SECTION 24 – GRANTS

Overview

Grants can provide important funding for local government programs, services, and capital projects, but they often include detailed eligibility, procurement, matching, reporting, audit, and closeout requirements. Program staff, grants personnel, and finance staff should coordinate throughout the grant lifecycle. Governments should establish a grants policy, written administrative procedures, appropriate internal controls, and a defined oversight structure proportionate to the size and complexity of the grant portfolio.

Grants Policy

Because grants may commit a government to maintain a program or asset after the grant period, a grants policy should be adopted and implemented before applications are submitted. GFOA's best practice, "Establishing an Effective Grants Policy," identifies components such as grant identification and application, strategic alignment, funding analysis, evaluation before renewal or continuation, and administrative and operational support.

Grant Lifecycle and Compliance

- Pre-award review: confirm eligibility, strategic alignment, matching requirements, indirect cost treatment, procurement obligations, and the long-term operating impact before application.
- Award setup: obtain required approval, establish separate project or fund codes, identify responsible program and finance staff, and document the grant budget and reporting calendar.
- Administration: reconcile expenditures and drawdowns, test allowability and eligibility, maintain property records, and monitor subrecipients in accordance with 2 Code of Federal Regulations (CFR) Section 200.332.
- Reporting and closeout: submit required financial and performance reports, complete final reconciliation and property disposition, and document corrective actions.
- Record retention: follow 2 CFR Section 200.334 and the longest applicable federal, state, award-specific, property, litigation, audit, or records-retention requirement.

Post Grant Award

According to the GFOA's best practice on Grants Administration, local governments should develop processes that establish awareness that grants come with specific and significant requirements and that this awareness should be maintained throughout the life of the grant. On many occasions both the Grant Manager and Finance Manager work together to ensure the efficiency of grant administration. In smaller governments, these are often combined.

Many procedures of grant management and finance management overlap, such as developing procedures for cash management, record keeping, audit requirements, reporting requirements, and communication with grantor agency and in-house personnel.

An important aspect of grant administration is the development of effective internal controls. GFOA guidance emphasizes controls that support efficient use of grant resources, safeguard grant-funded assets, and promote compliance with laws, regulations, and award terms. The Committee of Sponsoring Organizations' (COSO) Internal Control—Integrated Framework can assist governments in organizing controls around the control environment, risk assessment, control activities, information and communication, and monitoring.

To aid in complying with all the complex requirements some grant programs set forth, the GFOA has recommended the establishment of a Grants Administration Oversight Committee. The issued best practice

outlines who should be a member of the committee and its duties. This recommendation is made so that a local government does not experience the negative consequences of not complying with all of the conditions and requirements of a grant from acceptance to expiration.

Audit Compliance

OMB's Guidance for Federal Financial Assistance includes the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200. OMB substantially revised this guidance effective October 1, 2024. Federal agencies implement the guidance for their federal awards and may elect to apply the revised guidance to awards issued before October 1, 2024. Recipients should confirm the version of 2 CFR Part 200 and any agency-specific requirements applicable to each award. For single-audit compliance, use the current OMB Compliance Supplement applicable to the audit period.

The Yellow Book is another source of auditing standards published by the U.S. Government Accountability Office. Under 2 CFR Section 200.501, a federal single or program-specific audit is generally required when federal awards expended during the fiscal year equal or exceed $1,000,000. An award may require an audit below that threshold.

Florida Single Audit Act

Section 215.97, Florida Statutes, establishes state audit and accountability requirements for state financial assistance provided to nonstate entities. The act is intended, to the extent practicable, to parallel federal single-audit requirements. The state audit threshold is currently $750,000; governments should verify the current threshold, the State Projects Compliance Supplement, and any award-specific requirements each year.

References

- 2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Official link
- 2 CFR Sections 200.332, 200.334, and 200.501 - Subrecipient monitoring, record retention, and audit requirements. Official link
- Section 215.97, Florida Statutes - Florida Single Audit Act. Official link
- Florida Auditor General - Chapter 10.550 and Florida Single Audit Act guidance. Official link
- Florida Department of Financial Services - Florida Single Audit Act and State Projects Compliance Supplement. Official link
- U.S. Government Accountability Office - Government Auditing Standards (Yellow Book). Official link
- Government Finance Officers Association - Grants administration best practices. Official link
- Committee of Sponsoring Organizations - Internal Control Framework. Official link