



METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

Metropolitan Government of Nashville and Davidson County - Finance Dept. Policy: Grant Drawdown and Reimbursement

Effective Date: July 1, 2006

Revision Date: September 16, 2025

Policy Number: 5.4

Sponsor: Grants Coordination

Purpose

The purpose of this Grant Drawdown and Reimbursement Policy is to establish a uniform policy that addresses the importance and need for timeliness and efficiency in drawing down or claiming reimbursements of grant funds allowed under the terms of the grants.

Definitions

Grant: Revenue from non-Metro sources which is conditional; restricted for a specific (usually public) purpose, usually with restrictions set by the grantor. It typically involves formal agreements or contracts describing those specific purposes and restrictions (with the caveat that Federal agencies do not call their grant agreements contracts).

Reimbursement Grant: Grant which requires the grantee to incur grant expenditures first prior to invoicing the grantor for the reimbursement.

Drawdown Grant: Grant programs which permits the grantee to receive the grant funds prior to incurring expenditures for the grant.

Match: The portion of allowable grant costs not borne by the grantor and borne by the Metro department recipient.

Business Unit: A business unit (BU) is the accounting classification or cost center for tracking the transactions (revenues and expenses) of the program within an agency or department.

MIP, Negative MIP: The excess cash of Metro's funds are pooled together to form the Metro Investment Pool, otherwise known as MIP, is invested daily in order to earn interest. If a fund has a negative average daily balance for any month (Negative MIP) then it is treated as borrowing from the pool instead of as an investor. Funds that have negative average balances for the month are charged interest expense.

General Policies

Departmental recipients may not request grant revenue as either drawdown or reimbursement until the grant award has been received and accepted by Metro Council and a business unit has been setup and the budget has been established in the general ledger.

When grant terms and conditions permit the choice of advance drawdown, Metro departments and agencies should choose to make drawdowns prior to incurring expenditures.

Metro departmental grant recipients that incur expenditures prior to receiving reimbursement for the expenditures should submit the required claims/reports/requests for reimbursement in a timely manner as permitted by grantor requirements.

Departments should submit claims timely to avoid borrowing from the MIP and incurring interest expense until the reimbursement is received from the grantor; because this interest expense adds to the cost of carrying out grant programs.



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Metro government's policy is to minimize the time between the expenditures are incurred and reimbursement of grant funds claimed.

Expectations of All Metro Agencies and Departments

For drawdown grants, the department will request the maximum allowable as soon as allowable under the terms of the grant.

Departments administrating grants should take the necessary actions to make sure interest expense is not incurred due to a failure to timely request/apply approved grant funds and/or local match funds. To mitigate interest expense, any available grant funds or local match drawdowns must be processed in a timely manner, within the earliest possible time allowed by the grant provisions. Since most grants are paid through ACH, incoming ACH's should be monitored daily in order to ensure grant funding received is transferred into the grant fund within 2 business days of deposit to minimize interest expense.

When grant terms and conditions require that Metro departmental grant recipients make expenditures prior to receiving reimbursement for the expenditures, the grant program is, in effect, borrowing from the MIP and will incur interest expense until the reimbursement is received from the grantor. Because this interest expense adds to the cost of carrying out grant programs, it is Metro government's policy to:

- Minimize the time between the expenditure and reimbursement of grant funds, and
- Make drawdowns prior to expenditure when grant terms permit Metro departmental grant recipients to drawdown grant funds, following grantor directives for such drawdowns.

Departmental recipients may not request grant revenue as either drawdown or reimbursement until the grant award has been received and accepted by Metro Council, a Business Unit has been established, and the budget has been established in the general ledger. For this reason, Departmental staff, Division of Grants and Accountability staff, and other Finance Department staff will make every effort to complete these processes as quickly as possible.

Specific Responsibilities

The Departmental Fiscal Officer is responsible for determining the grant's payment method (drawdown or reimbursement, and at what frequency).

For drawdown grants, the department will request the maximum allowable as soon as allowable under the terms of the grant.

For reimbursement grants, the department will request regular reimbursement no later than 21 days after the end of the grant reporting period (monthly, quarterly, other interval) dictated by the terms of the grant. The department will request final reimbursement no later than 30 days after the close of the close of the grant period as dictated by the grant contract.

Applicable Local, State or Federal Regulations

Metro. Charter § 8.103: The director of finance shall be responsible to the mayor for the administration of the financial affairs of the metropolitan government.

Metro. Charter art. 8, § 8.104: The budget officer, with the advice and assistance of the chief accountant, shall write, revise and maintain a proper standard procedure instruction manual to be followed by all officers, departments, boards and other agencies of the government to ensure uniform accounting and budgetary procedures.

Metro. Charter art. 8, § 8.105: The chief accountant shall maintain a general accounting system and such cost accounting records as shall be required by the director of finance.



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Associated Policies

Finance Department Policy 3.4 Cash Deposits

Finance Department Policy 1.5 Cash Balances

Finance Department Policy 1.1 Accounts Receivable

Effective Date

This Policy Statement shall become effective upon issuance and shall be applied to all Metro agencies and departments.

Approvals

Approval of the Director of Finance

I hereby approve this Policy Statement of the Department of Finance and as such agree with and authorize the actions necessary to implement its requirements.

Jenneen Reed

Director of Finance

Date: September 16, 2025