



GRANTS MANUAL – DUPLICATION OF BENEFITS (COUNTY)

F-ROC Sample Policies

***Disclaimer:** The sample policies and language provided are for informational and reference purposes only. They are intended to act as a basis to help your organization develop your entity's plans, policies, and procedures. These samples may not fully align with your entity's specific legal, regulatory, or operational requirements. We strongly recommend that you consult with the appropriate department within your organization—such as Legal, Human Resources, or Procurement—to review, modify, and approve any language before implementation. Additionally, these sample policies are subject to updates, so we encourage you to check back periodically for new or revised materials.*

Grants Management Handbook

Approved by _____(County)_____ on ____ (Date)_____
Revisions:

Prepared by _____

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CHAPTER 5: MANAGING THE GRANT

The Grant Manager is the principal administrator of the grant and serves as the liaison between the grantor agency, County staff and project participants. Other County departments and the Clerk of Court – Board Finance Office are secondary to the administration of the grant, performing in their respective roles as described in Chapter 2.

FRAUD, WASTE AND ABUSE

Regardless of an individual's grant-defined function, all active participants have a responsibility to the grantor agency, ____(County)____, and the citizens of ____(County)____ to protect the County from fraud, waste or abuse of public property and funds.

If a citizen or employee of the County has a concern of Anti-Fraud, Waste or Abuse, they may contact the HUD's OIG Hotline at 1 (800) 347-3735. HUD's OIG has a dedicated team that handles fraud cases as a result of UIV, including identity theft without regard to value. If you would like to report such incidences of fraud, contact your local HUD OIG office (<https://www.hudoig.gov/about/where-were-located>) or HUD OIG Hotline (<https://www.hudoig.gov/hotline>).

The basis on which the OIG, Office of Investigation will consider cases of fraud vary by U.S. Attorney's Office and by each local prosecuting entity. In general, local prosecutors will have lower dollar loss criteria than U.S. Attorneys Offices. Plus, there is flexibility on the dollar amount if the case involves:

- A municipal, State, or Federal employee
- An owner with various residences that he/she sublets
- An individual engaged in other criminal activity
- Other egregious factors

FISCAL ACCOUNTABILITY

The Grant Manager will provide the principal administration of the grant and the project. All invoices are to be examined for accuracy and agreement to the original contract, purchase order and ____(County)____ Procurement Policy. Approved invoices are timely forwarded to Clerk of Court – Board Finance Office for accounts payable processing. It is vital to grant record management that the invoice has the proper grant expenditure account code to enable project/grant reconciliation and budget monitoring. Copies of all invoices received, checks paid, cancelled checks, and any other pertinent information related to the financial management of the grant must be maintained in the grant file. The records should be kept in electronic format and, if required by the award agreement, in paper format.

The costs incurred for the grant-funded project must also be compliant with the terms of the grant agreement and, for federal grants, conform to the Uniform Grant Guidance, OMB 2 CFR Part 200, *et al.* The following are key attributes of the Uniform Grant Guidance to consider when processing federal awards.

Cost-Reimbursable

__(County)____ grants are most commonly cost-reimbursement grants. The County incurs the expense, and, with proper documentation, will submit to the grantor agency for reimbursement. Submission for

reimbursement must, at a minimum, be accurate, project-allowable, and well documented. Documentation would include approved invoice, copy of payment method, cancelled check copy and any other agency-required forms. Individual agency requirements vary. Being educated on the requirements and maintaining communications with the agency representative will create accurate filing and prompt reimbursement. Notification to Clerk of Court – Board Finance Office for pending reimbursement is recommended. For some reimbursements, such as for RESTORE Act Direct Component grants, the Grant Manager prepares the invoice and provides the invoice and supporting documents to the Board Finance Office. The Board Finance Office then submits the reimbursement request to the funding agency.

TIME AND ACTIVITY REPORTING

__(County)__ has established policies and procedures for reporting employee time and activities, including those in __(County)__ personnel policies handbook. Time and attendance reports are signed by supervisors and submitted to Human Resources for review prior to being provided to Finance, Clerk of Court, for final payroll preparation. Finance is the time-keeping authority for BOCC payroll and their payroll records are audited annually by an outside firm.

Additional time and effort reporting policies and procedures are set at the division level. Some funding sources may have additional time and activity reporting requirements, which may apply to exempt as well as to non-exempt employees.

For federal grants, 2 CFR 200.430(i) requires non-Federal entities, including the County, to maintain records that "accurately reflect the work performed." These records must:

- Be supported by a system of internal control which provide reasonable assurance that the time being charged is accurate, allowable, and properly allocated.
- Be incorporated in the official records of the County, such as payroll records
- Reasonably reflect the total activity for which the employee is compensated by the County
- Provide a time or percentage breakdown on all activities, both Federally funded and non-Federally funded, for the employee
- Comply with the established accounting policies and practices of the County

The accounting for time and activity must be signed by the employee on a timely basis, and the employee's supervisor should review and approve the time and activity documentation in a timely manner. If the supervisor will not be available, a backup approver should be designated and should review and approve the time and activity documentation in a timely manner. Records should be retained according to County and division guidelines. A copy should be retained in each related grant management file.

Advance Funding/Cash Management Standards

Occasionally, the County will receive the grant award funds in advance of incurred expense. Reporting and record retention will mirror those of a cost-reimbursable grant. Any funds not utilized on the project must be returned to the grantor agency within the defined period of performance. For a federal funds award, the OMB's Uniform Guidance § 200.305 defines the procedures when receiving the award in advance.

The recipient must minimize the time between the transfer of funds from the grantor and the use of funds by the recipient. Advance payments must be limited to the minimum amounts needed and timed to be in accordance with the actual, immediate cash requirements of the recipient in carrying out the purpose

of the approved activity, project, or program. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the County for direct activity, project, or program costs and the proportionate share of any allowable indirect costs. All federal awards must comply with §200.305 of the Uniform Guidance.

- 1) Advance payments of Federal funds must be deposited and maintained in insured accounts whenever possible.
- 2) The advance payments must be maintained in interest bearing accounts unless certain exceptions apply as outlined in §200.305(b)(8).
- 3) Interest earned on Federal advance payments deposited into interest-bearing accounts must be remitted annually to the Department of Health and Human Services through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. Remittances must include pertinent information of the payee and nature of payment in the memo area (often referred to as “addenda records” by Financial Institutions) as that will assist in the timely posting of interest earned on federal funds. Interest amounts up to \$500 per year may be retained for administrative expense.

Cost Principles

Receipt and Use of Grant Funds

- 1) Grant funds may only be used for grant related expenses and expended within the period of performance identified in the grant agreement and pursuant to the cost principles set forth in §200.400 - §200.475 of OMB’s Uniform Guidance.
- 2) Grant funds awarded to the County shall not be used to supplant an existing expense so that current funds can be diverted to another use, unless such a use of grant funds is explicitly identified as allowable in writing by the grantor in the grant award.
- 3) All procurement activity associated with grant funded projects or programs shall follow the grantor and County policy and procedures for procurement.
- 4) All grant and related matching revenues shall be recorded in the County finance system.

Direct and Indirect (Facilities and Administrative/F&A) Costs

- 1) §200.412-§200.415 define direct and indirect costs and provide criteria for determining direct and indirect costs.
- 2) __ (County) __ currently does not have an Indirect Cost Rate Agreement with a Federal cognizant agency. The __ (County) __ Budget Office should be contacted should this status change. A default indirect cost rate is usually available upon coordination with the funding agency.
- 3) Grant-specific guidance may also provide additional information related to indirect costs.

Method for determining whether costs are allowable:

- 1) Cost Principles §200.401(a) must be used in determining the allowable costs of work performed by the non-Federal entity under Federal awards.
- 2) These principles must also be used by the non-Federal entity as a guide in the pricing of fixed price contracts and subcontracts where costs are used in determining the appropriate price.
- 3) §200.402 defines the total cost of a federal award as the sum of the allowable direct and indirect costs less any applicable credits.

Method for determining whether costs are reasonable:

Cost Principles §200.404(a-d) establishes the criteria for reasonable costs. A cost is reasonable if it:

- 1) Does not exceed that which would be incurred by a prudent person under the specific circumstances
- 2) Is considered ordinary and necessary for operation or efficient performance of the award
- 3) Shows sound business practice, arm's-length bargaining, and applicable federal/state/local laws
- 4) Adherence to non-Federal entity's established policies and procedures regarding incurring costs (deviation of which unjustifiably increases cost of the federal award)

Method for determining whether costs are allocable:

Cost Principles §200.405(a-b) establishes the criteria for determining allocable costs. A cost is allocable if:

- 1) The cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with the relative benefits received
- 2) All activities which benefit from the non-Federal entity's indirect (F&A) cost including unallowable activities and donated services by the non-Federal entity or third parties will receive an appropriate allocation of indirect costs

DUPLICATION OF BENEFITS

__(County)__ Grant Management Personnel must certify that program funds follow all duplication of benefits requirements as stated in the Robert T. Stafford Act. __(County)__ is required to ensure that the county prevents any duplication of benefits when it is providing financial assistance with CDBG, CDBG-DR, FEMA, and other federal funding sources.

PURPOSE

The purpose of the policy on Duplication of Benefits is to ensure that __(County)__ is not providing grant funds to pay for particular costs where there is another source of financial assistance that is available to pay for that same cost and to identify specific events where the duplication of benefits checks will take place to reduce the risk of a duplication.

Key Events to review for potential duplication of benefits include:

- ☐ Identification of community needs
- ☐ Application for grant funds
- ☐ Acceptance of grant funds
- ☐ Management of grant funds

APPLICABILITY

This policy pertains to the FEMA, HUD, ARPA, and other federal funding sources provided to __(County)__ following a Federally recognized disaster.

A duplication of benefits occurs when a person, household, business, government, or other entity receives financial assistance from multiple sources for the same purpose, and the total assistance received for that purpose is more than the total need for assistance.

ENSURING COMPLIANCE

At the award and acceptance of funds from FEMA, HUD, ARPA and/or other Federal Funding sources, __ (County) __ will ensure the funds are not duplicative for any activity by completing the following steps:

1. Review the award notice and information that identifies the purpose of the funds.
2. Analyze other sources that have been received, anticipated, or that are available and determine if they could be used for the same sources.
3. Conduct ongoing research to understand new funding assistance that becomes available and evaluate as needed.

PROGRAM INCOME

Program income is the gross income received by the grantee and its subrecipients directly generated from the use of CDBG funds. Program income includes:

- Proceeds from the sale or lease of property purchased or improved with CDBG funds;
- Proceeds from the sale or lease of equipment purchased with CDBG funds;
- Gross income from the use or rental of real or personal property acquired, constructed or improved by the grantee (or a subrecipient), less costs incidental to the generation of income;
- Payments of principal and interest on loans made using CDBG funds;
- Proceeds from the sale of loans or obligations secured by loans made with CDBG funds;
- Interest earned on program income pending its disposition (NOTE: interest earned on CDBG funds held in revolving loan funds is not program income and must be remitted to the U.S. Treasury at least annually); and
- Funds collected through special assessments on properties not owned and occupied by LMI households in order to recover the CDBG portion of a public improvement.

Program Income does not include:

- Income earned from the investment of initial proceeds of a grant advance from the U.S. Treasury;
- Interest earned on loans or other forms of assistance with CDBG funds that are used for activities that are determined by HUD to be ineligible;
- Interest earned on reimbursements to the program account prior to the use of the reimbursed funds for eligible activities;
- Any income received in a single program year by the grantee and its subrecipients, that does not exceed \$25,000;
- Income generated by certain Section 108 activities (refer to 570.500(a)(4)(ii));
- Proceeds from subrecipient fundraising activities;
- Funds collected through special assessments to recover non-CDBG outlays of capital improvements; and
- Proceeds from the disposition of real property by a subrecipient that was acquired or improved with CDBG funds five years after the termination of the subrecipient agreement. (Certain conditions apply. Refer to 570.503(b)(7).)

Equipment and Real Property Management

- 1) Equipment purchased with federal grant funds shall be used for the project or program for which it was acquired during the life of the grant or until the property is no longer needed for the purposes of the project. The County shall follow 2 CFR 200.313 for the use and disposition of federally grant-funded property.
- 2) Grant-purchased equipment must be properly maintained and safeguarded, and equipment records must be maintained by the Clerk of Court – Board Finance Office, which maintains the