

ADMINISTRATIVE PROCEDURES



Procedure Number: 22-79

Effective Date: 03/13/09

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C. N. DeLubau
County Administrator

SUBJECT: **INTEREST EXPENSE AND REVENUE ALLOCATION FOR GRANTS**

DEPARTMENT RESPONSIBLE: **All Departments**

1. STATEMENT

Federal and State grants are generally funded on a reimbursement basis with the County departments incurring expenditures first and being reimbursed only after filing a request for reimbursement with the granting agency, which may occur monthly or quarterly.

Because of the delay in receiving reimbursement of grant expenditures, the County must advance funds for the expenditures incurred by a department receiving grant funds. The grant account reflects a negative balance until reimbursement is received. There is a cost of money to the County for advancing funds in this manner. That cost is reflected by an "interest" charge to the department receiving the advance of funds. Interest expense from grant administration is generally not a reimbursable expense.

This procedure will provide the process to be used to ensure that interest charges are funded by the department administering the grant on a monthly basis as interest expense.

2. PROCEDURE

For New Grants

When a new grant program is requested through Procedure 22-4, Grants Management, the department will be required to identify an existing administrative unit which will be charged any interest income or expense generated. Interest revenues and charges shall not be posted to the grant units.

For All Grants

Financial Control & Reporting (FC&R) shall coordinate with the County Treasurer to have interest charges and interest revenue from grants posted to the appropriate unit.

Period Review of Interest Charges and Revenue Allocations

FC&R shall review all interest transactions on a periodic basis, but not less than quarterly, to verify that interest expense or revenue is allocated to the appropriate administrative unit for each department administering a grant. On an annual basis, the Finance and Risk Management Department shall provide the County Administrator with a summary of the interest charges and revenues relating to grant administration.

3. DEPARTMENTAL RESPONSIBILITY

The Finance and Risk Management Department shall be responsible for the implementation of this procedure.