

2019 CDBG Subrecipient Grant Administration Training June 27, 2019

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2019 CDBG Subrecipient Grant Administration Training

City of Columbia
Community Development Department
Compliance Division

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CDEAC

Community Development Entitlement, Administration and Compliance

- ✓ Provide oversight and technical assistance for Entitlement Programs (CDBG, HOME, HOPWA, CDBG-DR)
- ✓ Ensure City compliance with federal, state, local regulations
- ✓ Monitor subrecipients for compliance with federal regulations
- ✓ Prepare the 5-year Consolidated Plan, Annual Action Plan, Affirmatively Furthering Fair Housing (**AFFH**) Assessment and Consolidated Annual Performance Evaluation Report (CAPER)
- ✓ Prepare various federal reports.

Community Development Block Grant (CDBG) Program

- ▶ CDBG funded and regulated by U.S. Dept. of Housing & Urban Development (HUD)
- ▶ Authorized under Title I – Housing & Community Development Act of 1974
- ▶ 3 National Objectives
 1. Benefit Low-Moderate Income persons/households
 2. Prevent and/or Elimination of Slum/Blight
 3. Address an Eminent Threat or Urgent Need

Low-Moderate Income

- ▶ LMA (*Low/Moderate Area Benefit*) –benefits all the residents of an area, primarily residential and where at least 51% of the residents are low to moderate income individuals.
- ▶ LMC (*Low/Moderate Clientele Benefit*) –provides benefit to a specific group of people, of which at least 51% of the beneficiaries of the activity must be low to moderate income persons, OR provides benefit to clientele who are presumed by HUD to be principally low to moderate. The HUD presumed LMI groups are:
 - ▶ Abused Children
 - ▶ Elderly Persons
 - ▶ Battered Spouses
 - ▶ Homeless Persons
 - ▶ Adults - Severely Disabled Persons (HUD Defined)
 - ▶ Illiterate Adults
 - ▶ Persons Living with AIDS
 - ▶ Migrant Farm Workers

CDBG Start-up & Completion

- ▶ Notice of Funds Available (NOFA) Process
- ▶ Award Categories
 - ▶ **Public Service (Including Neighborhood Improvement)**
 - ▶ Non-Public Service (Infrastructure, Housing Rehab , Economic Development)
- ▶ Prior to Execution – Implementation Plan, Budget, Requested documents (Environmental Review)
- ▶ 1 year award – Begins July 1st , Ends June 30th

CDBG Start-up & Completion

- ▶ Initial Start-up 1-on-1 TA Meeting
- ▶ Timeliness Expectations
 - ▶ Implementation
 - ▶ Expenditures
 - 50% - Dec 31st
 - 75% - March 31st
 - 100% - June 30th
 - ▶ Monthly Reimbursement & Activity Reports

Administrative Provisions

- ▶ Written Agreement
- ▶ Post Award Responsibilities
- ▶ Federal Requirements
 - ▶ (24 CFR Part 570) CDBG Code of Federal Regulations
 - ▶ (2 CFR Part 200) OMB Super Circular
 - ▶ Other Federal Requirements (Exhibit B)

Subrecipient Responsibility



Subrecipient Responsibility

- Carry out activities in conformance with federal requirements in a timely manner
- Track the progression of activities and evaluate performance
- Establish effective management practices over CDBG funded activities
- Document activities, procedures, expenditures, and outcomes
- Maintain effective communication with CoC staff throughout the CDBG grant period

Compliance Topics

- Financial Management
- Procurement and Contracting
- Record Keeping and Monitoring
- Other Federal Requirements



Financial Management



Financial Management

- ▶ Internal Controls
- ▶ Accounting Records
- ▶ Allowable Costs
- ▶ Source Documentation
- ▶ Budget Controls

Internal Controls

- Internal controls include:
 - Written accounting procedures for approving and recording transactions
 - Provision of reliable, complete, and current information and separation of duties
 - Clear set of standards for determining the reasonableness, eligibility, and timely manner for allocating costs

Accounting Records

- ▶ Accounting records includes:
 - Chart of accounts
 - Cash receipts journal
 - Cash disbursements journal
 - Payroll journal
 - General ledger

Allowable Costs

- ▶ A cost is allowable under the CDBG Program if:
 - Expenditure is necessary, reasonable, and directly related to the grant
 - Has been authorized by the City
 - Cost can be allocated to the CDBG Program
 - Not prohibited under federal, state, or local laws

Source Documentation

- ▶ Supporting documentation is necessary to show that the costs charged against CDBG funds were:
 - Incurred during the grant period
 - Paid out (or properly accrued)
 - Expended on allowable items
 - Approved by the responsible official(s) in the subrecipient organization

Budget Controls

- ▶ Procedures to monitor expenditures against approved CDBG Budgets
- ▶ Ongoing system to compare actual receipts, encumbrances and expenditures
- ▶ Overruns reviewed to determine if funds are available to complete the project

Request for Reimbursement

- ▶ Invoice for expended funds
- ▶ Reimbursement basis only
- ▶ Supporting documentation
 - copy of expenditure
 - proof of payment (i.e., copy of paid invoice, staff time sheets and cancelled check)
- ▶ Submitted monthly (*Due by the 15th of each month*)

Reporting Requirements

Monthly progress reports (required)

- Actual activity accomplishments
- Expenditures to date
- Barriers or challenges for timely completion

Information is used for:

- IDIS (Integrated Disbursement & Information System) Reporting
- CAPER (Consolidated Annual Performance and Evaluation Report)
- Community Development Accomplishment View Book
- Planning
- **Monthly reports due by the 15th*

Reporting Requirements cont.

For ALL Activities:

- Monthly Reimbursement Request- ZoomGrants
 - Backup documentation uploaded into the ZoomGrants

- Monthly Activity Report –ZoomGrants

**Monthly reports due by the 15th*

Procurement and Contracting



Procurement and Contracting

Equipment and or Services purchasing methods are as follows:

- \$0 - \$ 500 --- Direct reimbursement with an invoice copy.
- (Small Purchases) \$500 - \$ 10,000 --- Two or more verbal quotes; written quotes if labor or detailed product or service specifications. (Please use Procurement Form [Exhibit F])
- (Competitive Sealed Bids) \$10,000 - \$ 25,000 --- Two written quotes obtained by Subrecipient agency or the City's Purchasing staff. May use "Request For Quotes", advertise, and/or use pre-bid conference.

Small Purchases

- Purchases where the estimated cost of materials, equipment, or supplies is less than \$10,000 may be made upon receipt of a minimum of two verbal bids. Select the lowest/most responsible bidder.
- Documentation of the quotes are to be kept in your files. Please use Procurement Form (Exhibit F)

Sealed Bid Competitive

- Requires publicly solicited sealed bids
- Formal advertising must present a complete and adequate specification or purchase description
- Three or more responsible suppliers compete or respond to bid invitation
- A unit price contract awarded to the lowest, most responsible bidder

Competitive Sealed Bid cont.

- Invitation must be clearly defined, including specifications and attachments
- All bids must be opened publicly
- Invitation for bids must be advertised for a minimum of 10 days
- Advertisement must acknowledge that federal funds are being provided (CDBG) program
- Contract award must be made by written notice to the lowest, most responsible bidder

Monitoring and Record Keeping



Monitoring

- Monitoring or Compliance Review is technical assistance to guide agencies toward effective administration of a CDBG grant
- Risk analysis, desk audit, or on-site monitoring/TA visit during or shortly after the grant period
- Monitoring includes review of monthly reports, reimbursement requests, and other information submitted to the City
- Monthly reports are due by the 15th of each month

Monitoring (Continued)

- ▶ Purpose of monitoring
 - To verify appropriate documentation is being maintained related to the activity
 - To determine the level of progress made
 - To document the agency's compliance with all applicable HUD regulations

Monitoring Visit

- ▶ Notification Letter (at least two-three weeks in advance)
- ▶ Entrance Conference
- ▶ Review of records and project site
- ▶ Exit Conference
- ▶ Monitoring Review Letter (45 days)
- ▶ Monitoring Response Letter (30 days)

Record Keeping

- Subrecipients are required to establish and maintain at least three (3) major categories of records:
 - Administrative
 - Activity Files
 - Client Files
- The records must be maintained for five (5) years after the project has been officially closed out.

Administrative Records

- ▶ 2 CFR Part 200 – OMB “Super Circular”
- ▶ Overall administration of the CDBG activity includes:
 - Personnel Files
 - Property Management (Housing)
 - General Project Files (Application, Subrecipient Agreement, Grant Correspondence, etc.)
 - Legal Files (Articles of Incorporation, Bylaws, Tax Status, Board Minutes, Contracts, etc.)

Financial Records

- ▶ Chart of accounts
- ▶ Manual on accounting procedures
- ▶ Accounting journals and ledgers
- ▶ Supporting documentation (invoices, time sheets, cancelled checks, etc.)
- ▶ Procurement files
- ▶ Bank records
- ▶ Financial reports and audits
- ▶ Financial Policies and Procedures

Activity Files

- ▶ Full description of the project
- ▶ Records documenting:
 - ▶ CDBG Program National Objectives
 - ▶ Eligibility of activities (i.e. Income and Household Composition Data to include Exhibit A and backup documentation)
 - ▶ Compliance with environmental review, procurement and fair housing/equal opportunity components of the CDBG Program

Access to Records

- ▶ All Subrecipient records must be made available to the City, HUD, OIG (Office of Inspector General) or their representatives, at any time during normal business hours, as often as the City or HUD deems necessary to audit, examine, and make excerpts or transcripts of all relevant data.



Environmental Review Record (ERR)



Environmental Review

- ▶ **Subrecipients are prohibited from the commitment or expenditure of CDBG funds until the environmental review process has been completed *and*, if required, the Grantee receives a Authority To Use Grant Funds (AUGF) from HUD.**
- ▶ **Your assigned Program Compliance Specialist will send you a ER Clearance Authorization needed to begin spending funds;**
- ▶ **Keep documentation in your program file.**

Environmental Review

Levels of Review

- 58.34 Exempt (*Public Services*)
- 58.35(b) Categorically Excluded NOT Subject to CFR 58.5
- 58.35(a) Categorically Excluded and Subject to CFR 58.5 “A” Checked Statutory Worksheet
- 58.35(a) Categorically Excluded and Subject to CFR 58.5 “B” Checked Statutory Worksheet
- 58.36 NEPA Environmental Assessment

SUMMARY OF LEVELS OF ENVIRONMENTAL REVIEW & DOCUMENTATION REQUIRED IN ERR

58.34 Exempt	58.35(b) Categorically Excluded NOT subject to 58.5	58.35(a) Categorically Excluded AND subject to 58.5 "A" checked for all on Statutory Worksheet*	58.35(a) Categorically Excluded AND subject to 58.5 statutory authorities: "B" checked for one or more on Statutory Worksheet*	58.36 NEPA Environmental Assessment
TYPE OF ACTIVITIES				
Environmental and other studies Resource Identification Development of plans and strategies Information and financial services Administrative and Management Activities Public services, i.e., employment, crime prevention, child care, health, drug abuse, education, counseling, energy conservation, welfare, recreational needs Inspections and testing for hazards or defects Purchase insurance and tools Engineering or design costs Technical assistance and training Temporary or permanent improvements that do not alter environmental conditions and are limited to protection, repair or restoration activities to control or arrest the effects from disasters or imminent threats to public safety, including those resulting from physical deterioration. Payments of principal and interest on loans or obligations guaranteed by HUD	Tenant-based rental assistance Supportive services such as health care, housing services, permanent housing placement, day care, nutritional services, short-term payments for rent, mortgage, or utilities, assistance in gaining access to government benefits. Operating costs including maintenance, furnishings, security, equipment, operation, supplies, utilities, staff training and recruitment Economic development activities including equipment purchase, inventory financing, interest subsidy, operating costs, and other expenses not associated with construction or expansion Activities to assist homeownership of existing dwelling units or units under construction, including closing costs and down payment assistance to homebuyers, interest buy downs or other actions resulting in transfer of title. Affordable housing pre-development costs: legal consulting, developer and other site-option costs, project financing, administrative costs for loan commitments, zoning approvals, and other activities which don't have a physical impact. Approval of supplemental assistance (including insurance or guarantee) to a project previously approved under Part 58, if: approval is by same the RE, and re-evaluation is not required, per 58.47	Acquisition, repair, improvement, reconstruction, or rehabilitation of public facilities and improvements (other than buildings) when the facilities and improvements are already in place and will be retained in the same use without change in size or capacity of more than 20% <ul style="list-style-type: none"> • Replacement of water or sewer lines • Reconstruction of curbs & sidewalks • repaving of streets Special projects directed toward the removal of material and architectural barriers that restrict the mobility of and accessibility to the elderly and handicapped. Single Family Housing Rehab <ul style="list-style-type: none"> • Unit density is not increased beyond 4 units, • Project doesn't involve change in land use from residential to non-residential • The footprint of the building is not increased in a floodplain or a wetland. Multifamily Housing Rehab <ul style="list-style-type: none"> • Unit density change is not more than 20% • Project doesn't involve change in land use from residential to non-residential • Cost of rehabilitation is less than 75% of the estimated cost of replacement after rehab Non-Residential Structures <ul style="list-style-type: none"> • Facilities and improvements were in place and will not be changed in size or capacity by more than 20% • Activity does not involve change in land use from non-residential to residential, commercial to industrial, or one industrial use to another Individual action (e.g., disposition, new construction, demolition, acquisition) on a 1 to 4 family dwelling; or individual action on five or more units scattered on sites more than 2000 feet apart and no more than 4 units per site. Acquisition (including leasing) or disposition of, or equity loans on an existing structure or acquisition (including leasing) of vacant land provided that the structure or land acquired or disposed of will be retained for the same use. Combinations of the above activities	Activities not exempt or categorically excluded. Generally, new construction of 5 or more homes, and conversion from one type of land use to another.	
DOCUMENTATION REQUIRED IN ERR				
Describe activity and make a written determination of exemption. Also, determine compliance with 58.6: <ul style="list-style-type: none"> ◆ National Flood Insurance Program ◆ Coastal Barrier Resource Act ◆ Runway Clear Zones 	Describe activity and make a written 58.35(b) determination. Also, determine compliance with 58.6: <ul style="list-style-type: none"> ◆ National Flood Insurance Program (NFIP) ◆ Coastal Barrier Resource Act (CBRA) ◆ Runway Clear Zones 	Complete Statutory Worksheet, (sec. 58.5) and indicate converts exempt. Also, determine compliance with 58.6 <ul style="list-style-type: none"> ◆ NFIP ◆ CBRA ◆ Runway Clear Zones 	Complete Statutory Worksheet (sec. 58.5) NOI/RROF notification RROF & Certification (form 7015.15) Authority to Use Grant Funds (form 7015.16) Also, determine compliance with 58.6 <ul style="list-style-type: none"> ◆ National Flood Insurance Program ◆ Coastal Barrier Resource Act ◆ Runway Clear Zones 	Environmental Assessment (including Statutory Checklist)* FONSI and NOI/RROF notification Form 7015.15 Form 7015.16 Also, determine compliance with 58.6

*HUD recommended format

Adapted from chart prepared by Anchorage Office of Native American Programs. HUD

Fair Housing (AFFH)

Title VIII of the Civil Rights Act of 1968,

► Protected Classes

- Race
- Color
- Religion
- Sex
- Familial status
- National origin
- Disability

Minority Business/Women Business Enterprise (MBE/WBE)

- ▶ To the greatest extent feasible, contract with Women and Minority Owned businesses, and report on contracts and subcontracts.

Questions?



Contact Information



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We Look Forward to a Successful Partnership!

