



Financial Administration of Grants and Gifts

Controller's Office

Accounting Operations & Systems Division

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Table of Contents

I.	INTRODUCTION	1
II.	TERMINOLOGY: GRANTS, SUBVENTIONS, GIFTS	4
III.	AUTHORITY TO ACCEPT AND EXPEND GRANT	5
	A. ANNUAL APPROPRIATION ORDINANCE (AAO) AND ANNUAL SALARY ORDINANCE (ASO)	5
	B. RESOLUTION & ORDINANCE AND THE “ACCEPT AND EXPEND” PROCESS.....	7
	<i>Figure III-1. Format for including Position information in Ordinance</i>	12
	C. GIFTS UP TO \$10,000 - BOARD NOTIFICATION ONLY.....	13
	<i>Figure III-2. Memo Format for Annual Report on Gifts of < \$10,000</i>	13
IV.	FAMIS GRANT SETUP	14
	A. GRANT STRUCTURE	14
	<i>Figure IV-1. Direct-Charge Budget Structure for Grant with Grant-funded Personnel for Another Department</i>	17
	B. GRANT CODES AND INDEX CODES SETUP.....	18
	<i>Figure IV-2. FAMIS Screen 5070, Grant Set-up Screen</i>	20
	<i>Figure IV-3. FAMIS Screen 5300, Index Code Set-up</i>	23
	C. GRANT BUDGET SET-UP	24
V.	CHANGES TO THE GRANT	26
	A. FINAL GRANT AWARD AMOUNT DIFFERENT FROM ESTIMATED AMOUNT IN AAO BUDGET	26
	B. GRANT AWARD MODIFICATION BY GRANTOR	26
	C. GRANT BUDGET LINE-ITEM TRANSFER.....	27
	<i>Figure V-1. Memo Format for Budget Revision Notification to Board</i>	28
	D. GRANT PERIOD EXTENSIONS	28
VI.	GRANT REVENUES	29
	A. GRANT REVENUE SUB-OBJECTS	29
	B. GENERAL PRINCIPLES FOR RECORDING GRANT REVENUE	29
	C. RECOGNIZING REVENUES.....	30
	D. PROGRAM INCOME	33
	E. INTEREST DISTRIBUTION	33
VII.	GRANT EXPENDITURES	34
	A. GENERAL PRINCIPLES FOR RECORDING GRANT EXPENDITURES	34
	B. GRANT-FUNDED PERSONNEL EXPENDITURES.....	34
	C. GRANT-RELATED PROCUREMENT PROCEDURES	36
	D. SUB-RECIPIENT CONTRACTS	37
	E. GRANT-FUNDED INTERDEPARTMENTAL SERVICES (WORK ORDERS).....	39
	F. INDIRECT COSTS	40
	G. ALLOCATED CHARGES	41
	H. YEAR-END EXPENDITURE ACCRUALS	42
	I. ANALYZING APPROPRIATION EXCEEDED ERRORS.....	42
	<i>Figure VII-1. FAMIS Screen 6250, Appropriation Inquiry</i>	43
	<i>Figure VII-2. FAMIS Screen 6260, Appropriation Detail Inquiry</i>	43
	<i>Figure VII-3. FAMIS Screen 6410 w/ Reserved Appropriation</i>	44
VIII.	GRANT RECONCILIATION	45
	A. BASIC PRINCIPLES OF RECONCILIATION	45
	B. DOCUMENTING RECONCILIATION IN A SPREADSHEET	46
	<i>Figure VIII-1. Sample Reconciliation Spreadsheet</i>	47

C.	ANALYZING GRANTS IN FAMIS	48
	<i>Figure VIII-2. FAMIS Screen 6220, Grant Summary Inquiry</i>	49
	<i>Figure VIII-3. FAMIS Screen 6410, Grant Trial Balance Inquiry</i>	49
D.	CONTROLLER’S OFFICE QUARTERLY GRANT RECONCILIATION PROCEDURE	50
IX.	GRANT CLOSE OUT	52
	<i>Figure IX-1. FAMIS Screen 5070, Closed grants with closing date</i>	54
X.	EXTERNAL AUDITS	55
A.	FEDERAL SINGLE AUDIT.....	55
B.	PROGRAM AUDITS	59
APPENDIX A: ADMINISTRATIVE CODE AND AAO GRANT AND GIFT SECTIONS		60
A-1.	SAN FRANCISCO ADMINISTRATIVE CODE	60
	<i>Sec. 10.170. Grant – Application Procedure (as amended 9/24/97 by Ordinance no. 391-97)</i>	60
	<i>Sec. 10.170-1. Grant Funds – Acceptance And Expenditure (as amended 5/29/12 by Ordinance no. 97-12)</i>	61
	<i>Sec. 10.170-2. Accounting for Grants; Duties of Controller, Officers, Boards Or Commissions</i>	64
	<i>Sec. 10.170-2.5. Limitations upon Expenditure of Grant Funds</i>	64
	<i>Sec. 10.170-3. Acceptance of Provisions of Section 13522 of Penal Code</i>	65
	<i>Sec. 10.100-305. San Francisco Gift Funds (Acceptance of Gifts to City and County not to Exceed \$10,000)</i>	65
A-2.	FY 2012-13 ANNUAL APPROPRIATION ORDINANCE (AAO).....	66
	<i>SECTION 11.1 Special and Trust Funds Appropriated</i>	66
	<i>SECTION 11.24 Affordable Housing Loan Repayments and Interest Earnings</i>	66
APPENDIX B: GRANT ACCEPT & EXPEND PACKAGES – ORDINANCE & RESOLUTION.....		67
B-1.	GRANT ORDINANCE COVER MEMO & CHECKLIST	67
B-2.	GRANT ORDINANCE INFORMATION FORM	68
B-3.	GRANT ORDINANCE TEMPLATE.....	70
B-4.	GRANT RESOLUTION COVER MEMO & CHECKLIST	72
B-5.	GRANT RESOLUTION INFORMATION FORM.....	73
B-6.	GRANT RESOLUTION TEMPLATE.....	75
APPENDIX C: COMMON FAMIS TRANSACTION CODES USED IN GRANTS ENTRIES		77
I.	BUDGETS.....	77
	A. <i>Estimated Revenue</i>	77
	B. <i>Appropriations</i>	77
II.	REVENUES FROM DEPOSITS, RECEIVABLES, ADVANCES	78
	A. <i>Initial Deposits</i>	78
	B. <i>Recognizing Unidentified Receipts</i>	79
	C. <i>Accruing Receivables</i>	79
	D. <i>Recognizing revenue from Advance</i>	80
III.	ENCUMBRANCES	80
IV.	EXPENDITURES	81
V.	OPERATING TRANSFERS.....	81
	A. <i>Budget</i>	81
	B. <i>Actual</i>	82
VI.	YEAR-END ADJUSTMENTS.....	82
	A. <i>Revenue accrual</i>	82
	B. <i>Deferring revenues - GASB 33: 120-day rule</i>	82
	C. <i>Expenditure accrual</i>	82
APPENDIX D: FAMIS GENERAL LEDGER ACCOUNTS COMMONLY USED IN GRANTS		84
	BACKGROUND: BASIC TERMS	84
	SELECTED FAMIS GENERAL LEDGER (GL) ACCOUNTS	84

I. Introduction

In FY 2010-2011 Federal, State, and other grant and entitlement revenues totaled \$1,515 million, accounting for 21% of the CCSF general governmental revenues. These revenues are critical to the functioning of City government and the well being of City residents.

Increased scrutiny from granting agencies, such as audit requirements and emphasis on periodic reconciliation and reporting assure the agencies that their funds are used appropriately. Grants require a high level of coordination to ensure that grant funds are used to achieve the City's Strategic Plan and derive the greatest benefit to our City.

The Role of Grant Program Managers:

- Apply for grants according to grantor guidelines, and prepare all necessary grant documents to be submitted to the Board of Supervisors for approval to accept and expend the grants and/or to be submitted to the Controller's Office for set up in the Financial Accounting & Management Information System (FAMIS).
- Facilitate smooth and fair delivery of grant-funded services to San Francisco residents.
- Comply with all grant guidelines - Grant program managers must work with all personnel working on the grant to ensure that all grant conditions are met and grant money is expended appropriately.
- Comply with all reporting and audit requirements – Make sure all program performance reports and financial reports required are submitted within the due dates set by the grantor, and all required external audits are performed.
- Review, approve and submit billing of maximum eligible revenues – Make sure that draw downs of grant revenues are performed as soon as earned and the maximum eligible revenues (including reimbursement of indirect costs, when allowed) are claimed at least quarterly.
- Monitor sub-recipients according to grantor's guidelines and perform site visits or other monitoring measures as needed.

The Role of Grant Accountants:

- Apply efficient grant accounting procedures to ensure that grant funds are available to provide services to San Francisco residents, and to prevent problems that could cause the City to lose current or future grant funding.
- Ensure accurate accounting and setup of grants in the City's financial system.
- Perform periodic analysis and reconciliation of expenditures and revenues - Each grant should balance, with revenues equal to expenditures, and with FAMIS records matching reports provided to the granting agencies. This reconciliation is an essential component of the audit to evaluate the reliability of financial records.

- Bill timely and as frequently as permitted all eligible revenues - Draw down grant revenues as soon as earned and claim the maximum eligible revenues (including reimbursement of indirect costs, when allowed).
- Pass audits successfully - Support the Annual Federal Single Audit and other required audits to demonstrate the reliability of our financial systems and program compliance to funding agencies, the Board of Supervisors, and the public, and promptly rectify any deficiencies identified by the audits.
- Continuously improve - Keep improving our systems and procedures to ensure efficiency and effectiveness. Utilize the available financial reports for management reporting and to facilitate analysis and reconciliation.

Using This Handbook

This handbook is intended to describe the routine aspects of grant financial management. The grant cycle and its relation to the handbook are as follows:

- Applying for grants (not part of the scope of this handbook)

Departments have the authority to apply for grants under \$5,000,000 without seeking prior approval from the Board of Supervisors or the Controller's Office. This handbook does not discuss how to research and apply for grants.

- Obtaining authority to accept and expend grants (Chapter III)

To accept and expend grant funds, Departments must obtain expenditure authority (appropriations) from the Board of Supervisors with exceptions, which is discussed in Chapter III-B.

- Setting up grant in FAMIS (Chapter IV)

This chapter discusses the technical aspects of how to record the grant and grant budget in the City's financial system.

- Recording modifications to the grant (Chapter V)

This chapter discusses procedures to modify grants in FAMIS.

- Managing grant revenues (Chapter VI)

This chapter discusses how and when to recognize grant revenues for consistent and accurate financial reporting.

- Managing expenditures and procurements (Chapter VII)

This chapter discusses how to manage grant expenditures for consistent and accurate financial reporting. Topics include sub-recipient monitoring as well as ensuring that all procurement is in compliance with the grant provisions and City regulations.

- Analyzing and Reconciling Grants in FAMIS (Chapter VIII)

This chapter discusses the basic procedures for reconciling and analyzing grants in FAMIS.

- Grant Closeout (Chapter IX)

This chapter presents basic principles for grant closeout and how to prepare fully expended and/or inactive grants for close out.

- Complying with Requirements of External Audits (Chapter X)

This chapter discusses special issues associated with the annual Single Audit of Federal grants, general Federal grant cost eligibility guidelines, as well as introducing the Controller's Office annual program audits procedure.

- Appendices: Reference materials

The appendices provide useful background material, including:

- Appendix A Administrative Code and AAO Sections on Grants and Gifts
- Appendix B Grant Accept & Expend Packages – Ordinance & Resolution
- Appendix C Common FAMIS Grant Transaction Codes
- Appendix D Commonly Used FAMIS Grant General Ledger Accounts

II. Terminology: Grants, Subventions, Gifts

Outside resources that supplement the City's revenues from local taxes, bond sales, investments, and fees may be received in the form of grants, subventions, gifts and donations. It is important to accurately define the resources received as each type may require different recording treatment in our financial system.

Grants

Grants are awarded by a government department, non-profit or private entity to fund specific projects or programs. They normally have specific restrictions on spending of the grant money and require some level of compliance and reporting. The restrictions and requirements are spelled out in a grant agreement or grant contract, signed by both the grant recipient (grantee) and the granting agency (grantor). Grantors often have the right to take back the grant resources if the specific requirements of the grant are not met. In order to receive a grant, some form of proposal or application is usually required. Often, a grant budget is included in the application and the grantee is required to adhere to this budget when approved by grantor. Grants also normally have a specific term to limit spending in a definite time period and the grant will expire at a certain date unless an extension is authorized by the grantor.

Subventions

Subventions are Federal and State entitlement programs that automatically allocate money to the City based on assistance claims, census data, or other measures. Subventions are normally allocated to supplement City funding for particular programs every fiscal year and they are normally not carried forward to the next fiscal year's budget.

Gifts

Gifts and donations are voluntary and irrevocable transfers of money, property and marketable securities from private individuals, estates, and corporations. Donors may place restrictions on use of the gift but the City has final discretion in its use. A gift does not have an expiration date to limit its use and it does not have reporting requirements to the donor. Unlike a grant where the money would be returned to the grantor if the City does not follow the guidelines set forth in the grant agreement, a gift is not required to be returned to the donor if it was not spent in the manner requested.

III. Authority to Accept and Expend Grant

Acceptance and expenditure of grants and gifts require approval of the Board of Supervisors with the following exceptions (see Chapter III-B for details):

- Grants less than \$100,000 (including any required City matching funds) that do not create new City positions. If subsequent increases to a grant raise the cumulative amount of the grant to \$100,000 or more, Board approval is required.
- Gifts less than \$10,000.

Board approval can be obtained through either of the following two ways:

- Include the grant budget in the Annual Appropriation Ordinance (AAO) and grant-funded positions in the Annual Salary Ordinance (ASO).
- Submit a resolution or ordinance to the Board for approval through the “Accept and Expend” process.

A. Annual Appropriation Ordinance (AAO) and Annual Salary Ordinance (ASO)

A substantial number of the City’s grants are recurring — that is, they are granted to the City each year to fund the same programs and related FTE positions, and essentially provide a portion of the Department’s operating budget.

To provide a clearer picture for the public and policy makers of the true size of a Department’s budget and staff, grants of this type should be included in the annual budget process and approved through the Annual Appropriation Ordinance (AAO) and Annual Salary Ordinance (ASO). The AAO and the ASO authorize, respectively, the expenditure of funds and the creation of City positions. They have the same force and effect as the grant “Acceptance and Expenditure” process. Please refer to Chapter III for further details of budgeting grants in the annual budget process.

Include Grant in Annual Budget Request If Both of the Following Apply:

- The grant spending will begin on or after the first day of the budget year. The department is confident that the grant will be awarded or renewed in the budget year and can document the basis for the projected grant budget.
- The grant budget has not already been authorized through a grant “Acceptance and Expenditure Process”.

Estimate Grant Budget

If departments do not know their exact grant award amount at the time they prepare their AAO budgets, they should include their best estimate. Departments should notify the Controller’s Accounting and System Division, Operations Unit as soon as they learn of any changes in grant award levels from the amounts estimated in the AAO. The AAO includes a clause allowing the Controller to adjust grant revenue and expenditure budgets if award levels change without requiring Board action (see

Section 11.1 of the FY 2013 AAO, reprinted in **Appendix A-2**). With Controller approval, the Department could revise the grant budget in FAMIS to match the final grant award after the original budget has been set up through the budget system by initiating journal entries. Please see Chapter V for details.

B. Resolution & Ordinance and the “Accept and Expend” Process

Grants

Administrative Code Section 10.170 (**Appendix A-1**) defines the authority of the Board and the Controller’s Office over the grant “accept and expend” process. Ordinance No. 97-12 amended Section 10.170-1 to include a dollar amount threshold for Board actions required for grant acceptance and expenditure.

Departments only need Board approval to “accept and expend” grants of \$100,000 or more (**including any required City matching funds**). If subsequent increases to a grant raise the cumulative amount of the grant to \$100,000 or more, an “accept and expend” **resolution** is required. In addition, if a grant had been previously approved by the Board, the department can “accept and expend” any individual increases of less than \$50,000 without further Board action.

Ordinance No. 230-06 amended section 10.170-1 of the San Francisco Administrative Code to require the acceptance and expenditure of grants of any amount creating new City positions be approved by an appropriate amendment to the Annual Salary Ordinance (ASO) in an **ordinance**.

The table below defines the situations and the required board documents to approve the acceptance and expenditure of a grant not included in the AAO.

Grants	Grant Amount*	Board Accept & Expend Needed	Board Accept & Expend through
New Grant	≥ \$100,000	Yes	Resolution
	< \$100,000	No	N/A
Existing Grant	Increase making the total grant ≥ \$100,000	Yes	Resolution
	Increase ≥ \$50,000 and total grant ≥ \$100,000	Yes	Resolution
	Increase resulting in the total grant < \$100,000	No	N/A
	Increase of < \$50,000	No	N/A
New or Existing Grant that creates new positions	ANY	Yes	Ordinance

* **Amount includes matching City funds, if any.**

Gifts

Administrative Code Section 10.100-305 requires gifts greater than \$10,000 to be approved by the Board for acceptance and expenditure through resolutions.

The Accept and Expend Process

The Department should submit the complete accept and expend resolution or ordinance package with the original resolution/ordinance signed by the Department head, an **electronic copy** of the package, and another **2 hard copies** to the Controller's Office to start the grant accept and expend process. The package will go through the following review and adoption procedures.

1. **Controller's Office review:** Fund Accountants at the Controller's Office Accounting Operations Unit will first review the accept and expend package for its completeness and consistency of the financial and other data in the documents. Upon review of the package, the resolution/ordinance will be approved and signed by the Controller. Please allow two business days for Controller's Office review and signature.
2. **Mayor's Budget Office review:** Upon Controller's signature, the accept and expend resolution/ordinance package will be forwarded by the Controller's Office staff to the Mayor's Office of Public Policy and Finance (Mayor's Budget Office) to be reviewed by the Fiscal and Policy Analysts. Each Analyst is assigned a group of specific departments to review, and periodically a new list of assignments is circulated to the Controller's Office. Please allow two business days for Mayor's Fiscal and Policy Analysts to review.
3. **Review by Mayor's Legislative Director:** Upon approval, the Fiscal and Policy Analysts will forward the package to the Mayor's Legislative Director. Please note that for Accept and Expend Resolutions/Ordinances, to be introduced on any given Tuesday, the Legislative Director must receive the redline packet and the electronic file by the Friday prior. Upon review, the resolution/ordinance will be approved and signed by the Mayor's Office.
4. Upon Signature, Mayor's Office staff will forward the package to the Clerk of Board of Supervisors.
5. **Clerk of Board of Supervisors / Committee review:** The resolution/ordinance package (with all copies) must arrive at the Clerk's Office by **Monday noon** in order for the resolution/ordinance to be placed on the upcoming week's Board meeting agenda to be referred to the Board Committee. The agenda will be recommended to the full Board upon the Committee's approval.
6. **Board of Supervisors Adoption:** The Board of Supervisors will have to adopt the resolution or ordinance by majority vote in their weekly Board meeting. Upon adoption, the resolution/ordinance will be forwarded to the Mayor for final signature.
7. **Mayor's Signature:** Mayor has 10 calendar days to sign and return the resolution/ordinance to the Clerk of Board for the legal document to take

effect. Upon Mayor's signature, the resolution is then numbered, copied and distributed.

Special Timeline Requirements: Under normal circumstances, allow *at least 4 weeks* after submittal for Accept and Expend Resolutions to be reviewed by the Board of Supervisors and signed by the Mayor. If you have special timeline requirements, you must state them in the cover letter to the Clerk of Board (see **Appendix B**) so that the Clerk's office will be aware of your needs.

Copies of the Adopted Resolution or Ordinance: If you need to have a copy of the adopted legislation to send to a funding agency, you may request a "Certified Copy" which is signed, dated, and has the seal of the City/County affixed or you may request a copy which will be an official copy without the seal. Unofficial copies can be obtained at the Board of Supervisor's website at: <http://www.sfbos.org/index.aspx?page=2285>

Documents to Include in the Accept and Expend Package

1. **Cover Letter** addressed to the Clerk of the Board transmitting the proposed resolution and all supporting documents.
 - a. Make sure to clearly identify the department submitting the package. It is recommended to print the cover letter on department letterhead.
 - b. Mark all the documents attached in the checklist.
2. **Proposed Resolution or Ordinance** authorizing the acceptance and expenditure of grant funds, signed by the following signatories in the order specified:
 - a. Department Head
 - b. Deputy City Attorney (for Ordinances only)
 - c. Department of Human Resources Director or designee (for Ordinances only)
 - d. Controller or Controller's designee (obtaining signature is handled by the Controller's Accounting Operations Unit)
 - e. Mayor's Office of Public Policy and Finance designee
3. The original resolution or ordinance must be printed on **red-lined paper** available from Reproduction Services and must have the above signatures prior to being submitted to the Clerk.
 - a. Lines in the document must be aligned with the line numbers.
 - b. On the first page, make sure "File No." appears on the upper left corner, and "Resolution No." or "Ordinance No." appears on the upper right corner.
 - c. On each page, page number and date should appear at the lower right corner. Name of the Supervisor or Committee or Department should appear at the lower left corner along with "Board of Supervisors."

4. **Grant Information Form (with Disability Checklist)** signed by the department head and department's Mayor's Office on Disability authorized reviewer prior to submittal. Authorized reviewers, called ADA Coordinators, for each department can be found on the Mayor's Office on Disability website at: <http://www.sfgov2.org/index.aspx?page=429>
5. **Grant Budget** including expenditures by budget category and number of grant-funded positions, their classification and duration, as applicable. This should be the grant budget as specified by the grantor.
6. **Copy of Grant Application** to funding agency (if grant was applied for).
7. **Copy of Award Letter** from funding agency, or letter of intent to award the grant.

Templates available: For formats of the cover letter, resolution or ordinance and the grant information form, please refer to templates provided in **Appendix B**. Downloadable "Accept & Expend" packages are available on the City's Intranet Document Center at <http://mission.sfgov.org/doccenter>. Click on the word "Agency" to pull down Board of Supervisors | Grant Package from the "Select an Agency to View" menu.

Samples available: For samples of resolutions and ordinances, please go to the Board of Supervisors website <http://www.sfbos.org/index.aspx?page=2285> for examples of prior passed resolutions and ordinances.

Guidelines for Drafting the Accept and Expend Resolution/Ordinance

Obtaining approval to apply for a grant

The Administrative Code (Section 10.170) allows departments to apply for grants less than \$5,000,000 without obtaining prior Board authorization. But in some cases, a funding agency may require a Board Resolution to be attached to a grant application. In this situation, departments can obtain Board approval through a resolution to "apply for" the grant. Alternatively, a resolution or ordinance to "apply for, accept, and expend" the grant may be routed for Board approval, depending on whether new positions are being created.

Indirect cost

When preparing the grant application and budget, indirect costs should be included unless expressly unallowable under the terms of the grant. The resolution should contain language to waive indirect cost inclusion in this case.

1. If indirect costs are ineligible, you can state:

"Whereas, The grant terms prohibit including indirect costs in the grant budget; now, therefore, be it"

"Further Resolved, That the Board of Supervisors hereby waives inclusion of indirect costs in the grant budget." (This Resolved paragraph must follow the first Resolved paragraph authorizing action or authority for the grant.)

2. If indirect costs are eligible, but are waived to maximize funds for program use, you can state:

“Whereas, The Department proposes to maximize use of available grant funds on program expenditures by not including indirect costs in the grant budget; now, therefore, be it”

“Resolved, That the Board of Supervisors hereby waives inclusion of indirect costs in the grant budget.” (This Resolved paragraph must follow the first Resolved paragraph authorizing action or authority for the grant).

3. If indirect costs are included, you can state:

“Whereas, The grant budget includes provision for indirect costs of \$(insert amount) now, therefore, be it” Please note: If you **do** have indirect costs you do not need a separate resolved statement authorizing them (as you do with the prohibited and waived costs); you would simply continue with your resolution making the next paragraph your first resolved paragraph.

“Common Sense” View of Resolution Documents: All resolutions are divided into two major sections of text. The first section contains the “Whereas” statements, and the last section contains the “Resolved” statements. The Whereas statements need to be accurate, but they are not as strictly prescribed by law as the Resolved statements. For this reason it is permissible to include as many Whereas statements as the department thinks necessary to fully describe the purpose and restrictions of the grant to the Board of Supervisors and the public. The templates available on the document center only mention a minimum number of required Whereas statements.

Only those statements required to make the resolution legally enforceable should be included as Resolved statements. At a minimum, those would be to authorize the department to accept and expend the funds and to waive indirect costs, if applicable.

ASO amendment

For an **ordinance** that creates any new position (i.e. amends the ASO), the department should accurately state the funding source (FAMIS codes) and information of the position added. See Figure III-1 below for the format and information needed. Problems related to establishing the grant-funded position in the payroll system might arise if the funding source submitted when setting up the position is different from the funding source stated in the ordinance. The Department needs to contact the *Department of Human Resource* to clarify the issue when this type of problems arises.

Figure III-1. Format for including Position information in Ordinance

Department:			
Program:			
Subfund:			
Index Code:			
Amendment	Number of Positions	Class and Item No.	Compensation Schedule
Add	(% FTE)	(Job class & Description)	(\$XXXX B\$XXXX)
Add	(% FTE)	(Job class & Description)	(\$XXXX B\$XXXX)

For a **resolution** that does not create any new position (i.e. does not amend the ASO), the following language should be included:

- **“Whereas, the grant does not require an ASO amendment;”**

Matching funds and other special conditions

Make sure the resolution or ordinance includes approval for any special grant conditions or uses of program income, including any matching requirements or legal waivers of liability. For matching requirements, the percentage of match or the dollar amount of the matching fund, and any in-kind matching services or expenditures from outside agencies must be stated in the resolution or ordinance.

Program income

If a grant program is expected to earn program income, such as from interest on advances, fees paid by participants, or repayments of loans funded by the grant, the resolution should include explicit instructions for how the program income will be expended. The department should also include anticipated program income in the total amount of the Accept and Expend so that spending authority for the program income is obtained without returning to the Board.

An exception is loan repayments and interest earnings in special revenue funds designated for affordable housing. FY 2013 AAO Section 11.24 (see **Appendix A-2**) allows self-appropriation of loan repayments and interest earnings for affordable housing grants.

C. Gifts Up To \$10,000 - Board notification only

Departments may accept and expend gifts up to \$10,000 without requiring prior Board authorization (See Administrative Code Section 10.100.305 in **Appendix A-1**). Departments are required to provide an annual report to the Board by the second week of July of all such small gifts. See Figure III-2 for a sample notification memo.

Figure III-2. Memo Format for Annual Report on Gifts of < \$10,000

Date: July 14, 20XX			
To: Clerk of the Board of Supervisors			
From:			
Subject: Annual Report on Gifts Received up to \$10,000			
In accordance with Administrative Code Section 10.100-305, this memo serves to provide the Board of Supervisors with a report on gifts up to \$10,000 received by the Department during the past fiscal year:			
Gift Description	Source	Value	Disposition
1.			
2.			
3.			

Gifts over \$10,000 require board approval through the “accept and expend” process.

IV. FAMIS Grant Setup

A. Grant Structure

The structure of a grant in FAMIS is established through the use of the grant codes, grant details and index codes.

Grant codes are intended to facilitate analysis of the grant budget and expenditure, and to track separately the grant's assets and liabilities. This is to ensure that grant reporting can be performed correctly.

Index codes function to direct transactions to a specific funding source and to control posting of transactions in that funding location. Correct set-up of grant index codes ensures grant transactions are posted to the correct funding source and ensures grant expenditure posting is controlled at the correct spending and appropriation level and the appropriate period.

These codes need to be set up before the grant budget can be recorded. Initial setup of the correct grant structure in FAMIS is very important in ensuring accurate recording and efficient monitoring of the grant. Incorrect grant code or index code setup may lead to difficulty in providing necessary documentation for audits, as well as increased risk of financial record errors and potential audit finding. After-the-fact restructuring due to incorrect grant setup would require extensive analysis and could be extremely labor-intensive and time-consuming. The following principles apply when establishing the structure of a grant.

General Rule: New Grant Detail for Each Grant Budget/Award

Generally, a grant should have a two-digit detail after the first six digits of the grant that describes the fiscal year in which the grant will be spent. In special circumstances, departments may use the grant detail 1 for other purposes rather than fiscal year. Grant detail 2 (2 characters), detail 3 (one character) and detail 4 (one character) are optional and may be used in any way the department finds useful for reporting or analysis purposes.

Recurring grants

For grants that are renewed each year on the City's fiscal year schedule, departments should request a new grant detail code in FAMIS and the budget system each fiscal year. The coding should follow the convention of using the last two digits of the year in which the fiscal year ends; i.e., use detail "13" to designate fiscal year 2012-2013.

If a department receives operating grant awards on a recurring cycle that differs from the City's fiscal year (i.e. the grant period cross two fiscal years), the coding should be the last two digits of the fiscal year that the recurring grant is awarded.

Multi-year grants

If the grant term is more than one fiscal year (multi-year grant), a new detail should be added for each fiscal year if the grant agreement stipulates a separate budget for each fiscal year. A multi-year grant that has only one grant budget that spans through the entire grant period should be established in one grant detail only. *However, departments should be careful to avoid including unspent funds in subsequent AAOs.*

Grants with more than one funding source

Grant types are usually not mixed, unless the grants are reported together. For example if a program is receiving both State and Federal grants and the expenditures under each grant are accounted for separately, make a separate detail for each grant type. If a grant has a Federal and State share, and the expenditures are reported together, the two grants may be reported in the same detail. (Note: In this case, the details would show the Federal catalog number for the Federal grant and only the Federal share of the expenditures would be reported in the annual Single Audit).

One-time grants or gifts

For unique, one-time grants or gifts, the grant code may be sufficient and no grant detail is needed. However, if a grant code is initially set up with no details (i.e. "lower level required" on FAMIS screen 5070 is "N"), grant details cannot be added afterwards.

Miscellaneous gifts

Gifts for the same purpose may be combined in one grant code. Some gift campaigns can result in numerous small gifts for a single purpose, such as a civic celebration or an historic building restoration process. These gifts may be combined in a single grant code/detail if there is no need to distinguish each one in FAMIS for reporting purposes.

Subventions – grant codes not required

Grant code or grant details are not required for annual subventions (entitlement payments) that are recorded in the general fund and are entirely expended during the same fiscal year. Expenditure appropriations associated with these subventions are not carried forward from one year to the next, hence it is not necessary to maintain separate fiscal year grant details.

When a New Index Code is Needed

A new index code may or may not be necessary for each grant. Some departments administer multiple grants with one index code. Others prefer to embed the grant code or grant detail in the index code and to set up a new code for each grant detail. However, department policy on index code set-up should be consistent. In general, Department should use no more than one index code as much as possible to record all grant expenditure in a given grant detail.

If the department is not using the Labor Distribution System (LDS), the lowest-level grant detail must be embedded in the grant index code in order to charge personnel costs directly to a grant.

Setting up Grants with Projects

Departments should use the grant and project structure together in FAMIS under the following circumstances:

The grant involves a capital project

All capital projects must be tracked in the project structure as part of the fixed assets reporting system (FAACS). So, even if a grant is the sole source of funding for the capital project, the expenditures must be recorded in both the grant and a project.

The grant relates to a project with multiple funding source

The grant funds a project with multiple funding sources and the department wants to use the project structure for combined reporting.

Matching Fund

Many grants require matching funds or in-kind contributions, which could come from the general fund, other grants, nonprofit agencies or individual volunteers. Departments are responsible for tracking and reporting matching funds and contributions to comply with grant agreements and support audits. Departments may work with your Fund Accountants at the Controller's Office Accounting Operations Unit to determine the most efficient way to track matching funds. Possibilities may include using separate index codes, project codes/details, and grant details to record matching fund expenditure.

Grant Funded Personnel for Another Department

Some grants are awarded to a single department in the City, but support personnel or other service expenditure of departments other than the awarded department. In this case, the department awarded the grant has the responsibility to obtain accept and expend authority for the grant, set up the grant and administer the grant. There are two ways to setup the appropriation for the expenditure for the other beneficiary departments.

Direct charge

Please refer to Figure IV-1 for illustration. The administering department can set up a separate grant detail for the beneficiary department to separate the grant budget and expenditure of the administering department and the beneficiary department. Use detail 2 since detail 1 is usually used to indicate fiscal year. The beneficiary department can embed their grant detail in their department index code for the grant (i.e. JVXXXX_10PD in 05XXXX) which points to the same sub-fund location as the administering department's grant index code, so that grant expenditure charged in this index code is directly charged to the grant.

Figure IV-1. Direct-Charge Budget Structure for Grant with Grant-funded Personnel for Another Department

	Org	PDR	JUV	Total Grant budget
	I/C	05XXXX	12XXXX	
	Grant Detail	JVXXXX_10PD	JVXXXX_10JV	JVXXXX_10
	S/O	Budget FY10	Budget FY10	
Revenue	44939	\$ 52,513	\$ 104,552	\$ 157,065
Expenditure	00101	\$ 36,722	\$ 49,858	\$ 86,580
	Fringes	\$ 15,791	\$ 19,444	\$ 35,235
	03800		\$ 35,250	\$ 35,250
Total expenditure		\$ 52,513	\$ 104,552	\$ 157,065
Revenue - Expenditure		\$ (0)	\$ 0	\$ -

This method of setup is ideal for straight payroll charges where the grant funds a full-time (1.0 FTE) position. Payroll can be charged to the grant without initiation of additional journal entries. However, there is a risk that ineligible expenditures of the beneficiary department can also flow to the grant via the beneficiary department's index code without the administering department's approval. Therefore, this method of setup require great amount of control for both the beneficiary department and the administering department to make sure that all expenditure recorded in the grant is eligible and the beneficiary department's index code is used solely for recording expenditure for the grant.

Work order

The administering department can also set up a work order with the beneficiary department in order to transfer grant funds to the beneficiary departments to recover their eligible grant expenditures. The beneficiary department needs to appropriate their grant funds from the administering department in their work order sub-fund and use their work order index code to record their expenditure. For details, please see Controller's work order guidelines.

B. Grant codes and Index codes setup

Some departments are authorized to set up grant codes and index codes in FAMIS. Other departments need to submit requests to the Controller's Office Operations Unit. Requests to set up grants should be submitted with complete information in a grant setup form and an index code setup form to the Controller's Office Operations Unit. Refer to the instructions below and the following sample forms and FAMIS Screens (Figure IV-2 to Figure IV-3) on filling out the forms.

Filling out the Grant Set-up Form:

- **Grant code**

A grant code has six digits: the first two characters of the grant code are the two-digit alphabetic department code; the remaining four digits of the grant code can be any alphanumeric combination of significance to the grant.

- **Grant title**

The grant title should accurately describe the nature and purpose of the grant. It is limited to a maximum of 40 characters in FAMIS.

- **Grant type**

FAMIS contains the following grant types to identify the grant's funding sources:

F: Federal Direct

Funds received directly from a Federal agency. Catalog of Federal Domestic Assistance (CFDA) number is required if this grant type is chosen.

T: Federal Pass-Through

Federal funds administered by and received from the State or other non-Federal entity. Catalog of Federal Domestic Assistance (CFDA) number is required if this grant type is chosen.

S: State

Funds derived from the State budget. These usually are received directly by a State agency, but in some cases, may be administered by and received from a regional or local agency, such as the Metropolitan Transportation Commission (MTC).

L: Local

Funds received from other local public agencies and derived from locally administered taxes, fees or other revenue sources. Examples include Metropolitan Transportation Commission (MTC) and Bay Area Air Quality Management District (BAAQ) grants derived from locally paid gas taxes or vehicle license fees.

In some cases funds administered by a local agency, such as the MTC, may come from taxes collected by the State, but redistributed to regional agencies for the purpose of making grants. Generally, if the State provides the funds to the regional agency by formula based on taxes or fees paid in the region, the funds should be considered “local.” If the State apportions money from a statewide pool to regional agencies based on some other criteria, the funds should be considered “State.”

M: Mixed

Use when a grant code includes more than one funding source type (e.g. Federal and State). CFDA number is required if one of the funding source is Federal.

P: Private Grants

Funds received from individuals or private for-profit and non-profit corporations (that are not Federal or State pass-through funds) that have time or spending restrictions and reporting requirements.

G: Gifts

Funds received from individuals or private for-profit and non-profit corporations that does not have any time or spending restrictions and have no reporting requirements.

- **Responsible department**

This should be the 3-digit character code of the department responsible for administering the grant.

- **Donor agency**

The “donor agency” field is a required field for all grant codes. This should indicate the agency that directly contracts with the City for the grant funding. For example, if a federal pass-through grant that is awarded by the State, the State agency that awards the grant funds is the donor agency that should be inputted here. In addition, please put the grant identifying number provided by the donor agency in the notepad when the budget for the grant is set up in FAMIS.

- **Catalog of Federal Domestic Assistance (CFDA) number**

CFDA numbers are required for all Federal direct and pass-through grants and should be accurately recorded in FAMIS. CFDA numbers are important for reporting grants in the City & County’s annual Schedule of Expenditures of Federal Awards (SEFA) and information gathering for the purpose of the annual Single Audit.

The CFDA number should be obtained from the funding agency and could be searched on-line at <http://www.cfda.gov>. A CFDA number is a 5-digit number, e.g. 14218 for Community Development Block Grants. The first two digits represent the Federal department: 14 = Department of Housing & Urban Development (HUD), 93 = Department of Health & Human Services (HHS), etc. Some unique Federal cooperative agreements may not have catalog numbers, in which case, the funding

department designates them. If the number is not in FAMIS, please contact Controller's Office Accounting Operations Unit to set up the code.

- **Plan start/end date**

"Plan start date" and "Plan end date" represent the grant period as stated on the grant agreement to show the period of performance in which expenditures are allowed to be incurred.

- **Actual start/end date**

"Actual start date" and "actual end date" denote the effective period of the grant code that allows actual processing of grant transactions in FAMIS.

Figure IV-2. FAMIS Screen 5070, Grant Set-up Screen

FAML5070 V5.1	CITY AND COUNTY OF SAN FRANCISCO--NFAMIS	02/18/2010
LINK TO:	GRANTS	9:54 AM
		PAGE 1 OF 4
GRANT	: DAAUTO	DEPT OF INS AUTO INSURANCE FRAUD
GRANT DETAIL	: 10	FY 09-10
TITLE	: FY 09-10	
LOWER LVL REQUIRED	: N	
GRANT TYPE	: S	STATE GRANT
CONTYP /FNDS CTL:	GY Y	DONOR FUNDING FY
CCSF FILE NMBR	:	
RESP DEPARTMENT	: DAT	DISTRICT ATT -RESPONSIBLE DEPT FOR GRANT
DONOR AGENCY	: CDOI	CALIFORNIA DEPARTMENT OF INSURANCE
CCSF APPROVAL	:	
FEDERAL CATALOG	:	
CLOSING DATE	:	
INT DIST BY GRT	:	
PLAN DATES START	: 07/01/2009	END : 06/30/2010 IDC REIMBURSE : N
ACTUAL DATES START	: 07/01/2009	END : 10/30/2010 GRACE PERIOD : N
CREATE DATE	: 01/27/2009	STATUS IND : A
UPDATE DATE	: 01/27/2009	STATUS DATE : 01/27/2009

Note: the following fields are not currently populated but are reserved for future use

- "CCSF File Nmbr"
- "CCSF Approval"
- "IDC Reimburse"

Filling out the Index Code Set-up Form

- **Index code**

An index code has six to twelve digits. It is recommended to use the 3-character department code as the first three characters of the index code. Some departments may be limited to six characters if the index code is used for labor charges. In that case, the first two characters of the index code are the two-digit alphabetic or numeric department code; the remaining four digits of the index code can be any alphanumeric combination of significance to the grant.

- **Index code title**

The index code title should accurately describe the nature and purpose of the index code or the location it is pointing to. It is limited to a maximum of 40 characters.

- **Fund type**

This is the type of funds to which grant transactions should be directed. Please see below for the general usage of fund types:

- 2S (special-revenue fund) – for general non-enterprise operating grants
- 3C (capital projects fund) – for capital grants
- 5X (enterprise fund, “X” character indicate department) - for enterprise departments’ grants, e.g. PUC, MTA, Airport, Port, etc.
- 7E (Expendable trust funds) – for gifts and bequests

- **Fund**

This is the fund to which grant transactions should be directed. Please see below for examples of funds:

- PPF (Public Protection Fund) – for public protection grants
- CPF (Capital Projects Fund) – for enterprise capital projects grants
- GIF (Gift Fund) – for all expendable gifts

- **Sub-fund**

This is the sub-fund to which grant transactions should be directed. Please see below for the general usage of sub-funds:

- GNC – for all non-enterprise, non-capital grants that are not associated with continuing projects.
- GPC – for all non-enterprise, non-capital grants that are associated with continuing projects.
- ARA – for all American Recovery and Reinvestment Act (ARRA) grants
- GIF – for all expendable gifts

- **Program**

This should be the program where the grant funds are expended.

- **Dept activity (optional)**

This code is currently not required for grant index codes.

- **Organization**

This should be the department’s organization code. Some departments have multiple codes for different divisions. In this case, the code for the division administering or expending the funding of the grant should be used.

- **Project and project detail (optional)**

The project code or project detail could be embedded in the index code so that transactions are directly posted to the project using the index code without inputting the project code in the transaction.

- **Grant and grant detail (optional)**

The grant code or grant detail could be embedded in the index code so that transactions are directly posted to the grant using the index code without inputting the grant code in the transaction.

- **User code**

User code is needed only when the index code is used for transfer-in and transfer-out transactions.

- **Sub-object (not used)**

This is not currently used.

- **Allocation control / allotment control**

These are the appropriation control in FAMIS that limits the expenditure transaction amount and the allotment amount to the appropriation available in a certain funding location or classification. For types of allocation/allotment control available, please go to FAMIS screen 5300 and drill down at the ALLOTMENT CTL field. To set up grants, the appropriation control should be at least at the grant detail level. Therefore, grant index codes should at least have allocation control "84" (Grant detail 1), unless the grant has no grant details. The department should choose the allocation control according to the grant provisions. If the grant provisions stipulate that spending of grant funds should be limited at per budget line item, then allocation control at character level "85" should be used. If the grant provisions stipulate that the department has the flexibility to arrange grant budget line items without notification to the grantor, then allocation/allotment control at the grant detail level should be used.

- **Cash control**

The City does not use cash control, but input in this field is required in FAMIS for index code set up. Please use "GG" for grant index codes.

- **Start/end date**

The start and end date of the index code dictates the effective period that index code could be used. It should match with the grant code's actual start and end date if the index code is used to record revenue/expenditure for one grant or grant detail only.

Figure IV-3. FAMIS Screen 5300, Index Code Set-up

FAML5300	CITY/COUNTY OF SAN FRANCISCO	PRODUCTION: FAMIS
LINK TO:		INDEX CODES
INDEX CODE	: 235105	JAIBG FY 00/01 (MYJABG/01CY)
FUND TYPE	: 2S	SPECIAL REVENUE FUNDS
FUND	: PPF	PUBLIC PROTECTION SPECIAL REVENUE FUND
SUBFUND	: GNC	GRANTS, NON-PROJECT, CONTINUING
PROGRAM	: CAQ	CHF-CHILDREN PROGRAMS
DEPT. ACTIVITY	:	optional
ORGANIZATION	: CHFAA	GENERAL SERVICE SUPPORT
PROJECT	:	optional, for capital grants only
PROJECT DETAIL	:	optional
GRANT	: MYJABG	JUV ACCOUNTABILITY BLOCK GRANT
GRANT GR DETAIL	: MYJABG 01CY	DEPT CHILDREN, YOUTH & FAMILIES
USER CD	:	optional
SUB-OBJECT	:	optional
ALLOTMENT CTL	: 87	SFD/DEPT/GRANT/DETL2
ALLOCATION CTL	: 87	SFD/DEPT/GRANT/DETL2
CASH CTL TYPE	: GG	GRANT
COST DISTR	: PSC% :	TAX REBATE% :
		EXTERN RPT REQ :
START/END DATES	: 04/01/2000 / 09/30/2004	FUTURE YEAR INDEX :
CREATE DATE	: 02/23/2000	STATUS IND:
UPDATE DATE	: 09/29/2004	STATUS DATE:

C. Grant Budget Set-up

Grant budget needs to be set up in FAMIS. For grants that are authorized through the Annual Appropriation Ordinance (AAO), grant budgets are posted to FAMIS through the budget system with all other operating budgets that are also approved together with the AAO. For grants not included in the AAO, their budgets need to be manually recorded in FAMIS through journal entries.

Set-up in the Budget System – AAO

Departments need to contact the Controller's Office Budget Division for detailed instruction and deadlines for using and inputting grant budget into the budget system. In general, please note the following:

Include a budget for anticipated program income, if applicable

If a grant is expected to receive program income, from interest on advances, loan repayments, or other revenue sources, you may include an estimate of that program income in the budget and a plan for spending it. If the program income is uncertain, the Controller's Office or the Board may reserve some or all of the appropriation.

Grant-funded positions: Use "G" indicator

In the budget system, grant-funded positions are entered with position status indicator "G" and are shown by classification. Position status indicators allow for analysis of the workforce Citywide and facilitate budget balancing.

Balance revenues and expenditures budgets at grant level

Grants in the annual budget use the same sub-objects as those approved through "Accept and Expend Resolutions". Revenues and expenditures are recorded, and the grant is balanced at the grant level.

Review grant information each budget year

Once a grant is included in the annual budget, all budget records, including revenue, expenditure, and position entries, are "rolled over" into the base budget for the following fiscal year. The base budget column becomes available for analysis and comparison with other budget phases.

Some grants that are not recurring may appear in the base budget. Departments are responsible for identifying any non-recurring grants and deleting them from their budget submission.

If the recurring grant will be budgeted in a new grant detail, departments must enter the appropriate amounts and position records in the new grant detail and zero out old grant details. For grant funds set up in FAMIS as continuing funds – that is, unspent amounts from prior years are continued, departments do not need to re-enter unspent balances in new grant details.

Manual Set-up through Journal Entries

Departments should use the following document types and prefixes to initiate budget entries to set up grant budgets in FAMIS that have not been set up through the budget system. For grants that need to go through the “accept and expend” process, the manual set up is done after the Board approval of the resolution or ordinance to accept and expend the grant. Refer to Chapter III-B for criteria in determining whether a grant needs Board approval.

- Document Type GB : (Non-rims) (Document Prefix GB)
- Document Type GM : (Rims) (Document Prefix GM)

When submitting a new grant budget entry or grant budget revision in FAMIS, the **notepad** must include the following information with supporting documentation.

- Name of the funding agency, Federal pass-through agency, if applicable
- Grant Type (Federal, State, Federal Pass-through, or Private, etc)
- Catalog of Federal Domestic Assistance (CFDA) number, if applicable
- Grant identifying number provided by the donor agency, if applicable
- Grant award amount and Grant period
- Board Resolution number or Ordinance number, if applicable
- Required matching/in-kind amount
- Funding source of matching/in-kind amount, if any
- Reporting and audit requirements and due dates

The following documents must be forwarded to the Fund Accountant at Controller’s Office Operations Unit for approval of the budget set-up entry. After approving the budget setup entry, the Fund Accountant will track the necessary grant information in a database.

- A copy of the passed resolution or ordinance (if Board approval is required)
- Completed Grant Information Form with signed Disability Checklist (if Board approval is not required)

The form is available at

<http://mission.sfgov.org/DocCenter/DispDetail.aspx?DocNo=69&S=0&P=ByDept.aspx&T=Board%20of%20Supervisors%20|%20Grant%20Package&K=114>

- Grant award letter
- Grant agreement
- Grant budget document from the grantor
- Grant guidelines or web link to the guidelines

All grant budgets must match with the grant awards, and funding sources must balance with uses so that expenditures of the grant activities will be fully supported. Grant budgets will not be approved if they do not balance or match with the grant award.

V. Changes to the Grant

A. Final Grant Award Amount Different from Estimated Amount in AAO Budget

As defined by AAO Section 11.1, recurring grant funds which are detailed in departmental budget submissions and approved by the Mayor and Board of Supervisors in the annual budget shall be deemed to have met the requirements of Administrative Code Section 10.170 and do not need to go through the “Accept and Expend” process.

If departments do not know the exact grant award amount at the time they prepare the AAO budgets, they should include their best estimate. If the final grant award has a different amount from the estimate amount in the AAO and has **no other changes**, Board approval is not needed, and the Controller has the authority to adjust the grant budget to reflect the final award amount. Departments should submit the granting agency documents detailed in Chapter IV to the Controller’s Office Operations Unit, and initiate a journal entry (document type: GE or GR) to update the grant budget in FAMIS to match the final award.

B. Grant Award Modification by Grantor

The funding agency might increase or decrease grant award levels based on their funding availability, the beneficiary departments’ needs and other considerations. When the department is notified of a grant award modification from the funding agency, it should submit the notification (or approval if applied) through e-mail or fax to the Controller’s Office Operations Unit, and initiate a journal entry (document type: GE or GR) to update the grant budget in FAMIS to match the revised award.

15% rule

A department, agency, or office may reallocate or transfer funds of line item expenditures within an approved grant budget, if such reallocations or transfers are within the total of the approved budget and are allowed by the granting agency. If any line item of a Federal or State grant is modified or increased by more than 15 percent, copies of documentation of such modification or increase which are transmitted to Federal or State agencies shall also be transmitted to the Board of Supervisors.

\$100,000 threshold for Accept and Expend

If the modification increased the cumulative grant amount to over \$100,000 and the grant had not been previously approved by the Board (either through AAO or Accept and Expend), the department needs to obtain Board approval by submitting a resolution through the accept and expend process described in Chapter III in order to be able to post the grant budget changes.

C. Grant Budget Line-item Transfer

Budgetary transfer between expenditure line items is usually permissible, as long as it is allowed by the grant agreement. If unsure, get written approval (email acceptable) from funding agency.

No grantor approval needed, no staffing increase

If the funding agency allows the budgetary transfer between line items without its approval, and there is no proposed increase in staffing, the department does not have to notify the Board of Supervisors according to Administrative Code, 10.170-1(H). However, in order to have the initiated budgetary transfer journal entry approved and posted, the department needs to certify on the entry notepad that the budgetary transfer is permitted according to the grant provisions.

No grantor approval needed, with staffing increase

If a department wants to shift grant funds into salaries in order to hire more staff, and thereby create new positions, the department must obtain prior approval from the Board of Supervisors through an ordinance amending the ASO, as mentioned in Chapter III-B. The department should work with the Department of Human Resources (HRD) to prepare an amendment to the ASO, including the index code, fund and position classification(s). For ASO amendments, please contact HRD at 557-4800.

Grantor approval needed, less than 15%

If the grant provisions require that approval be obtained from the funding agency in order to move budgets around, and the budgetary change involves less than 15% of the budget line item, get written approval (email acceptable) from funding agency and forward the approval documentation to the Controller's Operations Unit in order for the budgetary transfer journal entry to be approved. No Board action is needed.

Grantor approval needed, more than 15%

If the grant provisions require approval from the funding agency in order to move budgets around, AND if the budgetary change involves at least 15% of a budget line item, then the department must submit a copy of that documentation to the Board of Supervisors. See Figure V-1 for a sample memo to the Board of Supervisors to notify them of the budget revision.

Figure V-1. Memo Format for Budget Revision Notification to Board

Date:	
To:	Clerk of the Board of Supervisors
CC:	Controller's Office Operations Unit
From:	
Subject:	Grant Budget Revision
	Grant name:
<p>In accordance with Administrative Code Section 10.170-1(H), this memo serves to notify the Board of Supervisors of a Federal or State grant line item budget revision in excess of 15% requiring funding agency approval.</p> <p>We have attached a copy of budget revision documentation submitted to the funding agency.</p> <p>Attachment: Budget revision documentation</p>	

D. Grant Period Extensions

Approaching the end of the grant period, departments might still have unused grant funds due to project or hiring delays. In this case, the department needs to request the funding agency for extension of the grant period in order to use up those funds and finish the grant projects. Once the extension is approved, the department should update the grant end date (plan and active) on FAMIS screen 5070 and index code expire date on FAMIS screen 5300 to reflect the extension and allow for transactions to be recorded in the grant during the extended grant period.

For departments that do not have access to update FAMIS screen 5070 and 5300, they should provide the approval documentation and send request to the Controller's Office Operations Unit to update the respective dates in FAMIS.

VI. Grant Revenues

Grant revenues must be treated consistently because the City reports these revenues in the annual financial statements and audit reports.

A. Grant Revenue Sub-Objects

The correct grant revenue sub-object should be used when setting up grant budget. This is crucial in order to identify the type of source of the grant revenue in the City's financial reports. A complete list of sub-objects can be found in FAMIS table 5999 (link to Screen 5200, and press F2).

Federal-funded Grants

- **44939** "Federal Direct Grants" - used for Federal grants received directly from Federal agencies and those without a unique sub-object.
- **44931** "Federal Grants Passed Thru State/Other" - used for grant revenues involving Federal funds administered and provided by the State or other non-Federal agency.

State Grants

- **48999** "Other State Grants and Subventions" - used for State grants that involve State money (not Federal pass-through) without a unique sub-object.

Local Grants

- **49102** "SF Transportation Authority" - used for grants from the San Francisco Transportation Authority.
- **49999** "Other Local/Regional Grants" -used for miscellaneous grants from local or regional public agencies.

Gifts & Bequests and Private Grants

- **78101** "Gifts and Bequests"
- **78201** "Private Grants"

Some programs have specific sub-objects. For example, revenue sub-objects **40124** "Food Stamps E&T-Fed Share" and **43111** "FEMA, Federal Share" are specific to those programs. In addition, revenue sub-objects for ARRA federal direct and pass-through grants have been created. New sub-objects can be created when necessary or useful: contact your Controller's Office Fund Accountant to discuss.

B. General Principles for Recording Grant Revenue

- Departments should bill the granting agency in a timely manner for all eligible grant expenditures.
- Revenue sources (e.g. Federal, State, Private, etc.) must be reported and recorded consistently.

- Revenue must be precisely recognized at any relevant point in time supporting underlying economic transactions (booking receivable, recognizing revenue from advances, etc.).
- Revenue must be recognized quarterly at a minimum. For grants where claims are submitted every six months, revenue still needs to be recognized every quarter.

C. Recognizing Revenues

GASB 33 Impact

The principal issue addressed in GASB 33 is the timing of recognition of non-exchange transactions, including expenditure driven / reimbursement type grants. GASB 33 requires that expenditures be made and revenue be available before revenue can be recognized. Available means “the government has collected the revenues in the current period or expects to collect them soon enough after the end of the period to use them to pay liabilities of the current period.” The availability period should be consistent with the time frame currently used for revenue recognition, which for the City is 120 days. This means that only revenues received on or before October 31 may be included as income for the prior fiscal year.

Government-mandated non-exchange transactions, such as Federal or State programs that are required of State or local governments, will be recognized when all eligibility requirements are met, as specified in Statement 33. For example, when a recipient is required to incur allowable costs before reimbursement, the incurring of allowable costs is an eligibility requirement. The Statement also distinguishes between two types of stipulations on the use of resources: time requirements and purpose restrictions.

Public agency accounting guidelines require the City to report revenues as soon as they are earned, rather than when they are received. This rule requires separate accounting procedures depending on whether grant funds are disbursed to the City before or after the related expenditures.

Gifts are usually treated as revenue as soon as they are received, unless there is a significant possibility that the City might be required to return the gift.

References: [Accounting and Financial Reporting for Nonexchange Transactions: GASB 33](#) (PDF) at www.hud.gov/offices/reac/pdf/account11.pdf and <http://www.gasb.org/>

Advance Grants

- **Deposit funds as advance (T/C 724, GL 222 or 223)**

When grant money is received before expenditures are incurred, it is considered an advance. This means, the City has not yet earned the grant revenue. If priorities change so that the money received will not be spent on the intended program, the City may be obligated to return the advance to the funding agency. Therefore, when an advance is received, it should not be recorded as revenue, but as a liability using General Ledger (GL) 223, “grants received in advance” or if a subvention, GL 222,

“subventions received in advance”, using transaction code 724. These GL accounts are liability accounts properly reported as advance liabilities.

- **Recognize revenue as the advance is spent (T/C 526)**

As the advance is expended on eligible costs, an entry should be initiated to recognize that portion of the advance as revenue, using transaction code 526. Review grants and subventions with advances at least quarterly to post revenue in amounts equal to the eligible expenditures incurred.

- **Refund to grantor for grant funds not used (T/C 233)**

If the department was not able to utilize the grant funds by the end of the grant period, and no extension is approved, the remaining grant funds are liable to be returned to the funding agency. In this case, initiate a one-time document (document type: OT) using T/C 233 to generate a check to the funding agency for the remaining grant funds.

Reimbursement Grants

- **Submission of claims - delay costs the City money**

With reimbursement-based grants, the departments need to incur eligible expenditures using the City’s money first before requesting reimbursement from the granting agency. While waiting for reimbursement, the City loses the interest income it might have received on the grant funds.

Example: If \$10 million in grant funds were unclaimed for a year, and if the City earns 1.5% on short-term investments, the financial loss could amount to \$12,500 per month or \$150,000 per year due to the delay.

Therefore, as funds are expended, departments should bill the granting agency in a timely manner according to the maximum frequency stipulated by the grant provisions in order to recover the City’s cash position promptly. If billing frequency is not stipulated in the grant provisions, departments should perform billing at least quarterly. For large subvention programs, departments should bill the funding agency at least monthly.

- **Accrue receivables and recognize revenues upon submission of claims (T/C 528)**

Revenues are earned as eligible expenditures are incurred (with all other eligibility requirements met). As soon as the funding agency is billed for reimbursement, receivable should be accrued and revenue should be recognized for the amount of expenditure incurred for the period, which should be equal to the amount billed. (Transaction code 528, GL 120 for ordinary grants or GL 122 for subventions).

The Controller’s Office recommends departments to accrue receivables in FAMIS each time they bill a funding agency and clear those receivables when they receive the reimbursement. This gives a more accurate picture of the City’s financial position at any particular time.

An exception for this policy may be made for grants with automatic draw downs, where reimbursements come within a few days of the claim. In those cases, receivables should be set up only to account for any claims outstanding as of the end of the fiscal year (June 30).

Keep track of cash positions on grants and analyze large negative balances. To see the cash position of the grant, refer to FAMIS Screen 6410, GL 101, "Equity in City Treasury-Pool." A negative GL 101 balance indicates that the City has expended and should be able to file a claim or draw down on grant funds to reimburse for grant-related expenditures.

- **Apply reimbursements received to receivable when received (T/C 714)**

When the money is deposited with the City treasury, use transaction code 714 to transfer the funds in the "Equity in City Treasury-Pooled Funds", GL 101, and reduce the balance from the receivable account GL 120 for ordinary grants or GL 122 for subventions.

Funds received by the Treasurer may initially be deposited into GL 248, "Unidentified Receipts." Departments are responsible for clearing unidentified receipts within **15 calendar days**. To verify whether unidentified receipts have been fully cleared, view by document number on FAMIS Screen 6050. For more details, drill down to Screen 6051.

- **Year-end revenue accrual adjustment – with cash in only (T/C 678)**

Revenue recognition becomes critical at fiscal year end when the City needs to obtain the accurate financial data to produce its Comprehensive Annual Financial Reports (CAFR). If it happens that grant revenue supposed to be accrued for the past fiscal year was recognized in the following fiscal year, the department can initiate a journal entry to adjust the recognition of revenue by setting up a receivable at year-end with an automatic reversal of the revenue and receivables in the beginning of the fiscal year (using transaction code 678). ***This process should be used only if the associated reimbursements have already been received and posted as revenue in the new fiscal year.***

- **Defer accrued revenue for receivable not expected to be received within 120 days after year end (T/C 671R, GL224)**

Modified accrual basis of accounting further dictates that when accrued revenues are not deemed available and collected with a reasonable time, those revenues should be deferred until cash is received. The City follows the 120-day rule in deferring revenues (Transaction Code 671R, GL 224). To record Deferred Revenues, the grant must already have expenditures incurred, claims made and receivables booked.

The department should be aware of the basis of accounting it adheres to. In contrast, departments using the accrual basis of accounting should recognize revenues as soon as they are earned regardless of the timing of related cash inflows.

- **If grantor denies all or part of claim, reduce receivables (T/C 527) and abate the ineligible expenditures.**

When a grantor denies all or part of a claim, reduce the grant revenue and receivables by the amount denied using transaction code 527. The ineligible expenditures must be moved out of the grant to another Departmental budget. If there is no suitable budget available, discuss with your Fund Accountant.

- **Refund to grantor for reimbursements deemed ineligible (T/C 217)**

If the department has already received the reimbursement but the related expenditure is deemed ineligible, the expenditure needs to be abated out of the grant and the revenue received needs to be returned to the grantor. Initiate a revenue refund document (document type: RR) using transaction code 217 to generate a check to the grantor for the ineligible revenue received.

Refer to **Appendix C** for complete listing of transaction codes used in the grant revenue recognition process.

D. Program Income

Program income is any revenue derived from grant-funded activities, such as repayments of loans that were originally grant funded, or fees paid by program participants or beneficiaries and interest related to repayment of grant funded loans. These revenues are often obligated to be used in concurrence with the purpose of the grant.

E. Interest Distribution

Grants with Positive Cash Balances

Grants that receive advances may have a positive cash balance earning interest. The interest may be allocated back to the grant if the grant requirements specify that they must be used on the grant programs, or returned to the funding agency. Departments should bring any interest allocation issues to the attention of their Fund Accountant.

Grants with Negative Cash Balances

Most grants require the department to expend funds first and then get reimbursed by the granting agency. This results in a negative cash balance in the grant account until the final reimbursement is received. Interest costs are calculated for the negative cash balances in the grant account, but the default procedure is to charge those interest costs to the general fund. Departments are expected to minimize these interest costs by obtaining reimbursement from funding agencies as quickly as possible.

In special cases, interest costs on negative cash balances may be allocated to the grant account. This would usually occur if the cash balance cycles between negative and positive, so that interest costs on negative balance are used to offset interest earned on the positive balances.

VII. Grant Expenditures

Once a grant award is approved, either through the Accept & Expend process when necessary or the Annual Appropriation Ordinance, the budget can be set up in FAMIS. The department may then begin to expend the grant funds. See Chapter III-B for criteria in determining if it is necessary for a grant to go through the Accept & Expend process.

A. General Principles for Recording Grant Expenditures

- All grant expenditures must be made within the grant's provisions.
- All grant expenditures must be made within the grant period. Time extensions need to be approved by the grantor before eligible grant expenditure can be incurred during the extension periods.
- All grant expenditures must be made within the approved budget categories stated in the award.
- All grant expenditures, including indirect costs, should be charged to the grant on a regular basis, at least quarterly, or within the same quarter that the expenditure has incurred.

B. Grant-funded Personnel Expenditures

Grant Personnel Expenditure Guidelines

- The personnel service provided must be reasonable and must conform to the established policies.
- The personnel expenditure must follow an appointment made in accordance with governmental unit's law and rules, merit system, or other requirements.
- The expenditure must be supported by payroll documentation including:
 - Proper attendance records
 - Time distribution records
- Standards for time & effort reporting:
 - If the personnel expenditure has already been incurred, use actual instead of estimates.
 - Full disclosure is required, including list of activities.
 - Appropriate verification is required, i.e., timesheets must be signed by employees and supervisors.
 - Time & effort reporting must be prepared at the time that work is performed.

Payroll Set-up

Personnel expenditures funded by the grant are budgeted in the Annual Salary Ordinance or an Accept and Expend Ordinance approved the Board of Supervisors. Payroll staffs in the department are responsible to process personnel requisitions with the Department of Human Resources and set up the payroll for the position hired. After this is done, through the interface from Emerge PeopleSoft the Labor Distribution System (LDS) of the City will charge the payroll directly to the grant funding the position.

The grant manager is responsible to examine the payroll charges to make sure the payroll is set up in the grant correctly and the personnel expenditures charged to the grant are all eligible and within budget. All grant-funded personnel expenditures must be supported by **authorized (signed) timesheets** for audit purposes.

Abatements

Some grants disallow overtime expenditures or fringes and some grants only pays for overtime for personnel who backfill the positions of other personnel in training. Salary abatements between grants and other funding sources are therefore necessary and they should be done in a timely manner (within the same quarter that the expenditure incurred). When submitting salary abatement journal entries, use document type GE or GR and provide the following in the **notepad**:

- Employee name and associated pay period, or
- Reference Labor Distribution System LDS entries

Overspent Payroll Charges

Note that the Labor Distribution System (LDS) overrides index code appropriation controls to ensure employees' payroll will not be affected. Therefore, personnel expenditures could be charged to the grant even when the grant budget may be exceeded. In this case, the excess payroll charges will cause grant budget overruns and the grant manager has the responsibility to check if the grant budget projections need to be revised and must act immediately to do one of the following:

- Reallocate the grant budget to provide more funds for personnel expenditures, if allowed by the grant award or request grantor's approval,
- Request additional grant funds from the funding agency,
- Abate the excess payroll charges to other funding source for which the charges would be eligible, or
- Request a surplus transfer or supplemental appropriation from the Board of Supervisors to cover the excess payroll charges.

C. Grant-related Procurement Procedures

Grant Procurement Requirements

Departments using Federal, State, or local grant funds for procurement may be required to comply with different procurement requirements than the City's procurement rules. Departments must be in full compliance with these grant provisions in the procurement of goods and services using the grant funds. Examples of **Federal** procurement requirements include:

- **Prohibition of geographical preference**

Grantees and sub-grantees will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in State or local geographical preferences in the evaluation of bids or proposals, except where Federal statutes expressly mandate so.

- **Competitive bidding**

All procurement transactions will be conducted in a manner providing full and open competition subject to but not limited to sole source procedures. Circumstances exempt from competitive bidding that may allow sole source waiver request:

- The item is available only from a single source;
- The urgency of the requirement does not permit a delay resulting from competitive solicitation;
- The awarding agency authorizes noncompetitive proposals;
- After solicitation of a number of sources, competition is determined inadequate.

- **Debarment & suspension**

- Federal agencies shall not award assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549. Departments can find out if an entity has been debarred or suspended at www.sam.gov.
- Agencies shall establish procedures to ensure that any parties excluded from Federal Procurement or Non-procurement programs are not awarded assistance in violation of the Executive Order.
- Agencies shall also establish procedures to provide for effective use and/or dissemination of the list to assure that their grantees and sub-grantees (including contractors) at any tier do not make awards in violation of the non-procurement debarment and suspension common rule.

- **Davis Bacon Act**

Non-Federal entities shall include in their construction contracts subject to the Act:

- Requirement that the contractor or subcontractor comply with the requirements of the Davis Bacon Act, and
- Requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

- Payment should not be made without receiving the certified payrolls.

Given factors such as geographical preference prohibition in certain grant requirements, departments should discuss with the City's Human Rights Commission (HRC) concerning application of its rules.

Work with Purchasers (OCA)

Departments are responsible to reflect grant conditions and provisions of the governing Federal, State, or local grantors, such as the geographical preference prohibition, in the service contracts, grant agreements with sub-recipients, requisitions, purchase orders, work orders, requests for proposal, etc. Office of Contract Administration (OCA or Purchasing) and the City Attorney's Office have specific instructions to the departments to make appropriate changes to the model contracts and requests for proposals (RFPs) as necessary.

Departments, when submitting requisitions or contracts to Purchasing, are to identify the funding source, provide the requisition or contract with the appropriate additions and deletions in compliance with Federal, State, or local grant fund requirements, and identify the departmental contact person who could answer any questions which Purchasing may have regarding the grant restrictions and provisions. Departments must also identify the funding source in FAMIS notepad and advise that special requirements may apply.

Abatements

If the procurement expenditure is encumbered and paid for by other funding source and is abated to the grant after-the-fact, the department should submit a journal entry (GE/GR) for the abatement with the same quarter that the expenditure incurred. The abatement should be justified with supporting documents and adequately explained in the notepad of the journal entry. The department should identify the expenditure the same way in the grant as they were initially recorded (i.e. same sub-object code), unless it is seen as a different category (character) of expenditure in the grant. Consult the Controller's Office Grant's Unit if unsure.

D. Sub-recipient Contracts

While the City often directly administers grant funds received, many times the City may designate sub-recipients to provide the grant services. In these cases, the department identified as the "grantee" in a grant agreement is responsible for the overall administration of the grant.

Federal Grant Sub-recipient Contracts

Grant vs. Contract (Sub-recipient vs. Vendor)

A grant or cooperative agreement shall be used only when the principal purpose of a transaction is to accomplish a public purpose of support or stimulation authorized by Federal statute. Contracts shall be used when the principal purpose is acquisition of property or services for the direct benefit or use of the Federal Government.

A grant shall be **awarded to a sub-recipient** when the organization:

- Determines who is eligible to receive what Federal financial assistance;
- Has its performance measured against whether the objectives of the Federal program are met;
- Has responsibility for programmatic decision making;
- Has responsibility for adherence to applicable Federal program compliance requirements; and
- Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

Grant funds shall be **awarded to a vendor** when the organization:

- Provides the goods and services within normal business operations;
- Provides similar goods and services to many different purchasers;
- Operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the Federal program; and
- Is not subject to compliance requirements of the Federal program.

Federal pass-through entity responsibilities

A pass-through entity shall perform the following for the Federal awards it makes to sub-recipient:

- Identify Federal awards made by informing each sub-recipient of CFDA title and number, award name and number, award year, and name of Federal agency.
- Advise sub-recipients of requirements imposed on them.
- Monitor their activities.
- Ensure that sub-recipients expending \$500,000 or more in Federal awards during the fiscal year have met the audit requirements of this part for that fiscal year.
- Issue a management decision on audit findings within six months after receipt of the sub-recipient's audit report and ensure that the sub-recipient takes appropriate and timely corrective action.
- Consider whether sub-recipient audits necessitate adjustment in our own records.
- Require sub-recipient to permit the pass-through entity and auditors to have access to the records and financial statements.

Sub-recipient Monitoring

The City is responsible for the funds provided to sub-recipients and is ultimately liable and at risk for disallowed expenses if sub-recipients are not in compliance with the terms of the grant. Department should ensure all grant sub-recipients comply with the terms of the grants by reviewing sub-recipient's financial statements, audit reports and

procurement procedures, and monitor sub-recipients periodically through site visits and/or other activities as required by the grantor.

Monitoring methods include:

- Frequent, scheduled phone conversations allow an informal assessment of how things are proceeding, but may not necessarily reveal whether problems have arisen.
- Face-to-face meetings provide a more extensive forum for discussion.
- Written progress reports are a very reliable technique for staying on top of performance. A good progress report should:
 - a. Indicate the status of the project.
 - b. Highlight the accomplishments vis-à-vis the goals and objectives.
 - c. Point out any problems or obstacles.
 - d. Discuss work planned for the next period.
- Financial status reports and payment requests should be used in conjunction with progress reports to ensure expenditures are occurring at a level commensurate to project progress.
- Review of draft deliverables allows for revising the work product in accordance with the contract specifications before the final version is submitted.
- Site visits. Visiting a sub-recipient's location is the best means of obtaining firsthand information on performance. If possible, site visits should be conducted during each major phase of a project.
- Make use of sub-recipient monitoring system such as Contracts Online (COOL) and Total Grant Solution (TGS).
- Use City G100 Model Grant Agreement

G-100 Templates

Departments must ensure that grants are administered in accordance with the grantor's terms and conditions and applicable City & County policies and procedures. In addition, the "grantee" department must ensure that all sub-recipients adhere to the grantor's term and conditions. Contracts with sub-recipients must contain language in compliance with grantor's regulations. The Controller's Office recommends departments to use the G-100 template to write grant funded contracts. The template is available at <http://sfcontroller.org/index.aspx?page=437#grants>.

E. Grant-funded Interdepartmental Services (Work Orders)

Co-operation Between the Requesting and Performing Department

Departments should identify the funding source when submitting interdepartmental work orders. The department requesting the service ("Requesting Department") must make known the funding source of work order/work authorization to the other city departments who will be performing the service ("Performing Department"). If the

funding source is from a grant, requesting departments must provide the pertinent grant funding requirements to the Performing departments and make sure the Performing departments adhere to the grant's provision when they expend the grant funds. Performing departments reserve the right to advise whether they can or cannot comply with the requirements and if they cannot, the requesting department has the right to cancel the work order. No grant funds should flow through to the performing department if they do not comply with the grant's requirements. Both the Requesting department and the Performing department have the responsibility to make sure the grant funds are spent according to the grant's requirements.

Abatements

If interdepartmental services are deemed eligible expenditures to the grant but are encumbered and paid for in a different funding source (e.g. reproduction and mail charges or central shop work orders), the department could submit a journal entry (GE/GR) to abate these expenditures to the grant. Note that in this case the expenditure is identified as budgeted interdepartmental expenditure at the original funding source but not in the grant. Therefore, when performing the abatement the department needs to decrease interdepartmental expenditure (character 081) at the original funding source and increase expenditure in the SERVICE categories in the grant.

F. Indirect Costs

Administrative Code Section 10.170-1(D) requires that every grant budget contain provisions for the reimbursement of indirect costs unless indirect costs are disallowed by the grantor or when departments need to maximize the use of grant funds for program costs. For grants that need to go through the Accept and Expend process (refer to Chapter III-B), the Board has to authorize the waiver of inclusion of indirect costs in the grant budget.

Include indirect costs in all large grant budgets whenever allowable. Grants that prohibit reimbursement of indirect costs may occasionally allow them to be included toward meeting a local matching requirement. Departments should confirm specific indirect cost guidelines with the funding agency.

Definition

Indirect costs are general costs of doing business that are difficult to identify directly to a grant, including departmental overhead and Countywide services that support departments. OMB A-87 defines indirect costs as:

- a. Incurred for a common or joint purpose benefiting more than one cost objective, and
- b. Not readily assignable [to a grant]... without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities.

Indirect Cost vs. Normal Grant Expenditure

Any administrative expenses that can be specifically assigned to a particular grant should be budgeted and claimed directly rather than included in an indirect cost base. For example, if a grant program is large enough to require one full-time accounting staff member, that staff person should be billed directly to the grant. Small grants that use an accountant part-time may not be able to bill directly. Also, if a grant program is large enough to occupy a facility or a portion of a facility exclusively, the grant program's share of the facility charges may be billed as direct charges. If grant activities are just one of many activities in a facility, then facility charges are allocated as part of indirect costs.

Calculation of Indirect Cost

Indirect costs are normally billed as a percentage of salaries or total direct costs charged to a grant. There may be a wide range of appropriate indirect cost rates, depending on the type of activity and base charges they relate to. The **County-wide Cost Allocation Plan (COWCAP)** allocates certain Countywide support functions to departments (including Human Resources, Board of Supervisors, Retirement System, City Attorney, etc.). This can be the basis of a partial indirect cost rate. However, the full indirect cost that might be charged to a grant could also include departmental overhead, for the grant's share of facility, departmental management and support costs. This is why each department should calculate its own indirect cost rate to get the maximum advantage when indirect costs can be reimbursed. Please check with your department fiscal officers for your department's specific calculation bases and rates. No matter what rate the department uses, all indirect costs must be supported by a written plan that shows how they are calculated.

The Controller's Office Operations Unit is available to assist you with questions about establishing and documenting indirect cost rates. For additional information regarding the State Handbook of Cost Plan Procedures for California Counties, visit the website: http://www.sco.ca.gov/Files-ARD/manual_costplanhandbook.pdf.

Indirect Cost Recovery in Operating Fund

Indirect costs are usually first incurred in operating funds and then allocated to grant funds as expenditures to support grant claims. Indirect cost recovery in operating funds should be budgeted and recorded as expenditure abatement instead of revenue, since indirect cost related revenue has already been reported in grant funds. Specifically, for operating funds, do not budget or record indirect cost recovery in revenue sub-object 44933; instead, budget and record the recovery as expenditure abatement in Character 020 Overhead using, e.g., sub-object 02019 Department Overhead.

G. Allocated Charges

Some departments (e.g. DPW/ MTA) budget and record grant expenditures using allocated charges (sub-object 07999). A negative amount of this sub-object is budgeted in their operating fund as an expenditure recovery item. The Controller's Office Operations Unit recommends that departments secure approval from funders prior to using this methodology for recovering shared costs.

H. Year-End Expenditure Accruals

Expenditure recognition becomes critical at fiscal year end when the City needs to obtain the accurate financial data to produce its Comprehensive Annual Financial Reports (CAFR). The department needs to analyze expenditure items at fiscal year end and determine the correct recognition period for those expenditures.

Grant-funded payments to contractors and sub-recipients should be posted in the same fiscal year that the expenditures were incurred. If a contractor submits a bill in July 2013 for expenditures incurred in June 2013, the payment for the bill should be processed as of Fiscal Month 12 (June) of Fiscal Year 12-13.

If it happens that an expenditure item that should have been recognized in the past fiscal year is paid or recognized in the following fiscal year, the Department should initiate an adjusting journal entry in fiscal month 13 to accrue the expenditure as a payable in the past fiscal year. This can be done with transaction code **665 or 545**. This transaction code 665 has built-in automatic reversal in month 1 of the following fiscal year so that no other reversal entry is needed. If the expenditure was paid from an encumbrance, follow with transaction code **626**. Refer to **Appendix C** for detailed transaction code descriptions.

I. Analyzing Appropriation Exceeded Errors

When a grant expenditure to be recorded exceed the grant's appropriation control, (i.e. about to be overspent as a whole or at its budgeted categories), appropriation exceeded errors may occur when the department staff tries to initiate or post the expenditure to the grant. Do the following to identify the problematic area to be fixed:

- Check index code on Screen 5300 to review allotment and allocation controls. This identifies the level at which FAMIS checks for available appropriation within an index code.
- Review Appropriation Inquiry Screen 6250 (link to Appropriation Detail Inquiry Screen 6260). This screen indicates the amount of appropriation exceeded. Determine whether there is any remaining unallotted or reserved appropriation to fund the expenditures. See Figures VII-1 and VII-2.
- Use Grant Summary Inquiry Screen 6220 to compare expenditure budget to actual, by grant, grant detail and sub-fund. See Figure VIII-2 for an example screen. All grant activity should normally take place in a single sub-fund, unless there is a good reason for using more than one. Look for areas where the budget appears to have been exceeded.
- Check Grant Trial Balance Inquiry Screen 6410 for reserved budgets (GL 451). See Figure VII-3 for an example of a grant with a reserved appropriation. In this case, the appropriation was reserved until design work is complete and a budget to complete the project can be established.

Figure VII-1. FAMIS Screen 6250, Appropriation Inquiry

FAML6250 V5.1	CITY AND COUNTY OF SAN FRANCISCO--NFAMIS	04/06/2010
LINK TO:	APPROPRIATION CONTROL INQUIRY	1:09 PM
FISCAL MO/YEAR	: 10 2010 APR 2010	
INDEX CODE	: 380717	
SUB-OBJECT	:	
CHARACTER	:	
OBJECT CODE	:	
FUNDING PERIOD	:	
USER CD	:	
PROJECT	:	
PROJECT DETAIL	:	
GRANT	: SFCOPS	
GRANT DETAIL	: 09PC	

Figure VII-2. FAMIS Screen 6260, Appropriation Detail Inquiry

FAML6260 V5.1	CITY AND COUNTY OF SAN FRANCISCO--NFAMIS	04/06/2010	
LINK TO:	APPROPRIATION CONTROL DETAIL INQUIRY	1:09 PM	
FISCAL PD : 10 2010	CONTROL TYPE : 87 SFD/DEPT/GRANT/DETL2		
FDTP 2S	SPECIAL REVENUE FUNDS FUND PPF	PUBLIC PROTECTION SPE	
SFND GNC	GRANTS, NON-PROJECT, DEPT POL	POLICE	
GRNT SFCOPS	COPS PROGRAM -AB3229/ GRDT SFCOPS09PC	SFCOPS PROG. YR 13, P	
S	APR 2010	TOTAL	BALANCE
ORIGINAL AAO	.00	44,366.00	
REVISIONS TO BUDGET	.00	-15,685.23	
REVISED BUDGET	.00	28,680.77	
RESERVES	.00	.00	
UNALLOTTED AMOUNT	.00	.00	
ALLOTTED AMOUNT	.00	28,680.77	
EXPENDITURES	.00	9,643.93	19,036.84
ENCUMBRANCES	.00	.00	19,036.84
PRE-ENCUMBRANCES	.00	.00	19,036.84

Figure VII-3. FAMIS Screen 6410 w/ Reserved Appropriation

FAML6410 V5.1	CITY AND COUNTY OF SAN FRANCISCO--NFAMIS	04/06/2010
LINK TO:	GRANT TRIAL BALANCE INQUIRY	1:12 PM
FISCAL MO/YEAR : 10 2010	CURRENCY CODE :	
GRANT : SFCOPS	COPS PROGRAM -AB3229/AB1913	
GRANT DETAIL : 09PC	SFCOPS PROG. YR 13, POLICE	
FUND TYPE : 2S	SPECIAL REVENUE FUNDS	
FUND : PPF	PUBLIC PROTECTION SPECIAL REVENUE FUND	
SUBFUND : GNC	GRANTS, NON-PROJECT, CONTINUING	
PROJECT :		
PROJECT DETAIL :		

S ACCT	DESCRIPTION	APR 2010 BALANCE
101	EQUITY IN CITY TREASURY-POOL	0.00 19,036.84
223	GRANTS RECEIVED IN ADVANCE	0.00 -19,036.84
379	RESERVE FOR APPROPRIATION (N	0.00 -28,680.77
381	UNREALIZED ESTIMATED SOURCES	0.00 28,680.77
401	SOURCES-AAO BUDGET	0.00 44,366.00
403	SOURCES-OTHER TRANSFERS & AL	0.00 -15,685.23
411	ACTUAL SOURCES	0.00 -9,643.93
421	USES-AAO BUDGET	0.00 -44,366.00
423	USES-OTHER TRANSFERS & ALLOC	0.00 15,685.23
431	ACTUAL USES	0.00 9,643.93
452	APPROPRIATIONS-ALLOTTED	0.00 -28,680.77
459	APPROPRIATION CONTROL-CONTRA	0.00 28,680.77
	GRANT DETAIL TOTAL	0.00 0.00

VIII. Grant Reconciliation

The department should periodically reconcile active grants between claims to the funding agency and FAMIS financial records to identify errors and issues and to ensure the financial record of the grant is accurate. When the full grant cycle is complete, the grant should be fully reconciled and promptly closed out.

A. Basic Principles of Reconciliation

Reconcile Quarterly

Grants should be reconciled at least quarterly by the administering department. Timely and regular reconciliation helps to identify and correct issues in time before these issues grow bigger and become more problematic and difficult to correct.

Claimed Expenditure = FAMIS Expenditure

Expenditures reported on the claim or financial reports to the funding agency must be equal to the grant expenditure amount shown on FAMIS records. Any variances must be noted, investigated and corrected.

Revenue = Expenditure

For most grants, revenues recognized at a particular time should equal eligible grant expenditures at that point of time. Initiate journal entries to make corrections and adjustments to the grant if necessary.

If revenues exceed expenditures, one of several possibilities may have occurred:

- Excess revenues may belong to a different grant.
- Excess revenues were recognized in advance of expenditures, so should be reclassified as “advances.”
- Some grant expenditures were charged to the wrong account and should be reclassified into the grant.
- Some grant expenditures were recognized in a different fiscal year from the one when the service was provided.
- Excess reimbursement was received and should be returned to the funding agency.

If grant expenditures exceed revenues, examine the account to check for the following possibilities:

- Additional revenues need to be claimed and accrued as receivables.
- Excess expenditures charged to the grant in error need to be charged to some other departmental appropriation. If the department does not have the available budget, they will need to request a supplemental appropriation from the Board.
- For reimbursement-based grants, make sure receivables are established for all outstanding eligible expenditures.

For most gifts, revenues do not need to equal expenditures each fiscal year. Most gifts are recognized as revenue as soon as the funds are received. Expenditures are booked as they occur. Thus, if the gift is not fully expended in the year it is received, revenues will exceed expenditures during that year, and expenditures will exceed revenues in subsequent years. When the gifts are fully expended, revenues should equal expenditures and the gift detail should be closed out in FAMIS.

An exception is for conditional gifts where there is a significant likelihood that funds would have to be returned if the gift conditions are not met. In such a case, as discussed above, the gift should be treated just like an advance grant, with revenues recognized each fiscal year equal to the eligible expenditures.

Estimated Revenue = Appropriation

Estimated revenue and appropriation of the grant that makes up the grant budget should be balanced. Budget imbalance might result from errors during recording or revision of the grant budget. The Department needs to make sure the corrections are made.

Actual Expenditure <= Grant Budget

Grant expenditure should not exceed the amount of grant funds available. If the grant is overspent, excess expenditures should be abated to another available funding source or the department has to request a supplemental appropriation from the Board of Supervisors.

Identify and Abate Any Ineligible Expenditure

If grant expenditures were charged improperly to a grant or were found ineligible by the funding agency, they must be transferred out of the grant fund. The department must find another funding source to cover those ineligible expenditures or request a supplemental appropriation from the Board of Supervisors.

B. Documenting Reconciliation in a Spreadsheet

Controller's Office recommends the departments to use a spreadsheet to document the reconciliation of grants. Departments may use any format for the reconciliation spreadsheet as long as the following is included:

- Each claim made (identified with numbers) and the associated expenditure breakdown (by document numbers),
- Revenue amount accrued and received,
- Comparison between the amount claimed and the expenditure recorded in FAMIS. Variance must be shown and explained.

See Figure VIII-1 for a sample reconciliation spreadsheet.

Figure VIII-1. Sample Reconciliation Spreadsheet

Reconciliation of FY 2011-12 Expenditure Reports and Drawdowns with FAMIS				
A. Reports to Grantor of FY 11-12 Expenditures				
Date	Report Period	FY 11-12 Exps Reported		
10/15/11	July - Sep 2011	\$700,000		
1/15/12	Oct - Dec 2012	\$350,000		
4/15/12	Jan - Mar 2012	\$1,500,000		
7/15/12	Apr - Jun 2012	\$800,000		
9/15/12	Apr-Jun 2012 Adjustment	\$50,000		
Total FY 11-12 expenditures reported		\$3,400,000		
<i>Note: if grant involves sub recipients that file their own reports, include summary and reconciliation of their reports here.</i>				
B. Revenues Received/Claims to Grantor				
<i>Cash Receipts (CRs) can be found by drilling down in FAMIS Screen 6410 under GL101 at the lowest grant detail</i>				
			Attributable to:	
Date	Cash Receipt #/Collection	Total	FY 10-11 expts	FY 11-12 expts
7/31/11	CR11XXXXXXXX	\$650,000	\$650,000	\$0
10/31/11	CR11XXXXXXXX	\$750,000	\$50,000	\$700,000
1/31/12	CR11XXXXXXXX	\$375,000	\$0	\$350,000
4/30/12	CR11XXXXXXXX	\$1,500,000	\$0	\$1,500,000
Total		\$3,275,000	\$700,000	\$2,550,000
Claims for reimbursement of FY 11-12 expts after 6/30/12				
	7/15/12 Receivable/claim billed			\$800,000
	9/15/12 Receivable/claim billed			\$50,000
Total FY 11-12 claims:				\$3,400,000

C. FAMIS FY 11-12 Expenditures, by Grant Detail

Grant Summary Screen 6220, Year-to-date, Fiscal month 13/12

Grant Detail	YTD FAMIS Exps	Adjustmts	Adjusted FAMIS Exps	Notes
MOXXXX/11	\$750,000	(\$50,000)	\$700,000	\$50K FY11 exps recorded in FY 12
MOXXXX/12	\$2,700,000	\$0	\$2,700,000	
Total	\$3,450,000	(\$50,000)	\$3,400,000	

D. FAMIS FY 11-12 Revenues, by Grant Detail

Grant Summary Screen 6220, Year-to-date, Fiscal month 13/12

Grant Detail	YTD Revs in FAMIS	Adjustmts	Adjusted FAMIS Revs	Notes
MOXXXX/11	\$700,000	\$0	\$700,000	
MOXXXX/12	\$2,700,000	\$0	\$2,700,000	Revs include \$850K receivables
Total Revenues	\$3,400,000	\$0	\$3,400,000	

C. Analyzing Grants in FAMIS**Using FAMIS Screens**

- Use Grant Summary Inquiry Screen 6220 to analyze revenues and expenditures.
- Use balance type "A" (all year) to see the complete picture of the budget and spending of the grant. See Figure VIII-2.
- Use Grant Trial Balance Inquiry Screen 6410 to see cash position, review general ledger accounts, or drill down to documents. See Figure VIII-3.
- Note: Do not use index code Screen 6450 to analyze grants. Relying on the index code information in the Organization Summary Inquiry Screen 6450 to analyze grants may not provide a complete picture.

Figure VIII-2. FAMIS Screen 6220, Grant Summary Inquiry

FAML6220 V5.1	CITY AND COUNTY OF SAN FRANCISCO--NFAMIS	04/01/2010			
LINK TO:	GRANT SUMMARY INQUIRY	9:15 AM			
BALANCE (Y,M,Q,A) : A CURR/PRIOR PRD : CURRENCY CODE :					
FISCAL MO/YEAR	: 09 2010 MAR 2010	GRANT END DATE: 10/30/2010			
GRANT	: DAAUTO DEPT OF INS AUTO INSURANCE FRAUD				
GRANT DETAIL	: 10	FY 09-10			
CHARACTER	: X				
OBJECT CODE	:				
FUND TYPE	:				
FUND	:				
SUBFUND	:				

S CHAR	DESCRIPTION	BUDGET	ACTUAL	PREENC/ENC	BALANCE
450	INTERGOVERNMENTAL	409,966	181,723		-228,243
	REVENUE TOTAL	409,966	181,723		-228,243
001	SALARIES	299,289	217,761		81,528
013	MANDATORY FRINGE B	68,624	51,613		17,011
020	OVERHEAD	29,929			29,929
021	NON PERSONNEL SERV	12,124			12,124
	EXPENDITURE TOTAL	409,966	269,374		140,592
	REVENUE LESS EXPEN		-87,651		-87,651

Figure VIII-3. FAMIS Screen 6410, Grant Trial Balance Inquiry

FAML6410 V5.1	CITY AND COUNTY OF SAN FRANCISCO--NFAMIS	04/01/2010	
LINK TO:	GRANT TRIAL BALANCE INQUIRY	9:18 AM	
FISCAL MO/YEAR	: 09 2010	CURRENCY CODE :	
GRANT	: DAAUTO	DEPT OF INS AUTO INSURANCE FRAUD	
GRANT DETAIL	: 10	FY 09-10	
FUND TYPE	:		
FUND	:		
SUBFUND	:		
PROJECT	:		
PROJECT DETAIL	:		

S ACCT	DESCRIPTION	MAR 2010	BALANCE
101	EQUITY IN CITY TREASURY-POOL	-28,468.42	-187,381.17
120	GRANTS RECEIVABLE	0.00	99,729.74
379	RESERVE FOR APPROPRIATION (N	0.00	-409,966.00
381	UNREALIZED ESTIMATED SOURCES	0.00	409,966.00
401	SOURCES-AAO BUDGET	0.00	456,556.00
403	SOURCES-OTHER TRANSFERS & AL	0.00	-46,590.00
411	ACTUAL SOURCES	0.00	-181,722.74
421	USES-AAO BUDGET	0.00	-456,556.00
423	USES-OTHER TRANSFERS & ALLOC	0.00	46,590.00
431	ACTUAL USES	28,468.42	269,374.17
452	APPROPRIATIONS-ALLOTTED	0.00	-409,966.00
459	APPROPRIATION CONTROL-CONTRA	0.00	409,966.00
	GRANT DETAIL TOTAL	0.00	0.00

Retrieving Archived Financial Data

To retrieve FAMIS data prior to Fiscal Year 2008, log in to “FAMISC” archive database. (When entering FAMIS, type “NFAMISC” instead of “NFAMIS”).

Executive Information System (EIS) Flexible Reports

The Flexible Reports displays data in relationship to other data. Various reports can be generated for grant analysis. Contact the Controller’s Office Systems Unit through eis@sfgov.org for more information.

D. Controller’s Office Quarterly Grant Reconciliation Procedure

As a monitoring measure, the Controller’s Office Operations Unit downloads the financial balances at the end of each quarter of all grants (recorded in grant codes) awarded to the City and performs preliminary analysis at the high level. The department’s Fund Accountant will document the grant balances downloaded on a spreadsheet (reconciliation report) and recommend actions required to the department on abnormal grant balances and send the spreadsheet to the individual departments. Departments must return the quarterly reconciliation report sent to them within set deadlines with solid responses including actual actions made.

How to Use the Reconciliation Report

- Operating accounts and general ledger accounts are combined into the report
- Examine discrepancy between the Estimated Revenues and Appropriation
- Process Grant Receivable adjustments.
- Process Deferred Revenue adjustments.
- Transfer out all ineligible costs to other funding source.
- Submit reimbursement claim in a timely manner.
- Follow up on outstanding reimbursement claims.
- Analyze excess revenues to see if they need to be returned to the grantor.
- Clear cash and other general ledger accounts for expired and old grants.
- Identify grants for closeout (see Chapter IX for details).
- Indicate the correct grant end date. Do not use ending year 2999
- Identify “Active” or “Inactive” grants or changes in the status.

Solid Response Required

Solid response means detailed explanation to the issue questioned, and notes on actions performed according to the instructions with document number referenced.

Referring to other personnel or other entities for questions asked or notes on actions that will be performed does not constitute solid response.

Submit On Time

Timely submission of grant reconciliation spreadsheet ensures both the department and the Controller's Office are updated on the status of the grants. It is also useful for identifying issues and errors in the grants so that they can be corrected in time.

Departmental Reconciliation Still Required

Completion of the grant reconciliation process with the Controller's Office does not satisfy the departmental requirement of reconciling grants quarterly. The department should still reconcile grants at the detailed level as discussed above and have their own documentation of their reconciliations.

IX. Grant Close out

Closing out the grant is the final financial activity of the grant cycle. The purpose of the grant close out process is to achieve a final accounting of all revenues and expenditures attributable to the grant and reaches a final grant balance. Grant close out is done semi-annually (usually in the month of December and June) by the Controller's Office Accounting Operations Systems Division. Through the quarterly reconciliation process, the Controller's Office Operations Unit periodically provides a list of inactive and expired grants to each department for status update. Departments are required to analyze and correct the balances on all expired inactive grants prior to closure.

When Can a Grant Be Closed?

A grant is ready to be closed out when all the following applies:

- Grant funds are fully utilized and all reimbursements are received (i.e. the grant cycle is complete)
- Grant program is complete
- For projects funded by multiple grants, a grant can be closed as long as the grant cycle is complete, even when the related project is still active.
- The grant is expired (i.e. grant period ended and no extension is made)
- If grant funds are fully utilized and grant cycle is complete before grant is expired, the grant can also be closed.
- Final reconciliation is done and all adjustments to the grant are complete.

Basic Principles of Grant Close-out

- At the completion of the grant program, actual revenues should equal actual expenditures, and the actual revenues and expenditures should reconcile with the reports to the funding agency.
- Cash balance of the grant should be zero (i.e. all grant funds used up).
- Liquidate all outstanding encumbrances
- Make sure all reimbursements have been received and no receivable balance is outstanding.
- Transfer out all ineligible costs.
- If costs incurred were disallowed by the granting agency and will not be reimbursed, the department must identify another funding source to charge those expenditures. If no existing budget can cover the expenditures, the department must prepare a supplemental budget request to the Board of Supervisors to cover the amount of the ineligible costs.
- Analyze excess revenues to see if they need to be returned to the grantor.
- If there is leftover grant budget after the grant program or project has been completed, the department needs to make sure the remaining grant budget is not to

be utilized or re-obligated upon grantor's approval. The department may choose to initiate a deobligation journal entry to deobligate the grant budget, or let the Controller's closeout program close the grant budget.

Procedure for Grant Close Out

1. Controller's Office Operations Unit identifies all grants with plan end dates passed the date of the analysis and reports the list of grants to the departments, often this is done together with the quarterly reconciliation process.
2. Departments review the list of grants and identify the grants that completed and are ready to be closed. All adjustments to the grant need to be made before confirming to close out.
3. With department's confirmation, the Controller's Office Operations Unit will compile the list of grants that are ready to be closed and perform a high level review again to make sure all cash and other general ledger balances have been cleared.
4. The Controller's Office Operations Unit will input the grant codes of the grants that are ready to be closed into the 1090 interface program, which is then run by the Controller's Office Systems Unit to close all budget accounts and fund balance.

The 1090 Closeout Interface Program

The 1090 interface is a programmed set of journal entries that closes the remaining budgetary balance of a list of accounts (e.g. grants). It also freezes the accounts and its balances so that no more transactions could be recorded into the account after the interface. Grant codes need to be closed are inputted into a pre-established entity on FAMIS Screen 1090 for them to be included in the interface program. After the 1090 interface program is run, the following effects should show on FAMIS:

- Budget (estimated revenue and appropriation) for each sub-object line item will match and actual revenues and expenditures for that sub-object line item.
- Unrealized estimated source (GL 381) and Reserve for appropriation (GL 379) will be closed to zero.
- Unreserved Fund Balance Available for Appropriation (GL 399) should match the cash balance (GL 101). Since all cash balances should be cleared at the time the interface is run, there should be no balance of GL 399. If the grant has cash surplus, GL 399 will match the cash balance (i.e. the remaining money is available for other use). Note GL 399 has a credit normal balance.
- "CLOSING DATE" field on screen 5070 will be populated with the closing date. The status indicator "STATUS IND" will change from "A" (active) to "I" (inactive). see FIGURE IX-1 below.

Figure IX-1. FAMIS Screen 5070, Closed grants with closing date

FAML5070 V5.1	CITY AND COUNTY OF SAN FRANCISCO--NFAMIS	04/02/2010
LINK TO:	GRANTS	2:10 PM
		PAGE 1 OF 4
GRANT	: DASVPP	THREAT MGMT/STALKING VERTICAL PROSECUTIO
GRANT DETAIL	: 09	FY 08-09
TITLE	: FY 08-09	
LOWER LVL REQUIRED	: N	
GRANT TYPE	: T	FEDERAL GRANT - STATE PASS-THROUGH
CONTYP /FNDS CTL:	GY Y	DONOR FUNDING FY
CCSF FILE NMBR	:	
RESP DEPARTMENT	: DAT	DISTRICT ATT -RESPONSIBLE DEPT FOR GRANT
DONOR AGENCY	: OES	OFFICE OF EMERGENCY SERVICES-STATE
CCSF APPROVAL	:	
FEDERAL CATALOG	: 16588	VIOLENCE AGAINST WOMEN FORMULA GRANTS
CLOSING DATE	: 06/09CLS	GRANT CLOSED IN FISCAL PERIOD 06/2009
INT DIST BY GRT	:	
PLAN DATES	START : 10/01/2008	END : 09/30/2009 IDC REIMBURSE : N
ACTUAL DATES	START : 07/01/2008	END : 01/02/2009 GRACE PERIOD : N
CREATE DATE	: 01/08/2008	STATUS IND : I

Record Retention

Following the close out of the grant, keep the grant records for at least 5 years, 2 years of which on-site, as per Controller's Office record retention policy.

Federal OMB guidelines require recipients keep records for 3 years following grant closeout. This means three years after the closeout period, i.e. when a final report is given to the funding agency or the funding agency acknowledges that the grant is closed. For non-Federal grants, check the records retention requirements on the grant agreements.

X. External Audits

A. Federal Single Audit

Background

In 1984, Congress passed the Single Audit Act, which has been codified in the Office of Management and Budget's Circular A-133. The primary intent of the Act was to create a system that avoids multiple audits of organizations by different federal and state agencies. Instead, organizations would receive a "single" audit that could be relied on by many different funders. Each fiscal year, all public and non-profit recipients of Federal funds must hire independent auditors to conduct a single audit of all spending of those funds. All single audit reports are sent to a Federal clearinghouse where they are available electronically to government agencies and interested members of the public. Federal or State pass-through agencies may follow up on corrective actions that organizations must take as a result of any audit findings. One benefit to grant recipients is that as a result of the Act, Federal agencies may not require separate financial audits unless they are willing to pay for them.

The Controller's Office is responsible for contracting with the external auditors and coordinating the audit process. The Controller's Office Operations Unit gives the auditors a report of all Federal expenditures from grants and cooperative agreements incurred in the City's fiscal year, from July 1 to June 30, regardless of the grant schedule. The report sorts the expenditures by Federal program, as specified by its 5-digit "CFDA" number from the Catalog of Federal Domestic Assistance. For example, 14.218 is the CFDA # for Community Development Block Grants. The first two digits represent the Federal department: 14 = HUD, 93 = HHS, etc. Some unique cooperative agreements may not have catalog numbers, in which case, the funding department designates them.

The single audit deadline is 9 months after the end of the fiscal year (March 31).

City's Responsibility as the Auditee

- Identify all Federal programs/awards received and expended including as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- Maintain internal control over purchasing, reporting, maintenance of financial records, sub-recipient monitoring, and program compliance for all Federal programs.
- Comply with laws, regulations, and the provisions of contracts or grant agreements.
- Prepare appropriate financial statements, including the schedule of expenditures of Federal awards.
- Ensure that the audits required by this part are properly performed and submitted when due.
- Follow up and take corrective action on audit findings.

How are Grants Selected for Audit

Auditors conduct field-testing of Federal programs, based on the following guidelines:

- Auditors select field-test programs that include at least 50% of the City's Federal expenditures. If the City can qualify as a "low-risk" auditee, this percentage will drop to 25%.
- Programs with annual expenditures over \$3 million are called "Type A" programs. Auditors usually conduct field testing on these programs unless the auditors designate the program "low risk" and have sufficient other programs to meet the 50% total expenditure threshold. At a minimum, programs that exceed \$3 million in Federal expenditures in a given year must receive a compliance audit at least every three years.
- Programs with annual expenditures less than \$3 million are called "Type B" programs. After evaluating various criteria, auditors may designate certain of these programs "high risk" and test them as well. Initially, ARRA grants of any amount were all designated "high risk", but OMB, in the 2012 supplement, states that if the program was audited as a major program in either of the prior two years it may qualify as "low risk".
- A program here refers to a grant, or a set of grants within a single CFDA number. Additionally, there are programs that are selected and audited as a "cluster" of grants within a subset of related CFDA numbers.

If a Department's Grants are Selected for Audit

- The Single Audit is a two-part process:
 - a. Auditors conduct field tests to test the City's financial management systems and financial control procedures.
 - b. In the late fall, auditors return to audit the following: if departments submit required progress reports on time, if financial figures in these reports reconcile to FAMIS, if back-up documentation for expenditures claimed are adequate (such as signed time sheets and contractor invoices), etc.
- Auditors test that expenditures are eligible and in compliance with program-specific requirements. Expenditure related issues include:
 - Were the grant expenditures actually incurred?
 - Did the expenditures benefit the grant?
 - Were the expenditures eligible and allowable?
 - Were records prepared accurately and timely and were they retained, as required?

Common audit items include:

- Back-up documentation to support expenditures (timesheets, invoices, etc.)
- Reports to funding agencies reconcile with FAMIS
- Reports to funding agencies submitted on time
- Competitive process used to select contractors and sub-recipients

- Monitoring sub-grantees (site visits, submission of any required sub-grantee reports)
- Inventory for grant-funded equipment items worth over \$5,000 (including vehicles)
- Indirect cost rate information on file

OMB Cost Eligibility Guidelines for Federal Grants (OMB A-87)

- To be allowable under Federal awards, costs must meet the following general criteria:
 - Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
 - Be allocable to Federal awards under the provisions of this Circular.
 - Be authorized or not prohibited under State or local laws or regulations.
 - Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
 - Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
 - Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
 - Except as otherwise provided for in this Circular, be determined in accordance with generally accepted accounting principles.
 - Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
 - Be the net of all applicable credits.
 - Be adequately documented.

- Refer to grant agreement and any special funding agency guidelines for specific program requirements on eligible costs.

- OMB A-87 for Federal grants prohibits use of grant funds on certain types of expenditures, including:
 - Alcoholic Beverages
 - Entertainment
 - Campaigning
 - Lobbying
 - Fines & penalties
 - Fund-raising
 - Unspecified contingencies

OMB Cost Matching Guidelines for Federal Grants (OMB A-110)

All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria:

- Are verifiable from the non-Federal entity's records.
- Are not included as contributions for any other federally assisted project or program, unless specifically allowed by Federal program laws and regulations.
- Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
- Are allowed under the applicable cost principles.
- Are not paid by the Federal Government under another award, except where authorized by Federal statute to be allowable for cost sharing or matching.
- Are provided for in the approved budget when required by the Federal awarding agency.
- Conform to other applicable provisions of the A-102 Common Rule and OMB Circular A-110 and the laws, regulations, and provisions of contract or grant agreements applicable to the program.

Web References

- The Catalog of Federal Domestic Assistance (CFDA): <https://www.cfda.gov>
- OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments," http://www.whitehouse.gov/omb/circulars_a087_2004/
- OMB Circular A-102, "Grants and Cooperative Agreements With State and Local Governments," http://www.whitehouse.gov/omb/circulars_a102/
- OMB Circular A-110, "Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations," http://www.whitehouse.gov/omb/circulars_a110/
- OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," <http://www.whitehouse.gov/sites/default/files/omb/circulars/a133/>

B. Program Audits

Individual State grant programs might have different independent audit requirements. For example, transportation grants funded by the Local Transportation Fund requires annual audit of the grant financial records. Public protection grants funded by the Department of Insurance require annual audits as well.

The department should notify the Controller's Office Operations Unit of the audit requirements that they need to comply each year. Each year, the Controller's Office co-ordinates with external auditors to perform audits on all these miscellaneous grants.

The department should provide the list of any new grants that need to be audited to the Controller's Office Operations Unit as soon as it becomes aware of the requirement. Occasionally grants that previously required program audits cease to require them, and this must also be communicated to the Controller's Office Operations Unit when the department receives notice. Departments are also required to provide the funding source to which each program's audit fees should be charged.

Appendix A: Administrative Code and AAO Grant and Gift Sections

A-1. San Francisco Administrative Code

Sec. 10.170. Grant – Application Procedure (as amended 9/24/97 by Ordinance no. 391-97)

(a) Applications for federal, State, or other grants involving any project or program shall be filed on behalf of a department upon the approval by the department head.

(b) For annual or otherwise recurring grants of \$5,000,000 or more, the department head shall submit a resolution articulating the grant application to the Board of Supervisors at least 60 days prior to the grant deadline for review and approval. The department shall provide as supporting documents to the resolution all relevant materials, including but not limited to the funding source's grant criteria, the department's most recent draft of its grant application materials, anticipated funding categories that the department will establish in the subsequent Request for Proposals (RFPs) process, and comments from any relevant citizen advisory body. Should the department fail to submit the resolution and/or supporting documents prior to the 60-day deadline, all funds received through the grant application shall be placed on reserve at the Board of Supervisors.

For applications for annual or otherwise recurring grants of \$5,000,000 or more that anticipate the issuance of Requests for Proposals, the department head shall submit a resolution articulating anticipated funding categories to the Board of Supervisors at least 60 days prior to the issuance of the RFPs for review and approval. The department shall provide as supporting documents to the resolution all relevant materials, including but not limited to the funding source's grant criteria, the department's most recent draft of its grant application materials, and comments from any relevant citizen advisory body. Should the department fail to submit the resolution and/or supporting documents prior to the 60-day deadline, all funds received through the grant application shall be placed on reserve at the Board of Supervisors.

The Board of Supervisors shall approve the resolution before the department head issues the RFPs. Should the Board of Supervisors neither approve nor disapprove a resolution submitted by a department head for review and approval by three business days prior to the issuance date for RFPs, the department head may issue the RFPs.

In exercising its powers of review and approval of the aforementioned grant applications, the Board of Supervisors shall take into account whether, and to what degree, its policy priorities, and those expressed by the Mayor's Office and any applicable citizen advisory bodies, have been addressed.

(c) The provisions of subsection (b) above are not intended to apply to annual or otherwise recurring Department of Homeland Security grants, grants for equipment purchases, or capital grants used only for capital improvements or as authorized by federal or State law.

Sec. 10.170-1. Grant Funds – Acceptance And Expenditure (as amended 5/29/12 by Ordinance no. 97-12)

(a) Any department, board, or commission that seeks to accept and expend federal, State, or other grant funds must comply with any applicable provisions of this Section.

(b) The acceptance and expenditure of federal, State, or other grant funds in the amount of \$100,000 or more is subject to the approval by resolution of the Board of Supervisors. If, as a condition of the grant, the City is required to provide any matching funds, those funds shall be included in determining whether the grant meets the \$100,000 threshold. This subsection shall also apply to an increase in a grant where the increase, alone or in combination with any other previous increases to that grant, would raise the cumulative total amount of the grant to \$100,000 or more. The department, board, or commission requesting approval shall submit the following documents to the Board prior to its consideration:

(1) A proposed resolution approving the acceptance and expenditure of grant funds, or a proposed ordinance as required under subsection (b) signed by the department head, the Mayor or his or her designee, and the Controller;

(2) A completed "Grant Information Form." The Clerk of the Board shall prepare the form; it shall include a disability access checklist, indirect cost recovery, and other information as the Board of Supervisors may require;

(3) A copy of the grant application;

(4) A letter of intent to award the grant or acknowledgment of grant award from the granting agency; and,

(5) A cover letter to the Clerk of the Board of Supervisors substantially conforming to the specifications of the Clerk of the Board.

(c) **Grants or Increases to Grants of Less Than \$100,000.** The Controller may prescribe rules for the acceptance and expenditure of federal, State, or other grant funds in amounts less than \$100,000, or for increases to grants where the increase, alone or in combination with any other previous increases to that grant, would not raise the cumulative total amount of the grant to \$100,000 or more. The Controller may also prescribe rules for the acceptance and expenditure of increases to grants, where the original grant or any subsequent increase to the grant has been approved by the Board of Supervisors under subsection (b) or (d) and where the latest increase would be in an amount less than \$50,000.

(d) **Grant Funded Positions.** No position funded by a grant, regardless of the amount of the grant, shall be authorized or filled unless the classification, duration, and number of positions to be funded by the grant are specifically set forth in an ordinance approving acceptance and expenditure, which ordinance shall also contain appropriate amendments to the annual salary ordinance to reflect the positions proposed to be funded through the grant.

(e) **Recurring Grants.** Grants that provide funding to departments or programs of the City and County in a recurring manner or continue funding from one year to the next shall be included in the annual budget submission by the Department.

The Department budget submission shall also include a budget detail, explanations and substantiations of the grant funding. If it is not possible for the Department to include recurring grant funds in its annual Department budget submission, the acceptance and expenditure of a recurring grant shall follow the procedure set forth in paragraph (a) of this Section.

(f) **Indirect Costs.** Every grant shall contain provisions for the reimbursement of indirect costs. Such indirect cost provisions shall reimburse the City and County from grant funds for administrative services that are necessary for the administration and performance of the project or program. Every department, office, board or commission shall establish a rate for such indirect costs that is approved by the Controller and fixed in accordance with a directive issued by the Controller. The indirect cost rate shall be included in the grant budget that is submitted to the Board of Supervisors and in the authorizing resolution.

The receipt and expenditure of grant funds shall not be approved by the Board of Supervisors unless the Controller has certified that provisions for appropriate indirect cost reimbursement is included in the grant budget.

If indirect costs are not allowed by the funding agency, or for other reasons indirect costs cannot be included in the budget, these reasons shall be stated in the authorizing resolution. Upon approving acceptance and expenditure, the Board of Supervisors may waive the requirement for the inclusion of reimbursement of indirect costs.

(g) **Grant Budget.** Every department, board, commission, agency, or office submitting a budget for a grant of public funds to the Board of Supervisors pursuant to this Section shall submit such budget in a format that conforms to and provides the detail substantiation that is required of similar appropriations in the annual budget for the City and County. The mission and goals statement, which is required as part of the annual budget, is not required by this Section for submittal of a grant budget.

(h) **Grant Budget Revision.** A department, agency, or office may reallocate or transfer funds of line item expenditures within an approved grant budget, if such reallocations or transfers are within the total of the approved budget and are allowed by the granting agency. If any line item of a Federal or State grant is modified or increased by more than 15 percent, copies of documentation of such modification or increase which are transmitted to Federal or State agencies shall also be transmitted to the Board of Supervisors.

(i) **Grant Draw Down of Funds.** Departments, agencies, boards, and commissions shall promptly draw down grant funds from a Federal, State, or other funding agency and deposit such funds in the Treasury of the City and County of San Francisco to minimize the displacement of City funds that support grant activities.

(j) **Grant Transportation Authority.** The provisions of this Section shall not be applicable to applications for or expenditure of funds from the San Francisco County Transportation Authority. The Controller shall prescribe rules for the acceptance and expenditure of such funds.

(k) **Certain Transportation Funds (Proposition 1B Funds).** The voters of California adopted Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, at the November 7, 2006 California General Election. Under the Proposition, the State will appropriate two billion dollars (\$2,000,000,000) into the Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006 ("Proposition 1B Local Street and Road Improvement Funds"). These funds will be distributed to cities and counties for improvements to transportation facilities that will assist in reducing local traffic congestion and further deterioration, improving traffic flows, or increasing traffic safety that may include, but not be limited to, street and highway pavement, maintenance, rehabilitation, installation, construction and reconstruction of necessary associated facilities such as drainage and traffic control devices, or the maintenance, rehabilitation, installation, construction and reconstruction of facilities that expand ridership on transit systems, safety projects to reduce fatalities, or as a local match to obtain state or federal transportation funds for similar purposes. The Proposition requires that the funds distributed to the City be deposited in a local account that is designated for the receipt of state funds allocated for local streets and roads.

(1) The Board of Supervisors finds that while there are a range of projects involving various City departments that could benefit from the Proposition 1B Local Street and Road Improvement Funds, implementing a coordinated planning process for use of those funds will help ensure the effective and efficient expenditure of funds in a manner that will maximize the benefit to the City and its residents.

(2) The Board of Supervisors further finds that given the range of projects and the Citywide impact of transportation-related projects, it is appropriate for the Board to review proposed expenditures of Proposition 1B Local Street and Road Improvement Funds, and to be kept apprised of the progress on projects that are receiving Proposition 1B Local Street and Road Improvement Funds.

(3) The Board of Supervisors shall not to appropriate any Proposition 1B Local Street and Road Improvement Funds, as referenced above, until the Board has received from the department or departments requesting the appropriations a specific and detailed spending plan for the funds. The Spending Plan (the "Plan") shall set forth projects, programs and other improvements to be funded over the next ten years (10) years by Proposition 1B Local Street and Road Improvement Funds, and shall include a budget, scope, and schedule, as well as any other information requested by the Board. The Plan should also address the relative need or urgency, cost effectiveness, and fair geographic distribution of resources, taking into account the various needs of San Francisco's neighborhoods. The Plan shall be coordinated with other relevant City agencies including the Planning Department and the Municipal Transportation Agency, as well as the San Francisco Transportation Authority. The Plan should identify attempts to leverage or match Proposition 1B Local

Street and Road Improvement Funds with funding from other sources, including any other state or federal funds. No City Department shall expend or encumber any Proposition 1B Local Street and Road Improvement Funds without approval from the Board of Supervisors pursuant to this ordinance. Any Proposition 1B Local Street and Road Improvement Funds received by the City and County of San Francisco will be deposited into a local account named "The Proposition 1B Local Account," and shall remain in such account until the Board of Supervisors approves a department's specific spending plan. Under no circumstances will Proposition 1B Local Street and Road Improvement Funds be mixed with other funds prior to the approval of the spending plans as outlined in this paragraph. Proposition 1B Local Street and Road Improvement Funds can be appropriated as part of the annual budget process only if the requirements of this paragraph are met. The Board of Supervisors further encourages any department seeking such an appropriation to consult and work with its commission if any, the public, and the Board on the development of such spending plans.

(4) Any department that receives an appropriation of Proposition 1B Local Street and Road Improvement Funds shall report back to the Board of Supervisors beginning six months from the date of the appropriation, and at six-month intervals thereafter until the appropriation has been spent. The report required by this Section shall state the amount of Proposition 1B Local Street and Road Improvement Funds expended as of the reporting date and shall describe the progress on the project, the projected date of completion, and such additional information as the Board may require as a condition of the appropriation.

(5) The Controller shall perform an audit every two years of all Proposition 1B Local Street and Road Improvement Funds that are allocated, whether expended or not, to determine what projects were actually funded. Any Department receiving Proposition 1B Local Street and Road Improvement Funds shall cooperate with the Controller's Office in the performance of the audit.

The acceptance and expenditure of Federal, State, or other grant funds is subject to the approval by resolution of the Board of Supervisors, or by ordinance as required under subsection (b) in the following manner.

Sec. 10.170-2. Accounting for Grants; Duties of Controller, Officers, Boards Or Commissions

Upon receipt of a Federal, State or other grant, the officer, employer, board or commission authorized to file application therefore pursuant to the provisions of Section 10.170 hereof, shall forthwith notify the Controller of such receipt. The Controller shall keep accounts of all such grants adequate to record the status of any such grant during the life thereof. All officers and employees shall keep such records and render to the Controller such grant reports as the Controller may require to comply with the provisions of this Section.

Sec. 10.170-2.5. Limitations upon Expenditure of Grant Funds

Notwithstanding the provisions of Section 11.1 of Ordinance No. 244-77 (Annual Appropriation Ordinance, Fiscal Year 1977-1978), no Federal, State or other grant funds received by any officer, employee, board or commission pursuant to an application filed in accordance with the provisions of Section 10.170 of this

Article shall be expended in whole or in part unless and until such expenditure is approved by the Board of Supervisors.

Sec. 10.170-3. Acceptance of Provisions of Section 13522 of Penal Code...

... [provides assurances regarding peace officer recruitment and training standards required to qualify for State funds]

Sec. 10.100-305. San Francisco Gift Funds (Acceptance of Gifts to City and County not to Exceed \$10,000)

(a) Establishment and Use of Funds. The Board of Supervisors does hereby authorize the creation of category of eight funds or accounts for the purpose of accepting any gift of cash or goods which may from time to time be offered to the City and County of San Francisco through any department, board or commission thereof, for the benefit of the designated department, board or commission and for such purposes within its prescribed legal jurisdiction as may be specified by the donors. The Board of Supervisors does hereby authorize said departments, boards or commissions to receive and to administer such gifts in accordance with the wishes of the donors. All such gifts will be promptly reported to the Controller.

(b) Exceptions to Fund Category. The acceptance or expenditure of any gift of cash or goods of a market value greater than \$10,000 shall require approval of the Board of Supervisors, by Resolution.

(c) Administrative Provisions. Each department, board and commission accepting gifts authorized hereunder shall furnish to the Board of Supervisors annually within the first two weeks of July a report showing such gifts received, the nature or amount of said gifts, and the disposition thereof (Added by Ord. 316-00, File No. 001911, App. 12/28/2003).

A-2. FY 2012-13 Annual Appropriation Ordinance (AAO)

SECTION 11.1 Special and Trust Funds Appropriated

Whenever the City and County of San Francisco shall receive for a special purpose from the United States of America, the State of California, or from any public or semi-public agency, or from any private person, firm or corporation, any moneys, or property to be converted into money, the Controller shall establish a special fund or account evidencing the said moneys so received and specifying the special purposes for which they have been received and for which they are held, which said account or fund shall be maintained by the said Controller as long as any portion of said moneys or property remains.

Recurring grant funds which are detailed in departmental budget submissions and approved by the Mayor and Board of Supervisors in the annual budget shall be deemed to have met the requirements of Administrative Code Section 10.170 for the approval to apply for, receive and expend said funds and shall be construed to be funds received for a specific purpose as set forth in this section. Positions specifically approved by granting agencies in said grant awards may be filled as though said positions were included in the annual budget and Annual Salary Ordinance, provided however that the tenure of such positions shall be contingent on the continued receipt of said grant funds. Individual grants may be adjusted by the Controller to reflect actual awards made if granting agencies increase or decrease the grant award amounts estimated in budget submissions.

The expenditures necessary from said funds or said accounts as created herein, in order to carry out the purpose for which said moneys or orders have been received or for which said accounts are being maintained, shall be approved by the Controller and said expenditures are hereby appropriated in accordance with the terms and conditions under which said moneys or orders have been received by the City and County of San Francisco, and in accordance with the conditions under which said funds are maintained.

SECTION 11.24 Affordable Housing Loan Repayments and Interest Earnings

Loan repayments and interest earnings in special revenue funds designated for affordable housing are hereby appropriated for affordable housing program expenditures. Expenditures shall be subject to the conditions under which each such fund was established.

Appendix B: Grant Accept & Expend Packages – Ordinance & Resolution

B-1. Grant Ordinance Cover Memo & Checklist

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM:

DATE:

SUBJECT: Accept and Expend Ordinance for Subject Grant

GRANT TITLE:

Attached please find the original and 4 copies of each of the following:

___ Proposed grant ordinance; original signed by Department, Mayor, Controller

___ Grant information form, including disability checklist

___ Grant budget

___ Grant application

___ Letter of Intent or grant award letter from funding agency

___ Ethics Form 126 (if applicable)

___ Contracts, Leases/Agreements (if applicable)

___ Other (Explain):

Special Timeline Requirements:

Departmental representative to receive a copy of the adopted ordinance:

Name:

Phone:

Interoffice Mail Address:

Certified copy required Yes

No

(Note: certified copies have the seal of the City/County affixed and are occasionally required by funding agencies. In most cases ordinary copies without the seal are sufficient).

B-2. Grant Ordinance Information Form

File Number: _____
(Provided by Clerk of Board of Supervisors)

Grant Ordinance Information Form
(Effective May 2011)

Purpose: Accompanies proposed Board of Supervisors ordinances authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying ordinance:

1. Grant Title:
2. Department:
3. Contact Person: _____ Telephone: _____
4. Grant Approval Status (check one):
 Approved by funding agency Not yet approved
5. Amount of Grant Funding Approved or Applied for: \$ _____
- 6a. Matching Funds Required: \$ _____
b. Source(s) of matching funds (if applicable): _____
- 7a. Grant Source Agency: _____
b. Grant Pass-Through Agency (if applicable): _____
8. Proposed Grant Project Summary:

9. Grant Project Schedule, as allowed in approval documents, or as proposed:
Start-Date: _____ End-Date: _____
10. Number of new positions created and funded: _____
11. Explain the disposition of employees once the grant ends?

- 12a. Amount budgeted for contractual services: _____
b. Will contractual services be put out to bid?
c. If so, will contract services help to further the goals of the Department's Local Business Enterprise (LBE) requirements?
d. Is this likely to be a one-time or ongoing request for contracting out?
- 13a. Does the budget include indirect costs? Yes No
b1. If yes, how much? \$ _____

b2. How was the amount calculated?

c. If no, why are indirect costs not included?

- Not allowed by granting agency
- To maximize use of grant funds on direct services
- Other (please explain):

c2. If no indirect costs are included, what would have been the indirect costs?

14. Any other significant grant requirements or comments:

Disability Access Checklist		
15. This Grant is intended for activities at (check all that apply):		
<input type="checkbox"/> Existing Site(s)	<input type="checkbox"/> Existing Structure(s)	<input type="checkbox"/> Existing Program(s) or Service(s)
<input type="checkbox"/> Rehabilitated Site(s)	<input type="checkbox"/> Rehabilitated Structure(s)	<input type="checkbox"/> New Program(s) or Service(s)
<input type="checkbox"/> New Site(s)	<input type="checkbox"/> New Structure(s)	
16. The Departmental ADA Coordinator or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:		
Comments:		
Departmental ADA Coordinator or Mayor's Office of Disability Reviewer:		

(Name)		

(Title)		
Date Reviewed: _____		
(Signature Required)		

Overall Department Head or Designee Approval:

(Name)

(Title)
Date Reviewed: _____
(Signature Required)

B-3. Grant Ordinance Template

FILE NO.

ORDINANCE NO.

1 [Accept and Expend Grant - (Purpose or Program) – (Amount, if available), Plain English
2 Description, Typed in Exactly 12 pt Spacing, Arial 12 pt, no More than 125 Characters/Spaces
3 in Brackets [], Should Clearly State The Purpose of the Legislation as the Legal Title
4 Sometimes Does Not State the Reason]

4 **Ordinance authorizing the Department of (Type your department's name) to (Type**
5 **Retroactively OR delete) accept and expend a grant in the amount of \$(Type the**
6 **amount) from the (Type the name of the granting agency) for (Type -the purpose of the**
7 **grant), and amending the Annual Salary Ordinance to provide for the creation of certain**
8 **grant-funded positions.**

9 Be it ordained by the People of the City and County of San Francisco:

10 Section 1. The San Francisco (Code Title) Code is hereby amended by amending OR
11 adding Section (Section #(s)), to read as follows:

12 Sec.

13 Section 2. Authorization to accept and expend grant funds. The Board of Supervisors
14 hereby authorizes the Department of (Type your department's name) to (Type explanatory
15 text to explain the purpose of the grant).

16 Section 3. Grant funded positions: (List the position information and text explaining the
17 changes to the Annual Salary Ordinance. NOTE: You need to consult with the Department of
18 Human Resources for the specifics of this section).

21 APPROVED AS TO FORM:

APPROVED AS TO CLASSIFICATION

22

DEPARTMENT OF HUMAN RESOURCES

23

24

25

Name of Supervisor/Committee/Department

BOARD OF SUPERVISORS

Page 2
1/9/2013

1 By: _____

By: _____

2 ATTORNEY'S NAME

DIRECTOR'S NAME

3 Deputy City Attorney

Department of Human Resources

4

5 APPROVED: _____

6 Mayor

7

8 APPROVED: _____

9 Controller, Grant Division

10

11 Recommended:

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13 _____

14 Department Head

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Name of Supervisor/Committee/Department
BOARD OF SUPERVISORS

B-4. Grant Resolution Cover Memo & Checklist

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM:

DATE:

SUBJECT: Accept and Expend Resolution for Subject Grant

GRANT TITLE:

Attached please find the original and 4 copies of each of the following:

___ Proposed grant resolution; original signed by Department, Mayor, Controller

___ Grant information form, including disability checklist

___ Grant budget

___ Grant application

___ Grant award letter from funding agency

___ Ethics Form 126 (if applicable)

___ Contracts, Leases/Agreements (if applicable)

___ Other (Explain):

Special Timeline Requirements:

Departmental representative to receive a copy of the adopted resolution:

Name:

Phone:

Interoffice Mail Address:

Certified copy required Yes

No

(Note: certified copies have the seal of the City/County affixed and are occasionally required by funding agencies. In most cases ordinary copies without the seal are sufficient).

B-5. Grant Resolution Information Form

File Number: _____
(Provided by Clerk of Board of Supervisors)

Grant Resolution Information Form
(Effective July 2011)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title:
2. Department:
3. Contact Person: _____ Telephone: _____
4. Grant Approval Status (check one):
 Approved by funding agency Not yet approved
5. Amount of Grant Funding Approved or Applied for: \$ _____
- 6a. Matching Funds Required: \$ _____
b. Source(s) of matching funds (if applicable): _____
- 7a. Grant Source Agency: _____
b. Grant Pass-Through Agency (if applicable): _____
8. Proposed Grant Project Summary: _____
9. Grant Project Schedule, as allowed in approval documents, or as proposed:
Start-Date: _____ End-Date: _____
- 10a. Amount budgeted for contractual services: _____
b. Will contractual services be put out to bid?
c. If so, will contract services help to further the goals of the Department's Local Business Enterprise (LBE) requirements?
d. Is this likely to be a one-time or ongoing request for contracting out?
- 11a. Does the budget include indirect costs? Yes No
b1. If yes, how much? \$ _____
b2. How was the amount calculated?
c1. If no, why are indirect costs not included?
 Not allowed by granting agency To maximize use of grant funds on direct services
 Other (please explain): _____
c2. If no indirect costs are included, what would have been the indirect costs?

12. Any other significant grant requirements or comments:

****Disability Access Checklist***(Department must forward a copy of all completed Grant Information Forms to the Mayor's Office of Disability)**

13. This Grant is intended for activities at (check all that apply):

- | | | |
|--|---|--|
| <input type="checkbox"/> Existing Site(s) | <input type="checkbox"/> Existing Structure(s) | <input type="checkbox"/> Existing Program(s) or Service(s) |
| <input type="checkbox"/> Rehabilitated Site(s) | <input type="checkbox"/> Rehabilitated Structure(s) | <input type="checkbox"/> New Program(s) or Service(s) |
| <input type="checkbox"/> New Site(s) | <input type="checkbox"/> New Structure(s) | |

14. The Departmental ADA Coordinator or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local disability rights laws and regulations and will allow the full inclusion of persons with disabilities. These requirements include, but are not limited to:

1. Having staff trained in how to provide reasonable modifications in policies, practices and procedures;
2. Having auxiliary aids and services available in a timely manner in order to ensure communication access;
3. Ensuring that any service areas and related facilities open to the public are architecturally accessible and have been inspected and approved by the DPW Access Compliance Officer or the Mayor's Office on Disability Compliance Officers.

If such access would be technically infeasible, this is described in the comments section below:

Comments:

Departmental ADA Coordinator or Mayor's Office of Disability Reviewer:

(Name)

(Title)

Date Reviewed: _____

(Signature Required)

Department Head or Designee Approval of Grant Information Form:

(Name)

(Title)

Date Reviewed: _____

(Signature Required)

B-6. Grant Resolution Template

FILE NO.

RESOLUTION NO.

1 [Accept and Expend Grant - (Purpose or Program) – (Amount, if available), Plain English
2 Description, Typed in Exactly 12 pt Spacing, Arial 12 pt, no More than 125 Characters/Spaces
3 in Brackets [], Should Clearly State The Purpose of the Legislation as the Legal Title
4 Sometimes Does Not State the Reason]

3

4 **Resolution authorizing the Department of (type your department's name) to (type**
5 **retroactively or delete) accept and expend a grant in the amount of \$(type the amount)**
6 **from the (type the name of the granting agency) for (type -the purpose of the grant).**

7 WHEREAS, (Type explanatory text to explain the purpose of the grant); and

8 WHEREAS,(Continue to outline a specific need or restriction covered by grant OR
9 delete this whole paragraph); and

10 WHEREAS,(Continue outlining specifics of grant request OR delete this whole
11 paragraph); and

12 WHEREAS,(Following template instructions, enter one of 3 alternative indirect costs
13 statements); now, therefore, be it

14 RESOLVED, That (Type your resolved paragraph if indirect costs are prohibited or
15 waived OR If indirect costs are included, delete this paragraph and make the next paragraph
16 your first resolved paragraph); and be it

17 FURTHER RESOLVED, That (Type your resolved text explaining the authority for your
18 request); and be it

19 FURTHER RESOLVED, That (Continue outlining any additional authority provisions for
20 your request OR delete this whole paragraph); and be it

21 FURTHER RESOLVED, That (Type a clarifying sentence explaining any specific
22 restrictions or agreements on how the funds will be used OR delete this whole paragraph);
23 and be it

24 FURTHER RESOLVED, That(Explain any waiver agreements OR wrap up your
25 request).

Name of Supervisor/Committee/Department

BOARD OF SUPERVISORS

Page 2
1/9/2013

1 Recommended:
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3 _____

Approved: _____
Mayor

4 Department Head

Approved: _____
Controller

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****Name of Supervisor/Committee/Department****
BOARD OF SUPERVISORS

Appendix C: Common FAMIS Transaction Codes used in Grants Entries

These are the most common grant and subvention transactions. Special circumstances may require other transactions. The transaction codes (TC) below are introduced with the transaction title shown on FAMIS, the general Ledger (GL) accounts debited (DR) and credited (CR), and detailed explanation of its use. Please refer to **Appendix D** for titles of the GL codes referenced below. A complete list of transaction codes can be found through the FAMIS Transaction Code screen 5400. The Controller's Office Operations Unit is available to assist departments with any questions regarding the use of transaction codes.

I. Budgets

Budgetary entries should always be balanced within the grant and within the sub-fund. These are normally balanced by setting up equal increases or decreases in estimated revenue and appropriation within a grant. A GL 49B budgetary clearing account balance will show in the grant's trial balance if the two did not balance and it needs to be cleared in order to avoid overstating or understating the grant's fund balance.

A. Estimated Revenue

061 OTHER INCREASE TO ESTIMATED REVENUE

DR GL 403 & GL 381, CR GL 49B & GL 399

If this transaction code is not followed by a matching 062 or 072 in the same grant and subfund, it must be followed by transaction code **088** to clear the GL 49B budgetary clearing account balance.

062 OTHER DECREASE TO ESTIMATED REVENUE

DR GL 49B & GL 399, CR GL 403 & GL 381

If this transaction code is not followed by a matching 061 or 073 in the same grant and subfund, it must be followed by transaction code **089** to clear the 49B budgetary clearing account balance.

B. Appropriations

072 OTHER INCREASE TO ALLOTTED EXPENDITURE APPROPRIATION

DR GL 49B & GL 399, CR GL 423 & GL 379. Generates 096 (DR GL 459, CR GL 452).

If this is not followed by a matching 061 or 073 in the same grant and subfund, follow with transaction **089** to clear the GL 49B budgetary clearing account balance.

073 OTHER DECREASE TO ALLOTTED EXPENDITURE APPROPRIATION

DR GL 423 & GL 379, CR GL 49B & GL 399. Generates 097 (DR GL 452, CR GL 459).

If this is not followed by a matching 062 or 072 in the same grant and subfund, follow with transaction **088** to clear the GL 49B budgetary clearing account balance.

If the expenditure appropriation was initially created in the current year's AAO, check whether the entire appropriation has been allotted or not (see Screen 6410, GL 452 for the current year expenditure budget allotment). If some of the expenditure appropriation has not yet been allotted, use Transaction Code **071** to reduce the unallotted portion. Use **073** only for the allotted portion

074 OTHER INCREASE TO PERFORMING DEPT INTERDEPT'L RECOVERY APPROPRIATION

DR GL 423 & GL 379, CR GL 49B & GL 399

This transaction is used to create work order recovery budget by the **Performing Department**. If this transaction code is not followed by a matching 072 or 075 in the same grant and subfund, follow with transaction **088** to clear the GL 49B budgetary clearing account balance.

075 OTHER DECREASE TO PERFORMING DEPT INTERDEPT'L RECOVERY APPROPRIATION

DR GL 49B & GL 399, CR GL 423 & GL 379

This transaction is used to reduce work order recovery budget by the **Performing Department**. If this is not followed by a matching 073 or 074 in the same grant and subfund, follow with transaction **089** to clear the GL 49B budgetary clearing account balance).

II. Revenues from Deposits, Receivables, Advances

A. Initial Deposits

701 CASH RECEIPTS DEPOSIT DIRECTLY BY DEPT TO B OF A FOR BANK WITH BANK ACTIVITY UPDATE

Cash receipts deposited directly by department to City's Pooled Deposit Account (Bank No. 1051).

703 CASH RECEIPTS DEPOSIT THRU THE TREASURER OR BANK ACCOUNTS W/O BANK ACTIVITY UPDATE

Cash receipts deposited directly by department to any bank accounts (except 1051), and through the Treasurer's window.

Follow T/C 701 or 703 with transaction codes below for different application of the receipts.

712 UNDISTRIBUTED (UNIDENTIFIED) CASH RECEIPTS

DR GL 101, CR GL 248

Use this transaction code if the department cannot identify the purpose of the payment or the proper application of the receipt at the time of deposit. The issue that prevents the identification of the receipt must be resolved promptly and the items sitting in unidentified receipts account (GL 248) must be cleared within **15 calendar days**.

714 RECEIPTS APPLIED TO RECEIVABLES WITH SUBSIDIARY

DR GL 101, CR GL 120 or GL 122 (use GL 120 for grants, GL 122 for subventions)

Use this transaction code apply reimbursement receipts to grant receivables.

716 RECEIPTS APPLIED AS ABATEMENT/REFUND OF EXPENDITURES

DR GL 101, CR GL 431

This transaction code is used rarely in grants, only when it is a genuine refund of an overpayment.

718 RECEIPTS INCREASING REVENUES

DR GL 101, CR GL 411

Use this transaction to directly increase grant revenues. Use only when revenue has not been accrued and receipt is not to be deferred as advance.

724 RECEIPTS INCREASING DEFERRED REVENUES/LIABILITIES WITH SUBSIDIARY

DR GL 101, CR GL 222 or GL 223 (use GL 222 for subventions, GL 223 for grants)

Use this transaction to directly increase deposit grant receipts to advance.

B. Recognizing Unidentified Receipts

Funds received by the Treasurer may initially be deposited into GL 248 "Unidentified Receipts." Departments are responsible for clearing unidentified receipts within **15 calendar days**.

401 ADJUSTMENT TO DECREASE UNIDENTIFIED RECEIPTS

DR GL 248, CR GL 101

Follow with one of the following:

408 ADJUSTMENT TO INCREASE REVENUE ACCOUNT

DR GL 101, CR GL 411

Use this transaction to directly increase grant revenues. Use only when revenue has not been accrued and receipt is not to be deferred as advance.

446 DECREASE GRANTS/SUBVENTIONS RECEIVABLE & INCREASE CASH RECEIVED

DR GL 101, CR GL 120 or GL 122 (use GL 120 for grants, GL 122 for subventions)

Use this transaction code apply reimbursement receipts to grant receivables.

444 INCREASE DEFERRED GRANTS & SUBVENTIONS REVENUES

DR GL 101, CR GL 222 or GL 223 (use GL 222 for subventions, GL 223 for grants)

To record receipt as advance.

C. Accruing Receivables

Use GL 120 for Grant, GL 122 for Subvention, GL 155 for Loans

528 INCREASE PERIODIC ACCRUAL OF GRANT, SUBVENTED & ALLOCATED REVENUE

DR GL 120 or GL 122, CR 411

Document requires GL subsidiary to be specified (can use YEACCR as default if do not have department's own subsidiary). Use when claims are submitted or to accrue receivables at year-end or for other reports.

527 DECREASE PERIODIC ACCRUAL OF GRANT, SUBVENTED & ALLOCATED REVENUE

DR GL 411, CR GL 120 or GL 122

Use this transaction code to reverse accrued revenue when grant reimbursement received have been directly deposited as revenue (with TC 718) instead of applied to the receivable accrued. Reversal is needed to correct overstatement of grant revenue.

553 DEBIT G/L ACCT WITH SUBSIDIARY AND CREDIT G/L ACCOUNT CODED IN BANK FIELD.

Use for accruing loans receivable, with GL account 155 (loans receivable) and subsidiary, and in Bank Field, insert "265" to credit GL 265, "grant fund reserve for loans receivable."

D. Recognizing revenue from Advance

Use GL 223 for Grant, GL 222 for Subvention

526 INCREASE RECOGNITION OF DEFERRED GRANTS/SUBVENTION REVENUES

DR GL 222 or GL 223, CR GL 411

To recognize revenue from advance.

525 DECREASE RECOGNITION OF DEFERRED GRANTS/SUBVENTION REVENUES

DR GL 411, CR GL 222 or GL 223

To defer revenue to advance.

III. Encumbrances

140 ESTABLISH A NON-ADPICS ENCUMBRANCE

DR GL 470, CR GL 349

141 INCREASE A NON-ADPICS ENCUMBRANCE

DR GL 470, CR GL 349

142 DECREASE A NON-ADPICS ENCUMBRANCE

DR GL 349, CR GL 470

145 ESTABLISH AN INTERDEPT'L TYPE OF ENCUMBRANCE

DR GL 470, CR GL 349

147 INCREASE AN INTERDEPT'L TYPE OF ENCUMBRANCE

DR GL 470, CR GL 349

148 DECREASE AN INTERDEPT'L TYPE OF ENCUMBRANCE

DR GL 349, CR GL 470

149 RECLASS AN INTERDEPT'L TYPE OF ENCUMBRANCE

DR GL 470, CR GL 349

151 ADD A SUFFIX TO A NON-ADPICS ENCUMBRANCE

DR GL 470, CR GL 349

IV. Expenditures**210 ESTABLISH A VOUCHERS PAYABLE-DIRECT EXPENDITURES**

DR GL 431, CR GL 201

405 ADJUSTMENT TO INCREASE EXPENDITURE ACCOUNT

DR GL 431, CR GL 101

Use this transaction code to abate expenditures into the grant.

406 ADJUSTMENT TO DECREASE EXPENDITURE ACCOUNT

DR GL 101, CR GL 431

Use this transaction code to abate expenditures out of the grant.

450P/F INCREASE ENCUMBERED INTERDEPT'L SERVICES EXPENDITURES

DR GL 431, CR GL 101

Use this transaction code to bill requesting department on existing work order. The system will generate TC 158 to liquidate work order encumbrance. If partial billing, use "P." If final billing, use "F". Use work order number as document reference.

455 INCREASE DIRECT INTERDEPT'L SVCS EXPENDITURES

DR GL 431, CR GL 101

Use this transaction code to charge requesting department by journal entry when no work order issued.

466 ABATEMENT OF EXPENDITURES FOR INTERDEPT'L SVCS RENDERED

DR GL 101, CR GL 431

Use this transaction code to abate expenditures of the performing department

V. Operating Transfers

(Note: For grants, work with the Controller's Grants Unit to obtain unique **user code** and **index codes** for each operating transfer)

A. Budget**063 OTHER INCREASE TO ESTIMATED BUDGETARY TRANSFERS IN**

DR GL 403 & GL 381, CR GL 49B & GL 399

064 OTHER DECREASE TO ESTIMATED BUDGETARY TRANSFERS IN

DR GL 49B & GL 399, CR GL 403 & GL 381

076 OTHER INCREASE TO BUDGETARY TRANSFERS OUT APPROPRIATION

DR GL 49B & GL 399, CR GL 423 & GL 379

077 OTHER DECREASE TO BUDGETARY TRANSFERS OUT APPROPRIATION

DR GL 423 & GL 379, CR GL 49B & GL 399

B. Actual**415 ADJUSTMENT TO INCREASE TRANSFERS OUT**

DR GL 431, CR GL 101

416 ADJUSTMENT TO DECREASE TRANSFERS OUT

DR GL 101, CR GL 431

417 ADJUSTMENT TO DECREASE TRANSFERS IN

DR GL 411, CR GL 101

418 ADJUSTMENT TO INCREASE TRANSFERS IN

DR GL 101, CR GL 411

VI. Year-End Adjustments**A. Revenue accrual****678 INCREASE REVENUE (BUDGET/GAAP)/DEBIT GL ACCTS WITH SUBSIDIARY**

DR GL 120, CR GL 411 (automatic next period reversal 677, DR GL 411, CR GL 120)

This transaction code has an automatic next period reversal. This is should be used only in cases where the funds have already been received and deposited as revenue in month 1 of the new fiscal year while the receivable is being accrued in the prior fiscal year for year-end reporting purposes . In other cases, the receivable should remain outstanding until the funds are received and deposited using TC 714.

B. Deferring revenues - GASB 33: 120-day rule

Use GL 224 for Grant and Subvention for GASB 33 purpose only

671R DECREASE RECOGNITION OF DEFERRED GRANTS/SUBVENTIONS

DR GL 413, CR GL 224

This transaction code is to be used to decrease revenue recognition when accrued revenues are not deemed available or collected within 120 days. GAAP reporting purposes only. Auto-reversal in subsequent fiscal year.

Note: This transaction code debits GL 413- Actual Sources-GAAP Only. It does not affect fund operating revenue GL 411. Therefore, the revenue decrease does not show on FAMIS grant summary screen 6220.

C. Expenditure accrual**665 INCREASE EXPENDITURE(BUDGET/GAAP)/CREDIT GL ACCTS W/O SUBSIDIARY**

DR GL 431, CR GL 202 (automatic next period reversal TC 666, DR GL 202, CR GL 431)

This transaction code is used for situation when an expenditure item that should have been recognized in the past fiscal year is paid or recognized **in month 1** of the following fiscal year. The Department should initiate an adjusting journal entry in fiscal month 13 to accrue the expenditure as accounts payable in the past fiscal year. This transaction code has built-in automatic reversal in month 1 of the following fiscal year so that no other reversal entry is needed. If the expenditure was paid from an encumbrance, follow with TC **626**.

626 REDUCE YEAR-END ENCUMBRANCES

DR GL 349ADJ, CR GL 471 (automatic next period reversal TC 625, DR GL 471, CR GL 349ADJ)

Appendix D: FAMIS General Ledger Accounts Commonly Used in Grants

Background: Basic Terms

Assets: Resource that has the potential for providing a future economic benefit. This includes cash, receivables (funds that others are obligated to pay the organization), and items that could be sold to provide cash.

Current Assets: Cash and other assets expected to be realized as cash or sold or used during the current operating cycle (usually fiscal year).

Investments: Long-term investments that are not expected to be converted to cash within the current fiscal year.

Fixed Assets: Property and equipment that is long-lived, is expected to be used for a long time, and are not expected to be resold.

Liabilities: Amounts owed and other obligations.

Equity: Balance left over when after subtracting liabilities from assets.

Debit (as a verb): Increase an asset or decrease a liability.

Credit (as a verb): Decrease an asset or increase a liability.

Normal Balance: Positive (debit) for asset accounts, and negative (credit) for liability and equity accounts. (This allows the sum of all accounts to add up to zero). A positive amount change in an asset account is a debit, representing an increase in the asset. A negative amount change in a liability or equity account is a credit, representing an increase in the liability or equity.

Selected FAMIS General Ledger (GL) Accounts

GL Accounts 100 – 149: Current Assets

The sum of these GL accounts tell us the total assets assigned to the grant, project, fund, or index code you are looking at. This is the sum of cash, investments, and receivables. Note that assets are defined as “resources that have the potential for providing a future economic benefit.”

101 Equity in City Treasury – Pooled Funds: Cash in a pool centrally managed by the City Treasurer and invested in financial institutions.

Normal Balance: Debit (positive). A positive balance indicates CCSF has cash on hand credited to this account. A negative balance indicates that the account has a negative cash position—it has borrowed from the City Treasury.

Subsidiary Account Required: No.

120 Grants Receivable and 122 Subventions Receivable: Grants and subvention funds owed to the organization for services already performed.

Normal Balance: Debit (positive). A positive balance indicates the fund or program is owed grant or subvention funds for reimbursement of services performed. A negative balance indicates an accounting error.

Subsidiary Account Required: Yes.

GL Accounts 151-169, Assets Not Available for Appropriation

155 Loans Receivable: Outstanding principal balances on loans issued by CCSF. Requires a subsidiary.

Normal Balance: Debit (positive). A positive balance indicates CCSF is owed repayments on the principal from loans it has issued. A negative balance indicates an accounting error.

Subsidiary Account Required: Yes.

161 Advances: Advance issued by CCSF to an outside organization in return for future services.

Normal Balance: Debit (positive). A positive balance indicates the fund or program has received advances. A negative balance indicates an accounting error.

Subsidiary Account Required: Yes.

GL Accounts 201-259 Current Liabilities

201 Vouchers Payable: Checks in preparation to be issued by CCSF.

Normal Balance: Credit (negative): A negative balance indicates checks in preparation but not yet issued. A positive balance indicates an accounting error.

Subsidiary Account Required: No.

202 Accounts Payable: Amount owed by CCSF

Normal Balance: Credit (negative). A negative balance indicates the amount owed by CCSF. A positive balance indicates an accounting error.

Subsidiary Account Required: No.

222 Subventions Received in Advance and 223 Grants Received in Advance: Subvention or grant revenue received prior to the associated activities being performed.

Normal Balance: Credit (negative). A negative balance indicates balances of advances received for activities not yet performed. A positive balance indicates an accounting error.

Subsidiary Account Required: Yes.

224 Deferred Grants and Subventions – GASB 33: Accrued grant revenues deemed measurable but not available in the current period.

Normal Balance: Credit (negative). A negative balance indicates balances of accrued grant revenues not available in the current period. A positive balance indicates an accounting error.

Subsidiary Account Required: Yes.

248 Unidentified Receipts: Funds received which have not been identified yet. This is a liability because we do not know whether CCSF is entitled to the funds or not until they have been identified. These must be cleared as soon as possible.

Normal Balance: Credit (negative). A negative balance indicates funds received that have not been earned and may need to be returned if conditions are not satisfied. A positive balance indicates an accounting error.

Subsidiary Account Required: No.

249 Deferred Credits

Normal Balance: Credit (negative). A negative balance indicates receipts that have not been earned and may need to be returned if conditions are not satisfied. A positive balance indicates an accounting error.

Subsidiary Account Required: Yes.

Fund Equity 300 – 399

349 Reserved for Encumbrances

Normal Balance: Credit (negative). A negative balance indicates outstanding encumbrances. A positive balance indicates an accounting error.

Subsidiary Account Required: No.

379 Reserve for Appropriation (net of encumbrances)

Normal Balance: Credit (negative). A negative balance indicates unused and unclaimed expenditure budget at the beginning of the fiscal year. The balance is automatically updated in fiscal month 14 to reflect changes during the fiscal year. A positive balance indicates an error.

Subsidiary Account Required: No.

381 Unrealized Estimated Sources

Normal Balance: Debit (positive). A positive balance indicates unrealized revenue budget at the beginning of the fiscal year. The balance is automatically updated in fiscal month 14 to reflect changes during the fiscal year. A negative balance indicates an error.

Subsidiary Account Required: No.

399 Unreserved-Available for Appropriation

Normal Balance: Credit (negative). A negative balance indicates the amount of surplus available assets plus unrealized budgeted revenue over the existing unused and unencumbered expenditure budget. This amount should be available for appropriation. A positive balance indicates the amount by which the remaining expenditure budget exceeds total assets and unrealized expected revenue.

Subsidiary Account Required: No.

Budgetary and Operating Accounts, 400-499

These contain balances for the current fiscal year, and are closed out to fund equity accounts in the year-end close, FAMIS fiscal month 14. No subsidiary accounts are required for this group.

401 Sources – AAO Budget

Normal Balance: Debit (positive). Positive balance indicates revenue budget in the current fiscal year annual appropriation ordinance (AAO). Negative balance indicates an anomaly.

Closed out to: GL account 49A.

403 Sources – Other Transfers and Allocations

Normal Balance: Debit (positive). Positive balance indicates current fiscal year increases in the revenue budget outside of the AAO. Negative balance indicates decreases in the revenue budget in current fiscal year. .

Closed out to: GL account 49B.

411 Actual Sources

Normal Balance: Credit (negative). Negative balance indicates actual revenues recorded in the current fiscal year. Positive balance indicates a revenue adjustment decreasing revenues in the current fiscal year.

Closed out to: GL account 381.

421 Uses-AAO Budget

Normal Balance: Credit (negative). Negative balance indicates expenditure budget created in the current fiscal year annual appropriation ordinance (AAO). Positive balance indicates an anomaly.

Closed out to: GL account 49A.

423 Uses-Other Transfers and Allocations

Normal Balance: Credit (negative). Negative balance indicates expenditure budget created outside of the current fiscal year annual AAO (for example, through an “Accept and Expend” or Supplemental Resolution, or through a transfer of expenditure budget from one account

to another. Positive balance indicates a reduction in the current year expenditure budget for the accounts.

Closed out to: GL account 49B.

431 Actual Uses

Normal Balance: Debit (positive). Positive balance indicates actual expenditures (uses) recorded in the current fiscal year. Negative balance indicates an adjustment in the current fiscal year decreasing (abating) expenditures.

Closed out to: GL account 379.

451 Appropriations-Reserved

Normal Balance: Credit (negative). Negative balance indicates expenditure budget added during the current fiscal year that has been reserved by the Board of Supervisors or the Controller so that the budget cannot be expended until specified conditions are met and the reserve is lifted. Positive balance indicates an accounting error.

Closed out to: GL account 459.

452 Appropriations-Allotted (matches GL Accounts 421+423-451)

Normal Balance: Credit (negative). Negative balance indicates total expenditure budget added during the current fiscal year that is available to be expended. Positive balance indicates a net reduction in the available expenditure budget during the current fiscal year.

Closed out to: GL account 459.

459 Appropriation Control-Contra Accounts (offsets GL 451 and 452)

Normal Balance: Debit (positive). Positive balance indicates total expenditure budget added during the current fiscal year. Negative balance indicates a net reduction in the expenditure budget during the current fiscal year.

Closed out to: GL accounts 451 and 452.

470 Encumbrances

Normal Balance: Debit (positive). Positive balance indicates net unliquidated encumbrances established during the current fiscal year. Negative balance indicates an adjustment reducing an encumbrance (not through a liquidation) in the current fiscal year.

Closed out to: GL account 379.

49A Budgetary Clearing-AAO

Normal Balance: Debit (positive). Used for year-end clearing of balances in AAO budgetary GL Accounts 401 and 421.

49B Budgetary Clearing-Other

Normal Balance: Debit (positive). Used for year-end clearing of balances in budgetary GL Accounts 403 and 423.