

**PRESENTED AND ADOPTED: April 7, 2014**

**SUBJECT: ADOPTION OF GRANTS MANAGEMENT POLICY**

**2014-18**

**RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

WHEREAS, The Washington Metropolitan Area Transit Authority (WMATA) Board of Directors is committed to continuing to improve WMATA's finance and administration functions, including procurement, grants management, budgeting, reporting and risk assessment; and

WHEREAS, As part of this commitment, the Board of Directors has determined that WMATA should have a Grants Management Policy in order to ensure compliance with all applicable laws, regulations, guidance and grants agreements in the conduct of WMATA grant management activities, including pre-award, draw-down, reporting, budget amendment and close-out activities; now, therefore be it

*RESOLVED*, That the Board of Directors adopts the Grants Management Policy set forth in the attachment to this Resolution; and be it further

*RESOLVED*, That the Board of Directors directs that the General Manager/Chief Executive Officer (GM/CEO) develop and implement a WMATA Grants Management Procedure Manual that gives effect to the Grants Management Policy and incorporates that Policy as its first chapter; and be it further

*RESOLVED*, That the Board of Directors directs that the GM/CEO promptly train all relevant staff regarding the WMATA Grants Management Procedure Manual; and be it further

*RESOLVED*, That the Board of Directors directs the GM/CEO to present a plan to monitor the Grants Management Policy by June 30, 2014, so that key performance measures can be adopted and monitored by the Board; and be it further

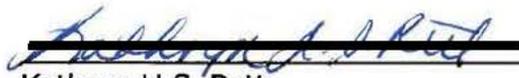
*RESOLVED*, That the Board of Directors directs that the GM/CEO ensure that all WMATA policies and procedures are conformed to the Grants Management Procedure Manual; and be it finally

**Motioned by Mr. Dyke, seconded by Mrs. Hudgins**

**Ayes: 8 – Mr. Downs, Mr. Downey, Mr. Nichols, Mrs. Hudgins, Mr. Dyke, Mr. Bulger, Mr. Acosta and Ms. Porter**

*RESOLVED*, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

  
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Kathryn H.S. Pett  
General Counsel

WMATA File Structure No.:  
4.4 Grants

**ATTACHMENT: GRANTS MANAGEMENT PROCEDURES MANUAL  
CHAPTER 1 – BOARD OF DIRECTORS APPROVAL,  
DELEGATION & GRANT ADMINISTRATION REQUIREMENTS**

**SECTION 100 - GENERAL**

- 101. Purpose.** This Chapter 1 sets forth the guidance and requirements that will govern Washington Metropolitan Area Transit Authority ("Authority") grant management activities, including: activities prior to grant award, grant draw-down activities, grant reporting activities, grant budget amendment activities, grant close-out activities, and conduct of personnel engaged in those activities.
- 102. Policy.** The Authority shall comply will all applicable laws, regulations, guidance, and grant agreements in the receipt, use, and administration of grants that the Authority receives from the Federal Transition Administration ("FTA"), the State of Maryland, the Commonwealth of Virginia, the District of Columbia, and any transportation district, county, city or other political subdivision thereof, or other sponsor – including but not limited to:
- (a) FTA enabling legislation, 49 U.S.C. Chapter 53;
  - (b) Common Grant Rule (49 C.F.R. § 18.1, *et seq.*); and
  - (c) FTA Circular 5010.1D (as may be amended and revised by the FTA).
- 103. Grants Management Procedures Manual.** The Authority's Grants Management Policy, as defined in this Chapter 1, establishes the broad framework for its Grants Management Procedures Manual. The Procedures Manual consists of this Grants Management Policy approved by the Authority Board of Directors ("Board"), and procedures that are developed and issued by the Deputy General Manager, Administration/Chief Financial Officer ("DGMA/CFO"), and approved by the General Manager/Chief Executive Officer ("GM/CEO").
- 104. Reference to Statutes or Regulations.** Reference in the Authority's Grants Management Policy to any federal, state, or local statute, regulation, or circular or other guidance, shall be deemed to include any revision, amendment, or replacement therein, effective after the date of the adoption of this Policy by the Board.

## **SECTION 200 – RESPONSIBILITY AND AUTHORITY**

**201. Responsibility.** With respect to this Policy, the following responsibilities apply:

- (a) Board of Directors.** The Board is responsible for approving grants management policies; approving deviations from grant management policies; authorizing the GM/CEO to apply for, accept, manage, report on, amend, and close-out grant awards consistent with the approved Authority operating and multi-year capital budgets; and authorizing the GM/CEO to delegate authority hereunder.
- (b) General Manager/Chief Executive Officer.** The GM/CEO is delegated full authority with respect to grant management. The GM/CEO is authorized to apply for, accept, manage, report on, amend, and close-out grant awards consistent with the approved Authority operating and multi-year capital budgets and is responsible for delegating grant management authority to qualified employees of the Authority and authorizing the re-delegation of authority to other qualified employees of the Authority; approving employee standards of conduct; and approving Authority grant management and related policies and procedures that augment the Authority's Grants Management Policy. The GM/CEO is also responsible for establishing a system for the timely review and approval of grant management actions and implementing grant management policies and procedures.
- (c) Deputy General Manager, Administration/Chief Financial Officer.** The DGMA/CFO, with approval of the GM/CEO, is authorized to apply for, accept, manage, report on, amend, and close-out grant awards consistent with the approved Authority operating and multi-year capital budgets; developing and issuing grant management procedures to implement Board grant management policies; establishing a system to select, recommend, appoint and re-delegate grant management officer authority; preparing quarterly reports for presentation by the GM/CEO to the Board; and preparing reports in accordance with statutes and regulations for submission to Federal and state authorities.

## **SECTION 300 – ACTIVITIES PRIOR TO GRANT AWARD**

**301. Budget.** Consistent with Section 23 of the Authority Compact, the Board shall annually adopt a capital budget, including all capital projects it proposes to undertake or continue during the budget period, containing a statement of the estimated cost of each project and the method of financing thereof. In developing the annual capital budget and multi-year Capital Improvement Program, the Board shall give due consideration to any funding levels and

restrictions on funding announced by the FTA, the jurisdictions, and other grant sponsors.

**302. Grant Applications.** Cognizant Office of Management and Budget personnel shall, as soon as reasonably practicable after adoption by the Board of the annual budget, prepare and submit grant applications. Grant applications shall be developed based on the Board-approved project budget, including the planned budget by project expense activity, grant line items, and planned funding sources. In accordance with FTA grant application requirements, the Authority shall also include in FTA grant applications budget detail at the activity line-item level, including extended budget descriptions that describe the nature of the work to be funded by the line item. Concurrent with the submittal of the final grant application to FTA, cognizant Office of Management and Budget personnel shall set up and review activity line-item detail for the project in the financial system.

**303. Commencement of Work in Anticipation of Funding.** The Authority, to the maximum extent practicable, shall submit grant applications reasonably in advance of commencing work on the projects for which the grant funding is budgeted, to minimize the commitments and obligations that the Authority incurs with respect to capital projects when anticipated funds have not yet been awarded. *See* Authority Compact §§ 21-22. When the Authority commences a capital project in advance of the award of the expected funding for the project as set forth in the Board-approved budget, the Authority shall give full effect to all statutes, regulations and other requirements applicable to the grant used or reasonably anticipated to be used to fund the project. In the event that there are delays in federal funding, Management will develop and implement a plan to mitigate the effects of such a delay to the greatest extent reasonably feasible.

#### **SECTION 400 – GRANT MANAGEMENT**

**401. Grant Acceptance.** No grant shall be accepted and executed by the Authority absent verification that the grant activity line items are correct. Systems and procedures shall be maintained to ensure that any inappropriate costs are not drawn down from FTA grants, including procedures to: detect and remediate any potential errors in the set-up in the financial system of grant funding amounts and, if costs in excess of the activity line-item limit are inadvertently processed, identify the excess costs and hold them in an over-the-limit ("OLT") account until appropriate adjustments can be made; and ensure that any OLT costs are not drawn down from FTA grants.

**402. Grant Draw-downs – Project Cost Eligibility Review.** No amount shall be drawn down on any grant absent cognizant Office of Management and Budget

personnel sign off that the costs to be charged to grant line items are eligible to be charged to such grant line items in accordance with the following:

- (a) Cognizant Office of Management and Budget personnel shall review each line of a draw-down request prior to submission to FTA or other grant sponsor, and shall confirm the expense is within the limit of the line item on the grant and that the expense is eligible for the activity line item it is charged against. In conducting this review, Office of Management and Budget personnel shall give due consideration to the Authority's financial system controls which prevent project expenses that exceed activity line-item limits from being charged to the grant and drawn down.
- (b) If cognizant Office of Management and Budget personnel identify a problem or if additional information is required before the draw-down is requested, no sign off shall be provided for with respect to the specific expense at issue, and the specific expense shall be excluded from any draw-down requests until the issue is resolved.

**403. Project Budget Amendments.** The Authority's project budgets can be modified as a result of Board of Directors amendments to the capital budget, capital budget reprogramming actions (approved by the General Manager and Chief Executive Officer), or Department adjustments to project expense activity budgets. When changes to project budgets are made, cognizant Office of Management and Budget personnel shall: (i) revise and update funding source allocations; and (ii) assess the project budget changes to determine if the project budget being modified is funded by one or more FTA grants. If FTA grants are affected, cognizant Office of Management and Budget personnel shall determine whether the change meets one of the criteria specified in FTA Circular 5010.1D Chapter III Section 4a(3) Budget Revisions that Require Prior (FTA) Approval. If the project budget change meets one or more of the criteria, cognizant Office of Management and Budget personnel shall submit a grant revision request to FTA before the Authority incurs the associated project costs.

**404. Continuation of Work Pending Grant Revision.** The Authority, to the greatest extent practicable, shall complete and validate all amendments to grants to modify funding availability prior to incurring costs based on the grant amendments. Except where prior FTA prior approval is required, the Authority shall not delay the performance of a project while amendments to grants are in process. Whenever funding modifications are not completed before the costs are incurred, the Authority shall prevent project expenses that exceed activity line-item limits (or in the case of projects funded by FTA grants, exceed more than the 20% variance permitted in FTA regulations) from being charged to a grant or other funding source, and shall accumulate those costs in an ODL account until the associated funding modifications are complete.

- 405. Grant Reporting.** All grant reporting shall be done in accordance with statutes, regulations and other requirements. All Federal Financial Reports ("FFRs") shall include: (i) amounts actually drawn down on a grant, (ii) accrued amounts, and (iii) undrawn expenditures allocable to a grant, which shall be treated as accruals. Any undrawn expenditures that cannot properly be included in any FFR until aligned with an FTA grant (*e.g.*, over distribution limit amounts; costs associated with unresolved allowability issues; and amounts where the source of funding is changed to the FTA) shall be reported separately to FTA. The Authority shall prepare Schedules of Expenditures of Federal Awards using the methodology for preparing FFRs described above.
- 406. Grant Close-outs.** Cognizant Office of Management and Budget personnel shall work expeditiously to complete grant close-out procedures in accordance with the rules and requirements of grant sponsors. Reconciliation of prior years' grant awards and amendments shall be given due priority and attention so that the policies set forth herein with respect to grant application and funding draw downs are implemented and effective.