

**City of Salem, Massachusetts,
Finance Department Fiscal Policy**

No. 2008-03

SUBJECT: GRANT & SPECIAL REVENUE POLICIES & PROCEDURES

Effective Date: June 15, 2009 Revised: 3/3/16

POLICY

All grants and special revenue funds must be administered in compliance with Federal and Massachusetts General Laws and City Policy.

DONATION & GIFTS: All donations and gifts of \$1,000.00 or more MUST be accepted by the City Council/School Committee through a council order/vote. The Treasurer's office will not allow deposit of any donation/gift funds without an accompanying Council Order/ School Committee vote accepting the donation/gift. See Policy 2008-04 for further instruction on Donation & Gift Accounts.

REVOLVING: All revolving accounts must be administered under Massachusetts General Laws. All new revolving funds must be submitted to council for their approval/vote. Each revolving fund will require ANNUAL vote of City Council at budget time approving the following year's expenditures according to MGL if applicable.

RECEIPTS RESERVED FUNDS: All Receipts Reserved Funds must be administered under Massachusetts General Laws Ch's 40, 44, 60B, 114 & 140.

STATE & FEDERAL GRANTS: All state & federal grants must be administered under State and Federal laws and guidelines associated with each grant. Each grant administrator should understand what costs are allowable under the laws and in accordance with the contracts signed by the City and the granting agency.

AGENCY & TRUST FUNDS: All Agency and Trust Funds should be administered in accordance to State and Federal guidelines and in accordance with the conditions of the trust.

OTHER/LOCAL SPECIAL REVENUE: Any 'other' special revenue accounts should be administered in accordance with any MOU, contracts, or other written agreements signed by both the City and the awarding agency or individual.

PROCEDURES FOR DEPARTMENTS

1. All paperwork submitted to the Finance Department for grants or special revenue accounts already in existence must have the FUND NUMBER written on it.
2. All paperwork submitted to the Treasurer's Office for grants or special revenue accounts must have the revenue or expense org and object written on it. For new grants please send request for new grant to Finance so that the new fund can be established (See #3 below)
3. It is the responsibility of each department to set up a new special revenue fund immediately upon notification of an award, MOU, agreement or any other notification or document granting money to the City of Salem from any outside agency or individual. Please do not wait until the money has been received by the Treasurer's office to submit the request to establish the new grant.
4. In order to establish a new special revenue fund, the grant administrator must provide the Finance Department a copy of the application form and award letter, or other documentation (MOU, agreement, etc) of award. All backup documentation must be attached to the "Request to Establish a New Special Revenue/Grant Fund" form. All information must be filled out completely on this form.
5. Once the grant has been established and the "Request to Establish a New Special Revenue/Grant Fund" has been completed by the Finance Department and returned to the department, a copy of the award letter with the REVENUE org/object should be forwarded to the Treasurer's Office.
6. As revenue is distributed (or draw-downs processed) throughout the fiscal year, the award letter or a memo with the Fund Name, Revenue Org/Object, and amount should be forwarded to both the Treasurer's Office and the Finance Department.
7. Draw-downs should be done on a regular basis to ensure proper funding within the grant and to ensure proper cash flow within the City.
8. All revenue and expenses should be recorded by the grant administrator on a spreadsheet to assist in proper reconciliation throughout the fiscal year.
9. Open purchase order reports should be run on a monthly basis for all grants and all old/unused purchase orders should be closed out. If you do not have access to the purchase order report, please contact the IT department to request MUNIS access.
10. A CFDA (Catalog of Federal Domestic Assistance) number is required by the auditors for all Federal grants – including federal pass through grants (federal money granted through the State). This number is available from the granting agency and must be included on the Grant Request form.
11. All grant administrators are required to reconcile their grants on a quarterly basis and provide the Finance Department with a completed reconciliation form and backup

spreadsheets that reconcile to the numbers on the form. All discrepancies must be explained in writing and attached to the reconciliation. Any revenue or expense correction should be made on the appropriate transfer form and attached to the reconciliation for processing by the Finance Department.

12. It is recommended that you reconcile your grants on a MONTHLY basis using the YTD Budget report to print out your detail for each grant expense. This will allow you to detect and correct posting error on a more timely basis and should make the quarterly reconciliation process quicker.
13. It is the GRANT ADMINISTRATOR'S responsibility to ensure that all revenue and expenses are posted correctly to the accounts in each grant. Any missing revenue should be investigated by contacting the Treasurer's Office. You should know the amount and approximate date received prior to contacting the Treasurer's Office.
14. Each grant administrator should provide the Finance Department with all year-end reports submitted to each granting agency for all grants. A copy of the final report must be submitted to finance when the grant is closed. The Fund Number must be written on each document for easy identification by the Finance Department.

PROCEDURES FOR FINANCE OFFICE

1. Finance Department will set up a fund for each grant request once the application and contract has been submitted along with the 'Request to Establish New Special Revenue/Grant' form. The form will be filled out with the Fund number, Revenue and Expense Org/objects and returned to the department when fund has been added.
2. If applicable a budget will be set up for each fund when the fund is established. The grant administrator is required to provide that budget information along with the request to establish the new fund.
3. The Finance Department will provide a grant reconciliation form along with the Account Trial Balance for each active fund and an open purchase report to each grant administrator on a QUARTERLY basis.
4. The Finance Department will maintain folders on each fund established which will be made available for the auditors for annual review.


Finance Director

3/7/2016
Date