1.0 **Purpose and Need**

Grant funds from state, federal, or other agencies and organizations are an important revenue source that can aid the City in providing quality services to citizens and customers while keeping our taxes as low as possible. The growing increase in the number of grants awarded to the City has necessitated a higher level of coordination to ensure that grant funds are being used to achieve the City’s Strategic Plan and derive the greatest benefit.

Departments are urged to solicit grants - especially where a grant will help achieve the City’s Strategic Plan, enhance or support the City’s basic services, or address any other City priority - while trying not to incur a high level of overhead on small grants that do not greatly influence the City’s strategy.

Prior to seeking grant funding, a department should consider the following:

- Will the grant be used to address a City strategy or other priority?
- Would the grant funding be used for a previously identified need of the City for which no other source of funding is available?
- If the program being funded by the grant is needed to accomplish a City priority or achieve the department’s mission, should it be supported instead by City funds to ensure that adequate resources are made available?
- Will the grant provide only short-term financing for a long-term commitment on the part of the City?

This Directive provides guidance on the process to be used by City departments in pursuing grants, and establishes a centralized means of identifying which grants are being sought, thereby promoting a systems approach to the use of grant funds.

2.0 **Administrative Directive**

No part of this Directive should be construed as superceding any portion of the adopted annual operating budget ordinance or Capital Improvement Program ordinance. In the event of a conflict between this Directive and either ordinance, the ordinance shall control.

All grant applications must be signed by the City Manager or appropriate designee prior to submission to the granting agency. All grants must be appropriated through the budgetary process, through the Council Agenda Process, or where applicable, through the use of the grant reserve (which is appropriated annually as part of the budget).

All grants must comply with all City policies and procedures, including the purchasing and technology improvement policies, and the City Attorney’s Contract Preparation/Review Guidelines. Any grant that includes personnel costs must comply with all City personnel policies. The agenda request and ordinance shall include language indicating that the position is authorized only for the duration of the grant period, unless continued employment is required.
3.0 Procedure to Accomplish Administrative Directive

A. Grant Application Phase

The procedure for completing and submitting grant applications is bulleted below. Specific details are included in subsequent paragraphs.

- **Step 1**: Department identifies a need for services, equipment or programs.
- **Step 2**: Department seeks grant programs that support services related to the identified need.
- **Step 3**: Department informs Management Services staff (assigned budget analyst) of intent to apply for grant funding.
- **Step 4**: Management Services notifies department to proceed with application development; if there is a concern regarding the request, Management Services forwards the request to the responsible Chief who will make the determination whether to proceed with the application phase.
- **Step 5**: Department prepares grant application (with the Director’s endorsement), routes it to other affected departments (including ComIT for those with technology components), and forwards it to Management Services, accompanied by the required grant forms (available on the Management Services BEACHnet site).
- **Step 6**: Management Services evaluates grant and forwards the application and recommendation to responsible Chief. In some instances, the City Manager’s signature may be required.
- **Step 7**: Once application is approved and signed, department submits grant to grantor agency.

B. Grant Management Phase

The procedure for appropriating and managing grants is bulleted below. Specific details are included in subsequent paragraphs.

- **Step 1**: Department notifies Management Services that grant was approved and drafts an agenda request to accept the grant and appropriate funding. If additional paperwork, such as a formal acceptance is required, the department will forward this to Management Services to obtain signature from the responsible Chief and/or City Manager. Department notifies City Manager’s Office to place grant on Council agenda.
- **Step 2**: Management Services drafts the ordinance and forwards it to the City Attorney.
- **Step 3**: Department representative attends the agenda meeting (Wednesday prior to Council date).
- **Step 4**: Once Council appropriates the grant, Management Services assigns a grant number and enters the related budget journal in ViBES. In the event that City Council declines the grant, the submitting department is responsible for notifying the grantor in writing that the City will not be accepting the grant.
Step 5: Department begins managing the grant in accordance with the grant application and guidelines. Department must coordinate with Finance to determine responsibility for financial reporting. If the department submits financial reports, copies of each must be forwarded to the Comptroller’s Office of the Finance Department. The department managing the grant is responsible for maintaining all grant-related records and ensuring reporting requirements are met.

Step 6: When the grant period is completed, the department shall contact Finance to coordinate closing the grant in ViBES.

Grant Review and Authorization:

- The specific process required for grant review is outlined on the Management Services intranet site (on BEACHnet) under the “Grant Management” link. This link includes the “City of Virginia Beach Grant Management Process” flow chart and written procedures. These documents outline the specific process that should be followed, list all forms that are required to be completed, and provide a list of resources for departments applying for grants. All applicable forms are also available from this link.
- No grant application shall be submitted to a granting agency without prior review by the Department of Management Services and signature of approval by a member of the Management Leadership Team.
- Any City department or agency that intends to apply for a grant shall provide a copy of the full grant application and all required forms to the Department of Management Services at least ten (10) business days prior to the date the grant application is due to the granting agency.
  - It is necessary to allow Management Services ten (10) business days for review to ensure that it is adequately reviewed by Management Services staff and allow routing and review by the appropriate member(s) of the Management Leadership Team.
  - Management Services staff will work with departments on a case-by-case basis, where the granting agency has not provided ample notice to provide the required ten (10) business days for review; however, this does not exempt any grant from review by Management Services.

Requirements for Completing and Submitting Online Grants:

- If a grant is completed in an online database, a hard copy should be provided to Management Services to complete the required review and to maintain for central filing.
- The signature can be obtained on the grant routing form or on the cover letter from Management Services.
- A “Designee Authorization Form” should be completed and signed as well (available on the Management Services BEACHnet website).
- Please note that many online databases require authorization of the applicant prior to submission that may require several days to complete. Departments should plan their grant development accordingly.

Requirements for Legislative Approval:

- While all grants are subject to review by Management Services and require authorization by the City Manager, some grants may not require independent Council action. Certain grants can be appropriated through the use of grant reserve accounts, which are appropriated annually as part of the budget.
- Grants meeting the following criteria do not require City Council action, provided there is ample funding in the grant reserve accounts to accommodate the appropriation.
The grant does not establish new and/or ongoing services to the community.
- The grant in total is $10,000 or less (amount from grantor, plus any associated match).
- The grant does not authorize additional full-time or part-time FTEs.
- Grantor requirements do not mandate acceptance by legislative body (i.e., City Council).
- Management Services will work with departments when there are special circumstances for other small grant programs, such as compressed timelines, that do not easily facilitate Council approval.

Requirements for Grants with Technology Components:
- The submitting department is responsible for routing grants that have technology components associated with them to ComIT during the application phase. The department is responsible for coordinating all technology equipment and infrastructure needs with ComIT staff after submission of the grant.

Inclusion of Grants in the Operating or Capital Budget:
- Guidelines for including grants in the annual operating budget include: the grant is on-going, non-competitive and/or allocated on a formula basis such that the revenue can be reasonably estimated based on the historical amount received.
- A department can include a grant in the operating budget request; however, the grant should be included in the appropriate grant fund and necessitates assignment of a grant number by Management Services.
- The CIP may also include grant funding that is of a one-time or ongoing nature.
- Grants that are appropriated as part of the annual operating or capital budgets will be reviewed in conjunction with departmental budget requests; however, Management Services will still review applicable paperwork for grants that are budgeted. The grant application and/or acceptance paperwork must still be approved and signed by the City Manager or appropriate Chief prior to submission to the granting agency for budgeted grants.
- It is still necessary for the requesting department to forward any documentation to Management Services for signature by an appropriate member of the MLT and inclusion in central filing.
- The department must notify Management Services of differences between the estimated and actual amount of all grants so that adjustments to appropriations may be made.
- An award letter is required for any new grant before it can be included in either the operating budget or CIP.

Financial Controls Applied to Grants (Source: June 20, 2005 memo to departments from Finance and Management Services):
- The ViBES controls that are applied to operating budget appropriation units also apply to grants. However, grants are also controlled at the budget unit level. In general (exceptions are outlined below), the grant controls apply first to the grant number, then the budget unit number and then the object code. A grant number designates the overall appropriation unit; appropriations in one grant within a fund cannot offset appropriations within another grant in that same fund. Grants are also controlled at the budget unit level, which affects multi-departmental grants that have multiple budget units under the same grant number. Every single budget unit must balance within that grant.
- Grants also have the same controlled accounts applied, except at the budget unit level: Reserve for Contingencies (600s), Personal Services (601s and 602s combined), Operating Expenses (603s to 606s combined), Leases and Rentals (608s), Land Structures and Improvements (609s), and Debt Service (610s). These categories cannot exceed appropriations for those accounts. Part-time salaries and capital outlay are controlled at the line item level in ViBES; however, for budgetary and purchasing...
• purposes, it is necessary to have adequate appropriations for each capital item (not the line item in total).
• Grants involving FEMA-Team deployments and certain housing grants that are subject to special circumstances are the exceptions to the application of the above ViBES controls. The requirements of these grants would render the application of these financial controls impractical.

**Supplanting:**

• Special focus is needed in the evaluation of grants regarding supplanting. Supplanting involves replacing one source of funding for another.
• The City Council adopted a policy in 2001 which states, “It is the policy of the City Council to prevent, to the extent possible, the shifting of financial responsibility for state, federal, or privately funded programs to the citizens of Virginia Beach by not supplanting those funds with local funds when those agencies reduce funding to various community programs that rely on that funding.”
• In addition, many grants are requiring that the City certify that the funding will not supplant any funding already being used for the same purpose. For example, a Police Department grant may require that the grant funding not supplant any funding allocated for law enforcement uses, thus using vacancy funding from police officers to match the grant would not be allowable under the grant. In meeting non-supplanting requirements, the City considers the redirection of appropriated funding supplanting. This would not apply to funding that is programmed or planned in future years.

4.0 **Responsibility and Authority**

Department Directors shall be responsible for reviewing and providing a written endorsement of all grant applications submitted by their department, either in paper form or electronically. All grant applications shall be reviewed by Management Services and approved with signature by the responsible Chief and/or the City Manager prior to submission to the granting agencies. Before a grant can be submitted electronically, the individual that is preparing the application must be authorized by the City Manager to submit the grant. A “Designee Authorization Form” is located on the Management Services BEACHnet site under “Grant Management.”

A. City departments are responsible for the following:

1. Seeking grant funding for identified needs that are not otherwise funded.
2. Obtaining all required signatures pertaining to the grant application and grant acceptance (recommended to be coordinated through Management Services after grant review).
3. Completing applications for identified grants in accordance with guidelines prescribed by the granting agency.
4. Collaborating with other departments as needed to ensure that grant funding provides the greatest possible benefit.
5. Submitting the full grant application package and completed grant forms to the Department of Management Services, ten (10) business days prior to the grantor’s due date.
6. Initiating the agenda request process to acquire City Council acceptance of the grant and appropriation of grant funds once written approval notice is received from the grantor agency, if applicable.
7. Developing agenda requests for resolutions as required by granting agencies.
8. Administering the grant-funded program and ensuring that all City policies are followed and all grant requirements are met.
9. Ensuring that grant expenditures are within the awarded grant funding.
10. Coordinating with the City’s Finance Department to ensure that grant funding is requested and received in a timely manner, and providing the Finance Department with a copy of the grant agreement and fiscal procedures.

11. Submitting all reports as required by the granting agency, including coordinating financial reporting with the City’s Finance Department.

12. Notifying Human Resources at least one (1) pay period prior to any grant position no longer being funded.

13. Maintaining all documentation for grants for a minimum of three (3) years, unless the grantor specifies a longer duration.

14. Notifying Audit Services of any contact from the granting agency or other external agency concerning an audit or review.

15. Notifying Audit Services of concerns about violations of federal, state and/or local laws and regulations or suspected improprieties related to the grant program.

B. The Department of Management Services is responsible for the following:

1. Functioning as process owner of the grant management process and a resource for agencies, with regard to the grant process and grant development.

2. Assisting departments in identifying sources of grant funding and reviewing grant proposals.

3. Providing a timely review of grant applications prepared by departments.

4. Assisting departments in the preparation of agenda items seeking City Council acceptance of a grant and appropriation of grant funding.

5. Maintaining the following information on file as part of the department’s role in resource management:

   a. A copy of the grant application.
   b. The department’s grant analysis review.
   c. A copy of the agenda package, including the signed appropriation ordinance, and the associated journal voucher.
   d. A copy of the signed grant acceptance form, where applicable.
   e. A copy of the award letter.

6. Communicating with other City agencies and departments after acceptance and appropriation of the grant.

7. Providing copies of all grant-related budget information to the Comptroller’s Office of the Finance Department, and to the Payroll Division of the Finance Department and Human Resources when a grant involves changes to part-time or full-time personnel.

8. Ensuring that City departments are familiar with the grant management process and providing grant training about the City’s process on an annual basis.

9. Ensuring that Council ordinances include wording that indicates that grant-funded positions will be terminated when grant funding is no longer available.

10. Assigning revenue codes and grant numbers to awarded grants, and notifying Finance of awarded grants through a copy of the completed budget journal.

11. Coordinating multi-departmental grants to ensure a Citywide focus.

C. The Department of Finance is responsible for the following:

1. Functioning as process owner of grant reporting and accounting.

2. Serving as fiscal agent, when required by the grant.
3. Reviewing each grant periodically to ensure that grant funding is requested and received in a timely manner, including tracking all revenues received and expenditures made.

4. Ensuring that ended grants are properly closed out.

5. When necessary, submitting required financial reports to the granting agency.

6. Ensuring that grant controls are set in ViBES.

7. Providing grant training on grant reporting and accounting on an annual basis.

8. Obtaining copies of all funding requests and financial reports that are not completed by the Finance Department.

D. The Department of Human Resources is responsible for the following:

1. Indicating on the Personnel Transaction Form (P-3) of any employee hired with grant funding that the position is funded under a grant.

2. Ensuring that grant-funded personnel are aware upon hire that their positions are authorized for a set time frame or certain amount of grant funding and ensuring that grant-funded personnel sign paperwork to that effect.

3. Processing a grant-funded position out of the system after receiving notification that the grant has been discontinued.

4. Assigning position control numbers to full-time grant positions.

E. The Department of Audit Services is responsible for the following:

1. Providing technical and/or advisory services to the department or program managers regarding program operations and compliance.

2. Providing advice and guidance on audit related matters.

5.0 Definitions

Grant: Funding awarded to the City by another level of government or by an outside agency or organization, and which generally meets the following requirements:

- The funding supports a public purpose.
- The funding is for a specified period of time.
- An application process is required to obtain the funds.
- Acquiring the funds is generally the result of a competitive process or funds are distributed on a formulary basis.
- Periodic reports are required to be submitted to the granting agency.
- The grant is subject to audit by the granting agency.

Annual Grant: A grant that is awarded annually, regardless of the specific grant period (e.g., City fiscal year, federal fiscal year, or calendar year).

Multi-Year Grant: A grant that affects the appropriation of funding beyond one (1) fiscal year.

Appropriation: Legal authorization from City Council to make expenditures and incur financial obligations on behalf of the City. Appropriations for grant programs can be included in and approved by City Council in the Adopted Operating Budget and Adopted Capital Improvement Program or may require subsequent action by City Council outside of the budgetary process.
**Legislative Approval**: Refers to (1) the need for City Council to accept and appropriate a grant to provide departments the authority to spend grant funding; or (2) the requirement by the grantor that City Council formally endorse or accept a grant, whether before the application is submitted or after the grant is awarded. Guidance for when legislative approval is not required to provide spending authority is provided on page 3 of this Directive.

**Agenda Request**: A formal request to be placed on the City Council agenda. The agenda request is required to allow the Council to vote to appropriate the grant funding. Grant funding that has not been appropriated may not be spent.

**Ordinance**: An ordinance, or an amendment to an ordinance, is a formal and binding type of Council legislation. A roll call of the Council records the Council's action on all ordinances. Before grant funding can be spent it must be appropriated. Because the budget is a legal document, any expenditures that are not included in the budget document must be ratified by Council as a separate ordinance. The ordinance appropriates grant funds for the department to spend.

**Resolution**: A resolution is a formal type of Council legislation. Passage of a resolution indicates the Council's policy on a certain matter, or it may direct a certain type of action to occur. It requires only one reading. This is a statement of intent by the City Council to participate in the grant program. Resolutions may be required for grants prior to award or after the grant has been awarded. This does not constitute an appropriation or a formal acceptance of grant funding, but only an agreement in principle.

**Supplanting**: Substituting one source of funding to augment reductions in funding by another agency. The City's policy of not supplanting federal, state or private funding reductions with local funding applies to grants. Match requirements for grants are not considered supplanting. Grants are increasingly requiring that the City certify that federal, state or private funding are not supplanting local funds intended for the same purpose as well.

### 6.0 Specific Requirements

Subject to any other provision of the law, all agencies and departments shall administer all grants in accordance with this Directive and related supporting documents.

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