



Frederick County Government

Grants Programs Received/Expended: Compliance, Monitoring, and Tracking

Performance Audit

DECEMBER 17, 2025

REPORT: #25-01

Table of Contents

I. Executive Summary.....	1
What We Did	1
What We Found.....	1
What We Recommend	2
II. Performance Audit Summary	3
Background.....	3
Objectives	6
Scope	6
Methodology and Approach.....	6
Summary of Work.....	7
III. Observations and Recommendations.....	8
Observation 1	8
Observation 2	11
Observation 3	14
Observation 4	19

I. Executive Summary

SC&H Attest Services, P.C., a wholly owned affiliate of SC&H Group, Inc. (SC&H) was engaged by Frederick County Government (FCG, the County) Interagency Internal Audit Authority (IIAA) to conduct a performance audit of the County's Finance Division (Finance) grant programs (collectively, audit).

SC&H thanks the County Finance Division and other various divisions and their personnel, for their invaluable support and collaboration throughout the audit process.

What We Did

The audit reviewed the County's grant processes with the Finance Division and a sample of other County Divisions. This included grant funding received and expended from local, state, and federal sources. The audit was performed in two phases: 1) planning, survey, and risk assessment phase and 2) testing phase. Preliminary objectives were:

1. Gain an understanding of internal controls, policies and procedures surrounding FCG grants in the process of receiving grant funding, expending grant funding, and monitoring grants passed to outside entities.
2. Evaluate the risks and internal controls identified.
3. Evaluate and test internal control functions surrounding grants received, grants expended, and the monitoring of grants passed to outside entities. This shall include testing receipt, expended, and transferred grant transactions on a sample basis, identifying instances where FCG policies and procedures were not followed, and identifying where controls may have been lacking or circumvented. Including a review of supervisor approval process.
4. Evaluate and test compliance factors in a sample selection of grants for funds expended. The sample selection shall not include those programs tested during the past three fiscal years during the federal single audit and shall test a range of programs across divisions that are not normally subject to testing.

What We Found

During the course of the audit, County Finance was in the process of establishing a centralized Grants Management Department within its division. This initiative aims to streamline grant-related operations, enhance oversight, and promote consistency across all County divisions. Despite the historically decentralized nature of grants management, individual divisions have demonstrated a strong commitment to compliance, collaboration, and fiscal responsibility. Their efforts have laid a solid foundation for the County's transition toward a more centralized and coordinated approach to grants administration.

The audit identified the following four observations:

1. There is currently no centralized grant tracking system or consistent interdivisional communication processes.
2. Grant documentation and retention procedures are not standardized throughout the County.
3. There are no formalized County-wide grant policies, procedures, or training courses.
4. Monitoring and enforcement functions for grant application, expenditure, and reporting requirements are inconsistent.

What We Recommend

The audit's four observations include 18 recommendations focused on mitigating risks and enhancing the grants process. These recommendations are summarized by observation as follows:

1. Evaluate and implement centralized grant tracking and interdivisional communication processes to improve consistency and oversight of County-wide grant activities.
2. Standardize grant documentation and retention procedures to support compliance and operational efficiencies.
3. Develop County-wide grant policies, procedures, and training resources to promote consistency and enhance employee understanding of grant management responsibilities.
4. Enhance monitoring and enforcement of grant application, expenditure, and reporting requirements to offer increased assurance of alignment with County and grantor requirements.

II. Performance Audit Summary

Background

County Grant Summary and Audit Selections

Grants are financial awards provided by government agencies, private organizations, or foundations to support specific projects, programs, or initiatives that align with public or organizational goals.¹ Grants are a vital source of funding for the County and help to advance strategic goals, supplement budgetary resources, and deliver essential services to the community.

Historically, grants management has been decentralized, with individual divisions overseeing the grants relevant to their operations, and the Finance Division having limited involvement in the day-to-day grant oversight. As part of the County's fiscal year 2025 (FY25) budget, Finance established a Grants Management Department within its division, to provide centralized grants management operations.

Between the fiscal years 2023 and 2024 (FY23 – FY24; July 1, 2022, through June 30, 2024), there were 404 grants, with the amount awarded totaling \$277,353,225.20.

Each year, the County is subject to a Federal Single Audit under the Uniform Guidance (Single Audit), which tests/evaluates a sample of Federal expenditures incurred during the fiscal year.

The Single Audit mainly focuses on federal grants with 1) large expenditures and/or 2) high risks determined based on certain criteria. As a result, certain grants are not included in the Single Audit. The County selected this performance audit to evaluate both 1) the processes for managing grants and 2) grant transactions.

As a result, Grants tested during the Federal Single Audit within the last three fiscal years were not included in the population of grants tested during this audit.

1. As of September 11, 2024, Frederick County (grantee) had a total grant population of \$277,353,225.20 across 404 grants.
2. Of these, 302 grants fall within the scope of this audit. Additionally, approximately 24 of the County's 30 divisions actively participate in grant programs.

Grants Processes

An entity may serve as either a grantor or grantee. A grantor is the organization that provides funding with the expectation that the funds will be used to achieve specific objectives outlined in the grant agreement. A grantee is the recipient of the grant funding and is responsible for managing the funds in accordance with the grantor's requirements. The focus of this audit was on the County's role as a grantee receiving funds. The following describes County-wide grants processes related to identification, application, award and acceptance, monitoring, reimbursement, and closeout. Information was obtained from County-level interviews and policy and procedural documentation review.

Grant Identification

When a division identifies a need for grant funding, it researches potential grant opportunities. Common sites include:

¹ Grants 101 (<https://www.grants.gov/learn-grants/grants-101.html>)

1. SAM.gov: This website is a central registration system for entities doing business with the U.S. Federal Government. This site can be utilized to search for grant and program information by program or assistance listing number.
2. Grants.gov: This website is the primary portal for finding and applying for federal grants, offering opportunities from over 1,000 federal programs offered by 26 federal agencies. The site includes a variety of federal grants such as education, health and human services, environmental protection, etc.

Additionally, the County receives multiple reoccurring grants. In these cases, research to identify potential opportunities may be unnecessary and the process begins at the preparation of a Grant Summary Form.

Grant Application

Once a division identifies a grant opportunity, it conducts a preliminary review to assess whether the opportunity aligns with the division's existing programs, projects, or strategic initiatives. If the opportunity is applicable, the division completes a Grant Summary Form. The Grant Summary Form is an internal document used by the County to allow divisions to apply for grant opportunities. The form documents information related to the grant including, but not limited to, the division, grant and program managers, grant information (e.g., title, period, deadline, grantor name), grant purpose and requirements, and grant subrecipients or partners, if applicable.

The division submits the Grant Summary Form via Staff Report for approval via DocuSign. Each Staff Report must be approved through DocuSign by key stakeholders including the Division Director, Grants Accountant, County Budget Office, County Finance, County Procurement, County Attorney, and County Executive. County Council is only required to approve and sign off on Staff Reports related to a budget journal increase, new funding appropriations per the County Charter, or if a public hearing or resolution is required. The Staff Report serves as a standardized tool used across all divisions applying for grants. It helps ensure that applications are appropriate and aligned with eligibility requirements, reducing risk of pursuing unsuitable or duplicative funding opportunities.

Once the approvals are received for the Staff Report, the respective division submits the application to the external source/grantor for review.

A pass-through entity is a non-federal organization (e.g., state agency, local government, or nonprofit) that receives a federal award directly from a federal agency and then issues subawards to other entities (subrecipients) to carry out part of the federal program. If there is a grant subrecipient, the division (pass-through entity) prepares subrecipient agreements, which must be approved by the County Attorney's Office, and provides them to the subrecipient grantee. The subrecipient grantee reviews and signs the agreement and returns the signed agreement back to the division. The specific requirements set by the original grantor determine if subrecipient agreements must be in place before or after applying for a grant. In cases where subrecipient agreements are not required prior to applying for the grant, grantors may elect to issue a conditional award until such subrecipient agreements can be executed.

Grant Award and Acceptance

When the division is selected for award, they receive a notice of a grant award. Using the notice of grant award, the division completes an Infor Activity Setup Request Form and submits it to the applicable Grants Accountant. The form includes detail including, but not limited to, division contact information, grant information (title, name, award number, grant period, funding type, and award type), and Infor request details (award proposal date, award notice date, award receipt date, estimated award close date, activity name, and current activity number). The County utilizes a standard Infor Activity Setup Request Form for all

Divisions awarded grant funding to assist with proper County-wide recordkeeping and accuracy of information.

The Grants Accountant is responsible for setting up the grant within Infor, the County's Enterprise Resource Planning (ERP) system, to manage core processes and activities, including grants.

Grant Monitoring

Requirements and/or milestones for grants vary. Each respective grant's requirements are listed within the grant agreement and/or grant application documentation, including, but not limited to, requirements for reporting (e.g., monthly, quarterly, annually, etc.), and requirements for invoicing (e.g., formatting, timing, etc.). The division employee tasked with managing the grant is responsible for monitoring the grant performance against the established requirements and completing/submitting applicable reports in accordance with their deadlines. Grant reports are prepared by the employee managing the grant, reviewed by the assigned Grants Accountant, and submitted to the Grantor. If County Executive approval is required for the report, the employee managing the grant submits the report, along with a Staff Report, to the County Executive for approval prior to sending it to the Grantor.

For grants that utilize subrecipients, there may be additional reporting requirements related to the subrecipients. In this case, the subrecipient grantee prepares the applicable report(s) and submits them to the employee managing the grant to include in the other reports to the Grantor.

Grant Reimbursement

Reimbursement requests are formal requests submitted by the grantee to the grantor to receive payment for eligible expenses that have already been incurred. Reimbursements vary depending on the requirements within each grant agreement (e.g., monthly, quarterly, etc.) The division employee tasked with managing the grant monitors the reimbursement requirements within the agreement, prepares the reimbursement request(s) (Invoice Request Form along with supporting documentation) for the applicable period, and submits the request(s) to County Finance for review. The Invoice Request Form includes information including, but not limited to, the division requesting the invoice, invoice date and type, customer name and address, County contact information, accounting unit/account/project/project category, line description for the invoice, and amount.

If the grant utilizes subrecipients, the subrecipient provides the division employee tasked with managing the grant support for reimbursable expenses to the County. The division employee tasked with managing the grant includes provides the subrecipient documentation to County Finance for review and a separate reimbursement request will be submitted to the Grantor on behalf of the subrecipient.

County Finance receives and reviews the reimbursement requests. If the request is denied, it is sent back to the division employee tasked with managing the grant for additional documentation and/or updates to the reimbursement request. If approved, County Finance prepares an invoice and shares it with the division employee managing the grant. Once received, the division employee managing the grant submits the reimbursement request and invoice to the Grantor for payment.

Grant Closeout

As part of grant monitoring, the division employee managing the grant identifies grants that are ready to be closed. The division employee managing the grant notifies County Finance and the Grant Accountant of the closeout. County Finance and/or the Grant Accountant are responsible for updating the grant information within Infor to reflect the closeout.

Objectives

The following objectives for the testing phase were developed based upon the understanding gained during the planning phase and approved by the Director- Internal Audit Division.

1. Evaluate Division-level grant management procedures and identify areas of alignment and misalignment between Divisions and Countywide policies.
2. Evaluate grant application and receipt functions for 1) compliance with their requirements, 2) compliance with Countywide policies and procedures, and 3) control design and operational effectiveness.
3. Evaluate grant monitoring and reporting functions for 1) compliance with their requirements, 2) compliance with Countywide policies and procedures, 3) control design and operational effectiveness.
4. Evaluate grant funds expended, including grants passed to outside entities, 1) compliance with their requirements, 2) compliance with Countywide policies and procedures, 3) control design and operational effectiveness.
5. Analyze grants data to identify volume, frequency, and other trends for potential opportunities to offset County expenses by supplementing additional grant funding.

Scope

The audit was initiated in August 2024 and focused on grants processes conducted both County-wide and within specific divisions.

1. The period in scope included local, state, and federal grant funding received, expended, and monitored during fiscal years 2023 and 2024 (July 1, 2022, through June 30, 2024).
2. Grants tested during the Federal Single Audit within the last three fiscal years were not included in the population of grants tested during this audit.

Methodology and Approach

SC&H conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

In order to obtain the necessary documentation to appropriately perform and conclude upon the objectives of this audit, SC&H conducted the following procedures.

Creation and Execution of Audit Program

Based on procedures performed during the planning and risk assessment phase, SC&H developed an audit program to achieve the objectives, which was reviewed and approved by the Director- Internal Audit Division prior to implementation. The approved program was then used as a guide throughout the audit process to achieve the objectives.

The following provides a high-level summary of procedures performed for each audit objective:

1. Conducted benchmarking across divisions to gain an understanding of how grants are managed.
2. Requested and reviewed County and division policies and procedures and determined alignment with County-wide policies and procedures related to grant activities.
3. Selected a sample of grants and reviewed them to:
 - a. Verify the completeness and timeliness of approvals of initial grant applications, agreements, and system records.

- b. Assess timeliness of review and completion of required grant reporting.
- c. Evaluate grant expenditures for accuracy, completeness, and compliance with grant requirements.
- d. Evaluate subrecipient agreements and reimbursement requests for appropriateness and compliance with grant requirements.

4. Performed data analytics utilizing County grant data to identify trends.

Summary of Work

The audit identified both successes within the current grant operations and opportunities for the County to continue mitigating risks within the grant compliance, monitoring, and tracking functions. These commendations and findings are summarized below.

Commendations

- 1. Throughout the audit, County Finance was actively developing a Grants Management Department within its division, to provide centralized grants management operations and streamline the grants process.
- 2. Given the de-centralized management of grants, divisions have demonstrated a strong commitment to compliance, collaboration, and fiscal responsibility. Their efforts have laid the foundation for the County's transition to a centralized Grants Management Department.

Findings

- 1. Evaluate and implement a centralized grants tracking and interdivisional communication processes to improve consistency and oversight of County-wide grant activities.
- 2. Standardize grants documentation and retention procedures to support compliance and operational efficiency.
- 3. Develop County-wide grants policies and procedures within a Grants Manual, and training resources to promote consistency and improve employee understanding of grants management responsibilities.
- 4. Enhance monitoring and enforcement of grant applications and expenditure and reporting requirements to offer increased assurance of alignment with County and grantor requirements.

The following section provides detailed findings and recommendations to help mitigate associated risks.

We appreciate the assistance and cooperation of the management and staff of County Finance and other divisions who assisted in the performance of this audit. Please contact us if you have any questions or comments regarding any of the information contained in the performance audit report.



SC&H Attest Services, P.C.
Sparks, Maryland
December 17, 2025

III. Observations and Recommendations

Observation 1

There is currently no centralized grant tracking system or consistent interdivisional communication processes.

Detail

Throughout the audit, multiple divisions were interviewed, surveyed, or asked to provide documentation on various grants and activities. Through this information, it was noted that the County faces challenges and inaccuracies in tracking, communication, and awareness of comprehensive grant activities. The following was identified:

1. Grant activities are decentralized, meaning that each division is responsible for coordinating and managing their grant activities. This decentralization has led to varied practices and methodologies across divisions, causing challenges to maintain a consistent and accurate overview of all grant activities.
2. County Finance provided a list of grants with key details that they prepared. However, this listing has been found to contain inaccuracies, as reported by some divisions during interviews and documentation requests. These divisions offered alternative details, such as different contacts or divisions overseeing the grants, which differed from the finance division's records.
3. County Finance has oversight responsibilities for grant activities and compliance. Grants are input into the County's ERP system, Infor, for financial tracking purposes, but the County does not utilize a grants module within the system. Aside from the tracking of financial information within Infor, there is no formalized or centralized tracking system/mechanism utilized for grants throughout the County. This absence of a unified system results in fragmented and inconsistent tracking practices across divisions.
4. There are no formalized or centralized communication systems in place to require individual divisions to report on grants to County Finance in a timely or consistent manner. Survey results noted 59% of respondents having delays in grant-related processes due to interdivisional communication issues.
5. Grant tracking mechanisms, such as manual spreadsheets, checklists, or shared tools like smart sheets, are each owned and managed by the individual divisions. Manual tracking mechanisms may include financial information for individual grants that is managed by the division. This information may not agree to financial information within Infor, which is utilized as the County's system of financial record for grant reporting.

Risks

1. Inconsistencies in the tracking and communication of grant activities performed across divisions could result in the following:
 - a. Inefficiencies or redundancies in operations, as divisions may spend excessive time verifying, processing, or consolidating information throughout the County.
 - b. Inefficiencies in operations, as employees may spend excessive time searching for information that should be readily available.
2. A lack of proper tracking/maintenance of grant documentation and activities could result in noncompliance, as division personnel could be unaware of the requirements for the grants they're utilizing.
3. Without a real-time tracking mechanism, grant-related information may be lost or delayed, particularly during communication between divisions and County Finance, which maintains the

system of record. This could result in incomplete documentation, inaccurate reporting, or noncompliance with grant requirements.

4. Financial information related to grant activity may be maintained outside of the County's ERP system, Infor, increasing the likelihood of incomplete, inaccurate, or inconsistent financial reporting and oversight.

Recommendation 1.1

FCG Finance should evaluate the costs and benefits of implementing a new centralized grant tracking or management system to record, track, and retain grant-related information. These solutions could support:

1. Proper retrieval of documentation
2. Streamlined approval processes
3. Detailed submission tracking
4. Automated workflows and alerts for grant period closures
5. Version control
6. Real-time budgeting
7. Secure access to offer increased assurance that necessary information and records are maintained and up to date
8. Subrecipient monitoring
9. Reporting monitoring

If implementing a new system is not feasible, County Finance should review the capabilities of the County's current ERP system, Infor, to determine whether an existing module or function can be leveraged to track and manage grants.

If neither a new system nor leveraging the current ERP system is feasible, County Finance should consider utilizing a shared document repository (e.g., SharePoint) to record, track, and retain grant-related information. County Finance should define what constitutes key documentation and require divisions to save such documentation in designated grant folders within SharePoint.

Management Action Plan

The County's ERP System, Infor, is the system of record for all revenue and expenditure tracking for a grant. The County currently does not have a system that tracks pre award process outside of the DocuSign process, which is used to receive approval to apply for a grant opportunity. The County will explore options using the current ERP system, Infor, SharePoint, along with other possible grant management software. The use of any other grant management software would require budget approval and resources may be limited.

Implementation Date

The Grant Management Department will explore options available with the current ERP system by June 2026. Once options have been explored, the Grants Management Department would strive to have a tracking mechanism implemented by June 2027, if possible, dependent upon resources.

Recommendation 1.2

FCG Finance should develop comprehensive grants guidance, manuals, and other informative tools for use by divisions. This involves, but is not limited to, creating clear and detailed documentation that outlines expected performance standards, procedures, and best practices to offer increased assurance that users

have a thorough understanding of processes and expectations of the State, County, and grantors (e.g., Federal Government Agencies). Refer to **Recommendation 3.1** for more detail.

Management Action Plan

The Grants Management Department is a newly created department under the Finance Division. The Department will be creating the Frederick County Grants Manual. The team has already begun gathering information, best practices and various templates to include in the manual. The Department will also be establishing a SharePoint site to be a go-to resource for all County staff for grant information.

Implementation Date

The Grant Management Department has a goal to introduce and release the first version of the Grants Manual by June 2027.

Recommendation 1.3

FCG Finance should establish a standardized communication center or hub (e.g., a centralized SharePoint site or dashboard) that serves as a relay point between divisions and the grant tracking mechanism. Communication should begin with the early stages of the application and divisions should notify Finance immediately following the identification of a grant opportunity. The hub could facilitate consistent communication, training materials and updates, submission of documentation, and updates across divisions, ensuring all relevant information is captured and integrated into the tracking system. This hub could also be used to share grant guidance information from federal and state counterparts such as the annual Federal Compliance Supplement and guiding websites such as Sam.gov. County Finance may also consider identifying and implementing best practices for interdivisional communication to support this effort.

Management Action Plan

The County has established a new Grant Management Department. The team has been communicating with the IIT team and has requested a new SharePoint site be created for Grant Management. This new SharePoint site will have an ongoing build out and maintenance to keep current on grant management.

Implementation Date

The estimated time frame for introducing the new SharePoint Site is June 2026.

Observation 2

Grant documentation and retention procedures are not standardized throughout the County.

Detail

During the audit, grant related documentation was evaluated for completeness and compliance with County or grantor requirements. The following was identified:

Application and Agreement Approval:

1. For 9 of 25 samples, the Grant Summary Form was not provided and therefore could not be reviewed to verify the completeness of the grant application that was submitted.
2. For 16 of 25 samples, due to incomplete information, SC&H was unable to determine if grant application and award processes were conducted timely (i.e., each step completed prior to any deadlines for submissions or actions).
3. For 1 of 25 grant samples, evidence was not provided to verify County approval was obtained prior to the grant application being submitted. Per inquiry with the division, the grant application is unavailable due to the documentation being sent to an employee that is no longer with the County. Additionally, the application submission date(s) is unknown. Thus, SC&H was unable to confirm that County approval was obtained prior to the grant application being submitted.
4. For 2 of 25 grant samples, the provided grant agreement did not contain all applicable signatures, thus, SC&H was unable to confirm the date of execution for the grant.
5. For 2 of 25 grant samples, SC&H did not receive evidence of the executed agreement and/or date of execution for the grant. Per inquiry, the division does not always receive a formal agreement, it is sometimes just an email or a check in the mail. Thus, SC&H was unable to confirm that County approval was obtained prior to the grant being executed and funds expended.
6. For 11 of 25 samples, there was no evidence provided to verify an approved Staff Report was submitted prior to the grant application.
7. For 13 of 25 samples, there was no evidence provided to verify an approved Staff Report was submitted prior to the acceptance of funds/after receiving the notice of grant award.

Monitoring and Reporting Approval:

1. For 2 of 25 samples, SC&H was not provided with evidence of all required grant reports per the grant agreement.
2. For 4 of 25 samples, SC&H was not provided evidence to verify all grant report(s) were provided to Finance for review prior to submission to the grantor.
3. For 1 of 25 samples, due to the limited information within the grant reports provided, SC&H was unable to distinguish which quarter each report related to. The division provided evidence to show all reports were submitted, however, because SC&H could not distinguish which report related to each quarter, SC&H could not verify that grant reports were submitted within the outlined interval/deadline in the grant agreement.

Risks

1. A lack of supporting documentation could result in the following:
 - a. Non-compliance with grantor or County requirements due to a lack of evidence to verify performance or completion.
 - b. Inefficiencies in operations, as employees may spend excessive time searching for information that should be readily available.
 - c. Prevention of employees from verifying the accuracy, legitimacy, or existence of recorded grant activities or expenditures, resulting in financial misstatement.

- d. Loss of valuable institutional knowledge, making it difficult for new employees to understand past decisions and actions.
2. Incomplete documentation, such as missing signatures and approvals on forms and reports, could result in the following:
 - a. Non-compliance with grantor or County requirements due to a lack of evidence to verify performance or completion.
 - b. Inefficiencies or redundancies in operations, as employees may spend excessive time verifying or processing information that has already been completed.
3. A lack of proper records retention procedures and awareness by employees could result in sensitive information improperly maintained or protected.

Recommendation 2.1

FCG Finance should work with Risk Management to establish document retention guidelines for tracking and maintaining records to be included in the grants manual (see **Recommendation 1.2 and 3.1**). These should include defined intervals for all applicable types of documentation and align with any applicable requirements established by the State, County, or grantors (e.g., Federal Government Agencies).

Additionally, the document retention guidelines should define a standard process for saving documents to a centralized, organized location. See **Recommendation 1.1** for more detail. Depending on the grant tracking or management system implemented from **Recommendation 1.1**, County Finance should consider including retention requirements and/or procedures related to the specific system.

Management Action Plan

Frederick County Finance will work with the Office of Risk Management to draft language to include in the Grants Manual to address document retention guidelines. The County will explore options using the current ERP system, Infor, along with other possible grant management software. The use of any other grant management software would require budget approval and resources may be limited.

Implementation Date

Frederick County Finance will meet with the Office of Risk Management. The Grant Management Department has a goal to introduce and release the first version of the Grants Manual by June 2027.

Recommendation 2.2

FCG Finance should review internal documentation to identify opportunities to revise or create templates and forms to offer increased assurance of consistency and completeness throughout processes and the organization. This includes, but is not limited to, tracking forms or checklists, performance or reimbursement request reports, communications with grantors or subrecipients, subrecipient agreements, etc.

Management Action Plan

Frederick County Finance recognizes that this is a need and has already begun drafting checklists, report templates, etc. These internal documents would be included in the Grant Management Department roll out. The team is currently gathering examples from internal divisions along with gathering best practices. Any resources (checklists or templates) released prior to the release of the manual will be shared through the SharePoint site, which is expected to be released in June 2026.

Implementation Date

The Grant Management Department has a goal to introduce and release the first version of the Grants Manual by June 2027.

Recommendation 2.3

FCG Finance should conduct annual training and update sessions for employees on proper documentation practices and the importance of maintaining accurate grant records. Additionally, County Finance should consider implementing periodic reviews to offer increased assurance of compliance with documentation standards and identify areas for improvement.

Management Action Plan

The Grants Management Department has a goal to create quarterly check-in calls with grant managers. In addition, the department plans to conduct grant management training. To date, the Grants Department has completed one internal grant training on subrecipient monitoring with the Finance team members.

Implementation Date

The Grant Management Department has a goal to introduce and release the first version of the Grants Manual by June 2027. Training will occur around this time to introduce the manual. Additional training on specific grant related topics is planned to occur before June 2027. Quarterly check in calls with grants managers is expected to start in June 2026.

Observation 3

There are no formalized County-wide grant policies, procedures, or training courses.

Detail

Comprehensive and centralized policies, procedures, and training for key/core grant or related processes either have not been formally developed or could benefit from additional context and detail.

County Finance has developed various grant procedures to drive accurate recordkeeping of grant activities and financial information. The policies are detailed and provide instructions and responsibilities for various processes. These procedures include, but may not be limited to, the following:

1. FCG 22 Fund PBC Procedures
2. FCG 22 Fund UFR Procedures
3. FCG General Billing Procedures
4. FCG Infor Activity Setup
5. FCG Infor Budget Roll
6. FCG Infor Reconciling Project Accounting to General Ledger
7. FCG Infor Single Audit Procedure
8. FCG Purchase Order Year-end Process for 22 Fund
9. FCG Setting Up and Award - Infor System
10. FCG Time Certification Procedures

Processes not documented within centralized procedural documentation by County Finance include, but may not be limited to, the following:

1. Roles, responsibilities, and expectations in applying for, accepting awards to, monitoring, and closing out grant activities. For example, at the time of testing, it was ambiguous who was responsible for completing the civil rights measures/questionnaire.
2. Process of completing a Staff Report and the Grant Summary Form, including establishing the relevant recipients and approvers.
3. Expectations of reporting and communications from divisions to County Finance, including format, frequency, and content.
4. General instructions or answers to routine questions, such as assigned grant accountants, coordination between divisions, where to access policy and procedural documentation or templates, and how to develop and distribute grant policies and procedures within the division.

Current policy and procedural documentation developed by select divisions exists for the purposes of driving the performance of and compliance with grant activities. However, County Finance has not established a process to collect, review, or provide feedback on these policies or procedures.

SC&H administered a survey to 25 divisions with the intent of understanding the grant operations conducted throughout the County. Per survey results, approximately 36% of respondents noted that their division did not utilize or establish internal policies, SOPs, manuals, or guidance related to grant activities. Additionally, survey responses highlighted a strong need for more accessible, practical training on grants management, particularly on systems like Infor and SharePoint. Multiple respondents expressed difficulty interpreting high-level federal guidance and emphasized a desire for County-specific policies, examples, and resources.

Risks

Insufficient or absent policy and procedural documentation could result in:

1. Inconsistent performance of key grant management processes which could further result in non-compliance, financial loss, and/or operational inefficiencies.
2. Additional undue burden of work on County Finance identifying and/or correcting grant activities.

Recommendation 3.1

FCG Finance should establish and implement an all-encompassing Grants Manual with policies and procedures including, but not limited to, the following:

1. Identification
2. Application
3. Staff Report(s)
4. Grant Summary Form
5. Award and Setup
6. Monitoring
7. Reporting
8. Closeout
9. Subrecipients
10. Tracking
11. Minimum Grant Thresholds
12. Civil Rights Measures/Questionnaire

Within the Grants Manual or in addition to the manual, the County should consider creating standardized checklists and templates for divisions to utilize, including pertinent steps within each of the grant processes listed above, if applicable, such as documents to be prepared, required reviews and approvals, etc. Standardized checklists offer County personnel a user-friendly tool and reduce the risk of non-compliance, missed approvals, or incomplete documentation.

Once established, County Finance should monitor policies and procedures within the Grants Manual and update them on a regular basis in order to reflect current processes, standards, and regulations. At a minimum, policies should be reviewed and updated at least annually based on current practices (or whenever changes occur based on industry trends, regulations, laws, operations, etc.). Policies should include job specific details related to the various subprocess areas. Evidence of review of the policies should be documented, and any substantial changes should be immediately communicated and distributed to impacted staff to access and review.

Management Action Plan

The Grant Management Department was recently established, and Finance Division is currently working on a strategic plan for the department. The director is currently gathering processes and procedures and researching best practices to move forward. The Department will use this audit report to support our goal of producing a grants manual to be used as a County wide resource. We expect to review and update the manual along with any resources released on an annual basis.

Implementation Date

The Grant Management Department has a goal to introduce and release the first version of the Grants Manual by June 2027.

Recommendation 3.2

FCG Finance should develop and distribute comprehensive training on existing, updated, and newly implemented policies and procedures for all impacted employees. Training should be conducted on an annual basis and updated regularly to reflect changes in requirements. Training should include the reasoning behind the established requirements or applicable updates, detailed explanations of the new policies and procedures, and practical applications for increased understanding. For County-wide new hires or transfers in applicable grant management roles, these trainings may be incorporated into the onboarding process to offer increased assurance of compliance from the start.

County Finance may also consider developing formal policies and procedures for initial and ongoing trainings, tracking employee compliance with trainings, and reviewing employee qualifications to increase assurance that employees are knowledgeable about relevant topics, including trends, laws, and regulations in order to perform their roles and responsibilities as defined by the State, County, or grantors (e.g., Federal Government Agencies).

Additionally, County Finance may consider establishing a centralized communication format or platform for distributing training materials and updates and determine best practices for how divisions communicate policy and training information. Refer to **Recommendation 1.3** for more detail.

Management Action Plan

The Grants Management Department plans to require annual grants training for all grant managers once the grants manual has been established. Outside of annual training to review the grant's manual, the Department will be providing specific training on various grant-related topics. These training courses will be communicated on the Grants Management Department SharePoint site along with email communication. To date, the Grants Department has completed one internal grant training on subrecipient monitoring with the Finance team members. The Grants Management Department has already begun meeting with new grant managers and plans to meet with all grant teams.

Implementation Date

The Grant Management Department has a goal to introduce and release the first version of the Grants Manual by June 2027. Training will occur around this time to introduce the manual. Additional training on specific grant related topics is planned to occur before June 2027.

Recommendation 3.3

FCG Finance should evaluate grant-related policies and procedures for each applicable division in order to determine if they are consistent with the expectations established by County Finance. For example, key grant activities include, but are not limited to:

1. Identification
2. Application
3. Staff Report(s)
4. Award and Setup

5. Monitoring
6. Tracking
7. Closeout

If policies and procedures do not properly address the current and established expectations or requirements, County Finance should work with the division to address until remediated. After an initial review, County Finance should consider implementing regular reviews of policies and procedures developed by divisions on an ongoing basis (e.g., annually, biannually, etc.) to offer increased assurance of compliance with existing controls throughout the County.

Management Action Plan

The Grants Management Department will be gathering division specific procedures and policies as we work on the County wide grants manual. Our team will work with the various divisions, to see what is currently working and what needs improvement. The collaboration with all the stakeholders in the roll out of the grant's manual will be beneficial to ensure all needs are met.

Implementation Date

The Grant Management Department has a goal to introduce and release the first version of the Grants Manual by June 2027.

Recommendation 3.4

Refer to **Recommendation 1.2**.

Management Action Plan

Refer to **Recommendation 1.2**.

Implementation Date

Refer to **Recommendation 1.2**.

Recommendation 3.5

Refer to **Recommendation 2.1**.

Management Action Plan

Refer to **Recommendation 2.1**.

Implementation Date

Refer to **Recommendation 2.1**.

Recommendation 3.6

FCG Finance should work with County Administration to evaluate and identify opportunities to streamline the Staff Report review and approval process for grant-related activities by developing a grant-specific reporting track or expedited workflow. To improve efficiency and reduce administrative barriers, the County should consider the following enhancements:

1. Limit required reviewers to those with relevant grant expertise.
2. Incorporate pre-approved templates with standardized language (See **Recommendation 3.1**).
3. Leverage digital tools to automate routing and approvals (See **Recommendation 1.1**).
4. Establish materiality thresholds to determine when full approval workflows are necessary.
5. Create an expedited workflow for recurring grants with consistent terms and funding sources.

Management Action Plan

The Staff Report process is a County administration process. Finance Division cannot alter the Staff Report process without approval from the administration. The Staff Report process is typically reviewed and updated annually. The Finance Division will work with the County Administration to review and suggest efficiencies with the grant staff reports. In the instances that we cannot change the process due to requirements of the administration or County Charter, the Finance Division will explore creating additional information, templates or guides to ensure efficiency and consistency with grant staff reports.

Implementation Date

The Grant Staff Report process is planned to be part of the Grant Manual. The Grant Management Department has a goal to introduce and release the first version of the Grants Manual by June 2027.

Observation 4

Monitoring and enforcement functions for grant application, expenditure, and reporting requirements are inconsistent.

Detail

During the audit, grant related documentation was evaluated for completeness and compliance with County or grantor requirements identified through policy/procedure reviews and/or interviews. The following was identified:

Application and Agreement Approval:

1. For 2 of 25 samples, the Grant Summary Form provided was not signed by the Division Director, approving the grant on behalf of the division, and ensuring the requirements are met to successfully implement and manage the award.
2. For 3 of 25 grant samples, County approval was obtained after the grant application was submitted.
3. For 1 of 25 samples, County approval was obtained after the grant award had been executed/accepted.

Grant Funds Expended:

1. For 1 of 25 samples, grant expenses were incurred outside of the grant's period of performance.
2. For 2 of 25 samples, the PO numbers on the project transaction detail did not agree to the PO numbers on the invoice support.

Monitoring and Reporting Approval:

1. For 5 of 25 samples, one or more grant reports were not submitted within the designated reporting interval or by the deadline outlined in the grant agreement.

Risks

1. Inconsistencies in the adherence to division, grantor, and County-wide grant expenditure requirements could result in:
 - a. Repayment obligations to the granting agency and reduction in future disbursements or withholding funds.
 - b. Damaged organization credibility, potentially affecting the ability to secure future grants or partnerships.
 - c. Additional audits or reviews, sanctions, and penalties.
2. Inconsistencies in the adherence to division, grantor, and County-wide grant application and agreement approval requirements could result in:
 - a. Implementation issues- Without appropriate approvals, divisions are unable to confirm that leadership reviewed and approved the grant, which may lead to misalignment with division goals or capacity. Additionally, without appropriate approvals, the division may not be prepared to meet the grant's requirements, increasing the risk of non-compliance with grant terms.
 - b. Non-compliance with division and/or County-wide policies.
 - c. Resource Misalignment- If the County does not approve a grant prior to submitting an application, risk of budgetary and staff conflicts increases.
 - d. Lapse of Oversight- If a grant agreement is executed prior to the County approving the award via Staff Report, there is increased risk of lapses in oversight and control.

Recommendation 4.1

Refer to **Recommendation 1.1**.

Management Action Plan

Refer to **Recommendation 1.1**

Implementation Date

Refer to **Recommendation 1.1**

Recommendation 4.2

FCG Finance should establish a formalized grant monitoring process that includes periodic reviews (e.g., monthly, quarterly, etc.) of grant expenditures, supporting documentation, and submission materials (e.g., Grant Summary Form, Staff Report(s), Grant Agreement) against applicable grant requirements.

To strengthen the monitoring process, County Finance should consider implementing:

1. A standardized grant monitoring checklist tailored to each grant type, including key compliance elements like expenditure categories, reporting deadlines, and documentation requirements. See **Recommendation 3.1** for more detail.
2. A centralized tracking system or dashboard to log grant milestones, submission dates, and expenditure reviews. See **Recommendation 1.1** for more detail.
3. Periodic (as determined by the County) internal reviews of randomly selected grants to validate compliance with grant requirements and identify trends or recurring issues.

Management Action Plan

The Grant Management Department will be working with the various stakeholders to create various checklists and templates to ensure consistent compliance throughout the lifecycle of the grant. Any centralized tracking systems that the Grant Management Department implements prior to the manual release will be shared through the SharePoint Site once such resource is available and once the SharePoint site is released as expected in June 2026.

Implementation Date

The Grant Management Department has a goal to introduce and release the first version of the Grants Manual by June 2027. Various checklists, templates and monitoring tools will be included in the Grants Manual. Any resources (checklists or templates) released prior to the release of the manual will be shared through the SharePoint site, which is expected to be released in June 2026.

Recommendation 4.3

FCG Finance should evaluate the current communication channels between divisions and Finance to determine whether the frequency and structure of communication are sufficient to coordinate grant spending and reporting. Effective communication is essential to providing assurance that grant funds are spent appropriately and within the designated period of performance.

As the County continues to develop its centralized Grants Management Department and onboard a Grants Management Department Director, this role could serve as a liaison between divisions, Accounting, and grants management. The Grants Manager could facilitate meetings (at intervals approved by the County) to

review grant timelines, spending progress, upcoming deadlines, and assist in establishing clear roles and responsibilities for monitoring grant timelines and expenditures. The incorporation of the Grants Manager offers consistent coordination, reduction of the risk of oversight, and enhanced accountability across divisions.

Management Action Plan

The Grants Management Department has a goal to create quarterly check-in calls with grant managers. The newly established department also plans to help coordinate cross-divisional grant opportunities and awards. The department will establish and facilitate meetings as needed between programming and fiscal staff to ensure compliance, efficiencies and coordination.

Implementation Date

Quarterly check in calls with grant managers is planned to start by June 2026.

Recommendation 4.4

FCG Finance should conduct annual training and update sessions for employees on division and County-wide grant requirements. Additionally, County Finance should consider implementing periodic reviews to offer increased assurance of compliance with grant requirements and identify areas for improvement. County Finance may consider establishing a centralized communication format or platform for distributing training materials and updates and determine best practices for how divisions communicate policy and training information. Refer to **Recommendation 1.3** for more detail.

Management Action Plan

The Grants Management Department plans to require annual grants training for all grant managers once the grants manual has been established. Outside of annual training to go over the grant's manual, the Department will be providing specific training on various grant-related topics. These training courses will be communicated on the Grants Management Department SharePoint site along with email communication. To date, the Grants Department has completed one internal grant training on subrecipient monitoring with the Finance team members.

Implementation Date

The Grant Management Department has a goal to introduce and release the first version of the Grants Manual by June 2027. Training will occur around this time to introduce the manual.

Recommendation 4.5

Refer to **Recommendation 3.1**.

Management Action Plan

Refer to **Recommendation 3.1**.

Implementation Date

Refer to **Recommendation 3.1**.

Recommendation 4.6

Refer to **Recommendation 3.2.**

Management Action Plan

Refer to **Recommendation 3.2.**

Implementation Date

Refer to **Recommendation 3.2.**