

City of Freeport Grants Management

Section I. - Labor Standards Officer (LSO) Section

Functions of the Labor Standards Officer

Section 1. Purpose

The purpose of this policy is to formally establish and revise the functions, responsibilities, and authority of the Labor Standards Officer (LSO) to ensure compliance with federal labor standards provisions in projects funded in whole or in part with U.S. Department of Housing and Urban Development (HUD) and Texas General Land Office (GLO) funds.

Section 2. Authority

This policy is adopted under the authority of:

- **HUD Handbook 1344.1 Rev-3**, *Federal Labor Standards Compliance in Housing and Community Development Programs*; and
- **GLO Implementation Manual** for *Community Development Block Grant – Disaster Recovery (CDBG-DR)* and related programs.

Section 3. Designation of Labor Standards Officer

The City of Freeport hereby designates a Labor Standards Officer (LSO), the Grant Administrator or Internal, who shall be responsible for administering, monitoring, and enforcing all applicable labor standards requirements on covered projects.

Section 4. Functions and Responsibilities of the LSO

A. Pre-Construction Duties

1. Determine applicability of Davis-Bacon and Related Acts (DBRA) and other federal labor standards.
2. Ensure proper wage determinations are included in all solicitations, contracts, and subcontracts.
3. Provide contractors with required labor standards documentation, including wage determinations, HUD-4010, and contract clauses.
4. Conduct pre-construction conferences to explain labor compliance obligations.

B. Contract Administration

5. Verify inclusion of federal labor standards provisions in contracts and subcontracts.
6. Review contractor eligibility against the federal **System for Award Management (SAM.gov)** and HUD debarment lists.
7. Maintain official labor standards compliance files as required by HUD and GLO.

C. Construction Phase Compliance

8. Collect and review Certified Payroll Reports (CPRs) for accuracy and timeliness.
9. Conduct on-site worker interviews to verify wage classifications and payment compliance.
10. Investigate potential violations and issue corrective actions as necessary.
11. Ensure compliance with overtime and prevailing wage requirements.

D. Enforcement and Resolution

12. Secure restitution for workers in cases of underpayment.
13. Report unresolved violations or suspected falsification to HUD and GLO.
14. Recommend withholding contract payments when necessary to enforce compliance.

E. Reporting and Recordkeeping

15. Submit required reports, including HUD-4710 Semi-Annual Labor Standards Enforcement Reports, to HUD and GLO.
16. Maintain records of wage determinations, CPRs, worker interviews, investigations, and resolutions for a minimum of three (3) years after project closeout.

F. Training and Guidance

17. Provide training and technical assistance to contractors, subcontractors, and staff.
18. Stay current on changes to federal and state labor standards compliance requirements.

Section 5. Compliance

All officers, employees, contractors, and subcontractors engaged in covered projects shall comply with the labor standards requirements of HUD and GLO. The Labor Standards Officer shall have authority to enforce this policy and ensure corrective actions are taken.

Oversight of the Labor Standards Officer

Section 1. Purpose

The purpose of this policy is to establish a framework for oversight of the Labor Standards Officer (LSO), ensuring that the LSO executes duties in compliance with federal and state labor standards requirements under the U.S. Department of Housing and Urban Development (HUD) and Texas General Land Office (GLO).

Section 2. Authority

This policy is adopted under the authority of:

- ***HUD Handbook 1344.1 Rev-3, Federal Labor Standards Compliance in Housing and Community Development Programs; and***
- ***GLO Implementation Manual for Community Development Block Grant – Disaster Recovery (CDBG-DR) and related programs.***

Section 3. Oversight Responsibility

The City of Freeport shall designate the Finance Director as the **Oversight Authority** for the Labor Standards Officer. The Oversight Authority is responsible for monitoring, evaluating, and reporting on the LSO's performance of duties.

Section 4. Oversight Functions

A. Appointment and Delegation

1. Confirm designation of the LSO and ensure proper authority is delegated.
2. Provide written directives outlining the scope of the LSO's responsibilities.

B. Monitoring and Review

3. Conduct periodic reviews of LSO files, including Certified Payroll Reports (CPRs), worker interviews, and contractor eligibility verifications.
4. Ensure proper documentation is maintained in accordance with HUD and GLO standards.
5. Verify that all reports (e.g., HUD-4710 Semi-Annual Labor Standards Enforcement Report) are timely and accurate.

C. Compliance Assurance

6. Review and confirm that wage determinations, HUD-4010, and contract clauses are included in all applicable contracts.
7. Ensure corrective action is taken promptly when violations are identified by the LSO.
8. Escalate unresolved violations or compliance concerns to HUD and GLO as required.

D. Reporting and Accountability

9. Require the LSO to submit regular compliance status reports to the Oversight Authority.
10. Present labor standards compliance updates to the governing body at least semi-annually.
11. Maintain oversight records for a minimum of three (3) years after project closeout.

E. Training and Support

12. Ensure the LSO has access to required training on HUD and GLO labor compliance requirements.
13. Provide ongoing support to strengthen labor standards enforcement capacity.

Section 5. Compliance

The Oversight Authority shall ensure that the LSO, contractors, subcontractors, and all related staff comply with federal and state labor standards. Oversight shall include both preventive monitoring and corrective intervention to safeguard compliance.

Section 6. Effective Date

This policy revision shall take effect immediately upon adoption.

Section II. - Financial Management Section

(In Compliance with 2 CFR Part 200)

The City of Freeport shall establish and maintain a financial management system that provides for effective control, accountability, and transparency over all grant funds. This system shall comply with the requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200).

A. Internal Controls (2 CFR §200.303)

1. The City shall implement internal controls consistent with the **COSO framework** to ensure proper stewardship of grant funds.
 2. Internal controls will be designed to:
 - Provide reasonable assurance of compliance with federal statutes, regulations, and award terms.
 - Safeguard assets against waste, loss, unauthorized use, or misappropriation.
 - Detect and prevent fraud, waste, and abuse.
 - Ensure accurate and reliable financial reporting.
 3. Duties will be segregated so that no single individual has control over authorization, custody, and recordkeeping functions.
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B. Budgeting and Cost Principles (2 CFR §§200.403–200.405)

4. Grant funds shall be expended only for **allowable, allocable, and reasonable costs**.
 5. Costs must be:
 - **Necessary and reasonable** for proper and efficient grant performance.
 - **Allocable** to the specific federal award, in proportion to benefits received.
 - **Consistently treated** in like circumstances across all City funds.
 - **Adequately documented** with invoices, contracts, payroll, or other supporting evidence.
 6. The Finance Department shall maintain a **grant-specific budget** and compare expenditures against approved budget categories to prevent cost overruns or unauthorized spending.
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C. Procurement Standards (2 CFR §§200.317–200.327)

7. All procurements funded with grant monies shall follow federal, state, and local requirements, with the most restrictive standard applied.

8. Procurement methods shall include:
 - **Micro-purchases** (\leq \$10,000): Awarded without quotes if price is reasonable.
 - **Small purchases** (\leq \$250,000): Requires price or rate quotes from at least two qualified sources.
 - **Sealed bids**: Formal process for construction or large projects.
 - **Competitive proposals**: Used when sealed bidding is not appropriate.
 - **Noncompetitive proposals**: Allowed only under limited circumstances (e.g., sole source, emergency).
 9. The City shall verify that all contractors are not suspended or debarred using **SAM.gov**.
 10. Contracts shall include required federal clauses per **Appendix II to Part 200**.
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D. Financial Reporting (2 CFR §§200.327–200.329)

11. The Finance Department shall maintain accurate, current, and complete disclosure of financial results for each grant program.
 12. Reports will be prepared in accordance with federal agency requirements and submitted timely.
 13. Expenditure reports will reconcile to the City's general ledger, ensuring accuracy and consistency.
 14. Any program income, matching funds, or leveraged resources will be reported separately.
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E. Cash Management (2 CFR §200.305)

15. The City shall minimize the time between receipt of grant funds and disbursement to vendors.
 16. **Reimbursement method** is preferred; advances will only be requested if specifically authorized.
 17. Advances shall be deposited in interest-bearing accounts unless exempted.
 18. Interest earned on federal advances in excess of **\$500 per year** shall be remitted to the federal government.
 19. All drawdowns shall be supported by actual, documented expenditures.
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F. Subrecipient Monitoring (2 CFR §200.332)

If the City passes through funds to subrecipients:

20. Written subrecipient agreements shall outline compliance obligations, performance goals, and reporting requirements.
21. The City shall evaluate subrecipient risk of noncompliance and determine appropriate monitoring.

22. Monitoring may include:
- Reviewing financial and performance reports.
 - Performing site visits.
 - Verifying corrective actions on deficiencies.
23. The City shall verify that subrecipients are audited, as required under **2 CFR Subpart F**.
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G. Recordkeeping and Retention (2 CFR §§200.334–200.337)

24. Financial and programmatic records shall be retained for **at least five years** after the final expenditure report, unless a longer period is required by HUD, GLO, or federal law.
25. Records must include:
- Source documents (invoices, payroll, receipts, contracts, etc.).
 - Procurement and contract documentation.
 - Financial reports and drawdown requests.
 - Subrecipient monitoring documentation.
 - Correspondence with granting agencies.
26. Records will be maintained in both electronic and paper formats, with appropriate security measures.
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H. Audit Requirements (2 CFR Subpart F)

27. The City shall comply with the **Single Audit Act** if total federal expenditures equal or exceed \$750,000 in a fiscal year.
28. The Finance Department will coordinate the annual audit, ensure submission of required reports to the Federal Audit Clearinghouse, and implement corrective actions on any findings.

RESOLUTION NO. 2025-2990

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, ADOPTING A GRANTS MANAGEMENT POLICY TO ENSURE COMPLIANCE WITH FEDERAL AND STATE REQUIREMENTS, INCLUDING THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD), THE TEXAS GENERAL LAND OFFICE (GLO), AND THE UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (2 CFR PART 200); PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, The City of Freeport receives federal and state grant funding to support vital public services, infrastructure improvements, and community development initiatives; and

WHEREAS, The U.S. Department of Housing and Urban Development (HUD), the Texas General Land Office (GLO), and other granting agencies require compliance with labor standards, financial management, procurement, reporting, and audit requirements to safeguard public funds; and

WHEREAS, The City Council finds it in the best interest of the citizens of Freeport to amend the formal **Grants Management Policy** designate responsibilities of the Labor Standards Officer as the Grant Administrator or Internal, and ensure compliance with the Uniform Administrative Requirements under **2 CFR Part 200**; and

WHEREAS, The adoption of this policy strengthens accountability, transparency, and stewardship of public resources while reducing risks of disallowed costs or penalties.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:

Section 1. Adoption of Policy.

The City of Freeport hereby amends the **Grants Management Policy** as attached hereto and incorporated herein as Exhibit "A."

Section 2. Applicability.

This policy shall apply to all City departments and employees engaged in the administration, financial management, and oversight of federal and state grant funds.

Section 3. Implementation.

The City Manager and Finance Director are authorized and directed to implement the provisions of the Grants Management Policy and to ensure ongoing compliance with HUD, GLO, and federal regulations.

Section 4. Severability.

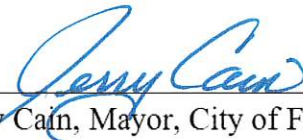
If any section, subsection, sentence, or phrase of this Resolution or the adopted policy is held to be invalid, such decision shall not affect the validity of the remaining portions.

Section 5. Effective Date.

This Resolution shall take effect immediately upon its passage and approval.


PASSED, APPROVED, AND ADOPTED this 3rd day of November, 2025.

APPROVED:



Jerry Cain, Mayor, City of Freeport

ATTEST:



Clarisa Fernandez, City Secretary

APPROVED AS TO FORM:



Duncan Law Firm, Interim City Attorney