

**Richland County Government  
Policies and Procedures Manual**

Title: Monitoring and Distribution of County Funds to External Agencies

Department: Policy Number: 2017-01

Effective Date: July 1, 2017

**I. Purpose**

To establish a standardized set of internal controls for monitoring the distribution of County funds to external agencies through the County's current promotional and community services-based funding initiatives, including the Hospitality Tax, Accommodations Tax and Discretionary grant programs. The purpose of the protocols outlined in this document is to:

- A. Ensure proper oversight of all funds appropriated by the County to external agencies.
- B. Minimize the County's risk of non-compliance by external agencies with the County's requirements.
- C. Ensure proper administration and accounting of all grant funds.
- D. Provide effective and excellent stewardship of taxpayers' money

**II. Definitions**

- A. Accommodations Tax Grants – grants that provide financial support to non-profit organizations and groups that fund tourism and tourism-related projects and events.
- B. Accommodations Tax Advisory Committee – A committee of seven members who are appointed by a majority vote of County Council that reviews Accommodations Tax grant applications and makes funding recommendations to County Council. The majority of the members must be from the hospitality industry and at least two members must be from the lodging industry and one member must represent cultural organizations.
- C. Hospitality Tax Grants – grants that provide financial support to organizations and projects whose primary mission is to attract tourists by promoting dining and overnight accommodations in unincorporated areas of Richland County.
- D. Hospitality Tax Advisory Committee - A Committee of five members who are appointed by a majority vote of County Council that reviews Hospitality Tax grant applications and makes funding recommendations to County Council. At least two committee members must be representative of the restaurant industry.

- E.** Discretionary Grants – grants that provide financial support to nonprofit or charitable organizations providing services to the citizens of Richland County.
- F.** Discretionary Grants – A committee of seven members that reviews Discretionary Grant applications and makes funding recommendations to County Council. The committee members are made up of Richland County Government employees and two members of County Council.
- G.** Grant Application – Application submitted by an organization for consideration of funding by the County.
- H.** Grant Agreement – Agreement between the County and the grantee outlining the conditions of accepting County funds.
- I.** Grant Manager – County staffer responsible for monitoring the funding provided to external agencies.
- J.** Level 1 Funding – Funding provided to external agencies to address funding gaps experienced by County Promotional entities and Community Service based organizations.
- K.** Level 2 Funding – Grants funding to organizations via the Hospitality Tax Advisory Committee, Accommodations Tax Advisory Committee and / or the Discretionary Grant Committee.
- L.** Level 3 Funding - Provides “seed” funding to organizations through Council advocacy based initiatives.
- M.** “Seed” Funding – Funding provided to developing organizations to facilitate the success of their projects or programs.
- N.** Grantee – Any non-County entity that was allocated funding by County Council.
- O.** Fund Recovery – The process utilized by County staff to recover funds provided to a non-County entity that were not utilized properly.
- P.** Non-compliant - A grantee that is being reviewed by the Grants Manager for one of the following actions:
  - 1. Provisions of the grant guidelines and signed grant award agreement are not met;
  - 2. Required Mid-Year and Final Reports are not provided by their due date;

- 3. Grant funds are not spent in accordance with the guidelines and/or procedures identified in the Accommodations Tax, Hospitality Tax and / or Discretionary Grant and / or have no back up invoices;
- 4. Grant funds are spent on items not eligible for grant funding;
- 5. Reporting requirements are not met;
- 6. Grant-required tasks/activities are not conducted according to the established requirements or as outlined in grant application; and / or
- 7. Other identified delinquencies exist

**Q. Noncompliance** – A status given to a grantee after a review of their funding expenditures resulted in being noncompliant with the County’s grant requirements.

**R. External Agencies** – Entities that are external to the day to day operations of Richland County Government.

**III. Policy Statements**

**A.** It is recognized that the funding is awarded to external agencies by Council through a funding system that is based on contemporaneous processing on three funding levels:

- 1. Level 1 – Addresses funding gaps
- 2. Level 2 – Grants funding via grant review Committees
- 3. Level 3 – Provides “seed” funding for advocacy based initiatives

- a. Staff expectations: Organizations funding on level 3 are fledging and staff will provide incubation assistance in the form of formal grant training workshops, expenditure tracking best practices and capacity building assistance.

Organizations funding through any of the aforementioned levels are subject to the policy stipulations herein.

**B.** It is the policy of Richland County Government that all funding awarded to the entities shall be used in accordance with all applicable Federal and State Laws and Richland County Ordinances.

**C.** Instances of malfeasance and / or misuse of funding provided by Council to external agencies will be reported to County Council for its consideration.

#### **IV. Distribution Procedure**

##### **A. External Agencies Requirements:**

All external agencies awarded County funds through its promotional and community services-based funding initiatives, including the Hospitality Tax, Accommodations Tax and Discretionary grant programs are required to comply with the following requirements prior to receiving any funding:

1. Submit a completed grant application or a funding narrative outlining the purpose and intent of the project or program detailing the use of the Council awarded funding to support the funded project or program.
2. Submit a signed grant agreement
3. Provide proof of non-profit status or fall into one of the following categories:
  - a) Organizations exempt from federal income tax under Section 501(C)(3) of the Internal Revenue Code and whose primary goal is to attract additional visitors through tourism promotion. The letter of exemption from the Internal Revenue Service must accompany your proposal / application.
  - b) Destination Marketing Organizations, which are recognized non-profit organizations charged with the responsibility of marketing tourism for their specific municipalities, counties or regions, such as Chambers of Commerce, Convention and Visitors Bureaus and Regional Tourism Commissions.
4. Submit a copy of current Richland County Business License. - If it is determined that a Richland County Business License is not needed, a copy of the completed Business License Assessment Survey form is required. (Exhibit 2)

##### **B. Eligibility of External Agencies**

In order to be eligible for receiving County funds, external agencies entities must meet all of the following requirements:

1. Applicant organizations must have been in existence for at least one (1) year prior to requesting funds.
2. Applicants must provide proof of their non-profit status or fall into one of the following categories:
  - a) Organizations exempt from federal income tax under Section 501(C)(3) of the Internal Revenue Code and whose primary goal is to attract additional visitors through

tourism promotion. The letter of exemption from the Internal Revenue Service must accompany your proposal.

- b) Destination Marketing Organizations, which are recognized non-profit organizations charged with the responsibility of marketing tourism for their specific municipalities, counties or regions, such as Chambers of Commerce, Convention and Visitors Bureaus and Regional Tourism Commissions.
3. Religious organizations may receive funding; however, Richland County may not sponsor nor provide financial support to a religious organization in a manner which would actively involve it in a religious activity (i.e. public funds must not be used for a religious purpose). Thus, any funds provided must be solely utilized for secular purposes and the principal or primary goal of the sponsored activity must not be to advance religion.
4. Grantee organizations may not re-grant County funds to other organizations. All funds must be spent on direct program expenditures by the organization that is granted the allocation.
5. Beginning in FY18, all organizations that use a fiscal agent to administer grant funded projects through the Hospitality Tax grant program can only do so for one fiscal year, after which they must have a 501 (c) (3) tax exempt status to receive future Hospitality Tax grant funds from the County.
6. No grant application will be accepted from any applicant who has not successfully completed the terms of all previous grant agreements regardless of when the previous grant was awarded.
7. If based upon reasonable evidence, an applicant has presented false or misleading information on any aspect of an application, the board shall censure the applicant and declare the applicant ineligible for future grants from the County for a fixed period of at least two fiscal years.

**C. Request for Payment:**

In order to receive allocated funding, external agencies must submit the following documents:

1. A payment request form (Exhibit 1- Example of Hospitality Tax Grant Payment Request Form)
2. The payment request form must include invoices and proof(s) of payment to reimburse costs incurred.
3. Up to 75% of the allocated funding will be provided upfront. The remaining 25% or the balance of the allocated will be provided

once a Mid-Year report is submitted, reviewed and approved by the Grants Manager.

4. Organizations that are requesting the allocated funding upfront must include price quotes for the planned expenditures.
5. All invoices, quotes and proofs of payment must equate to the amount being requested and approved upon review of the Grants Manager.

#### **V. Reporting and Monitoring**

**A. Mid-Year Report:** All organizations that have received grant funding from the County must submit a complete Mid-Year report by January 31.

**B. End-Year Report:** All organizations that have received grant funding from the County must submit a complete End-Year report by July 31.

#### **VI. Noncompliance Protocols**

Once identified as noncompliant, the grantee is subject to a review process overseen by the Richland County Grants Manager and the Office of Administration to determine if the organization has reached a level of noncompliance. The noncompliance process provides assistance to the grantee to re-establish a status of compliance. However, if a grantee's actions do not re-establish a status of compliance, Richland County may initiate the grant funds recovery process. The grant funds recovery process typically involves actions by Richland County designed to recover funds awarded through the grant agreement. A grantee remains in noncompliant status until all delinquencies are resolved.

**A. Noncompliance Levels:** There are two levels of noncompliance, each with a progressive level of corrective action. At any level in the noncompliance process, grantees that correct their deficiencies by complying with the established standards may return to a status of compliance. If at any time a grantee receives a noncompliance notification from Richland County, but the grantee has already submitted a required report, a required deliverable or has corrected the stated deficiency, the grantee should immediately contact the Richland County Grants Manager to discuss the noncompliance situation.

1. **Level 1:** Grantee organization receives a letter from the Grants Manager outlining the noncompliance issue and the steps the organization needs to take in order to clear up the issue. The grantee organization has 10 business days from the date of the letter to respond. If the instances of noncompliance are corrected, the grantee's record is cleared and the grant is removed from a status of non-compliance. Any pending grant payments for the noncompliant grantee will be suspended until the issue is resolved. Failure to respond or correct the noncompliant issue within 10 days moves the grantee into Level 2 noncompliance.

a) Instances when grant funds are not used in accordance with grant guidelines and are to be restored or refunded to Richland County, an invoice will be sent to the grantee requesting funds be returned upon receipt of the invoice.


2. **Level 2:** Grantee receives a letter informing the grantee that the 10-day window in Level 1 of noncompliance has passed and that the issue has not been resolved. The grantee has 30 days to resolve the issue. All County grant funds for this organization are suspended until the noncompliance issue is resolved. If, following this notice, the grantee submits the required deliverable, or submits documentation of the completion of the previously unresolved grant requirement, Richland County grant staff will review it for sufficiency. If program staff finds the deliverable sufficient, the grant status returns to compliance.

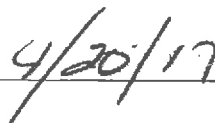
a) All organizations that reach Level 2 noncompliance are reported to Richland County Administration and County Council.

b) If fund recovery is unsuccessful in either Level 1 or Level 2, the County will follow all available legal steps for debt recovery.

**VII. Annual Internal Audit:**

At the end of each fiscal year, the Grants Manager will conduct an internal audit to allow staff to test the efficiency of its internal controls for administering County Council allocated funds in accordance with the established guidelines and requirements. The results of the audit, along with any recommended improvements to this policy, will be shared with Council for its consideration.

  
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County Administrator

  
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Date

Date adopted by Richland County Council: April 4, 2017