



## **COUNCIL ACTION SUMMARY SHEET**

**MEETING DATE:** October 27, 2025

**TOPIC** Policy on Drawdown and Disbursement of Federal Grant Funds

### **BACKGROUND BRIEF:**

The Village Manager has drafted an administrative policy to establish uniform procedures for the drawing of funds and issuing of payments related to federal grants received by the Village of Lake Orion, ensuring compliance with all applicable federal, state, and local laws and regulations, including 2 CFR Part 200 (Uniform Guidance). This policy is necessary for the drawdown and disbursement of funds relating to the \$1.75 million EPA grant received by the Village for the Sanitary Sewer Pump Stations Improvement Project. However, the policy is drafted generally to apply to the management of any Federal grants the Village may receive in the future.

Village Manager McClary is requesting that Council give final approval to this administrative policy. The policy is attached.

### **SUMMARY OF PREVIOUS COUNCIL ACTION:**

None

### **FINANCIAL IMPACT:**

The policy is required to permit the Village to draw down and disburse the \$1.75 million in EPA grant funds received for the Sanitary Sewer Pump Stations Improvement Project.

### **RECOMMENDED MOTION:**

To approve the following Village of Lake Orion policy relating to the drawdown and disbursement of Federal grant funds:

# ADMINISTRATIVE DIRECTIVE

<b>DIRECTIVE NO:</b> 2025-043	<b>ISSUE DATE:</b>
<b>ISSUED BY:</b> D. McClary	<b>SIGNATURE:</b> 
<b>VILLAGE COUNCIL APPROVAL DATE:</b>	
<b>REVISION DATES:</b>	
<b>RESCINDS/REPLACES:</b>	
<b>CATEGORY: FINANCIAL MANAGEMENT</b>	
<b>SUBJECT: Federal Grants – Drawing Funds/Issuing Payments</b>	

## LEGAL AUTHORITY CITATION

This administrative directive is issued by the Village Manager pursuant to the following legal authority:

- Village Charter – Sec. 3.12 – Duties of administrative officers; performing such duties as are provided for such officers by state law, this Charter, the village ordinances, and the administrative directives of the Village Manager
- Code of Federal Regulations – 2 CFR Part 200 (Uniform Guidance)

## **Purpose**

This policy establishes uniform procedures for the drawing of funds and issuing of payments related to federal grants received by the Village of Lake Orion, ensuring compliance with all applicable federal, state, and local laws and regulations, including 2 CFR Part 200 (Uniform Guidance).

## **1. Authority to Request Federal Funds**

### **1.1 Authorized Officials**

Only designated personnel are authorized to request drawdowns or payments from the Federal government. The following individuals are authorized:

- **Grants Administrator or Grant Program Manager**
- **Village Clerk-Treasurer or Deputy**
- **Village Manager or their designee**

Each of these individuals must be formally designated in writing and recorded with appropriate federal grant agencies and systems (e.g., ASAP, PMS, G5).

---

## **2. Procedures for Requesting Federal Funds**

### **2.1 Timing of Draw Requests**

Drawdowns must be based on immediate cash needs for allowable expenditures. Funds shall not be drawn in advance of actual disbursement needs, in accordance with 2 CFR §200.305(b).

### **2.2 Draw Request Preparation**

The Grants Administrator prepares the draw request, which must include:

- A summary of expenditures incurred
- A schedule of anticipated disbursements
- Supporting documentation (see Section 4)

The Clerk-Treasurer or Deputy reviews and certifies the draw request before submission to the federal payment system or agency portal.

---

## **3. Verification and Review Procedures**

### **3.1 Internal Review**

All requests for federal funds must undergo a two-step verification process:

1. **Programmatic Review** – Conducted by the Grant Program Manager to verify that the requested funds are for eligible, budgeted, and properly authorized expenditures.
2. **Financial Review** – Conducted by the Clerk-Treasurer Department to confirm:
  - Expenditures are properly recorded
  - Funds have not already been drawn for the same purpose
  - Budget limits are not exceeded

### **3.2 Documentation Audit Trail**

Each draw request must be supported by complete and accurate records. All documents must be retained in accordance with the municipal records retention policy and federal requirements (2 CFR §200.334).

---

#### 4. Required Supporting Documentation

The following documents must be compiled and maintained for each draw of funds or payment issued:

- General ledger report or accounting system printout showing incurred costs
  - Approved invoices, purchase orders, or timesheets
  - Grant budget or budget-to-actual comparison report
  - Signed certification by the Grants Administrator or Program Manager
  - Federal Financial Report (SF-425), if required
- 

#### 5. Disbursement of Federal Funds

##### 5.1 Timeframe for Disbursement

In accordance with 2 CFR §200.305(b)(7), federal funds must be disbursed within **three (3) business days** of receipt. If disbursement within three days is not feasible, the municipality must return the undisbursed portion or justify holding funds in accordance with federal cash management standards.

##### 5.2 Payment Processing

Unless on a reimbursement basis, once funds are drawn:

- Payments are issued directly to vendors, contractors, or employees, based on submitted and approved payment requests.
  - All payments must be made via check or ACH, and recorded in the municipality's financial system.
- 

#### 6. Monitoring and Compliance

- **Quarterly reviews** will be conducted by the Clerk-Treasurer Department to ensure compliance with this policy.
  - Any discrepancies or compliance concerns must be reported to the Village Manager and the grantor agency immediately.
- 

#### 7. Training and Updates

All personnel involved in the grants management process will receive annual training on federal grant requirements and this policy. This policy will be reviewed and updated biennially or as required by changes in law.