government, state government, other organizations such as private foundations, and nonprofits. Grant funds address our core missions as a city by funding basic aspects of the organization, extending local tax dollars by supplementing existing funding, and supporting new programs to address new and emerging issues facing citizens.

Table 1 and the accompanying chart show the total revenue from grants received by the city over the past 5 years.

¹ Cambridge English Dictionary.

Table 1. Grant Revenue Summary by Fund (Fiscal Years 2011-12 to 2015-16)

Fiscal Year	2011-12	2012-13	2013-14	2014-15	2015-16
Community Development Block Grant Fund					
CDBG – Federal Funds	\$915,561	\$463,850	\$540,579	\$798,319	\$1,045,242
HOME Program Fund					
HOME – Federal Funds	\$181,770	\$126,877	\$707,436	\$256,435	\$268,150
Grant Fund					
Emergency Mgmt. Assist.	\$104,969	\$169,466	\$171,704	\$107,290	\$108,530
Public Health Nursing	\$106,858	\$102,693	\$199,606	\$158,418	\$213,727
Other Federal Grants	\$4,955,846	\$3,417,514	\$3,386,951	\$1,708,394	\$1,611,133
Other State Grants	\$35,279	\$42,501	\$155,167	\$127,648	\$56,454
Other Misc. Grants	\$49,987	\$6,971	\$25,720	\$70,727	\$106,420
Reimb. Police Services	\$113,531	\$121,977	\$132,742	\$141,152	\$139,524
Misc. Charges	\$0	\$109,000	\$100,135	\$329,398	\$364,648
Other	\$108,319	\$403,775	\$75,098	\$74,436	\$31,224
Contributions	\$9,968	\$133,197	\$465,346	\$206,106	\$17,784
Capital Project Funds					
MARC Motorola Radio	\$298,726	\$0	\$0	\$0	\$0
Surface Transportation	\$12,006,523	\$582,421	\$3,269,939	\$1,712,033	\$461,801
Stimulus Funds	\$151,639	\$0	\$0	\$0	\$0
Other State Grants	\$0	\$0	\$0	\$75,000	\$0
General Fund					
MARC Senior Nutrition	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Jackson Co. Drug Task Force	\$612,418	\$674,019	\$559,459	\$528,407	\$445,762
Jackson County DARE Funds	\$295,788	\$209,228	\$212,000	\$215,000	\$226,382
Tourism Fund					
Cooperative Marketing	\$87,621	\$73,160	\$20,386	\$0	\$0
Utility Funds					
IPL - Hazard Mitigation	\$93,662	\$483,939	\$284,555	\$0	\$0
IPL - FEMA Storm15	\$0	\$0	\$0	\$0	\$1,009,675
WPC	\$1,000,000	\$0	\$0	\$0	\$0
WPC - FEMA Storm15	\$0	\$0	\$0	\$0	\$95,465
Water	\$5,274	\$0	\$0	\$0	\$0
Total Revenue	\$21,158,739	\$7,145,588	\$10,331,823	\$6,533,753	\$6,226,921



Traditionally, for each grant the city receives, one department is responsible for implementation of the grant as well as the bulk of the grant management and monitoring activities. In cases where a grant award may be shared between departments, administration can either be shared or a single department may take the lead in managing the grant. The department tasked with grant administration is responsible for meeting project deadlines, reporting to grantors in a timely manner, requesting any changes to the grant agreement, maintaining necessary documentation, and accounting for grant revenue and expenditures.

The Finance Department acts as a control on the financial side of the monitoring process. That department manages the disbursement or reimbursement of funds from the Grants Fund by checking for the proper financial documentation of receipts, timesheets, and other costs the department attributed to each grant. In this way the financial integrity of each disbursement or reimbursement from the grant fund is confirmed. Additionally, the Finance Department supports the city's independent auditor during the annual financial audit process, which includes an in depth review of a few of federal grants awarded to the city. Additionally, because the city takes in more than \$750,000 in Federal funds each year, the independent auditor undertakes what is known as a Single Audit of federal programs. This audit, performed annually, provides assurance to the Federal Government about the management and use of federal funds including grants. All of these specific reviews are performed in accordance with industrywide standards and practices associated with Generally Accepted Accounting Practices (GAAP). These standards ensure that the city is managing grant funding in a responsible manner by reviewing processes used to manage grants of all types.

Financial Monitoring and GAAP

Generally Accepted Accounting Practices (GAAP), are a collection of commonly followed accounting rules and standards for financial reporting. GAAP's specifications include definitions of concepts, principles, and industry specific rules. Specific rules pertaining to grant management and monitoring include the tracking of hours worked and coded to a particular grant. Most importantly, GAAP requires stringent cash management practices of accounting so that the organization can identify and segregate costs as necessary for the grant, have a system to track capital items, have a capability to track non-cash grants. The rules and standards set by GAAP are an important component of the city's grant monitoring process and are routinely reviewed during our yearly financial audits.

Best Practices for Grant Monitoring

Grant management professionals and organizations like the Government Finance Officers Association (GFOA) have a robust set of recommended best practices for monitoring grants. Many of these stem from the strict requirements imposed on federal grant recipients and are gold-standard recommendations for monitoring grants from any organization. The list of best practices can be classified into two groups. The first are recommendations that contribute to programmatic success i.e. make it easier to achieve the stated goals of the grant award. The second group helps a grantee successfully report and monitor an award.

These best practices, listed below, formed the basic parameters of this review. While there are many more aspects of successful grant management, these are generally accepted by the Government Finance Officers Association (GFOA) as minimum requirements. It seems clear that an organization that implements all of these recommendations has the systems in place to ensure grant funds are being spent in a manner consistent with federal, state, and local requirements.

Achieving Programmatic Success

- Monitor changes in grant terms over time
- Establish timelines and responsible parties for implementing each grant
- Initial and continuing education for those involved
- Continuous communication between individual grantors and grantees as well as their respective organizations
- Keep reporting in mind throughout

Achieving Reporting and Monitoring Success

- Proper systems to support grants (financial management system)
 - Proper accounting internal controls on funds
 - Proper budget controls
 - Procurement system and controls
 - Time keeping system
 - Property management system
- Records retention policy
- Auditing policies meet Single Audit standards for federal programs

- Proper sub-recipient monitoring

Findings

Summary

The city's internal grant management and monitoring processes have areas of strength as well as opportunities for improvement. The formal processes in place for monitoring grants have produced properly managed and successful grant funded projects to date. Grant funds are spent in ways consistent with all grant agreements and applicable laws. Each department is responsible for identifying, applying for, managing, and closing out grants that further their departmental goals. The subject matter experts in each department make the city's grant process successful by bringing real-world experience to the table when developing and managing grant applications and awards. At the same time, the Finance Department plays a key role in monitoring each grant award by providing the proper internal accounting controls and financial reporting necessary to comply with GAAP rules. These controls are vital to ensuring that grant funds are spent in a proper manner so the city can continue to pursue and win grant awards.

While the city's grant management process is effective, its decentralized nature poses challenges. Establishing overall grant policies would enhance cross-departmental coordination of grant applications and policy making decisions. Imposing any top-down solutions such as trying to funnel all grant applications through one individual or department would seem to be counterproductive. Any proposed changes should aim to strengthen communication and decision making while acknowledging the existing structure is working. The city would also benefit from updating the City Code pertaining to grants to make them more clear and complete. Lastly, updating the city's financial and human resource management software systems will facilitate a more efficient grant management process by making complete and accurate information available to staff more readily. This will reduce staff time spent tracking grant funds and eliminate potential input errors.

Findings

This review of internal grant monitoring processes indicates that the city's overall process for managing and monitoring grants is sound. Grant funds are being spent in a manner consistent with federal and state laws as well as the terms and conditions of each grant agreement. Each grant is pursued and monitored by the individual department with financial reporting oversight from the Finance Department. The Finance Department ensures that proper accounting and internal controls for funds are in place. This includes ensuring proper paperwork and timekeeping is in order before any funds are disbursed from any of the city's grant related funds. The Finance Department is ultimately responsible for the city's financial reporting and maintaining GAAP principles, thus they act as a check and balance on each grant and department who administers grant funds.

At the departmental level, the decision to pursue a particular grant is usually made by the department director. In some cases, a division manager or other employee may be empowered to pursue funding. For example, the Police Department employs a Grant Project Coordinator who oversees their ongoing

grant projects. In all cases, the budgetary and programmatic impacts of a potential award are reviewed by the director and if they are acceptable, the application process moves forward. If the director deems the programmatic or budgetary implications of a grant are very large, he or she will often seek approval from the City Manager before moving ahead with the application. After a grant has been awarded to the city, the City Manager or City Council officially accepts the grant funding and the grant management and monitoring begins.

Interviews with staff and a review of documentation indicate that once awarded, the individual requirements and specifications are used as departmental accountability measures. In almost all cases, grant requirements are stringent enough to ensure funds are being utilized properly. The standard budgetary and appropriation policies, the oversight of the Finance Department and the departmental grant monitoring process easily complies with Generally Accepted Accounting Principles.

A Mostly Decentralized Process

The city's grant application and monitoring process is managed individually by each department. Each is responsible for identifying, pursuing, applying for, and managing grant opportunities. This decentralized process seems to be the best approach for the city at this time. Departments that pursue funding from outside sources have built the needed expertise to sift through many funding opportunities, identify the ones that best fit their needs, apply for the funding, and then monitor the programmatic side of the grant award. This allows the city to take part in many different types of funding from many different sources.

One area where the grant process is very centralized, out of necessity, is on the financial tracking and reporting side. As a result of the financial tracking and reporting requirements spelled out in GAAP, the Finance Department is responsible for maintaining the proper oversight, monitoring, and cash controls for financial reporting. Additionally, each year the city's independent financial auditor reviews a sampling of grants to ensure no irregularities exist between what is reported in our financial reports and the documentation for the reviewed grant. In theory, this centralized financial reporting and monitoring process should be aided by the city's financial and human resource management software systems. Unfortunately, the current systems forces staff to work around their limitations in order to track the progress of all of our grant awards.

There are three major challenges to this decentralized process. The first is that the city may forego unique funding opportunities because we are not taking a comprehensive or cross-departmental approach to certain applications. On occasion, one department calls on another to either support one of their applications or they have a discussion about co-applying. While cross-departmental cooperation happens on occasion, this process could be strengthened. Another drawback is poor communication between departments, regarding coordination of applications for the same program. In these cases the city as a whole is considered a single entity and poor communication between departments has led to multiple applications from the city for the same program or the realization, late in the process, about wasted time and resources in working on two applications unintentionally.

The final challenge for a decentralized system of grant monitoring is the question of policy decisions related to grant funding. Where should policy decisions about applying for a new grant, assessing long-term commitments, or evaluating a completed project to determine if the time and effort involved was worth accepting the grant be made? There is no existing grant policy in place that outlines this decision making process. City Code establishes who has the authority to accept grants and/or sign final agreements with funders but it is silent on any pre- or post-award evaluations.

Subject Matter Experts Pursuing Grant Funding

Each department has a good understanding of their own mission and seeks their own grant funding opportunities. Some departments rely on grant funding to carry out their basic mandates, others supplement what they already do with grant funding, and others routinely received funds from the state or federal government as an incentive to perform additional tasks. All of these uses and reasons for pursuing grant funding are excellent and should be encouraged. We are well positioned to win funding because we have subject matter experts working on applications and managing the projects. However, questions sometimes arise about how a new grant opportunity may fit into what a department is already doing. Especially if the grant requires the department or city to do something new or the goals of the funding are not a current main focus of the department or may require the city to continue a program once funding ends. These questions raise confusion within the departments and often require further direction from the City Manager or Council.

Antiquated Financial & Human Resource Management Software

The city's antiquated financial and human resource management software systems results in an inefficient use of staff time and the potential for errors. The current financial management system, J.D. Edwards, was not designed to handle the management of multiple grant awards and combine the information from different departments or systems. As an example, the Health Department has created multiple spreadsheets in order to track the staff time coded to the various grant awards that they manage at one time. The potential for error exists because staff is required to double enter information to both their spreadsheet and the financial management system. These types of errors can be identified and corrected by comparing time sheets and billed hours but at the cost of staff time to verify and correct. A more modern system would integrate with both the financial management and human resources systems and be able to generate reports for each grant with minimal input from staff and no chance of error.

Confusing City Code and Outdated Administrative Policies Pertaining to Grants

Independence City Code pertaining to acceptance of grants is unclear and in some cases out of step with other municipalities. Current administrative policies attempt to clarify and institute procedures but even those are outdated and do not create streamlined review, administrative, or acceptance processes. Additionally, some current internal procedures for accepting grants and/or executing agreements make the city's process more cumbersome than envisioned in City Code.

City Code Section 8.06.008 states that the City Manager may accept grants and gifts up to the amount of \$50,000 on behalf of the city and proceed to notify the City Council of the acceptance at the following

meeting². This would seem to imply that any grant over \$50,000 can only be accepted by the City Council but the code itself does not make this clear. The administrative policy on *Administration of Grants (AP-12-01)* (Appendix A) does clarify that City Council approval is required for awards over \$50,000. An additional administrative policy on *Grant and Donation Acceptance (AP-08-01)* (Appendix B) lays out a procedure for dealing with grants and donations under \$50,000. These procedures include forwarding the request for acceptance to the City Manager with an included memorandum detailing any obligations of the city related to the use of funds.

What sounds like a good way to streamline the grant acceptance process, falls apart because certain agreements are still going before the council. This results in the City Council seeing many ordinances for agreements less than \$50,000 that authorizes the City Manager to execute an agreement and increase appropriations. One recent example was the acceptance of the Missouri Highways and Transportation Commission Public Transit Operating Assistance Grant Agreement for the amount of \$25,003 approved by City Council in December of 2016. In most cases the grants that end up being accepted by the City Manager are those for reimbursement of costs, most commonly through the Police Department but not always.

Section 11.12.009 of the City Code gives the city, through the Chief Executive, the authority to accept gifts, grants, and loans on behalf of the emergency manager³. How does this square with Section 8.06.008 and applicable administrative policies? Chapter 11 Article 12 of City Code pertaining to Emergency Management was presumably adopted well after Section 8 and this inconsistency is due to the adoption of a standard boiler plate Emergency Management language. Beyond these inconsistencies, City Code makes no provisions for any kind of review or assessment of grants either before application or after closeout. The administrative policy on *Administration of Grants (AP-12-01)*, in particular needs to be reviewed and updated.

Independence City Codes dealing with grant application, acceptance, and execution of contracts seem to be lacking when compared to neighboring communities. For example, Blue Springs specifically outlines that the City Administrator is authorized to apply for and execute grants for law enforcement activities, services, and equipment as well as the ability to apply for any grant as they become available for any other use⁴. Both Blue Springs and Lee's Summit have an identical section in their Codes on grant renewals. They state that approval of the city's budget shall constitute authorization to renew any federal or state grant for public safety as long as the revenues from the grant are included in the approved budget for the renewal period⁵. All of these provisions provide for more efficient application and execution of grants than Independence City Code. These provision or similar should be explored in any future changes to administrative policies or City Code.

² Independence City Code

³ Independence City Code

⁴ Blue Springs City Code Section 115 Article 304

⁵ Blue Springs City Code Section 115 Article 305 & Lee's Summit City Code Section 2 Article 502

Recommendations

Based on the findings laid out above and an understanding of the city's current priorities and needs, I make the following recommendations to ensure the city has a workable processes for managing and monitoring grant projects well into the future.

1. The City Manager's Office should continue the on-going efforts of the Finance Department to identify and implement updated financial management and human resource management software systems that will make it easier for staff to code hours to grants, report grant outcomes, and track funds.
2. The City Manager should direct a legal review of current City Codes pertaining to grant application, acceptance, and execution to see where it can be clarified and simplified. Any changes to City Code should not try to correct every issue outlined above as updated administrative policies, in line with City Code, should address these issues.
3. The City Manager's office should organize an effort to update the administrative policies regarding grants to clarify existing processes, streamline others, and propose new review processed. City Code changes will not address every issue outlined in this report. The updates to administrative policy should seek to address the following:
 - Establish a grants review committee, similar to the process associated with review of tourism events, to make a recommendation to the City Manager for certain new grant opportunities. See Appendix C, for an example of a potential review process based on the tourism event review process.
 - Committee would review the grant opportunities for fit with city strategic plans, long-term financial impact, and sustainability after grant funds are expended before application is made.
 - Committee would also utilize an evaluation method like return-on-investment to determine if recently closed grants or similar ones should be pursued in the future based on imperial evidence from prior experiences.
 - Streamline the internal process for accepting grants under \$50,000. For example, empowering department directors to accept grants with no match requirements from repeat funders and then notifying the City Manager and Council.
 - Clarify any changes made to City Code regarding grant management and acceptance.
4. The City Manager's Office should consider organizing committees in support of cross-departmental collaboration on grants. Each committee could be organized around a specific council goal and be made-up of staff from pertinent departments. The committees would develop a list of activities to address the assigned council goal, explore grant and other funding opportunities to support those activities, and then coordinate a cross-departmental effort to apply for those funds.

5. City Manager and staff should look for ways to increase communications with their counterparts about current funding opportunities they are pursuing. This will help to eliminate duplication of efforts and aid in cross-departmental collaboration.

**Appendix A: Administrative Policy - Administration of Grants
(AP-12-01)**

**ADMINISTRATIVE POLICY
City of Independence, Missouri**



Number	<u>AP-12-01</u>
Effective Date	<u>04/01/12</u>

Administration of Grants

I. Purpose

To establish guidelines and consistent procedures for application, implementation and reporting of grants and donations from external sources.

II. Policy

The City, through each department, shall actively pursue grant and donation resource opportunities and utilize grant and donation funds to supplement and enhance the goals, priorities and objectives of the City when it is to the City's economic advantage to receive these grants. Grant and donation applications require the approval of the Department Director and the City Manager. Depending on the amount of the grant or donation, acceptance requires the approval of the City Manager (\$50,000 or less) or Council (greater than \$50,000).

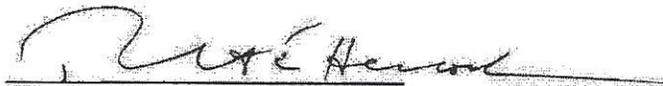
III. Procedure

- A. Grant and donation goals and objectives should support the City's goals, priorities and mission.
- B. Grant and donation opportunities that result in a proposal shall be submitted to the Department Director for approval.
- C. Pursuit of grant and donation opportunities should take into account considerations such as the likelihood of award, ability of City to prepare the application, implement a program and meet compliance requirements if the funding is received.
- D. The "project manager" is the staff member assigned by the department director to oversee the grant or donation opportunity and shall be responsible for notification and coordination with other departments to participate during the grant or donation application phase, and preparing approval information for the City Manager in accordance with Administrative Policy AP-08-01 (Grant and Donation Acceptance). For grants and donations in excess of \$50,000 the project manager is responsible for preparing and providing the Ordinance and Agenda Routing material for the Council Agenda and working with the City Clerk's Office in accordance with the Agenda calendar.
- E. Grant and donation proposals must adhere to all granting agency guidelines, as well as state and federal guidelines and laws.

- F. For purposes of computing a proposed salary for full-time positions, the following factors are to be included in the salary equation:
 - 1. Base pay, including future authorized increases;
 - 2. Longevity pay, including future authorized increases;
 - 3. Benefits (includes health, dental and life insurance and leave hours);
 - 4. Unemployment expense; and,
 - 5. LAGERS other retirement expense.
- G. Upon approval by the City Manager or Council, the project manager shall submit the application to the granting agency, providing a complete copy to all departments impacted by the grant.
- H. The project manager is responsible for providing staff in the Finance Department with the following: documentation for identification in a budget ordinance; all budget amendments including changes to funding sources or line item revisions, which shall be submitted timely; monthly and quarterly billings and account coding (including sub-ledgers); and copies of all reports pertaining to administrative reviews or audits by the granting agency.
- I. The project manager is responsible for complying with the requirements of the grant or donation, including the preparation of any required reports and tracking location and disposition of equipment purchased or donated. To assure proper recording and insuring of the asset the Finance Department is to be notified of all donated equipment provided to the City under the terms of the grant agreement.
- J. New positions that are grant funded shall be clearly identified as such on the position posting announcement, salary offer memo and in the HR information system entry. The following language is to be included in the salary offer memo:

“A grant-funded position relies on external funding and is contingent on the continued support and securing of that funding. All personnel working on grants are hired for the grant period only. Employment may end when the grant ends.”

APPROVED:


Robert E. Heacock
City Manager



**ADMINISTRATIVE POLICY
City of Independence, Missouri**

Number	<u>AP-08-01</u>
Effective Date	<u>07/17/08</u>
Revised	<u>04/21/10</u>

GRANT AND DONATION ACCEPTANCE

- I. Purpose
To provide guidelines for the City to accept grants and donations in the amount of Fifty Thousand Dollars (\$50,000) or less.

- II. Policy
In accordance with Section 8.06.008 of the City Code, the City Manager may accept on behalf of the City grants and donations in the amount of Fifty Thousand Dollars (\$50,000) or less, sign any agreements on behalf of the City outlining the proper use of those grant or donated funds, and shall notify the City Council of such actions.

- III. Procedure
 - 1. Each request for grant or donation acceptance for Fifty Thousand Dollars (\$50,000) or less will be forwarded to the City Manager.

 - 2. Any agreement related to the proper use of these grant funds or donations will be forwarded to the City Manager's Office with a cover memo detailing any obligations of the City related to the use of the grant or donated funds accepted.

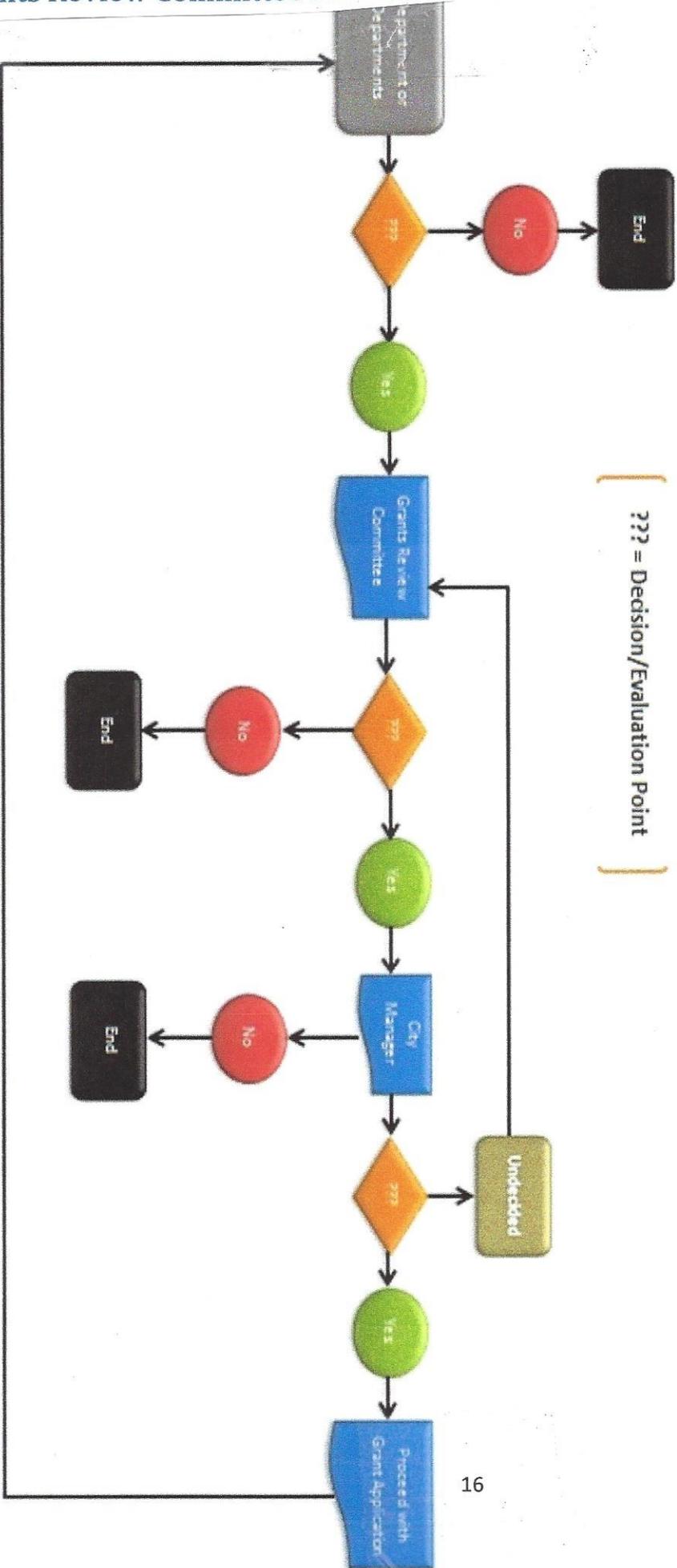
 - 3. The City Manager shall keep a record of grants or donations and related agreements accepted on behalf of the City and provide a copy of each to the City Clerk. The City Clerk shall provide an information item to the City Council at the next regular meeting.

APPROVED:


Robert E. Heacock
City Manager

Appendix C: Grants Review Committee Flowchart

Grants Review Committee | Decision Flowchart (Based on Tourism Event Decision Flowchart)



City of Independence

MEMORANDUM

Law Department

DATE: February 3, 2017

TO: **Jordan Ellena, Management Analyst**

FROM: Dayla Bishop Schwartz, City Counselor *DBS*

SUBJECT: **Report No. 16-02
Review of Internal Grant Monitoring and Policies**



I have reviewed the draft report for Report No. 16-02, Review of Internal Grant Monitoring and Policies. I am of the opinion that there is nothing contained within the draft report that would expose the City to a lawsuit. Furthermore, it is my opinion that the draft report would not qualify for an executive session discussion before either the Council Audit and Finance Committee or the City Council.

CONFIDENTIAL AND PRIVILEGED

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City of Independence

MEMORANDUM

City Manager's Office

DATE: February 22, 2017

TO: **Jordan Ellena, Management Analyst**

FROM: Zachary C. Walker, City Manager



SUBJECT: **Internal Grant Monitoring Process Audit**



Thank you for the opportunity to review the above report and to provide feedback. The report was very detailed and informative. I am pleased your analysis concluded the city's overall process for managing and monitoring grants is sound, and that staff is administering grants in accordance with applicable laws and agreements. I appreciate and concur with many of your recommendations, especially those related to reviewing and updating City Codes and administrative policies regarding grants.

You concluded the best approach for the city at this time is the decentralized process of having individual departments apply for and administer grants. This is consistent with my management philosophy of transferring accountability for appropriate decisions back to the departments. My goal is to streamline processes to the extent possible and give the city's very capable department heads autonomy to operate their services and programs. However, the report also points out the inherent challenges in a decentralized approach which lacks inter-departmental coordination.

I support the goal of improving communication between departments to ensure better coordination around grants. I am reluctant to appoint a grant review committee or grant organizing committee as they add additional layers of bureaucracy, in contrast to the recommendation to streamline internal grant processes. There may be other ways to achieve the same goals, such as incorporating grant discussions into my regular weekly staff meetings with department heads.

/lc
Enc.

City of Independence

MEMORANDUM

City Council Office

DATE: March 21, 2017
TO: **Jordan Ellena, Management Analyst**
FROM: Audit & Finance Committee
SUBJECT: **Internal Grant Monitoring Audit**



Thank you for the opportunity to review your report on the City's internal grant monitoring policies and processes. We are pleased that your analysis indicated that the decentralized process for managing grants has been effective and will continue to best serve the needs of our community. Based on the committee's discussions and your findings, we support the conclusions found in this audit. Additionally, we fully support recommendations 1, 2 and 5 and support the underlying intentions behind recommendations 3 and 4.

Regarding recommendations 4 it is clear from your report, and our discussions with you, that more can be done to encourage cross-departmental communication and coordination regarding grant opportunities. However, we feel that it is not necessary to create new committees to meet that goal. We feel similarly about the grant review committee proposed in recommendation 3. We would encourage the City Manager to find existing structures, within the organization, to increase cross-departmental communication and collaboration on grants and find other ways to evaluation grant opportunities as they arise. Thanks again for the opportunity to review this report.