

# **City of Hudson, Ohio**

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## **Federal Funds and Grant Policies**

### **1. Purpose**

The City of Hudson, Ohio (the "City"), recognizes its responsibility to ensure the proper stewardship of federal funds received through grants, cooperative agreements, or other federal awards. This policy establishes uniform standards and procedures to comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200, "Uniform Guidance"), Ohio Auditor of State (AOS) guidelines, including the Ohio Compliance Supplement (OCS), Hudson City Charter and applicable federal statutes, regulations, and award terms.

The policy aims to promote accountability, transparency, and efficient use of federal resources while minimizing administrative burden and risk of noncompliance.

This policy supports the City's mission to improve community services and infrastructure responsibly, ensuring all federal funds are used solely for authorized purposes.

### **2. Scope**

This policy applies to all City departments, employees, officials, agents, subrecipients, and contractors involved in the administration, receipt, or expenditure of federal awards exceeding \$1,000,000 annually (triggering Single Audit requirements) or any amount subject to federal oversight. It covers the full lifecycle of federal awards, from pre-award planning to closeout, including pass-through funds to subrecipients.

Noncompliance may result in findings for recovery, suspension/debarment, or loss of future funding. The City shall integrate this policy with existing financial management systems and Ohio Revised Code requirements (e.g., Chapters 117, 5705).

### **3. Definitions**

- (a) Federal Award: A grant, subgrant, loan, or cooperative agreement from a federal agency or pass-through entity.
- (b) Non-Federal Entity (NFE): The City or any subrecipient acting as a recipient of federal funds.
- (c) Pass-Through Entity: The City when sub-awarding federal funds to subrecipients.
- (d) Subrecipient: An entity receiving federal funds from the City to carry out a portion of the federal program.

- (e) Single Audit: An organization-wide audit under 2 CFR Part 200, Subpart F, required for NFEs expending \$1,000,000+ in federal awards annually.
- (f) Internal Controls: Processes ensuring compliance, per Section 200.303, including risk assessment, monitoring, and corrective actions.

#### **4. Responsibilities**

- (a) City Council: Approves policy; oversees high-level compliance through budget and ordinance adoption.
- (b) City Manager: Designates the Compliance Officer; ensures departmental adherence; reports to Council on federal award status.
- (c) Finance Director (Compliance Officer): coordinates reporting compliance; monitors internal controls; verifies subrecipient audits; issues management decisions on findings (200.521).
- (d) Department Heads/Grant Administrators: Identify federal funding opportunities; maintain records; prepare reports; ensure programmatic compliance; report deviations to the Compliance Officer.
- (e) All Employees: Complete applicable training; report suspected noncompliance immediately.
- (f) Subrecipients: Comply with federal terms; provide access to records; submit audits if applicable.
- (g) The Compliance Officer or designee shall prepare a Federal Award schedule, including award details (e.g., CFDA number, Federal Award Identification Number, obligated amounts)

#### **5. Procedures**

##### **5.1 Pre-Award Considerations**

- (a) Conduct risk assessments for proposed awards, evaluating financial stability, prior performance, and audit history (200.205).
- (b) Ensure applications align with City strategic goals.
- (c) Obtain prior approvals for cost-sharing or matching funds; document approval.
- (d) Review award terms for specific conditions.

## 5.2 Post-Award Financial Management

- (a) Establish separate accounting for each federal award, tracking expenditures by program, function, and source (200.302).
- (b) Implement internal controls for allowability, allocability, and reasonableness of costs (Subpart E); maintain procedures for cash management, including minimizing time between draws and disbursements (200.305—200.306).
- (c) Handle program income per award terms (e.g., deduction or addition method, 200.307).
- (d) Retain records for three years from closeout or longer if litigated (200.333).

## 5.3 Procurement Standards

- (a) Develop and follow written procurement procedures promoting full and open competition (200.318—200.319) by incorporating Hudson City Charter thresholds
- (b) Maintain contractor oversight to ensure compliance with terms, conditions and specifications of their contract or purchase order (200.318)
- (c) Avoid conflicts of interest; document sole-source justifications (200.319).
- (d) Ensure contractor vs. subrecipient distinction: contracts for goods/services; subawards for programmatic portions (200.330).

## 5.4 Subpart E – Cost Principles

- (a) Administer the federal award through sound management practices consistent with federal statutes, regulations and terms and conditions of the federal award (200.400a)
- (b) Maintain adequate documentation to support costs charged to the federal award (200.400d)
- (c) Ensure allowability of costs as necessary and reasonable for the performance of the federal award and be allocable under these principles (200.403)

## 5.5 Compensation-personal services

- (a) Costs of compensation are allowable to the extent that they satisfy the specific requirements of 200.430(a)

- (b) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed (200.430g).

#### 5.6 Subrecipient Monitoring

- (a) Provide subrecipients with award information, requirements, and indirect cost rates at subaward execution (200.331(a)).
- (b) Assess subrecipient risk pre- and post-award; impose conditions (e.g., more frequent reports) for high-risk entities (200.332).
- (c) Monitor via progress reports, site visits, and financial reviews; verify Single Audits for those expending \$1,000,000+ (200.501).
- (d) Issue management decisions on subrecipient findings within six months; adjust payments or enforce remedies for noncompliance (200.331(d), 200.338).
- (e) For subrecipients below threshold, conduct direct monitoring (e.g., agreed-upon procedures, 200.425(c)).

#### 5.7 Reporting and Recordkeeping

- (a) Submit financial, performance, and closeout reports per award schedules; ensure accuracy and timeliness (200.327, 200.344).
- (b) Disclose in annual financial statements any material noncompliance per GASB and OCS guidelines.
- (c) Maintain access for federal agencies, auditors, and GAO (200.336).

#### 5.8 Audits and Corrective Actions

- (a) Undergo Single Audit if federal expenditures \$1,000,000; submit to Federal Audit Clearinghouse within 30 days of completion of audit (200.512).
- (b) Cooperate with AOS or independent auditors; address findings promptly, including Findings for Recovery under Ohio Rev. Code 5117.28.
- (c) Develop corrective action plans for deficiencies; monitor implementation.

#### 5.9 Training and Monitoring

- (a) Provide training on this policy and Uniform Guidance to relevant staff.
- (b) Conduct periodic internal reviews; update policy as guidelines change.

## **6. Enforcement and Amendments**

Violations may result in disciplinary action. Suspected fraud shall be reported to the AOS Special Investigations Unit and federal oversight agency. This policy may be amended by City Council resolution.

## **7. References**

- 2 CFR Part 200, Uniform Guidance
- Ohio Auditor of State, Responsibilities under Uniform Guidance (AOS\_UG\_Guidance\_1009.pdf)
- Ohio Compliance Supplement Implementation Guide (2025)
- Ohio Revised Code Chapters 117, 5705, and related statutes.
- Hudson City Charter Section 6.04 – Contracts and Purchasing