

Subject: **Alternative Funds/Grants**

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Replaces Policy Dated: N/A

PURPOSE: To develop standards for applying, approving and implementing projects using alternative funds, such as grants.

SCOPE: Alternative funds are used to enhance the county’s ability to serve its residents. This policy applies to any department/division/elected office/special district that wishes to apply for and utilize alternative funds.

A. Purpose

The purpose of this policy is to serve as the framework for Pinal County Departments/Divisions/Elected Officials/Special Districts to follow when applying for grants or alternative funding and negotiating the terms and conditions of the agreements and/or contracts to ensure optimum financial and administrative arrangements for Pinal County are met.

The existence of grant funds does not exempt County personnel or project staff from conducting project activities in accordance with County policies and procedures which govern fiscal processes, hiring of personnel, employee travel, procurement, etc. Regulations and reporting requirements of the funding agency are in addition to, not replacement for, County policies and procedures.

The County recognizes the additional effort that must go into grant projects at all stages of the process to ensure their proper implementation and ultimate success. This policy and the procedures that follow are intended to clarify and streamline that process where possible.

B. Definitions

Alternative Funding – refers to all funding from sources both existing and future such as grants, forfeitures, public/private partnerships or donations. Other funding such as charges for services and fees; fines; taxation; HURF (Highway User Revenue Fund); and permits and licenses are not considered alternative funding.

Grants - a grant is an award of financial assistance for which the County, or a department thereof, has made application to a public or private entity and is subject to requirements imposed by the awarding agency. These requirements include, but may not be limited to, implementing an agreed upon program, being accountable for the use of those funds awarded to the County to accomplish said program, and providing cash or in-kind matching funds or other contribution of County resources.

Board of Supervisors Approval – is a requirement before any alternative funds can be accepted. A funding source might also require Board of Supervisors approval before an application can be submitted. Such approval must be obtained by requesting that the alternative funding related issue be placed on the agenda of a Board of Supervisors meeting. Board of Supervisors approval can not be obtained by

seeking permission from members of the Board of Supervisors outside of the formal agenda/meeting process.

Department/Division/Elected Office/Special District – refers to the department, office or agency under budgetary responsibility of the Board of Supervisors, which has direct oversight responsibility for the program(s) funded partially or totally with the alternative funds. The elected official or department director of the Department shall act as the agent of the County for purposes of this policy.

Grantor Agency or Funding Source – refers to a Federal, state, local, or private agency, organization, or individual, which provides the alternative funding and/or alternative funding oversight.

Indirect Costs –those costs spread across county departments, in support of general or alternative fund activity. Examples include, but are not limited to human resource support and payroll support. Such costs are not readily assignable to the cost of a single alternative fund project. Budgets for all grants that allow indirect costs should be set at a rate consistent with the most current approved cost allocation plan.

In-Kind – may vary depending on the definition of the potential funding source, but generally refers to contributions in the form of goods or services rather than in cash.

Match – Funding, services, or item(s) that will be combined with the alternative funding to enhance the overall value or performance outcomes of the project or program to be implemented with said alternative funds. The funding source may specify the percentage of the total project budget that must be offered as match. The funding source may also specify whether the match must be cash, in-kind, or a combination thereof. Match must be tracked and reported to the funding source.(In some instances the total costs associated with the project will exceed the required match. These amounts are typically referred to as 'additional funds.')

One-time Grants – refers to funding from a Grantor Agency which is provided for a limited duration for a specified project or program. This type of grant may be provided to start a new program or service or for a program or service which has a limited life. Certain alternative funds that may be known as 'continuation' or 'renewal' grants would fall under this definition.

Ongoing Grants or Alternative Funds – refers to funding from an outside Agency which is expected to be provided year after year for a specified program(s) or service(s). This does not include multi-year grant awards which are for a defined period of time and are therefore considered to be one-time grants.

Pre-Proposal Approval Form for All Alternative Funding – The form used to obtain approval to apply for any alternative funding unless approved as an exception by the County Manager.

Special Districts – for the purpose of this policy refers to any district for which the Pinal County Board of Supervisors serves as the Board of Directors. Examples include – but may not be limited to – the Pinal County Public Health Services District and the Pinal County Library District.

C. Policy

Pinal County receives significant funding from federal, state, and local agencies annually. The following policy statements will ensure that the County is managing alternative funds to its optimum potential.

1. Anyone seeking alternative funding must properly complete the Pre-Proposal Approval Form for All Alternative Funding.
2. The Board of Supervisors/Directors must formally accept all alternative funding awards **prior** to any funds being expended.
3. All alternative funds must be part of the approved Pinal County budget or included in the County budget via an amendment approved by the Pinal County Board of Supervisors/ Directors.

4. Departments/Divisions/Elected Offices/Special Districts will seek alternative funds that align with their own strategic goals, and/or those of Pinal County, and can articulate expected results. A brief statement of the costs and benefits of pursuing a particular alternative fund also must be provided.
5. Departments/ Divisions/Elected Offices/Special Districts will clearly define any matching funds required from Pinal County during the application process.
6. Departments/Divisions/Elected Offices/Special Districts will closely monitor their expenditures and claim reimbursement quarterly, at a minimum, or more frequently as appropriate, unless there are no reimbursement expenses or reports required.
7. Pinal County will utilize the County financial system (such as JD Edwards, Lindsey, etc.) to track, monitor and report all alternative fund financial activity.
8. Departments/ Divisions/Elected Officials/Special Districts are required to request indirect costs on all alternative funds unless: a) it is prohibited by the funding source; b) it is prohibited by law; or c) special approval of the County Board of Supervisors/Board of Directors is obtained.
 - Indirect costs will always be included (applied for) in the financial section of the alternative fund application.
 - Indirect costs will be recovered at the maximum allowed by the Grantor or as defined on the Indirect Cost Plan that is approved by the Finance Department.
9. Departments/Divisions/Elected Offices/Special Districts do not have the authority to negotiate a lower indirect cost reimbursement in order to increase program funding.
10. Departments/Divisions/Elected Offices/Special Districts will expend all alternative funds prior to expending any general fund appropriations to the extent allowed by law and the terms of the funding source.
11. Departments/Divisions/Elected Officials/Special Districts will comply with federal, state, and local grantor rules and regulations including but not limited to those related to suspension and debarment.

D. Guidelines

These guidelines shall serve as the framework for Departments/Divisions/Elected Offices/Special Districts to follow when applying for alternative funding and negotiating the terms and conditions of the funding agreements. The guidelines are not intended to discourage Departments/ Divisions/Elected Offices/Special Districts from seeking alternative funding as a means to support various services and programs. Rather, it is intended to provide consistent guidelines for alternative funding administration to ensure optimum financial arrangements for Pinal County and to enhance Board of Supervisors acceptance of grants conforming to these procedures.

1. Initial Alternative Fund Application

- a) Departments/Divisions/Elected Offices/Special Districts are required, at a minimum, to obtain approval from the County Manager prior to submitting an application for alternative funding. Approval is obtained by using the Pre-Proposal Approval Form for All Alternative Funding. This form can be found on the Pinal County Human Resources website.. If the funding source requires approval of the Board of Supervisors/Board of Directors, that approval must be obtained by placing the request on the agenda of a Board of Supervisors meeting.
- b) If Board of Supervisors/Board of Directors approval is required as part of the application, then the Board of Supervisors agenda item may include language to accept any award granted, provided that all terms of the alternative fund are in compliance with this guideline and the information presented to the Board of Supervisors/Board of Directors is consistent with the original award.

2. Award Acceptance

- a) Once an alternative funding award has been accepted by the Board of Supervisors/Board of Directors, Departments/Divisions/Elected Offices/Special Districts will provide to the Finance Department a copy of all alternative funding agreements which must specifically include the

award amount, alternative funding dates, availability of indirect costs and the indirect cost percentage (%), distinction between reimbursement or advance funding and a complete description of the alternative funding. The provided information will be used to establish controls on the County financial system and will not be changed or modified (award period, alternative funding, etc.) without supporting documentation from the Grantor.

- b) In some cases, the final award may differ from the originally approved amount. In these instances, the Department/Division/Elected Office/Special District must place acceptance of the new award amount on the agenda of a Board of Supervisors meeting.

3. On-Going Alternative Funding

From year to year, Departments/ Divisions/Elected Offices/Special Districts may receive alternative funding from the same Grantor for the continuation of a program. In order to accept ongoing alternative funding, departments must obtain approval from the Board of Supervisors/Board of Directors on an annual basis. After these alternative funds have been reviewed and accepted by the Board of Supervisors/Board of Directors, subsequent funds for that fiscal year from the same Grantor Agency with like provisions do not require the Board's review and acceptance. However, budget modifications will still be required. Subsequent alternative funds from a new Grantor Agency will be transmitted to the Board of Supervisors/Board of Directors for review and acceptance.

4. County Manager Exemption

Under special circumstances, the Pinal County Manager has the ability to exempt a Department/Division/Elected Office/Special District from any or all requirements listed in this policy. Departments/ Divisions/Elected Offices/Special Districts that desire this exemption must contact the County Manager's Office. The County Manager will provide written notice to the County Grants Coordinator of those exemptions.

5. Funding

To improve cash management practices, in most instances, it is the County's preference to receive funding on an advance basis instead of a reimbursement basis. Therefore, every effort is to be made by Departments/ Divisions/Elected Offices/Special Districts to obtain advance funding from the Grantor Agency. This is especially critical for one-time alternative funded programs where the County is advancing funds to sub-recipients or subcontractors.

The Department/ Division/Elected Office/Special District may be requested by the Budget Office to present the cost/benefits of accepting a grant (alternative fund) versus not accepting a particular grant.

6. Claiming Reimbursement

- a) Departments/Divisions/Elected Offices/Special Districts will record and track alternative fund revenues and expenditures utilizing the County financial system (such as JD Edwards, Lindsey, etc.).
- b) Departments/ Divisions/Elected Offices/Special Districts shall submit claims to the Grantor Agency quarterly, at a minimum, or more frequently as appropriate, unless there are no reimbursement expenses or reports required
- c) At alternative fund year-end, each Department/ Division/Elected Office/Special District shall reconcile its respective alternative funds. This includes preparing and submitting any required final reports to the Grantor Agency and either returning excess funds or requesting final reimbursement for the alternative funding year.
- d) All final reports and documentation will be submitted to the Finance Department to ensure the alternative funds are accurately closed on the financial system within 90 days after the alternative

fund end date as represented on the county's financial system. All unreimbursed costs must be identified and a plan of action defined to ensure an alternate funding source is identified and the grant fund is effectively closed within the 90 day timeframe. All unresolved grant balances/ (deficits) after the 90 day timeframe will be reported to the County Manager by the Department/Division/Elected Office/Special District managing the grant.

7. Indirect Costs (2 CFR Part 225 [OMB Circular A-87] Charges)

Title 2 CFR Part 225 (Federal Office of Management and Budget Circular A-87) recognizes indirect costs as legitimate alternative funding expenses. As such, it is the intention of Pinal County to recover indirect costs at all opportunities. In order to do so, the Finance Department will arrange for the following plans to be prepared on an annual basis:

- a) Title 2 CFR Part 225 (OMB Circular A-87) County-wide Cost Allocation Plan. The Finance Department is responsible for preparing and negotiating the County-wide 2 CFR Part 225 (OMB Circular A-87).
- b) Whenever permitted by the Funding Source, proposals requiring County matching funds may utilize County Overhead (A-87) as a last option. All other opportunities must be exhausted to meet the in-kind match before utilizing County Overhead (A-87).

8. Purchase of Computing and Network Systems Relating to Alternative Funding Supported Programs

To ensure compatibility and supportability of the County computing and network infrastructure, Departments/Divisions/Elected Offices/Special Districts are to consult with and obtain approval from the Chief Information Officer prior to purchasing any desired equipment. This applies to hardware, software and communications technologies including data, voice, video, image radio telemetry and facsimile purchases under the provisions of the County's Procurement Code.

Departments in the Judicial Branch of Pinal County will consult with the Chief Information Officer prior to using alternative funds to secure any new hardware or software via the Supreme Court to determine whether the purchase will require compatibility and supportability of the County computing and network infrastructure.

9. Construction/Remodeling/Repair of Facilities

To ensure compatibility and supportability of the County facilities infrastructure, Departments/Divisions/Elected Offices/Special Districts are to consult with and obtain approval from the Master Facilities Committee prior to seeking funding for construction/remodeling or repair of facilities.

10. Purchase of Vehicles and Equipment Supported by Fleet Services

To ensure compatibility and supportability of all vehicles and equipment serviced by Fleet Services, Departments/Divisions/Elected Offices/Special Districts are to consult with and obtain approval from the Director of Fleet Services prior to purchasing vehicles and related equipment. This is required under Section PC1-105E3 under the provisions of the County's Procurement Code.

11. Finance Department Responsibility

While each Department/ Division/Elected Office/Special District has staff assigned to monitor and report the financial activities of alternative funds, the Finance Department will provide general and technical oversight and consulting of all alternative funds. At a minimum, the Finance Department will:

- a) Review and recommend approval of alternative funding items when they comply with County policy.

- b) Establish an appropriate accounting structure on the County financial system when all supporting documentation is provided.
- c) Prepare and provide to the Departments/ Divisions/Elected Offices/Special Districts an interim monthly financial report (Fund Balance Report).
- d) Communicate with the Department/Division/Elected Office/Special District responsible for the alternative funds and the Budget Office regarding fund balance and/or deficit issues.
- e) Initiate the preparation of the Indirect Cost Allocation Plan by providing a copy of the current plan, detailed listing of expenditures and other supporting data.
- f) Issue tags for any capital assets purchased using alternative (grant) funds. Tags are to be affixed on assets by the Department/Division/etc

12. Budget Office Responsibilities

- a) Review and recommend approval of Alternative Funding items when they comply with County policy.
- b) Review and recommend approval/disapproval of Department's/ Division's/Elected Office's/Special District's proposed Alternative Fund budget.
- c) Review and recommend approval of adjustments to Department's/ Division's/Elected Office's/Special District's Alternative Fund budget as necessary.
- d) The Budget Office will assist the Department/Division/Elected Office/Special District responsible for the alternative fund with budget appropriation adjustments to correct deficits.

13. Department/Division/Elected Official/Special District Responsibilities

Each Department/Division/Elected Office/Special District will ensure the following general maintenance activities are completed as defined below:

- a) Review, reconcile and certify the monthly Fund Balance Report. Any discrepancies are to be reported to the Finance Department within two (2) weeks of receiving the Fund Balance Report. A written response must be received by the Finance Department to report any discrepancies.
- b) Reconcile and close expired Alternative Fund contracts on the County financial system within 90 days of the grant end date (as entered on the County financial system).
- c) Communicate with the Budget Office and the Finance Department regarding active *and* closed Alternative Fund projects with a negative balance (non-reimbursable expense). The Department/Division/Elected Office/Special District must develop a plan of action to resolve the deficit. For departments, the plan should only consider utilizing General Funds as a last option.
- d) Ensure that Alternative Fund expenditures do not exceed Alternative Fund awards.
- e) Comply with all reporting requirements as defined by the funding source and County-procedures and guidelines.
- f) Comply with all record retention requirements as defined by the funding source.
- g) .Keep track of any equipment purchased using alternative funds.

- h) Verify that all sub recipients have not been suspended or debarred and comply with all sub recipient monitoring guidelines (e.g. check that they are not on the Federal Government's Excluded Parties List).
- i) All awards to sub recipients must be approved by the Board of Supervisors/Board of Directors through the use of an Intergovernmental Agreement or a similar document (MOU, contract, etc.)
- j) Provide notification to any employee hired or paid partially or fully with grant funds, that upon expiration of such grant funds, absent securing additional funds, the position will cease to exist and employment may be terminated. Notification will be made via the Statement of Understanding form that can be found on the Pinal County Human Resources website.
- k) All Departments/Divisions/Elected Officials/Special Districts that are interested in submitting a grant application during given fiscal year must send a representative to a scheduled "Grant Application Workshop" **before** submitting such application and within the fiscal year in which the application will be submitted. These workshops will be organized by the County Grants Coordinator and he can be contacted for information on the time and place of the workshops.