

## Consent Item (B) 09-23-2021

Washington Metropolitan Area Transit Authority

### Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:  
202302

Resolution:  
☒ Yes ☐ No

#### TITLE:

Updated Funds and Grants Management Policy

#### PRESENTATION SUMMARY:

Staff recommends Board approval of an updated Funds and Grants Management Policy that will 1) align the policy with changes in federal requirements and 2) reflect Metro's current processes, organizational structure, and roles and responsibilities.

#### PURPOSE:

To update the Grants Management Policy originally adopted by the Board in 2014.

#### DESCRIPTION:

No contractors were involved in the development of these documents, which propose an update to the Board Grants Management Policy.

#### Key Highlights:

- The Grants Management Policy was first adopted in April 2014 to provide a framework for grants management, administration and compliance. The policy has not been updated since 2015.
- The updated Funds and Grants Management Policy will 1) align the policy with changes in federal requirements and 2) reflect Metro's current processes, organizational structure, and roles and responsibilities.

#### Background and History:

In 2014, the Board adopted the Grants Management Policy in Resolution 2014-18 and amended that policy in Resolution 2015-23. The policy established minimum standards for internal controls, roles, and responsibilities to ensure compliance across all applicable laws, regulations, and guidelines associated with funds and grants management. These resolutions pre-date the issuance of the federal Office of Management and Budget Uniform Requirements, 2 CFR 200, which are combined Federal standards for funds management, as well as pre-date several process and organizational changes at Metro.

The Grants Management policy was adopted following a Federal Transit Administration (FTA) Funds Management Oversight (FMO) audit that resulted in negative findings and the temporary removal of WMATA's authority to use the automated draw system (ECHO). In the intervening years, Metro has closed all of the FMO-related findings, improved processes, procedures, systems and compliance, implemented organizational and staff changes, and received authorization to use the ECHO system again.

FTA funding through formula and Passenger Rail Investment and Improvement Act (PRIIA) grants totals approximately \$500 million (excluding required local match) or approximately 20% of WMATA's FY2022 Capital Budget.

#### **Discussion:**

A summary of changes in the recommended policy update are listed below.

- Broadens the scope of potential grant opportunities from the Federal Transit Administration (FTA) to the Federal Government (Federal Sources).
- Aligns grant reporting policy with current regulatory requirements including federal Office of Management and Budget Uniform Requirements, 2 CFR 200.
- Adds language to ensure approved projects are appropriately aligned in the Transportation Improvement Program/Statewide Transportation Improvement Program (TIP/STIP).
- Adds language regarding eligibility for pre-award authority when federal funds are anticipated.
- Updates various grant reporting requirements.
- Denotes the Executive Vice President, Strategy, Planning and Program Management (SPPM) as the lead on the development and submission of grant applications and the management and reporting of grant awards.
- Relabels amendment activities as modifications.
- Updates language to prevent the policy from becoming out-of-date due to minor modifications of federal requirements or internal Metro organizational changes.

#### **FUNDING IMPACT:**

There is no financial impact to adopting an updated Funds and Grants Management policy.

#### **TIMELINE:**

<b>Previous Actions</b>	April 2014 – Grants Management Policy  April 2015 – Revised Grants Management Policy
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Anticipated actions after presentation	None
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**RECOMMENDATION:**

Staff recommends adoption of the updated Funds and Grants Management Policy

SUBJECT: REVISED GRANTS MANAGEMENT POLICY

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

WHEREAS, On April 7, 2014, the Board of Directors adopted a Grants Management Policy ("Policy") as Chapter 1 of the Grants Management Procedures Manual ("Manual") (Res. 2014-18), and directed the General Manager and Chief Executive Officer to develop and implement the remainder of the Manual consistent the Policy; and

WHEREAS, On April 23, 2015, the Board approved revisions to the Policy (Chapter 1 of the Manual) (Res. 2015-23); and

WHEREAS, Amendments to the Policy (Chapter 1 of Manual) require Board approval; and

WHEREAS, Staff recommends certain changes to the Policy (Chapter 1 of the Manual) to reflect regulatory, organizational, and procedural changes since 2015 as set forth in Attachment A to this Resolution;

NOW, THEREFORE, be it

*RESOLVED*, That the Board of Directors adopts the revised Grants Management Policy (Chapter 1 of the Grants Management Procedures Manual) as set forth in Attachment A to this Resolution; and be it further

*RESOLVED*, That the Board of Directors directs the General Manager and Chief Executive Officer or his designee to make any necessary changes to the remainder of the Grants Management Procedures Manual consistent with the revised Grants Management Policy adopted by this Resolution; and be it finally

*RESOLVED*, That as this Resolution deals solely with internal management action, it is effective immediately.

Reviewed as to form and legal sufficiency,

/s/ Patricia Y. Lee

Patricia Y. Lee

Executive Vice President and General Counsel

WMATA File Structure No.:  
4.4 Grants

## ATTACHMENT: FUNDS AND GRANTS MANAGEMENT POLICY

### **SECTION 100 - GENERAL**

- 101. Purpose.** To set forth the guidance and requirements that will govern Washington Metropolitan Area Transit Authority ("Authority") grant management activities, including: grant application processes, activities prior to grant award, grant draw-down activities, grant reporting activities, grant budget modifications, grant closeout 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 administration of grants and other similar funding instruments that the Authority receives from the Federal Government ("Federal Sources"), including, but not limited to, the Federal Transit Administration ("FTA"), and grants received from the State of Maryland, the Commonwealth of Virginia, the District of Columbia, and any transportation district, county, city or other political subdivision thereof, or any other sponsor.
- 103. Funds and Grants Management Manual.** The Authority's Policy, as defined herein, establishes the broad framework for its Funds and Grants Management Manual ("Manual"). The Manual shall be consistent with this Policy and shall be developed and issued by the Executive Vice President – Strategy, Planning, and Project Management ("EVP-SPPM") .
- 104. Reference to Statutes or Regulations.** Reference in this 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 adopting policies; approving deviations from policies; authorizing the GM/CEO (or his designee) to apply for, accept, manage, report on, amend, and closeout grant awards consistent with the approved operating and capital budget and multi-year capital improvement program; and authorizing the GM/CEO to delegate authority hereunder.
  - (b) General Manager/Chief Executive Officer ("GM/CEO").** The GM/CEO is responsible for compliance with the objectives of the Authority's Grants Management Policy. The GM/CEO is authorized to apply for, accept,

manage, report on, amend, and closeout grant awards consistent with the approved Authority operating and capital budget and multi-year capital improvement program. The GM/CEO may delegate these authorities and responsibilities to qualified employees. The GM/CEO is also responsible for establishing policies and procedures necessary to implement the Grants Management Policy including employee standards of conduct. for the administration of the Authority's grants and funding agreements.

In addition to the above responsibilities, the GM/CEO shall inform the Board of Directors of every federal discretionary grant application submission and when an application is selected for award.

- (c) **Executive Vice President- Strategy, Planning, and Project Management.** The EVP-SPPM, with approval of the GM/CEO, is authorized to apply for, accept, manage, report on, amend, and closeout grant awards consistent within the approved Authority operating and capital budget and multi-year capital improvement program; is responsible for delegating funds and grant management authority to qualified employees; developing and issuing funds and grant management procedures to implement this Policy; establishing a system to select, recommending assign roles and responsibilities and delegate signature authority; preparing 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 funding sources by investment type for 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 Federal Government, the jurisdictions, and other grant sponsors.
- 302. Grant Applications.** Cognizant Office of Capital and Financial Management (OCFM) personnel shall, no later than four weeks after adoption by the Board of the annual budget, prepare and transmit grant applications for all Federal sources for which funds have been appropriated and apportioned. In addition, staff shall report on a quarterly basis the status of WMATA grants including grant applications in progress, grant applications transmitted to FTA, grant applications under review by DOL, and grants awarded.

Grant applications shall be developed based on the Board-approved project budget, including the planned budget by project expense activity items, and planned funding sources. Cognizant staff shall prepare applications in accordance with applicable grant application requirements, and take appropriate actions to ensure approved projects are appropriately aligned in the TIP/STIP. Concurrent with the transmission of the final grant application, cognizant OCFM personnel shall set up the grant funded CIP projects in the financial system.

- 303. Commence Capital Projects.** The Authority, to the maximum extent practicable, shall confirm a capital project is eligible for and can proceed under pre-award authority when federal funds are anticipated. The Office of Capital Financial Management shall prepare grant applications timely for which grant funding is budgeted to minimize the commitments and obligations that the Authority incurs when anticipated funds have not yet been awarded. See Authority Compact §§ 21-22. The Authority shall not incur expenses or obligate funds for a capital project in advance of an application being transmitted for the grant as set forth in the Board-approved budget. The Authority may incur expenses or obligate funds on projects funded by formula grants if grant funding is pending approval and all prerequisites have been satisfied. For projects funded by discretionary grants, the Authority may incur expenses or obligate funds once the awarding agency announces the project and the Board has been notified of its selection. The Authority shall give full effect to all statutes, regulations and other requirements applicable to the anticipated fund source for pre-award authority eligibility. In the event that there are delays in funding, EVP-SPPM 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 by cognizant personnel that the grant activity line items are correct in the Authority's financial system and consistent with grant award.
- 402. Grant Draw-downs- Project Cost Eligibility Review.** No amount shall be drawn down on any grant absent cognizant staff 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 applicable manuals. Systems and procedures shall be maintained to ensure that inappropriate costs are not drawn down from grants, including procedures to: detect and remediate 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 OLT costs are not drawn down from Federal grants.

- 403. Project Budget Modifications.** The Authority's project budgets can be modified as a result of approved Board amendments to the capital budget or through reprogramming actions taken pursuant to authority delegated to the GM/CEO pursuant to Resolution 2011-30 as amended or re-delegated by the GM/CEO to authorized personnel. When changes to project budgets are made, cognizant OCFM personnel shall execute those changes and seek appropriate approvals per the applicable manuals. If grants are affected, cognizant OCFM personnel shall determine whether the change meets applicable standards and receive applicable approvals from the grant sponsors. If the project budget change requires approvals from the grant sponsors, cognizant personnel shall transmit a grant revision request to that sponsor before the Authority incurs the associated project costs. 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 Federal grants, exceed the variance permitted in applicable regulations) from being charged to a grant or other funding source, and shall track those costs as over distribution limit expenses until the associated funding modifications are complete.
- 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. Except where prior approval is required, the Authority shall not delay the performance of a project while modifications to grants are in process.
- 405. Grant Reporting.** All grant reporting shall be done in accordance the federal Office of Management and Budget Uniform Requirements, 2 CFR 200, and other statutes, regulations and other requirements. The Authority will prepare Federal Financial Reports (FFRs) and Progress Status Reports (PSRs), DBE reports, as requested by the funding agency. The Authority shall prepare Schedules of Expenditures of Federal Awards in accordance with the federal requirements.
- 406. Grant Closeouts.** Cognizant personnel shall work expeditiously to complete grant closeout procedures in accordance with the rules and requirements of grant sponsors.