



AGENDA MEMORANDUM
ITEM # 2025-R-

CONTACT: Patricia Ditto, Finance Director

SUBJECT: Financial Policies & Procedures for Grant Expenditures

SUMMARY: GLO required verbiage within policy on Grant Expenditures Payments

BACKGROUND INFORMATION:

Our grant administrators from Public Management have given us the information needed to create this policy for grant expenditures that is required by GLO for our MIT MOD grant.

FISCAL IMPACT:

None – the processes in this policy are being utilized currently.

RECOMMENDATION: Staff recommends that this policy be approved.

Thank you,

Patricia Ditto, Finance Director

City of Richwood Financial
Policies and Procedures

INTRODUCTION

The purpose of financial management policies is to provide sound guidelines in planning the City's financial future. The City of Richwood considers the expenditure of funds to be an important responsibility and requires all persons involved with the purchase of goods or services to exercise good judgment in spending taxpayers' money.

SCOPE OF AUTHORITY

The City Manager is responsible for the expenditure of all City funds.

Financials

A. Bank Depository

The City maintains funds in a Bank, designated as its depository for banking services. The City Council reviews the selection every two years unless circumstances deem otherwise.

B. Accounts Payable

Two (2) individuals are authorized to sign checks written on the bank depository account: Mayor, and City Secretary. All checks require two authorized signatures. No exceptions.

C. Accounting

The City Manager and Finance Director are responsible for establishing the structure for the chart of Accounts and for assuring that procedures are in place to properly record financial transactions and report the City's financial position. The Finance Director shall provide financial reports to the City Council monthly.

D. Audit of Accounts

An independent audit of the City accounts is performed annually. The Independent Auditor is retained by and is accountable directly to the City Council. The City Council reviews the selection every five years unless circumstances deem otherwise.

PROCEDURES

1. Input invoices into Record Keeping System

What type of system is utilized for tracking invoices? Do you log them into an excel or track on a ledger? The City utilizes Pelorus Systems.

2. Review of Invoice

Who reviews invoices and recommends payment?
Finance Director and/or City Manager

3. Timeline for Payment

What is the City's standard timeframe for issuing payment?
10 days

4. Issue Payment

Finance Director approves checks, which are then signed by two (2) authorized signatories. Grant payments are approved within 5 days of receipt of funding for reimbursement.

5. Payment Reconciliation

Who reconciles the Bank Statement? Finance Director

PROCEDURES FOR GRANT PAYMENTS

1. Invoice is received and, if necessary, a request for payment is prepared by grant consultant and proper signatures obtained from the City Manager or City Secretary as authorized in original grant approval. The Finance office reviews the invoice and compares it to the grant budget.
2. Invoice must be approved by a City official in the grant implementation or the City Manager.
3. Once grant funds are received and invoice approval acknowledged by signature on the original invoice, a demand check is entered into the system by the Finance office, then printed and disbursed by the Accounting Clerk. At least two (2) signatures appear on the approved checks from Mayor, or City Secretary. Checks are then disbursed to the appropriate vendors. The Finance Director is responsible for ensuring that checks are signed and disbursed within five (5) working days of receiving grant funds.
4. Copies of the request for payment, invoice, canceled check copy and bank statement showing receipt of grant money is retained in the grant file in the Finance office.

The Finance Director authorizes payments and issues of checks. Two signatures are required on each check, from the Mayor and City Secretary. The Finance Director is responsible for reconciling the monthly bank statements.

ADVANCE PAYMENT PROCEDURES

All advanced payments using federal grant funds will be disbursed within five (5) working days from the date of the transfer of funds in accordance with 2 CFR 200.305(b)(1), and in accordance with the provisions in the contract with the vendor. Advance payments of federal grant funds will be deposited and maintained in a separate insured account.

The Policies and Procedures are implemented through the City of Richwood's administrative team of the City Manager, Finance Director and City Secretary.

Michael Durham, Mayor

Date