

ADMINISTRATIVE PROCEDURES



Procedure Number: 22-79

Effective Date: 03/13/09

Revision Date: _____

C. P. [Signature]
County Administrator

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

DEPARTMENT RESPONSIBLE: **All Departments**

I. 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. On a monthly basis, the County Treasurer charges each grant related cash account with a deficit balance an "interest" expense. 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.

II. PROCEDURE

For Existing Grants

Within ninety days of the effective date of this Procedure, the Financial Control and Reporting Division (FC&R) of the Department of Finance and Risk Management will contact grant administrators within each department to confirm the operating center that will be used for the allocation of interest charges for existing grants. The center to which interest charges will post shall be in the administrative division of the department administering the grant.

For New Grants

When a new grant center is requested through Procedure FN-43, Center Maintenance Request in Synergen, the department will be required to identify an existing administrative center which will be charged any interest income or expense generated. Interest revenues and charges shall not be posted to the grant centers.

For All Grants

FC&R shall coordinate with the County Treasurer to have interest charges and interest revenue from grants posted to the appropriate center.

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 center 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.

III. DEPARTMENTAL RESPONSIBILITY

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