



## Legislation Text

---

**File #:** 2065-2023, **Version:** 1

---

**BACKGROUND:** The City receives annual grant allocations from the United States Department of Housing and Urban Development (HUD) Office of Community Planning and Development (CPD). These grants include the Community Development Block Grant (CDBG) program and the Housing Opportunities for Persons With AIDS (HOPWA) program. In acceptance of this funding, the City is required to comply with the provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”), as well as limitations on planning and administrative costs according to 24 CFR 570.200(g)(1). Grant funds are regularly reviewed by City staff and by HUD staff to monitor compliance with applicable regulations, and address any non-compliant grant expenditures and draws.

Internal review of financial records in 2022 identified ineligible CDBG expenditures, and based on available records at the time, the City authorized a return of funds to HUD in the amount of \$293,215.00 via ordinance 0526-2022. Further review of records shows that there is a balance of \$600.24 that was expended on the ineligible CDBG activity which must be returned to HUD as well.

HUD’s annual review of the 2022 Program Year revealed that grant funds from 2015 had been expended in excess of the 20% origin year expenditure limit for planning and administrative expenses, in the amount of \$192,559.94. In order to address the issue, the City must return this amount via wire transfer to the CDBG Line of Credit from the City’s General Fund. These funds will be made available to be drawn for other eligible non-administrative expenditures. Following the return of funds, the City will draw available funds from grant year 2022 to reimburse the General Fund.

Internal review of HOPWA grant expenditures and financial records revealed a discrepancy between the grant year funding of a contract within the City’s financial system and the grant year drawn for contract expenditures from HUD’s financial system. Ordinance 0919-2022 authorized the Board of Health to enter into a subaward with Equitas Health for the provision of eligible HOPWA services for the period of January 1, 2022 to December 31, 2022, funded by the HOPWA 2020 grant award. The corresponding activities funded by that subaward, and the City staff costs of administering the award, were mistakenly set up in HUD’s IDIS grant management system using funds from the HOPWA 2021 grant award, and subsequently those funds were drawn to cover eligible program expenditures. In order to correct the mistake and ensure that the correct grant funds are applied to these expenditures, the HOPWA 2021 funds must be returned to HUD via wire transfer. HUD will then make the funds available to the City to be allocated to future HOPWA subawards. The City will correctly submit draw requests for HOPWA 2020 grant funds from HUD for the reimbursement of eligible HOPWA expenditures.

**FISCAL IMPACT:** This ordinance authorizes the transfer and expenditure of \$312,445.77 from the General Governments Grants fund to correct reimbursements for the HOPWA Program, and the expenditure of \$193,160.18 from the City’s General Fund to correct reimbursements for the CDBG Program. New reimbursements will be processed from HUD to cover the \$312,445.77 in HOPWA expenditures and \$192,559.94 of the CDBG expenditures, leaving only \$600.24 as the net cost to the General Fund, and no net cost to CDBG and HOPWA grant funds.

**EMERGENCY DESIGNATION:** Emergency action is requested to allow the financial transaction to be processed as soon as possible and to mitigate risk of potential penalties from untimely action.

To authorize the Director of Finance and Management to correct the transactions for the Community Development Block Grant (CDBG) program and Housing Opportunities for Persons With AIDS (HOPWA) program funded by the U.S. Department of Housing and Urban Development (HUD), in the amounts of \$600.24, \$192,559.94, and \$312,445.77 (total of \$505,605.95); to authorize the transfer of \$312,445.77 within the General Government Grants Fund; to authorize the expenditure of \$312,445.77 from the General Government Grants Fund; to authorize the transfer of \$193,160.18 within the General Fund; to authorize the expenditure of \$193,160.18 from the General Fund; and to declare an emergency. (\$505,605.95)

**WHEREAS**, the City received funds from the United States Department of Housing and Community Development (HUD) for the Community Development Block Grant (CDBG) program and Housing Opportunities for Persons With AIDS (HOPWA) program; and

**WHEREAS**, ordinance 0526-2022 authorized a return of funds based on expenditures and funds drawn from HUD on activities later found to be inconsistent with the regulatory cost principles in federal uniform guidance;

**WHEREAS**, City review of those previous returned funds identified a balance of \$600.24 that must be returned; and

**WHEREAS**, expenditures from the 2015 CDBG grant award were found to have exceeded the 20% origin year cap on planning and administrative costs; and

**WHEREAS**, internal City review identified HOPWA costs drawn from the incorrect funding source; and

**WHEREAS**, the City is required to return all funds that were drawn from HUD on ineligible activities, in excess of expenditure caps, or from the incorrect funding source; and

**WHEREAS**, the returned funds will be made available to the City by HUD, and corrections will be made to draw funds from eligible sources; and

**WHEREAS**, HUD's Instructions for Returning Funds to the Line of Credit and to U.S. Treasury guidance requires reimbursements to the Line of Credit to be made via wire transfer; and

**WHEREAS**, an emergency exists in the usual daily operation of the Department of Finance and Management in that it is immediately necessary to authorize the Director to return \$505,605.95 to mitigate risk of potential penalties from untimely action, for the preservation of the public health, peace, property, safety and welfare;

**NOW, THEREFORE,**

**BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:**

**SECTION 1.** That the Director of the Department of Finance and Management is hereby authorized to initiate correcting transactions totaling \$505,605.95 to return said funds to HUD.

**SECTION 2.** That the transfer of \$312,445.77, or so much thereof as may be needed, is hereby authorized within Fund 2220 General Government Grants Fund, from Dept-Div 5001, Object Class 03 to Dept-Div 5001, Object Class 05 per the accounting codes in the attachment to this ordinance.

**SECTION 3.** That the transfer of \$600.24, or so much thereof as may be needed, is hereby authorized within Fund 1000 General Fund, from Dept-Div 4501, Object Class 10 to Dept-Div 4801, Object Class 05 per the accounting codes in the attachment to this ordinance.

**SECTION 4.** That the transfer of \$192,559.94, or so much thereof as may be needed, is hereby authorized within Fund

1000 General Fund, from Dept-Div 4501, Object Class 10 to Dept-Div 4501, Object Class 05 per the accounting codes in the attachment to this ordinance.

**SECTION 5.** That for the purpose stated in Section 1, the expenditure of \$312,445.77 is hereby authorized in Fund 2220, per the accounting codes in the attachment to this ordinance.

**SECTION 6.** That for the purpose stated in Section 1, the expenditure of \$193,160.18 is hereby authorized in Fund 1000, per the accounting codes in the attachment to this ordinance.

**SECTION 7.** That the City Auditor is authorized to make any accounting changes to revise the funding source for all modifications associated with this ordinance.

**SECTION 8.** Funds are hereby deemed appropriated and expenditures and transfers authorized to carry out the purposes of this ordinance and the City Auditor shall establish such accounting codes as necessary.

**SECTION 9.** That, for the reasons stated in the Preamble hereto, which is hereby made a part hereof, this Ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after passage and approval by the Mayor or ten days after passage if the Mayor neither approves nor vetoes the same.