

Grant and Project Oversight Policy and Procedures

Section 1: Purpose:

This policy provides guidance to city staff on federal grants in order to maximize benefits and minimize risks. Grants are a key funding source for the City of Minot and frequently come with special requirements to be followed. The city shall observe all federal grant guidance and follow local procedures to meet requirements, with federal regulations always taking precedence.

Section 2: Applying for Grants

1. Departments are responsible for completing grant applications and obtaining all documents requested by the grantor. The department head must also provide advance notice to city leadership so effects on City operations can be analyzed and approved prior to grant submission.
2. Departments should ensure grants are congruent with City vision, strategic priorities, and plans.
3. Grant applications may include, but are not limited to: project scope, cost estimates, projected completion timelines, and necessary internal approvals.
4. For construction projects, city engineering/public works will provide a direct or supporting role in grant application and oversight, depending on contracted private engineering firm involvement
5. Requestors shall follow these steps for validation/submission of grants:
 - a. Consultants may be retained to complete the grant application.
 - b. Department heads will review grant submission and submit to City Council committee.
 - c. If committee approves, submission will be routed to full City Council for final approval.
 - d. Post-award, use the same process to complete budget amendment accounting for grant funds.
 - e. If grant submission falls outside the regular committee/council schedule, it will be brought to the next available committee and council for ratification.
6. The City will make financial records available for review of management system adequacy prior to award, and any time following.
7. Reviews for accuracy and grant applicability are completed at each city management level.

Section 3: Standards for Financial and Program Management:

1. The City of Minot Financial Management System Policy provides all accounting details since grants are processed like other City funds. The policy ensures:
 - a. Fund accounting shall be used to ensure accounting records contain information on grant awards, such as the Department of Housing and Urban Development (HUD) Community Development Block Grant awards for Disaster Recovery and National Disaster Resilience (CDBG-DR and CDBG-NDR); authorizations, obligations, unobligated balances, assets, liabilities, expenditures, program income and interest.
 - b. Expenses can be tracked via fund accounting, including allowability reviews, computation / extension accuracy, correct funding source, funds expenditure authority, project specificity, and compilation into documents for comparison to budget, planning, and financial statements. Source documentation guidance is detailed in Section 8 below.

- c. All inflows and outflows of funds are recorded in detail, including both the category of expenditure and funding source. Source documentation is compiled and maintained.
 - d. All accounting activities meet Generally Accepted Accounting Principles (GAAP).
 - e. Accounting and records ensure program costs are incurred for the proper period and are actually paid. Funds are spent on eligible items and expended from the appropriate grant source. All spending is approved by appropriate personnel.
 - f. All records / reports must be cross-checked for accuracy. External reports will reconcile agency standards against City accounting records, to ensure compliance.
 - g. Funding agency compliance requirements are monitored and controls are developed to ensure compliance.
 - h. Annual audits by independent third party experts follow both Federal rules and GAAP.
2. Organizations receiving Federal funds must follow overarching cost principles established by the Office of Management and Budget (OMB).
 - a. New awards and incremental funding changes to awards made, and audits of fiscal years beginning, after December 26, 2014 follow cost principles in 2 CFR Part 200, Subpart E.
 - b. Prior awards are governed by OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments.
 - c. The OMB Cost Principles define what is an "allowable, reasonable and allocable" expense. Supplemental details are listed in the City of Minot Allowable Cost Policy.
 3. The City of Minot's budget process meets federal requirements by planning for revenue and expenditures at project and program levels. This process provides an ongoing reasonableness check by comparing actual expenditures against the plan, and ensures funds availability. Budgets are included in written agreements to promote accountability, and changes to an approved project's budget, scope, or objectives shall be identified to the granting agency.
 4. Procurement procedures promote cost reasonableness and help ensure goods and services are purchased in a fair and transparent way. All purchases must follow specific procedures and require using the City of Minot's Federal Procurement Policy and Checklist.
 5. The City of Minot shall comply with Federal award requirements cited in 2 CFR 200.300
 - a. The provisions of Federal Funding Accounting and Transparency Act, Public Law 109-282 (FFATA) which require all recipients of Federal awards to report first-tier subawards of \$25,000 and greater including executive compensation if applicable. FFATA requirements and FSRS reporting can be found on the FSRS Web site at www.fsrs.gov.
 - i. First-tier subawards are subawards issued by the prime recipient to subrecipients.
 - ii. Lower-tier subawards are subawards issued by the first-tier recipients to their own subrecipients and are not subject to Transparency Act reporting.
 - iii. Awards executed must have applicable data entered into FSRS no later than the month following the award occurrence date.
 - b. System for Award Management (SAM) and Universal Identifier Requirements are found at 2 CFR Part 25.
 - i. The City of Minot must maintain current SAM information while the City receives Federal assistance. The Finance Department shall perform annual updates, or more frequently if required by City or Federal guidance changes.
 - ii. The City of Minot shall notify potential subrecipients that no entity may receive a subaward until proof of unique entity identifier has been provided to the City.
 1. Upon SAM registration, the identifier becomes a DUNS number.

2. All DUNS numbers are required prior to award and must be included in the official subaward document.
- c. The City of Minot is responsible to take reasonable measures to safeguard protected personally identifiable information and other information designated as sensitive by the Federal awarding agency or the pass-through entity, consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

Section 4: Internal Controls

1. Grant awards shall be held to the same internal control standards as all City of Minot funds. Additionally, the following activities promote assurance that awards are only expended for allowable activities and costs of goods and services meet applicable cost principles.
 - a. Provide accountability for charges and costs between Federal and non-Federal activities.
 - b. Compare supporting documentation to applicable list of allowable expenditures.
 - c. Rectify unallowable costs where appropriate and follow-up to determine the cause.
 - d. Entrust accountability for authorizations to individuals knowledgeable of the requirements, allowed activities and costs.
 - e. Make reference resources available for review by auditors and staff
 - i. Grant agreements (including referenced program laws, regulations, handbooks, etc.) and cost principles circulars
 - ii. A file of post-award changes to grant terms and conditions.
 - f. Implement procedures for regular reconciliation of financial records, comparing grant or project's records with organization's actual assets, liabilities, and financial reports.
2. Procedures for reconciling subsidiary project sheets to the accounting system:
 - a. Project sheets are reconciled before requests for reimbursements are made.
 - b. Management reviews supporting documentation for allowability and eligibility of costs.
 - c. Budget process reviews availability period of Federal funds for obligation/disbursement.
 - d. Project manager communicates availability requirements and expenditure deadlines to management. Automated deadline notifications (Outlook) will be utilized when able.
 - e. Ensure vendors providing goods and services under grant awards have not been suspended or debarred by the Federal Government.
3. Conduct procurement actions in accordance with City of Minot Grant Procurement Policy, Procurement Checklist, and document appropriately in procurement files.

Section 5: Administrative and Operational Support

Grant oversight is handled by the department head, the accountant, the City's engineering department, public works department, and applicable consultants. These agencies are responsible for understanding of grant terms and conditions related to their areas, such as:

1. Developing project plan of how grant-funded programs will be implemented and responsibilities.
2. Objective determination, risk analysis for objectives accomplishment, development, implementation, and monitoring of internal controls. Also, see Risk Management Policy.

Internal auditors are responsible for understanding how the grant will be monitored, planning, conducting, and reporting monitoring activities.

Program milestones will be built into the grant and project program, where applicable. The following items are a framework for building programs that meet the City's requirements for timely management:

1. Complete planning and reviews before award deadline so funds can be released in a timely manner from granting agencies. Plan additional time for reviews such as wetland preservation.
2. Long-term projects will have a schedule of projected funds tied to key milestones or objectives, so actual performance can be measured against expectations and problems identified early.
3. Contracts and agreements shall have expenditure reporting requirements that outline required content and frequency of reporting. Timely completion rates will be noted by program manager.
4. Matching fund information, including source identification, is tracked on the project sheet.
5. Department heads are responsible for providing project status and timelines to the City Council.
6. City of Minot Program Income has been a minimal part of grant budgets, however it is always incorporated into the program subject to granting agency-specific guidelines.
7. Contingency plans for unexpected delays will be developed in the programming stage. Funds allocated to a department or project might need to be reprogrammed to support contingencies. (Reprogramming for City of Minot department funds is handled through budget amendment. See Section 2-164 of the Code of Ordinances City of Minot, North Dakota)
 - a. Grants have preapproved budgets and require meeting specific intents for reprogramming
 - b. Requirements could include but are not be limited to:
 - i. Action Plan Amendment for HUD CDBG-DR awards.
 - ii. Budget amendment
 - iii. Reprogramming agreement with the awarding agency
 - iv. Amended grant agreement
 - v. Specific reprogramming procedures for individual grants, when indicated.
 - c. Utilize grant regulations to determine specific reprogramming requirements, standards to follow, and any required public hearing or comment periods.
 - d. Monitor funds reprogrammed for new purpose, per corresponding requirements.
 - e. Ensure reprogrammed funds are able to meet grant timelines for obligation.
 - f. Project managers or department heads will continually monitor grant award progress.
 - g. Assign high risk and frequent auditor monitoring of short performance period awards.
 - h. The project manager or department head should investigate reprogramming at the first indication an activity could be stalled or interrupted.

Section 6: Salaries and Wages Charged to Grant Funds

1. The Human Resource Director ensures
 - a. Grant-funded personnel payrolls follow City practices and are approved by the City Council. See Chapter 24 PERSONNEL CODE of Employee Manual and the Minot North Dakota Code of Ordinances <http://library.municode.com/index.aspx?clientId=10154>,
 - b. Individual employee appointment are made in accordance with City guidance and meet the requirements of Federal statute 2 CFR 200.430(i).
 - c. Employee compensation engaged in Federal award work will be considered reasonable if consistent with pay for similar work in other activities of the City.
 - d. Where no similar City work exists, compensation will be considered reasonable if consistent with pay for similar work in a labor market the City competes for employees.
2. Employee supervisors are responsible to ensure charges to Federal awards for salaries and wages are based on records accurately reflecting the work performed. Records must:

- a. Be supported by a system of internal control which provides reasonable assurance the charges are accurate, allowable, and properly allocated.
- b. Be incorporated into the official records of the City.
- c. Reasonably reflect the total activity for which the employee is compensated by the City, not exceeding 100% of compensated activities.
- d. Encompass federally assisted and all other activities compensated by the City on an integrated basis.
- e. Comply with the established accounting policies and practices of the City.
- f. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than on Federal award etc.
- g. Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.

Section 7: Responsibilities

1. Department Heads

- a. Review and approve expenditures for accuracy, eligibility, and allowability.
- b. Submit expenditure supporting documentation to accounts payable for processing, according to Accounts Payable Policy and Procedures.
- c. Work with members of project management team to ensure timely submission of progress reports, closing procedures, and other documents required by the award.
- d. Provide labor documents, payment requests, change orders, and other management information for project management support.
- e. Adhere to completion schedules in accordance with grant specifications.
- f. Support project administration consultants as needed.

2. CDBG-DR Invoice Clerk

- a. Provides assistance to departments in the development of plans for effective program management and utilization of federal, state and local funds; as well as reporting and ensuring compliance with the grantor's terms and conditions.
- b. Responsible for transferring all approved funds into projects, reconciling the projects quarterly or monthly, if applicable, and applying for appropriate funds.
- c. Ensures effective and compliant utilization of grant funds by performing the following:
 - i. Coordination of the City's grant processes and procedures to ensure grant programs and projects are properly administered.
 - ii. Familiarization with agency requirements and regulations.
 - iii. Development and recommendation of policy changes to comply with grant and project requirements.
 - iv. Representation of the City's grant and project interests and maintenance of ongoing relationships with external funding agencies.
 - v. Performance of grant and project management accounting and provision of technical accounting assistance to departments regarding financial and accounting issues related to grant and project activities. All activities are reviewed and approved by the Comptroller.
 - 1. Reconciling the project sheet on a regular basis to the financial management system.

2. Reviewing expenditures to ensure accuracy, eligibility, allowability.
 3. Verifies grant charges only occur during period of performance.
 4. Ensures pre-award costs are authorized.
- vi. Preparation and maintenance of a grant project file and project worksheet, which maintains detailed financial transactions, with required records. The files must contain:
1. The grant award.
 2. Amendments to the grant award.
 3. If a construction project, the procurement records and procurement checklist, including contracts.
 4. Budget information.
 5. Encumbrance/obligations
 6. Unobligated balances.
 7. Assets, liabilities, expenditures, revenue, program income and interest earned.
 8. City Council and committee authorizations.
- vii. Verification of the grant and project budget with actual expenditures and resolution of any discrepancies with the departments.
- viii. Reviewing documentation of any exceptions or deviations from the original grant or project documentation.
- ix. Assistance to the departments in ensuring the project is properly administered, documented, and remains in compliance with the terms and conditions of the contract.
- x. Assistance to departments for resolution of program and contract issues and compliance with the City and grantor's administrative rules and regulations.
- xi. Ensuring project reporting requirements, including financial reports are met, accurate information is collected and reported to the funding agency in compliance with Federal policies and requirements governing reporting, and records are maintained and retained in accordance with the grantor's requirements and the City's records retention policy.
- xii. Regular reconciliation of the funding agency reports to the financial management system records to ensure accuracy, such as the CDBG-DR Invoice Clerk's reconciliation of City accounting records to the Quarterly Performance Reports (QPR), as submitted to HUD in the Disaster Recovery and Grant Reporting System (DRGR).
- xiii. Ensuring the time lag between expenditures and drawdown or request of reimbursement from granting agencies is minimized.
- xiv. Ensuring proper close out is completed in accordance with the grantor's requirements.
3. **Comptroller** - reviews all financial report submissions, expenditures, and pay requests to ensure accuracy and proper utilization.
 4. **City Council** - reviews and approves all expenditures.
 5. **Consultant** - The City of Minot may contract with an engineering firm or other consultant to help with project management. Large programs such as City airport retain an engineering firm to assist grant submissions, project management, and other related activities such as progress reports, labor documents, contractor procurement, reporting requirements, and project closeout.

Section 8: Records

1. Retention

- a. The City of Minot utilizes the State of North Dakota Information Technology Department Records Management Division Records Retention Program. The Records Management Division of ITD, under authority of the North Dakota Century Code Chapter 54-46 is responsible for establishing, implementing, and administering a records management program for state agencies. The requirement for City Records Management are found in Section 898. Grant related schedules are found in 898-100 General Records Retention Schedule Cities. The section applying to grants can be found at 800901 Grants, retention for 5 years after grant closes (unless other requirements apply to the specific grant). The records may be disposed of in the landfill or recycled. Since the City of Minot's retention period is longer than the period required in 2 CFR 200.333 Retention requirements for records, this City schedule will be utilized instead.
- b. The Department Head, grant administrator, and or Comptroller and staff will be responsible for determining if specific grants have requirements not met by the City's schedule. The requirements with the longest period of retention will be utilized. If the grant retention period is less than the City's, the 5 year period will be utilized.

2. Transfer of Records

Section 2 CFR 200.334 Requests for transfer of records requires the Federal awarding agency to request transfer of certain records to its custody from the City of Minot when it determines the records possess long-term retention value. However, in order to avoid duplicate recordkeeping, the Federal awarding agency may make arrangements for the City to retain any records that are continuously needed for joint use.

3. Methods for Collection, Transmission and Storage of Information

- a. Section 2 CFR 200.335 requires in accordance with the May 2013 Executive Order on Making Open and Machine Readable the New Default for Government Information, the Federal awarding agency and the City of Minot should, whenever practicable, collect, transmit, and store Federal award-related information in open and machine readable formats rather than in closed formats or on paper.
- b. The Federal awarding agency and if the City is a pass through entity, must always provide or accept paper versions of Federal award-related information, upon request; and not require more than the original and two (2) copies.
- c. When original records are electronic and cannot be altered, there is no need to create and retain paper copies.
- d. When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and remain readable.

4. Access to Records

- a. As required by 2 CFR 200.336 Access to records, the Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, will have right of access to any documents, papers, or other records of the City of Minot which are pertinent to the Federal award in order to make audits, examinations, excerpts, and transcripts.

- b. This right also includes timely and reasonable access to the City of Minot's personnel for the purpose of interview and discussion related to such documents.
- c. The rights as noted above are not limited to the required retention period, but last as long as the records are retained.

5. Public Access to Records

Section 2 CFR 200.337 requires no Federal awarding agency to place restrictions on the City of Minot to limit public access to the records of the City pertinent to a Federal award, except for protected Personally Identifiable Information (PII) or when the Federal awarding agency can demonstrate such records will be kept confidential and would have been exempted from the disclosure pursuant to the Freedom of Information Act (5 U.S.C. 552) or controlled unclassified information pursuant to Executive Order 13556 if the records had belonged to the Federal awarding agency.

Section 9: Reporting

Section 9.1 Financial Reporting

1. The City of Minot will prepare financial position statements (2 CFR 200.510):
 - a. Results of operations or changes in net assets
 - b. Cash flows for the fiscal year
2. Schedule of Expenditures of Federal Awards (SEFA)-The City of Minot Comptroller and staff are responsible for preparing a schedule of expenditures of Federal awards (SEFA) as required by 2 CFR 200.510(b), for the period covered by the City's financial statements. This schedule must include the total Federal awards expended in accordance with 2 CFR 200.502. At a minimum, the schedule must:
 - a. List individual Federal programs by awarding agency. For a cluster of programs, provide the cluster name, list individual programs within the cluster and provide agency name.
 - b. For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
 - c. Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. Provide the Federal award identification number and year. For a cluster of programs also provide the total for the cluster.
 - d. Include the total amount provided to subrecipients from each Federal program.
 - e. A template is utilized by the project accountants where information is tracked beginning with the award of the Federal grant.
 - f. Financial information is updated and reconciled quarterly.
 - g. Comprehensive review is conducted by the Comptroller and staff during year-end .

Section 9.2 Performance Reports

1. In accordance with 2 CFR 200.328 Reporting of Program Performance, the City of Minot is responsible for oversight, compliance, and performance achievement.
2. The grant administrator and project accountant will be responsible for researching reporting requirements and adding them to the City's comprehensive list of reporting requirements. This includes reporting deadlines.

3. Section 2 CFR 200.328 (2) requires the City of Minot to submit performance reports using OMB-approved government wide standard information collection. Performance reports must be submitted at the interval required by the Federal awarding agency. Reports will contain for each Federal award, brief information on the following unless otherwise approved by OMB:
 - a. A comparison of actual accomplishments to the objectives of the Federal award established for the period
 - b. If established goals are not met, the reasons.
 - c. Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.
 - d. Construction performance reports. For the most part, onsite technical inspections and certified percentage of completion data are relied on heavily by Federal awarding agencies and pass-through entities to monitor progress under Federal awards and subawards for construction. The Federal awarding agency may require additional performance reports only when considered necessary.
 - e. Significant developments that have significant impact upon the supported activity. In the below cases, the City must inform the Federal awarding agency or pass-through entity as soon as the following types of conditions become known:
 - f. Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the Federal award. The disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.
 - g. Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.
4. HUD CDBG-DR grant award performance reporting shall be tracked via the Disaster Recovery Grant Reporting (DRGR) system on a quarterly basis, unless waived by the awarding agency.
 - a. HUD requires the City to utilize DRGR as the required reporting system for performance metrics, completion dates, leverage, program income, monitoring, budget analysis, costs, and obligations.
 - b. Activity narratives will be utilized to explain any variances regarding the above information.
 - c. The Finance Department will be responsible for policies and procedures to ensure reporting requirements are met.

Section 10: Auditing

1. In accordance with provisions of 2 CFR 200, Subpart F ó Audit Requirements, the City of Minot, since it expends Federal financial assistance of greater than \$750,000 a year will have a Single Auditö conducted in accordance with 2 CFR 200.514.

Public Law 104-156 ó Single Audit Act Amendments of 1996, defines single audit as an audit, as described under Section 7502(d) as quoted below, of a non-Federal entity that includes the entity's financial statements and Federal awards. “(d) Each single audit conducted pursuant to subsection (a) for any fiscal year shall

 - ÷(1) cover the operations of the entire non-Federal entity; or
 - ÷(2) at the option of such non-Federal entity such audit shall include a series of audits that cover departments, agencies, and other organizational units which expended or otherwise administered Federal awards during such fiscal year provided that each such audit shall encompass the financial statements

and schedule of expenditures of Federal awards for each such department, agency, and organizational unit, which shall be considered to be a non-Federal entity;

2. North Dakota Century Code Section 54-10-13 #4 allows the City Council as an alternative to the State Auditor's required auditing of political subdivisions, to obtain the services of a certified public accountant rather than by the state auditor to provide an annual audit of the books of account, financial records, and transactions of all administrative departments of the City.
3. The City requires the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards.
4. The independent audit of the financial statements of the City is part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal grants and/or agencies as defined in #1 above.

The City of Minot therefore requires an annual audit to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards.

5. As required by 2 CFR 200.508(a) and 200.509, the City will procure the services according to 2 CFR 200.317 ó 200.326, and the City's Federal Procurement Policy.
 - a. The City will procure multi-year agreements of at least five years in duration.
 - i. In the request for proposals and audit procurement specifications the City will ensure it will meet the objective to obtain a high-quality audit by following the requirements of 2 CFR 200.509 and including the following items:
 1. Objectives and scope of the audit will be clearly defined.
 2. A copy of the audit organization's peer review report as required by Government Accounting and Auditing Standards (GAGAS) will be requested.
 - ii. Evaluation factors will include:
 1. The responsiveness to the request for proposal.
 2. Relevant experience.
 3. Availability of staff with professional qualifications and technical abilities.
 4. The results of peer and external quality control reviews
 5. Price
 - iii. Whenever possible, the City will make positive efforts to utilize small businesses, minority-owned firms, and women business enterprises noted in 2 CFR 200.321.
 - iv. Funding - HUD awards are not used to fund audits, however if required, the City of Minot would use proportional payments based on the SEFA
6. In accordance with 2 CFR 200.511 the City will follow-up on audit findings as required.
7. If at any time there are audit findings, the City will prepare a summary schedule of prior audit findings and a corrective action plan for current year findings as required by 2 CFR 200.511 (b) and (c).
8. Audit findings or recommendations, if applicable, will be resolved within prescribed timeframes.
9. The City will ensure the audit is completed and the Federal Audit Clearing data collection form submitted within the earlier of 30 calendar days after receipt of the auditor's report(s) or nine months after the end of the audit period as required by 2 CFR 200.512.

10. A copy of the Comprehensive Annual Financial Report including the independent auditor's reports will be posted on the City's public web site.
11. The City Finance staff and the independent auditors must ensure their respective parts of the reporting package do not include protected personally identifiable information.
12. The Finance Director and staff will be responsible for the annual audit procedures.

Section 11: City of Minot Monitoring

The City of Minot is responsible for oversight of the operation of the Federal award supported activities. Internal Auditors in accordance with 2 CFR 200.328 will monitor activities under Federal awards to ensure compliance with applicable Federal requirements and that performance expectations are being achieved. See the Internal Auditor Policies and Procedures for more information.

The City of Minot will make reviews and audits available, including on-site reviews of any subrecipients as required in the Subrecipient Management System Policy.

Section 12: Grant Modification

1. Changes to a grant require careful consideration because of immediate and future ripple effects on finances and city operations. Grant qualifications should be reviewed with city management to ensure any changes will not disqualify the City from the award.
2. For HUD-awarded funds, ensure prior coordination and approval with the agency before making changes. Pay particular note of the following:

For non-construction awards

- a. Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).
- b. Change in a key person specified in the application or the Federal award.
- c. The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.
- d. Inclusion, unless waived by HUD, of costs that require prior approval in accordance with Subpart E's Cost Principles of 2 CFR part 200, or 45 CFR part 75 Appendix IX, Principles for Determining Costs Applicable to Research and Development under Awards and Contracts with Hospitals, or 48 CFR part 31, Contract Cost Principles and Procedures.
- e. Transfer of funds budgeted for participant support costs as defined in §200.75, Participant support costs, to other categories of expense.
- f. Unless described in the application and funded in the approved Federal award, the subawarding, transferring or contracting out of any work under a Federal award, including fixed amount subawards as described in §200.332, Fixed amount subawards (this provision does not apply to acquisition of supplies, material, equipment or general support services).
- g. Changes in the approved cost sharing or matching provided by the Grantee.
- h. The need arises for additional Federal funds to complete the project.

For construction awards, HUD approval is required if *any* of the following apply:

- a. The revision results from changes in the scope or the objective of the project or program

- b. The need arises for additional Federal funds to complete the project
- c. A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with applicable OMB cost principles listed in 2 CFR part 200, Subpart E - Cost Principles.