



Holland Charter Township

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Memorandum

TO: Board of Trustees
FROM: Steve Bulthuis
DATE: March 2, 2026
SUBJECT: Federal grants management policy

Attached is a policy to assist staff in ensuring that the Township is compliant with OMB Circular A-133 as it pertains to federal grants. As the attached document assembled by Finance Director Smith indicates, the policy guides staff through proper procedures related to grant approval, implementation, budget monitoring and record keeping.

Staff will be seeking your approval of the attached federal grant management policy. Please let me know if you have any questions.

Holland Charter Township
Policies and Procedures – Federal Awards Administration
Financial Management Systems
Grant Administration

1. Grant Development, Application, and Approval –

- a. Legislative Approval – Grants that require legislative approval prior to submission will be presented to the Township Board for approval. Grant applications that do not require legislative approval but include a matching contribution by the Township above \$5,000 will be presented to the Township Board for approval. If the grant application does not require legislative approval and does not have a required Township match that exceeds \$5,000, the Township Manager may, at his or her discretion, approve grant applications.
- b. Matching Funds – Grants that require cash local matches must be coordinated through the Finance Director. At a minimum, funds must be identified within the existing budget to provide the match, or a budget amendment will be required. Care must be taken to identify the long-term impact of grant projects and the effect on Township finances.

Refer to the section within this manual titled “Matching, Level of Effort, and Earmarking” for additional information on compliance with the provisions of the OMB Circular A-133 Compliance Supplement.

- c. Grant Budgets – Most grants require the submission of an expenditure budget. Projections for capital projects should come from the appropriate engineering firm. The Finance Director should review the grant request prior to submission.

2. Grant Program Implementation –

- a. Notification and Acceptance of an Award – Official notification of a grant award is typically sent by a funding agency to the official designated in the original grant proposal. However, the authorization to spend grant funds is derived from the Board through the approval of a grant contract. For contracts that do not require Board approval and do not require any Township matching contribution, the Township Manager may sign the grant contract.

If applicable, adoption of the grant budget as a component of the Township’s operating budget is deemed to be sufficient approval for matching contributions. The Finance Director will establish revenue and expenditure accounts for the project based on the approved contract with the granting agency.

- b. Purchasing Guidelines – All other purchasing guidelines apply to the expenditure of grant funds. The use of grant funds does not exempt any purchase from normal purchasing requirements. All typical paperwork and bidding requirements apply. All normal staff approvals apply. When in

doubt, the program director should contact the Finance Director for further assistance. In the unlikely event that the grant has stricter purchasing requirements than the Township, the Township will comply with the requirements in the grant that are stricter.

3. Financial and Budgetary Compliance –

- a. Monitoring Grant Funds – In most cases, the Finance Director is responsible for grant reporting. Financial records will be maintained in the Township’s accounting system, and this is the Township’s “official” accounting system by the granting agencies. Should a grant be managed by a program director, he or she may use some internal mechanism (such as a spreadsheet) to monitor grant revenues, expenditures and budgetary compliance, but program directors are strongly encouraged to use the accounting system reports provided by the Finance Director for their grant tracking.

If any “off-system” accounting records are maintained, it is the responsibility of the program director to ensure that the program’s internal records agree to the Township’s accounting system.

- b. Fiscal Years – If grant funds have not been totally expended by fiscal year-end, it is the responsibility of the Finance Director to accrue earned and available grant revenue and arrange for unspent grant dollars that are still available for the subsequent fiscal year to be carried forward to the new fiscal year.
- c. Grant Budgets – When the grant is added to the Township’s accounting system it will reflect the budget that is in the approved contract. The terms of each specific grant will dictate whether any budget transfers between budgeted line items will be permitted. Budget amendments to the grant will be coordinated through the Finance Director. In no case will the program director be authorized to exceed the total budget authority provided by the grant without Board approval.
- d. Capital Assets – The Township is responsible for maintaining an inventory of assets purchased with grant monies. The Township is accountable for them and must make them physically available for inspection during any audit. The Finance Director will coordinate this grant requirement and must be notified immediately of any sale of these assets. Customarily, the proceeds of the sale can only be used on the grant program that purchased them. (Refer to the specific regulations governing the original grant). Regardless of funding source, the sale of surplus equipment must adhere to the Township’s policy of surplus equipment as well as the grantor’s requirements.

Refer to the sections of this manual titled “Equipment and Real Property Management” for additional information.

4. Record Keeping –

- a. Audit Workpapers – The Township’s external auditors audit all grants at the end of each fiscal year. The Finance Director will prepare the required audit workpapers. Program Directors may be asked to assist in this process, if necessary/applicable.

- b. Record Keeping Requirements – Grant record keeping requirements may vary substantially from one granting agency to another. Consequently, a clear understanding of these grant requirements at the beginning of the grant process is vital. The Finance Director will request and maintain copies of all grant draw requests, and approved grant agreements (including budgets). The program director (if applicable) should maintain all other records.
5. Other Guidelines – Specific information on policies and procedures related to compliance with the provisions of the OMB Compliance Supplement have been addressed later in this manual and should be considered along with the information in this section.

Holland Charter Township
Policies and Procedures – Federal Awards Administration
OMB Compliance Supplement
General Information

Source of Information – Each year the Federal government (Office of Management and Budget) issues a comprehensive document on the compliance requirements each grant recipient is obligated to follow in general terms, along with program-specific guidance on various grant awards. There are 12 compliance requirements identified, each of which is considered individually in this manual.

The following pages document the policies and procedures of the Township related to compliance with such procedures, as applicable. Should the Township be subject to a single audit, applicable compliance requirements are expected to be tested in detail by the Township’s independent auditors.

Objectives – The objectives of most compliance requirements are generic in nature. While the criteria for each program may vary, the main objective of the compliance requirement is relatively consistent across all programs. As such, the policies and procedures of the Township have been based on the generic sense of the compliance requirement. For selected compliance requirements, this manual addresses the specific regulations applicable to individual grants. This is not intended to imply that a program is not subject to such policies if it is not specifically mentioned here. It is the intention of the Township that all Federal awards are subject to the following policies and procedures.

Controls over Compliance/Record Retention – In addition to creating policies and procedures over compliance with provisions of Federal awards, the Township has implemented internal controls over such compliance, generally in the form over administrative oversight and/or independent review and approval. To document these control activities, all independent reviews are signed/initialed and dated.

Documentation – The Township will maintain adequate documentation to support both the compliance with applicable requirements as well as internal controls over such compliance. This documentation will be provided to the Township’s independent auditors and/or pass-through grantor agencies, as requested, during the single audit and program audits.

Holland Charter Township
Policies and Procedures – Federal Awards Administration
OMB Compliance Supplement
Activities Allowed/Unallowed and Allowable Costs/Cost Principles

Source of Governing Requirements – The requirements for activities allowed or unallowed are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

The requirements for allowable costs/cost principles are contained in 2 CFR 200, subpart E, program legislation, Federal awarding agency regulations, and the terms and conditions of the award. The requirements for the development and submission of indirect (facilities and administration (F&A)) cost rate proposals and cost allocation plans (CAPs) are contained in 2 CFR part 200 Appendix X.

To ensure compliance with these requirements, the Township has implemented the following policies and procedures:

1. All grant expenditures will comply with the Uniform Guidance. State law and the provisions of the grant award agreement will also be considered in determining allowability. Grant funds will only be used for expenditures that are considered reasonable and necessary for the administration of the program.
2. Grant expenditures will be approved by program director initially through the purchasing process, and again when the bill or invoice is received. This will be evidenced by signature or initials signed and a printed date on the invoice. Accounts payable disbursements will not be processed for payment until necessary approval has been obtained.
3. Payroll costs will be documented in accordance with the Uniform Guidance as described in the section of this manual titled “Payroll and Timekeeping”.
4. If applicable, the Township will be permitted to charge indirect costs to federal grants at either (1) the federally negotiated indirect cost rate (if one exists) or (2) the de minimis rate of 10 percent. The selected rate will be applied to Modified Total Direct Costs (MTDC).

Holland Charter Township
Policies and Procedures – Federal Awards Administration
OMB Compliance Supplement
Cash Management

Source of Governing Requirements – The requirements for cash management are contained in 2 CFR §200.305, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

To ensure compliance with these requirements, the Township has implemented the following policies and procedures:

1. Currently, the majority of the Township's grants are awarded on a reimbursement basis. As such, program costs will be expended and disbursed prior to requesting reimbursement from the grantor agency. The Township will continue to monitor new grant agreements and will follow the method of cash management (e.g. reimbursement basis, advances, etc.) as prescribed within the grant agreement.
2. Cash draws will be initiated by the Township Manager or Finance director who will determine the appropriate draw amount. Documentation of how this amount was determined will be retained and signed/dated.
3. Each cash draw will be reviewed by Township Manager, who will sign/initial and date the paperwork as evidence of the review.
4. The physical draw of cash will be processed through the means prescribed by the grant agreement for other awards by the Finance Director.
5. A copy of the cash draw will be filed along with the approved paperwork described above and retained for audit purposes.

Holland Charter Township
Policies and Procedures – Federal Awards Administration
OMB Compliance Supplement
Eligibility

Source of Governing Requirements – The requirements for eligibility are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Policies and Procedures. The following policies and procedures will be applied, to the extent that they do not conflict with or contradict existing Board policies:

1. Federal grants will only benefit those individuals and/or groups of participants that are deemed to be eligible.

2. Initial eligibility determinations will be made by the applicable program manager. Sufficient documentation to support these determinations will be retained and made available to administration, auditors, and pass-through or grantor agencies, upon request. It is the responsibility of the applicable program manager to maintain complete, accurate, and organized records to support eligibility determinations.

3. Program managers are aware of existence of such compliance requirements and will monitor grant agreements for any change in applicability. Formal policies and procedures will be developed, as needed, to meet changes in circumstances.

Holland Charter Township
Policies and Procedures – Federal Awards Administration
OMB Compliance Supplement
Equipment and Real Property Management

Source of Governing Requirements – The requirements for equipment and real property are contained in 2 CFR section 200.313 (equipment), 2 CFR section 200.311 (real property), 48 CFR section 52.245-1 (equipment and real property), program legislation, Federal awarding agency regulations, and the terms and conditions of the Federal award.

Policies and Procedures - To ensure compliance with these requirements, the Township has implemented the following policies and procedures:

1. All equipment will be used in the program for which it was acquired or, when appropriate, other Federal programs.
2. When required, purchases of equipment will be pre-approved by the grantor or pass-through agency. The program director administering the grant will be responsible for ensuring that equipment purchases have been previously approved, if required, and will retain evidence of this approval.

Holland Charter Township
Policies and Procedures – Federal Awards Administration
OMB Compliance Supplement
Matching, Level of Effort and Earmarking

Source of Governing Requirements – The requirements for matching are contained in 2 CFR section 200.306, program legislation, Federal awarding agency regulations, and the terms and conditions of the award. The requirements for level of effort and earmarking are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

The Township defines “matching”, “level of effort”, and “earmarking” consistent with the definitions of the OMB Compliance Supplement:

Matching or cost sharing includes requirements to provide contributions (usually non-Federal) of a specified amount or percentage to match Federal awards. Matching may be in the form of allowable costs incurred or in-kind contributions (including third-party in-kind contributions).

Level of effort includes requirements for (a) a specified level of service to be provided from period to period, (b) a specified level of expenditures from non-Federal or Federal sources for specified activities to be maintained from period to period, and (c) Federal funds to supplement and not supplant non-Federal funding of services.

Earmarking includes requirements that specify the minimum and/or maximum amount or percentage of the program’s funding that must/may be used for specified activities, including funds provided to subrecipients. Earmarking may also be specified in relation to the types of participants covered. To ensure compliance with these requirements, the Township has implemented the following policies and procedures:

1. Compliance with matching, level of effort, and earmarking requirements will be the responsibility of the Finance Director in coordination with the program director as applicable.
2. Adequate documentation will be maintained to support compliance with matching, level of effort, and earmarking requirements. Such information will be made available to entity administration, auditors, and pass-through or grantor agencies, as requested.

Holland Charter Township
Policies and Procedures – Federal Awards Administration
OMB Compliance Supplement
Period of Performance

Source of Governing Requirements – The requirements for the period of performance are contained in 2 CFR section 200.71 (definition of “obligations”), 2 CFR section 200.77 (definition of “period of performance”), 2 CFR section 200.309 (period of performance), 2 CFR section 200.343 (closeout), program legislation, Federal awarding agency regulations; and the terms and conditions of the award. To ensure compliance with these requirements, the Township has implemented the following policies and procedures:

1. Costs will be charged to an award only if the obligation was incurred during the funding period (unless pre-approved by the Federal awarding agency or pass-through grantor agency).
2. All obligations will be liquidated not later than 60 days after the end of the funding period (or as specified by program legislation).
3. Compliance with period of performance requirements will initially be assigned to the individual approving the allowability of the expense/payment. This will be subject to review and approval as part of payment processing.

Holland Charter Township
Policies and Procedures – Federal Awards Administration
OMB Compliance Supplement
Procurement, Suspension and Debarment

Source of Governing Requirements – The requirements that apply to procurement under grants and cooperative agreements are contained in 2 CFR sections 200.317 through 200.326, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

The requirements for non-procurement suspension and debarment are contained in OMB guidance in 2 CFR part 180, which implements Executive Orders 12549 and 12689, “Debarment and Suspension;” Federal awarding agency regulations in Title 2 of the CFR adopting/implementing the OMB guidance in 2 CFR part 180; program legislation; and the terms and conditions of the award.

Policies and Procedures. The following policies and procedures will also be applied:

1. Purchasing and procurement related to Federal grants will be subject to the general policies and procedures of the Township.
2. Contract files will document the significant history of the procurement, including the rationale for the method of procurement, selection of the contract type, contractor selection or rejection, and the basis of contract price.
3. Procurement will provide for full and open competition.
4. The Township is prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

“Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (i.e., grant or cooperative agreement) that are expected to meet certain specified criteria. All non-procurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

5. The Township will include a suspension/debarment clause in all written contracts pertaining to federally funded projects in which the vendor/contractor will certify that it is not suspended or debarred. The contract will also contain language requiring the vendor/contractor to notify the Township immediately upon becoming suspended or debarred. This will serve as adequate documentation as long as the contract remains in effect.
6. When a vendor/contractor is expected to be paid federal funds and a written contract does not apply, the Program Manager will be responsible for conducting a search of the entity name on the federal excluded parties databases at www.sam.gov. A screen shot will be printed for the procurement file as evidence of this process.

Holland Charter Township
Policies and Procedures – Federal Awards Administration
OMB Compliance Supplement
Procurement, Suspension and Debarment (Concluded)

7. As an alternative to the procedures above, the Township may request that the vendor/contractor sign a certification regarding suspension and debarment. The certification will be deemed to remain in effect unless notified otherwise by the vendor/contractor. A sample suspension/debarment certification form is included in the appendix to this manual.
8. If a vendor is found to be suspended or debarred, the Township will immediately cease to do business with this vendor.
9. Executed contracts and procurement files will be retained and filed by the Township Clerk. Suspension/debarment certificates will be retained and filed with grant workpapers by the Finance Director.

Holland Charter Township
Policies and Procedures – Federal Awards Administration
OMB Compliance Supplement
Program Income

Source of Governing Requirements – The requirements that apply to program income are contained in 2 CFR section 200.80 (definition of “program income”), 2 CFR section 200.307 (program income), program legislation, Federal awarding agency regulations, and the terms and conditions of the Federal award. To ensure compliance with these requirements, the Township has implemented the following policy:

1. The Township will allow program income to be used in the following:
 - a. Reduce expenses meant to be used towards federal reimbursement.

Holland Charter Township
Policies and Procedures – Federal Awards Administration
OMB Compliance Supplement
Reporting

Source of Governing Requirements – Reporting requirements are contained in the following documents: Financial reporting, 2 CFR section 200.327; Monitoring and reporting program performance, 2 CFR section 200.328; Program legislation; Federal awarding agency regulations; and the terms and conditions of the award.

In order to ensure compliance with these requirements, Township has implemented the following policies and procedures:

1. Reports will be submitted in the required frequency and within the required deadlines.
2. Reports will be completed using the standard forms (as applicable) and method of delivery (i.e., e-mail, grantor website, postal service, etc.).
3. Regardless of the method of delivery, a copy of the submitted report will be retained along with any documentation necessary to support the data in the report. The report will evidence the date of submission to document compliance with timeliness requirements.
4. Financial reports will always be prepared based on the general ledger using the required basis of accounting (i.e., cash or accrual). In cases where financial data is tracked outside of the general accounting system (such as in spreadsheets or paper ledgers), this information will be reconciled to the general ledger prior to report submission.
5. Preparation of financial reports will be the responsibility of the Finance Director.
6. Recommend Control: All reports (whether financial, performance, or special) must be reviewed and approved by Township Manager prior to submission. Both the preparer and reviewer will sign and date the report and retain this documentation.
7. Copies of submitted reports will be filed with supporting documentation and any follow-up correspondence from the grantor or pass-through agency. Copies of all such reports will be made available to entity administration, auditors, and pass-through or grantor agencies, as requested.

Holland Charter Township
Policies and Procedures – Federal Awards Administration
OMB Compliance Supplement
Subrecipient Monitoring

Source of Governing Requirements – The requirements for subrecipient monitoring for the subaward are contained in 31 USC 7502(f)(2) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), 2 CFR sections 200.330, .331, and .501(h); Federal awarding agency regulations; and the terms and conditions of the award.

Grant administrators are aware of existence of such compliance requirements and will monitor grant agreements for any change in applicability. Formal policies and procedures will be developed, as needed, to meet changes in circumstances.

Holland Charter Township
Policies and Procedures – Federal Awards Administration
OMB Compliance Supplement
Special Tests and Provisions

Source of Governing Requirements – The laws, regulations, and the provisions of contract or grant agreements pertaining to the program

Policies and Procedures. The following policies and procedures will be applied:

1. The Finance Director will be assigned the responsibility for identifying compliance requirements for special tests and provisions, determining approved methods for compliance, and retaining any necessary documentation.
2. Davis-Bacon Act:
 - a. The Finance Director is responsible for identifying when Davis-Bacon Act requirements apply to a grant.
 - b. When requesting bids or proposals for such projects, the RFP/solicitation for bid will clearly state the applicability of the Davis-Bacon Act.
 - c. The Finance Director will be responsible for obtaining weekly certified payrolls from vendors and subcontractors.
 - d. The Finance Director, at his/her discretion, will be permitted to conduct surprise interviews of employees of contractors and subcontractors at job sites
 - e. To verify the accuracy of data submitted in the certified payrolls.

Holland Charter Township
Policies and Procedures – Federal Awards Administration
OMB Compliance Supplement
Appendix

Certification Regarding Suspension and Debarment

By signing below, I agree that my company/organization of any of its principals, personnel, division or affiliates presently or in the past have not been debarred or suspended from contracts with any federal, state or local governmental entity.

The company/organization has not been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under public transaction; violation of Federal or State anti-trust statutes, or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.

The company/organization is not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State or local).

The company/organization has not had one or more public transactions (Federal, State or local) terminated for cause or default.

The certifications made in this statement are deemed to be valid as long as the company/organization continues to conduct business transactions with the Township unless notification is made in writing to the Township. The company/organization will notify the Township immediately if any of the certifications made in this statement become invalid.

Company/Organization Name: _____

Certification Made by (Name and Title): _____

Date: _____