**Note: This linked document includes detailed information about HB 481 and HB 614, HB 404, and the Controlling Board actions as a result of SB 310. It is important to understand what the bills require, however, as part of this OCS testing auditors are not required to test all requirements. Those requiring testing are included in the suggested audit procedures (SAP).**

HB 481, 133rd General Assembly, appropriated $350 million of funding allocated to the state from the federal “Coronavirus Aid, Relief, and Economic Security Act” (CARES Act) to counties, municipalities, and townships to fund COVID-19 pandemic-related expenses. The bill further:

* Distributed funds based on the proportion of Local Government Fund revenue allocated to subdivisions in 2019 (excluding local governments that receive direct federal funding under the CARES Act).
* Required a subdivision, before receiving a payment, to adopt a resolution affirming that the subdivision will spend it only on pandemic-related expenses as required under the CARES Act.
* Required local funds unspent as of October 15, 2020, to be redistributed to local governments that have spent their full allocation.
* Required subdivisions to return unspent CARES Act funds to the state by December 28, 2020.

The Ohio Office of Budget and Management received additional appropriation authority from the State of Ohio Controlling Board on Monday August 24, 2020 to distribute $175 million in remaining Coronavirus Relief Funding. This additional $175 million was distributed and was administered following the provisions of Section 27 of HB 481. The funding was distributed on August 28, 2020. The additional funding was to be distributed from the county's coronavirus relief distribution fund to counties, municipalities, and townships who have adopted a resolution or ordinance in accordance with HB 481 affirming that the subdivision will spend funds only on pandemic related expenses as required under the CARES Act. Subdivisions were to deposit the additional funds received to local coronavirus relief funds established in accordance with HB 481 and had to use funds in accordance with the provisions of HB 481.

HB 614 amended certain provisions of HB 481 as follows:

* Clarified that a local government does not need to adopt a resolution or ordinance to accept the HB 614 funds if a resolution has already been adopted pursuant to HB 481.
* Delayed the date by which local governments are to send unencumbered CARES Act funds to the county treasury from October 15, 2020 to November 20, 2020.
* Required the county auditor to redistribute unencumbered CARES Act funds to eligible local governments by November 25, 2020. This effectively reduced the turnaround time by two days.
* Utilized most recent census estimates published by ODSA in place of 2010 decennial census data as part of redistribution calculations.
* Increased from 25% to 50% the share of redistribution funds sent to the county (assuming the county encumbers all its funds) if fewer than 25% of townships and municipalities do not encumber all their available CARES Act funds prior to the November 20, 2020 deadline. This amendment had the effect of ensuring the counties that qualify receive a more balanced redistribution should few local governments in a county fully utilize their funds.
* Delayed the date by which local governments must return unspent funds to the state from December 28, 2020 to February 1, 2021. The amendment reiterates that these funds may only be utilized for pandemic-related costs incurred no later than December 30, 2020. The extension is to aid in accounting purposes only – all expenditures must still be incurred by December 30, 2020.

Recipients of Coronavirus Relief Fund payments shall maintain and make available upon request all documents and financial records sufficient to establish compliance with subsection 601(d) of the Social Security Act, as amended, (42 U.S.C. 801(d)). Records to support compliance with subsection 601(d) may include, but are not limited to, copies of the following:

1. general ledger and subsidiary ledgers used to account for (a) the receipt of Coronavirus Relief Fund payments and (b) the disbursements from such payments to meet eligible expenses related to the public health emergency due to COVID-19;
2. budget records for 2019 and 2020;
3. payroll, time records, human resource records to support costs incurred for payroll expenses related to addressing the public health emergency due to COVID-19;
4. receipts of purchases made related to addressing the public health emergency due to COVID-19;
5. contracts and subcontracts entered into using Coronavirus Relief Fund payments and all documents related to such contracts;
6. grant agreements and grant subaward agreements entered into using Coronavirus Relief Fund payments and all documents related to such awards;
7. all documentation of reports, audits, and other monitoring of contractors, including subcontractors, and grant recipient and subrecipients;
8. all documentation supporting the performance outcomes of contracts, subcontracts, grant awards, and grant recipient subawards;
9. all internal and external email/electronic communications related to use of Coronavirus Relief Fund payments; and
10. all investigative files and inquiry reports involving Coronavirus Relief Fund payments.

SB 310 provided that upon the request of the Director of Ohio Budget and Management (OBM), the Controlling Board may extend any date prescribed by division (G)(1)(a), (b), or (c), which included:

1. Not later than February 1, 2021, the fiscal officer of each subdivision shall pay the unexpended balance of money in the subdivision's local coronavirus relief fund to the state treasury in the manner prescribed by the Director of Budget and Management.
2. No subdivision may use money in its local coronavirus relief fund for expenses incurred after December 30, 2020.
3. A subdivision's local coronavirus relief fund may be held open during the period beginning December 31, 2020, and ending February 1, 2021, only for account reconciliation and other similar purposes.

**On December 30, 2020 the Controlling Board granted OBM’s request and extended the date for local subdivisions to expend CRF funds through December 31, 2021.** OBM communicated this extension to eligible recipients and indicated the reporting of CRF activity due January 6, 2021 for the period October 1, 2020 – December 31, 2020 remained in effect.

***Initial Distribution Requirements:***

* County Requirements:
* Receipts are to be “deposited into a new fund in the county treasury to be named the county coronavirus relief distribution fund, which the county auditor shall create for this purpose.” [(B)]
	+ *AOS Guidance:*

***Fund establishment should be tested in OCS Section 1-4.*** *This undivided fund should follow reporting requirements/guidance in AOS Bulletin 2020-003.*

*See related FAQ here -*<http://www.ohioauditor.gov/resources/covid19/Coronavirus_new_FAQ_final.pdf>

* “Within seven days of deposit in the county coronavirus relief distribution fund of the payment described in [Am. Sub. H. B. No. 481 133rd G.A Section 27(B; H.B.614 133rd GA Section 4)], the county auditor shall distribute that money to the county, unless the county is an ineligible subdivision, and to each municipal corporation and township that is not an ineligible subdivision.
	+ *AOS Guidance:*

*Until the legislative authority adopts a resolution or ordinance, each subdivision's share of the money shall remain in the county treasury. [(D)] Additionally, HB 481 was amended by HB 614 for the redistribution to occur in November. Neither HB 481 nor HB 614 contemplates an ability to redistribute across jurisdictions prior to the redistribution period which is in November. It does indicate the legislative authority must adopt the resolution or ordinance, or the subdivision’s share of the money shall remain in the County’s fund. Therefore, a jurisdiction may elect to not participate and not adopt a resolution. In such cases, the funds would remain in the county treasury and would be redistributed in November.* ***Auditors do not need to determine if the local government filed the resolution or ordinance with the county or OBM.***

*[OBM Coronavirus Relief Fund Guidance at* [*https://grants.ohio.gov/fundingopportunities.aspx#funding-opportunities-coronavirus-relief*](https://grants.ohio.gov/fundingopportunities.aspx#funding-opportunities-coronavirus-relief)*]*

*The* [*sample ordinances/resolutions*](http://r20.rs6.net/tn.jsp?f=001oSwEgqUNPKe66i4RoEy1u8Zu9aZKky9PITEBY6vfj3ZRNaCz705HydvM5Gz3B1UlMqOa-21qeJc31fA_iMQA-dLdNfIEEUDUailClQ9QSBgFGaMvyNOyqOGlNg2Mup8iBuZUf1p-S01H6nD0Xn5PEol8UvfQNPiHUl1wHu5n9Hf669E3zS-s4bYwd0qjAJPIl6822yF42g0px56c-GYvW3M3mZYCH-usKZHOts_bhb2Wk-dvXv0yyJCYBxcUD-kT&c=rVq1E7nUVR84A2XfJMXt2yQhuFffjsh1V7BjsD2GIpTSPZ4dANF6rw==&ch=-KFiSAAATgWg0lZaiJRFheLcu74WOBpTqkVe6aVDsMQQuMm7wcLLzw==) *are available from OBM.*

*Local Government CRF Distribution/ Redistribution Listing -12/29/20 (including fund returned to OBM:* [*Local\_Govt\_Distributions\_Listing\_2020-12-29.xlsx*](http://ohioauditor.gov/ocs/2021/Local_Govt_Distributions_Listing_2020-12-29.xlsx)

* ***Note:*****Auditors are not expected to test County distribution calculations to local governments.*****However, if auditors become aware of noncompliance, they should consult with the CFAE and Legal.*** These can be compared to what was received by the local government to determine reasonableness with the amounts posted.Upon making the distribution, the county auditor shall report to the Director of Budget and Management the amount distributed to each subdivision. The report shall be made in the manner prescribed by the Director.” [(C)]
* Recipient Subdivision requirements:
* In order to be eligible to receive a payment, the legislative authority of a county, township, or municipal corporation “must adopt a resolution or ordinance affirming that the funds so received may be expended only to cover costs of the subdivision consistent with the requirements of section 5001 of the ‘Coronavirus Aid, Relief, and Economic Security Act,’ as described in [42 U.S.C. 801(d)], and any applicable regulations. The legislative authority shall certify a copy of the resolution or ordinance to the county auditor and the Director of Budget and Management.” [(D)]
	+ *AOS Guidance:*

***As noted above, auditors do not need to determine if the local government filed the resolution or ordinance with the county or OBM.***

*HB 481 and HB 614 state that counties must disburse funds to cities, villages, and townships within seven days of receiving funds from the state, but also requires each local jurisdiction to pass a resolution/ordinance accepting the funding and the provisions of the CARES Act. If a county receives a local subdivision’s resolution on day 8, or 10, or 30, can the county disburse the funding to the local government? (updated October 1, 2020) Yes. If a local subdivision submits a resolution/ordinance to the county more than seven days after the county has received the disbursement of Coronavirus Relief Funds from the state and prior to November 20, 2020, the county can disburse the funds to the subdivision. In such cases, counties should disburse the funding to the subdivision within seven days of receiving the resolution/ordinance.*

*[OBM Coronavirus Relief Fund Guidance at* [*https://grants.ohio.gov/fundingopportunities.aspx#funding-opportunities-coronavirus-relief*](https://grants.ohio.gov/fundingopportunities.aspx#funding-opportunities-coronavirus-relief)*]*

* Money received by a subdivision “shall be deposited into a new fund in the subdivision's treasury to be named the local coronavirus relief fund, which the subdivision's fiscal officer shall create for this purpose.” [(E)]
	+ *AOS Guidance:* ***Auditors should test fund establishment in OCS Section 1-4.***

*Local governments should create a separate Special Revenue Fund to separately track the receipt and expenditure activity of the CRF distributed to them by OBM pursuant to HB 481 and HB 614. This new special revenue fund does not require Auditor of State permission to establish under Ohio Rev. Code §5705.09. Since the CRF allocations under both bills are distributed by OBM for the same underlying purposes, local governments can deposit their HB 614 allocations in the same fund as their HB 481 allocations. However, local governments receiving subgrants from other local governments, such as one of the six direct recipients of CRF (e.g., City of Columbus and counties of Cuyahoga, Franklin, Hamilton, Montgomery, and Summit), should separate their subgrants in a subfund or special costs center of the Coronavirus Relief Fund so as to keep separate allocations from separate grantor/pass-through entities.*

*(see also AOS FAQs at:* [*https://www.ohioauditor.gov/resources/covid19/Coronavirus\_new\_FAQ\_final.pdf*](https://www.ohioauditor.gov/resources/covid19/Coronavirus_new_FAQ_final.pdf)).

* A county, municipal corporation, or township receiving a payment from a county coronavirus relief distribution fund under shall, upon request, provide any information related to those payments or their expenditure to the Director of Budget and Management. [(H)]

*AOS Guidance:* ***Auditors are not required to test local government reporting to OBM.***

*OBM will require reporting in the OBM grants portal. The grants contact listed on the registration will be provided a log-in to access and complete the financial status reports. OBM is requiring two interim financial status reports and a final close-out financial status report.*

Source:

[*https://grants.ohio.gov/fundingopportunities.aspx#funding-opportunities-coronavirus-relief*](https://grants.ohio.gov/fundingopportunities.aspx#funding-opportunities-coronavirus-relief)

***Unencumbered Money Redistribution Deadline Requirements:***

* County Requirements: ***Note: Auditors should test fund establishment in OCS Section 1-4.* In addition, auditors are not expected to test County redistribution calculations to local governments.** ***However, if auditors become aware of noncompliance, they should consult with the CFAE and Legal.***
	+ - Shall deposit this unspent money in the county coronavirus relief distribution fund, and if the subdivision is located within more than one county, the subdivision's fiscal officer shall apportion and pay the unencumbered balance of money in the fund among the counties in which it is located proportionally, based on the cumulative amount of money the subdivision received from each such county's coronavirus relief distribution fund under division (C) of this section, division (C) of Section 4 of H.B. 614 of the 133rd General Assembly, and any other appropriations approved by the Controlling Board, and
		- On or before November 25, 2020, the county auditor shall redistribute all money as follows:

No money shall be distributed to a subdivision that:

* + is an ineligible subdivision,
	+ previously paid an unencumbered balance back to the county treasurer, or
	+ has not adopted a resolution or ordinance as required.

Twenty-five per cent of the money to the county if it qualifies for a distribution under this division. [(F)(1)(a)];The remaining balance to each such qualifying municipal corporation or township, of which the distribution to each shall equal the amount of the remaining balance multiplied by a fraction, the numerator of which is the population of the municipal corporation or the township, and the denominator of which is the sum of the populations of all such municipal corporations and the townships in the county that qualify for a distribution]. Only the portion of a municipal corporation's or township's population that resides in the county shall be included in computing that numerator and denominator. [(F)(1)(b)]

* + If fewer than twenty-five per cent of the municipal corporations and townships with a population that resides in a county qualify for a distribution under division (F)(1) of this section, “fifty per cent" shall be substituted for "twenty-five per cent" in computing the amount of money to be distributed to the county under division (F)(1)(a) of this section if the county qualifies for such a distribution. [(F)(2)]
	+ Any money that cannot be distributed because no subdivision qualifies for a distribution, or because only the county qualifies for a distribution, shall be paid to the state treasury in the manner prescribed by the Director of Budget and Management.[(F)(3)]
		- Upon making the distribution, the county auditor shall report to the Director of Budget and Management:
			* the amount of the unencumbered balance paid to the county treasury by each subdivision making such a payment, and
			* the amount redistributed to each subdivision receiving a distribution under this division.

OR

* + - * If no subdivision made such a payment to the county treasury, the auditor shall report that no such payments were made. The report shall be made in the manner prescribed by the Director. [(F)(4)]
* Recipient Subdivisions Requirements: ***Note: Auditors should test fund establishment in OCS Section 1-4. In addition, auditors are not required to test the local government’s OBM reporting.***
	+ - Money received by a subdivision under division (F) of this section shall be deposited in the subdivision's local coronavirus relief fund, and
* A county, municipal corporation, or township receiving a payment from a county coronavirus relief distribution fund under shall, upon request, provide any information related to those payments or their expenditure to the Director of Budget and Management. [(H)]
	+ *AOS Guidance:*

*OBM will require reporting in the OBM grants portal. The grants contact listed on the registration will be provided a log-in to access and complete the financial status reports. OBM is requiring two interim financial status reports and a final close-out financial status report.*

* *The second interim report is due January 6, 2021 for activity from October 1, 2020 through December 31, 2020.*

Source:

[*https://grants.ohio.gov/fundingopportunities.aspx#funding-opportunities-coronavirus-relief*](https://grants.ohio.gov/fundingopportunities.aspx#funding-opportunities-coronavirus-relief)

***Unexpended[[1]](#footnote-1) money Deadline Requirements:***

Recipient Subdivisions Requirements in addition to repayment of unexpended monies:

* *AOS Guidance:* ***Auditors are not required to test the local government’s OBM reporting. However, if auditors become aware of noncompliance, they should consult with the CFAE and Legal.***

*OBM will require reporting in the OBM grants portal. The grants contact listed on the registration will be provided a log-in to access and complete the financial status reports. OBM is requiring two interim financial status reports and a final close-out financial status report.*

* *A final close-out report is due February 10, 2021 to report final liquidation activities that occurred from January 1, 2021 to January 31, 2021. Any cash on hand reported on this report must be returned to OBM no later than February 1, 2021.*
* Source:

[*https://grants.ohio.gov/fundingopportunities.aspx#funding-opportunities-coronavirus-relief*](https://grants.ohio.gov/fundingopportunities.aspx#funding-opportunities-coronavirus-relief)

1. Notice that the language used here is ‘unexpended’ rather than ‘unencumbered’. [↑](#footnote-ref-1)