

## **Policy 2090 Grant Funding and Compliance**

This policy establishes uniform guidelines for the pursuit, acceptance, management, and compliance of grant funding to ensure accountability, transparency, and the responsible stewardship of public resources.

### **PURPOSE**

Grant funding allows the District to supplement local revenues and reserves to increase the efficiency and impact of capital projects, fire and fuels management programs, water and sewer infrastructure improvements, and other community services. Grants are not “free money”—they are legal, contractual, and binding agreements funded by tax dollars that carry stringent compliance and reporting requirements. Careful analysis shall be given before applying for or accepting any grant award.

This policy establishes guidelines for the Olympic Valley Public Service District (the “District”) in the pursuit, acceptance, management, and closeout of grant funding. It is intended to:

- Promote best practices and sound financial management in grant administration
- Ensure grant activity is consistent with the District’s Strategic Plan and Board priorities
- Maintain the District’s standing and credibility with granting agencies
- Ensure accountability for financial and programmatic elements of all grants
- Promote compliance with all applicable federal, state, and local requirements

The Board of Directors is responsible for adopting this policy and approving significant revisions. The General Manager is responsible for implementing administrative procedures consistent with this policy and is authorized to make minor administrative adjustments that do not significantly alter policy intent. All District personnel involved in grant activity are responsible for knowing and following this policy.

Public Records: All documents related to grant applications, contracts, expenditures, revenues, and compliance are public records subject to disclosure under the California Public Records Act (Government Code §7920.000 et seq.).

### **SCOPE**

This policy applies to all District departments, staff, and Board members involved in identifying, applying for, accepting, administering, or closing out grant funding from any federal, state, local, or private source. It applies to all grant types, including capital grants, operating grants, fuels management grants, and pass-through awards. As a small special district, the General Manager and Administration Department serve the grant management functions described in this policy, with project managers assigned from the relevant department for each active grant.

## **POLICY**

### **A. General Standards**

**Conflicts of Interest:** No officer or employee of the District shall have any financial or personal interest, direct or indirect, that may reasonably be expected to bias the design, conduct, or reporting of a grant-funded project. Each project manager shall ensure that grant funds are used without giving preferential treatment, compromising independence, or adversely affecting public confidence in the District. Conflicts shall be disclosed in writing to the General Manager and, where required, to the granting agency.

**Code of Ethics:** All personnel engaged in grant activity shall act in good faith, follow applicable grant laws and requirements, avoid conflicts of interest, and refrain from soliciting or accepting gifts or favors from vendors, contractors, or grant partners that may influence grant decisions.

**Fraud, Waste, and Abuse:** The District is committed to preventing fraudulent or dishonest use of grant funds. All employees are responsible for detecting and reporting suspected fraud or misuse to the General Manager. Violations may result in disciplinary action, restitution, referral for criminal prosecution, and civil action.

### **B. Grant Application**

**Planning and Opportunities:** District staff may identify and research grant opportunities aligned with Board priorities, the Strategic Plan, the Capital Improvement Plan, and the Community Wildfire Protection Plan. Staff shall obtain approval from the General Manager before pursuing any grant application.

**Determining Eligibility:** Before submitting an application, staff shall evaluate:

1. Alignment with District priorities and adopted plans
2. Administrative burden, compliance costs, and match requirements
3. Long-term operation, maintenance, and staffing costs associated with the funded project
4. Whether long-term District costs, including match requirements, operations, maintenance, administration, or staffing obligations, may materially exceed the grant award amount—if so, the Finance and Administration Manager and General Manager approval is required before proceeding

**Submitting Applications:** The designated project manager shall prepare and submit a complete and competitive grant proposal consistent with grant guidelines and deadlines. The application budget shall include total project costs, staff time, administration, match contributions, and any ongoing operation and maintenance costs.

### **C. Grant Acceptance**

**Approval Process:** Upon receipt of a grant award letter, the General Manager and the project manager shall review the grant contract to confirm the District's ability to meet all compliance requirements. An award letter alone does not constitute a contract—the District shall not proceed with grant-funded activity until a fully executed grant agreement is received.

Board Approval to Accept: All grant awards require Board of Directors approval before acceptance. The staff report shall include: grant contract details and all compliance requirements; anticipated revenues and balanced expenditures, match requirements; and a copy of the grant award contract. If no grant award contract is attached, the grant cannot be accepted, and the budget cannot be appropriated.

Budget: Grant revenues and associated expenditures shall be incorporated into the District's budget prior to incurring any grant-related expenditure. Budget must be verified as available before any purchase, contract, or professional services agreement is executed.

Execution of Award: Grants may be spent only after: the granting agency has signed the agreement; the Board has approved acceptance; the District's authorized signatory has signed the agreement; and grant revenues and expenditures have been loaded into the appropriate budget accounts.

#### **D. Grant Management and Compliance**

Roles and Responsibilities:

- Finance and Administration Manager or designated Administration Staff: Serves as the District's grants coordinator. Responsible for tracking grant activity at all stages; preparing reimbursement requests and financial reports; monitoring cash flow and accounts receivable; coordinating with project managers and granting agencies; and preparing the Schedule of Expenditures of Federal Awards (SEFA) for single audit purposes.
- General Manager or Board President: Serves as authorized signatory for grant agreements; approves grant applications, awards, and significant changes; ensures adequate staffing and resources for grant administration; and approves unusual or unbudgeted grant expenditures.
- Project Manager: Responsible for programmatic activities, budget monitoring, vendor and contractor oversight, invoice review, progress reporting, and ensuring compliance with all terms and conditions of the grant agreement.

Procurement: All grant-funded procurement shall follow the District's adopted Procurement Policy. Grant awards utilizing federal funds must also comply with 2 CFR Part 200 §200.317–200.327. Vendors and contractors paid with federal funds in excess of \$25,000 must be verified against the federal System for Award Management (SAM.gov) for suspension and debarment.

Compliance Standards: The District is responsible for compliance with all terms and conditions of each grant agreement throughout the life of the award. Non-compliance may result in loss of reimbursement, grant termination, repayment of funds, or suspension from future grants. Falsification of any grant documentation may result in disciplinary action, termination of employment, and/or criminal action.

#### **E. Grant Accounting**

Grant revenues shall be budgeted and tracked separately from other District revenue sources. Expenditures shall be coded to the appropriate account. The following accounting requirements apply to all grants:

1. Budget must be verified before any expenditure is incurred
2. Grant expenditures must be consistent with the approved grant application, award contract, and District annual budget
3. Invoices must be reviewed by the project manager for compliance with grant requirements and procurement rules before authorization for payment
4. Federal awards must comply with 2 CFR Part 200 (Uniform Guidance) in all aspects of accounting, cost principles, and audit requirements

**Budget Monitoring:** The project manager shall monitor project budgets, contractor invoices, and expenditures relative to the approved grant budget. Line-item adjustments to the grant budget must be approved by the granting agency per the terms of the agreement, and the Finance and Administration Manager must be notified concurrently.

**Cash Management:** To minimize the time between District outlay and receipt of grant reimbursement, invoices shall be submitted and paid promptly. Most grants are reimbursement-based—the District must first expend and pay, then request reimbursement. Reimbursement requests shall be prepared by the Administration Department, and submitted per the grant agreement schedule. Grant receivables shall be tracked until payment is received.

**Staff Time:** When staff time is charged to a grant or used as match, it shall be documented on timesheets reflecting actual hours worked per pay period, approved by the employee's supervisor, and calculated from payroll records. Federal grants require accounting for 100% of an employee's time during the applicable period per 2 CFR §200.430.

**Capital Equipment:** Equipment purchased with grant funds shall be inventoried, maintained, and disposed of in accordance with 2 CFR §200.313 for federal awards or the applicable state regulations. Property records shall include a description, serial number, funding source, acquisition date and cost, location, condition, and disposition data.

#### **F. Post-Award Closeout and Audit**

**Closeout:** Upon completion of all required performance activities, the project manager and Finance and Administration Manager shall complete grant closeout tasks per the grant agreement and 2 CFR §200.343 (for federal awards). Responsibilities include final performance and financial reports, final reimbursement requests, and ensuring revenues and expenditures balance to budget. All grant records shall be retained for a minimum of five years after the final closeout date, or longer if required by the grant agreement.

**Audit:** All granting agencies reserve the right to conduct a program or financial audit at any time during or after the grant period. Any District that expends \$1,000,000 or more of federal awards in a fiscal year is subject to a Single Audit under the Single Audit Act and 2 CFR Part 200 Subpart F. All grant activity shall be thoroughly documented to facilitate any audit. The Finance and Administration Manager shall prepare the SEFA and coordinate with the independent auditor and granting agencies as needed. Audit findings shall be reported to the Board and addressed promptly by management.

## **TRANSPARENCY AND REPORTING**

The District is committed to transparent and accountable grant management:

- Board Reporting – Active grants, award amounts, expenditure status, and compliance matters shall be reported to the Board as part of regular financial updates and the annual budget process.
- ACFR Disclosure – Grant revenues and expenditures shall be disclosed in the District's Annual Comprehensive Financial Report, including the Schedule of Expenditures of Federal Awards (SEFA) when applicable.
- Records Retention – All grant-related records shall be retained in accordance with applicable grant requirements, California law, and the District's records retention schedule, with a minimum retention of five years following closeout.
- Policy Review – This policy shall be reviewed periodically and updated as necessary.

*(Adopted 05-26-2026)*