

# CDBG Sub-Recipient Manual

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*City of Grand Island*

*Community Development Division*

*Version 2017.1*

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# Introduction

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The City of Grand Island receives a yearly CDBG (Community Development Block Grant) entitlement grant from the US Department of Housing and Urban Development (HUD). To continue participation in this program, the City contractually agrees with HUD to implement the Housing and Community Development Act of 1974 and related CDBG program regulations in 24 CFR 570. All CDBG awards are subject to the regulations detailed in OMB Circulars A-110 and A-122.

The City of Grand Island has utilized CDBG funds to improve community facilities and services, revitalize neighborhoods, expand affordable housing, and expand economic opportunities that benefit low/moderate-income persons. The City must use at least 70% of the entitlement for activities that either directly benefit low/moderate-income persons or serves an area where the majority of the residents are low/moderate-income.

**This manual applies to sub-recipients of all CDBG funds awarded to the City of Grand Island.**

The purpose of this manual is to provide management support to CDBG-funded activities, while ensuring that all Agencies adhere to federal and City of Grand Island rules and requirements. “Agency” or “Agencies” refer to Sub-recipient entities that include nonprofits, City of Grand Island departments, public agencies, and other government organizations

It is a supplement to applicable regulations, standards, and policies. The basic program regulations, government management, and financial systems for the CDBG Program are contained in the Code of Federal Regulations Title 24 and various Office of Management and Budget (OMB) Circulars referenced in this manual.

This manual does not replace or amend any of the provisions included in the Agreement executed between the City and Sub-recipient Agencies and should not be used in lieu of reading the articles of the Agreement. Should there be any disagreement between the executed Agreement and this manual, the provisions contained within the Agreement shall take precedence. The Agreement refers to the executed contract, service level agreement or memorandum of understanding with the Agency.

The procedures prescribed in this manual represent minimum requirements and controls that must be embodied within the Agency’s accounting, internal controls, and financial reporting systems. They are not intended to replace existing procedures used by the Agency that achieve the same results.

The approval of the City’s Community Development Division must be obtained for any deviation from the minimum requirements contained in this manual that may be necessitated by the organizational structure, staffing level, or other limitations of a particular Agency. Any proposed deviations shall be considered by the Community Development Division upon receipt of a written request submitted by the Agency that includes a completed Agreement/Operating Manual Exemption Request Form.

This Operating Manual and any revisions that may be issued from time to time shall be effective until superseded or canceled by appropriate notice from the Community Development Division. Comments and suggestions for changes, modifications, or improvements are encouraged, and should be submitted in writing to the Community Development Division.

### *Purpose of Manual*

The City of Grand Island Community Development Division provides this manual as a valuable resource for agencies implementing Community Development Block Grant (CDBG) funded projects specifically regarding procedures for administering CDBG funds. The on-line version of the manual contains the latest information provided by the Division to assist CDBG grantees in complying with state and federal requirements.

### *CDBG Program*

The CDBG Program is authorized under Title I of the Housing and Community Development Act of 1974 (HCD Act), as amended, codified at 42 U.S.C. §5301 et seq. The primary objective of the CDBG Program is to develop viable communities by providing the following, principally to persons of low and moderate income:

- Decent housing;
- A suitable living environment; and
- Expanded economic opportunities.

All activities must meet one of the following national objectives for the program:

- Benefit low- and moderate-income persons,
- Prevent or eliminate slums or blight, and/or
- Fulfill community development needs that have a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community.

The United States Department of Housing and Urban Development (HUD) administers the CDBG Program. The regulations created by the Office of the Assistant Secretary of Community Planning and Development that pertain to Community Development Block Grants are contained within 24 CFR Part 570.

### *Successful Implementation of a CDBG Grant*

Agencies, which receive a CDBG grant, must be able to implement their program soon after the award and complete performance within the specified time frame. All tasks undertaken with a CDBG grant must be in compliance with the CDBG contract, federal regulations, and all guidelines listed in this

document. Lastly, all CDBG grants must fulfill the national objective and performance objectives outlined in their contract.

### *Written Agreement with City*

A written agreement must be entered into between the City and all entities receiving CDBG funds. The written agreement forms the basis for the contractual obligation between the parties to fund and implement the activity or program. The agreement will denote responsibilities attributable to each party, and shall outline in exact measure the scope of services to be provided, methods of accountability, and a schedule for payment. Execution of the agreement binds the Sub-recipient for a specified period of time, and may be revised only upon written authorization from the City. Compliance with the stipulations in this Program Manual is a requirement of the written agreement.

### *Limitation of Expenditures*

- The Sub-recipient shall not expend funds provided under the contract prior to the commencement of the contract or subsequent to the suspension or termination of the contract.
- Expenditures shall be made in conformance with the approved budget and shall meet the criteria established for allowable costs.
- Expenditures shall be in direct support of the program that is the subject of the contract.
- The Sub-recipient shall notify the Community Development Division in writing of any expenditure for items jointly used for any other program(s) and the expenditures shall be apportioned according to the percentage of direct use in the program.

# CDBG National Objectives

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The primary emphasis of the CDBG grant program is to ensure that each activity meets and complies with one of HUD's three broad objectives, which are:

1. Benefit to low-and moderate-income households and/or persons\*
2. Prevention and/or elimination of slum and blight
3. Addressing other community development needs having a particular urgency

*\*Low/Moderate Income Persons are defined as households under 80% of Area Median Income. Income Limits are updated annually. Sub-recipients are responsible for working with the Community Development Division and ensuring they are using the most current income limit.*

These objectives are broken down into smaller categories. Each activity funded under CDBG must meet one of the following categories for the CDBG National Objective.

<https://www.hudexchange.info/onecpd/assets/File/CDBG-National-Objectives-Eligible-Activities-Chapter-2.pdf>

## ***Determining Income***

Every Sub-recipient must serve persons of low and moderate income. Low-income is defined as a household that does not exceed 50 percent of HUD Section 8 Rental Income Limits. Moderate-income is defined as a household that has an income that does not exceed 80 percent of Section 8 Rental Income Limits. HUD updates these limits on an annual basis. It is the responsibility of the Sub-recipient to adhere to all new guidelines from the date they receive them. To receive the most up to date income guidelines go to [www.hud.gov](http://www.hud.gov). It is the responsibility of the Sub-recipient to document that the beneficiaries of the CDBG activity being funded are indeed low to moderate income.

# Financial Oversight

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Sub-recipients of CDBG funds must ensure that they are in compliance with all applicable fiscal and administrative requirements issued by the City of Grand Island and the federal government.

These requirements are detailed in the following pages.

All agencies awarded CDBG funds must be in compliance with the following:

- OMB A-122 – Office of Management and Budget Circular A-122 discusses the rules for cost principals. These are the rules that non-profit agencies using federal funds must abide by when purchasing goods or services;
- OMB A-133 – Office of Management and Budget Circular A-133, discusses auditing rules for all agencies using federal funds. Effective December 31, 2003, the threshold for an A-133 audit was raised to \$500,000 in federal funding expenditures;
- 24 CFR Part 84 – Code of Federal Regulations that govern non-profit agencies using federal funds; &
- 24 CFR Part 570 – Code of Federal Regulations that govern CDBG funds.

## *Administrative Oversight*

Community Development Division responsibilities of oversight include:

- Ensure that all expenditures involving the use of federal funds are eligible under the federal and local requirements of the grant
- Approval of purchase orders and contracts to be reimbursed through HUD grant funds
- Receipt and approval of invoices
- Ensure Compliance with all HUD regulations, the City Grant Agreement and this manual

## *Sub-Recipient Responsibilities*

- Control of accounting documents for processing
- Preparation of financial reports based on accounting records
- Preparation of requests for reimbursement
- Execution and oversight of all financial procedures designed to avoid or eliminate waste, fraud, or abuse of grant funds.

Should the City determine that the Sub-recipient's accountant or financial representative is not maintaining proper financial records, or processing accurate information, the City has the right to request that the Sub-recipient remove that individual from grant oversight.

### *Internal Controls*

Agencies receiving CDBG funding shall have:

- A Written Set of Policies and Procedures which define staff qualifications and duties, lines of authority, separation of functions, and access to assets and sensitive documents.
- Written Accounting Procedures, including procedures for approving and recording transactions and regular reconciliation of records to check for completeness and accuracy.

### *Recordkeeping*

To ensure eligibility of costs, Sub-recipient files shall include copies of:

- Agreement with the City,
- Procurement and bid information (for all purchases),
- Contracts with vendors,
- Up to date budget (including copies of budget change requests),
- Expenditure and payment information including supporting documentation,
- Characteristics and location of clients served,
- Program status and progress reports,
- Audits,
- Monitoring reports, and
- Other relevant correspondence.

### *Record Retention Policy*

All CDBG files must be maintained for a minimum of five years after the City's grant year close out with HUD (which may be several years after an individual grant closeout). The City of Grand Island will regularly alert Sub-recipients when a grant year has been closed out, but they should expect to retain records at least ten years from contract signing.



### *Access to Records*

HUD and the Comptroller General of the United States, or their authorized representatives, have the right to access Sub-recipient agency program records. All CDBG grantees are required to provide citizens with reasonable access to records regarding the current funded programs and past, consistent with applicable State and local laws regarding privacy and confidentiality.

### *Accounting Records*

Financial record keeping is one of the primary areas subject to HUD reviews and one which, if inadequate, can lead to serious problems and the possible recapture of funds. Accounting systems shall provide reliable, complete, and up to date information about sources and uses of funds.

These are the financial information and records that must be maintained by the agency:

- An accounting system that records the source of income and categorizes expenses for grant activities. A Sub-recipient's accounting system should include the following elements:
  - Chart of Bank Accounts
  - Cash Receipts Journal
  - Cash Disbursements Journal
  - Payroll Journal
  - General Ledger
  - Payroll Records
  - Property Register
- Copies of payment requests or invoices sent to CDD with source documentation (bills, receipts, copies or cancelled checks, etc.);
- Proof of actual checks written with CDBG funds;
- Procurement files (bids, contracts, etc.) and real property inventory;
- Financial statements, correspondence and audit records.

### *Budgeting Sources and Uses of Funds*

For the CDBG program, these accounting records must contain reliable and up-to-date information about the sources and uses of funds, including:

- All grant awards received by the organization;
- Current authorizations and obligations of CDBG funds;
- Unobligated balances (funds remaining available for distribution);
- Assets and liabilities;

- Program income; and,
- Actual outlays or expenditures.

### ***Budget Controls***

Sub-recipients must have procedures in place to monitor obligations and expenditures against their approved budget(s) for CDBG funded activities. The City of Grand Island is under no obligation to reimburse a Sub-recipient for expenditures which exceed approved budget line items or the overall budget for CDBG assisted activities. Therefore, the Sub-recipient needs to have an ongoing system to compare actual receipts, encumbrances, and expenditures with the CDBG budget in order to ascertain in a timely fashion whether it will be necessary to initiate a formal budget revision.

### ***Budget Categories***

Reimbursement will only be provided for allowable costs as approved by the City Of Grand Island and must be directly related to the Grant. Reimbursements should be submitted on the basis outlined in the agreement between the City and the Sub-Recipient.

When your requests for payment are submitted they must include documentation such as copies of receipts, check registers, payroll reports, and active under contract or paid invoices. The City Of Grand Island will only reimburse the Sub-recipient for expenditures which it has actually incurred under the contract period.

### ***Budget Revisions***

Modifications to approved budget line items are allowable but must be directly related to changes in program services and activities and may not increase the budget total.

To implement a budget modification the Sub-recipient must submit a written request, which identifies the reasons for the adjustment. The request must be specific as to which line items are to be increased and which are to be reduced and must be specifically approved by the City in writing as a change to the written agreement or contract between the City and the Sub-recipient.

The Community Development Division has the authority to grant or deny requests for budget revisions.

If the request is granted, a Change Order will be written to amend the original contract/agreement between the City and the Sub-Recipient.

### ***Audit Reviews***

The City reserves the right to have its Internal Audit Division review all Sub-recipient records and transactions. Audit findings resulting in monetary repayment to the City will be collected by the City from the Sub-recipient's non-federal funded resources. City Internal Auditors review Sub-recipient monitoring/account reviews to begin their single audit reviews. Reports containing findings are then sent to the Sub-recipient for compliance.

Progress on the compliance is also monitored. Failure to rectify findings within the given time frame may result in suspension, termination of grant agreement, and/or disbarment from future grant funding.

### **Monthly Reimbursements**

Community Development Division staff will review each request for reimbursement submitted by the Sub-recipient on a monthly basis.

Questionable or ineligible expenses will be identified and the Sub-recipient will be requested to submit clarifications, corrections, or additional information. If a request for payment is reviewed and found to have errors or missing documentation, the invoice will be returned to the Sub-recipient with instructions for re-submittal. Requests for payment will not be made until all documentation and information has been satisfactorily provided to the City (including any outstanding reports or other requests for information).

A Request for Payment or invoice shall include:

- Official Organization Invoice or Letter Requesting Funds on Signed Letterhead
- Timesheets & Certified Payrolls\*
- Receipts/Copies of Bills\*

*\*The amount charged to CDBG must be broken out on these documents. Personnel time charged to CDBG MUST be based on ACTUAL time WORKED.*

Please review the request documentation and amounts prior to submission, the city cannot reimburse for taxes, or items or services paid for prior to the beginning of the contract, or after the end of the program timeframe.

Contact the Community Development Division to receive a tax exemption form prior to beginning the project.

### **Spending Requirements**

CDBG funds must be spent in a timely manner. Unspent funds cannot be carried forward and are forfeited. Reminder: Sales tax will not be reimbursed.

### **Purchasing and Contracting**

The City of Grand Island Procurement Code and all applicable State and Federal regulations must be followed in connection with every procurement action. **Sub-recipients must meet with the Community Development Division (CDD) staff to schedule pre-bid and preconstruction meetings and to discuss the compliance process.** By contacting, informing, and including CDD staff from the beginning of your project, you can ensure full compliance with all rules and a smoother contract management process.

### **Exceptions**

Upon the written request of the recipient, HUD may grant an exception to the provisions of this section on a case-by-case basis when it has satisfactorily met the threshold requirements below:

HUD will consider an exception only after the recipient has provided the following documentation:

1. A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made. Typically notification is provided through a Website Posting and Legal Notices in the Grand Island Journal. AND
2. An opinion of the Sub-recipients & City of Grand Island attorneys that the interest for which the exception is sought would not violate State or local law.

***IMPORTANT:*** Mere submission of a request for an exception does not authorize a recipient to engage in any activity or enter into any contract that constitutes a conflict. An exception is not granted until the Sub-recipient receives such determination in writing from the local HUD office. In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements, HUD shall conclude that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project, taking into account the cumulative effect of the following factors, as applicable:

# Procurement

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**The Sub-Recipient shall take affirmative steps to assure that local, small, minority, and women’s owned business enterprises are solicited whenever they are potential qualified sources.**

Direct procurement by the contractually obligated Sub-recipient shall be made by using one of the methods listed in Chapter 37 of Grand Island City Code. Sub-recipients may submit a waiver to the policy in writing to the Community Development Division if waiver allows for compliance with 24 CFR Part 84.

Chapter 37: [http://city.grand-island.com/City\\_Code/ref\\_code\\_index.htm](http://city.grand-island.com/City_Code/ref_code_index.htm)

The City will ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Projects subject to CDBG Guidelines will follow the more in depth requirements, as described in this Guide, in addition to the requirements for non-federal funds as identified in Grand Island City Code Chapter 27. The sub-recipient must work closely with the Community Development Division on all contract and procurement matters, to ensure all guidelines are followed.

### ***Equal Employment Opportunity & Section 3***

Sub-recipient shall comply with Executive Order 11246, which provides for Equal Employment Opportunity. The Executive Order prohibits federal contractors and federally-assisted construction contractors and subcontractors, who do over \$10,000 in Government business in one year from discriminating in employment decisions on the basis of race, color, religion, sex, or national origin. It also requires Government contractors to take affirmative action to ensure that equal opportunity is provided in all aspects of their employment.

Section 3 of the Housing and Urban Development Act of 1968 with implementing regulations at 24 CFR Part 135, also applies to employment and contracting opportunities. Section 3 requires that Sub-recipients of CDBG funds, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.

### ***Bonding Requirements, Davis-Bacon and System for Award Management (SAM)***

**For all non-housing construction or facility improvement contracts.** CDBG Projects have very specific guidelines regarding contract bonding, Davis-Bacon Labor Standards and registration in the System for Award Management. Sub- Recipients must work closely with the CDD staff to ensure all guidelines are met. Bonding Requirements and SAM requirements

are discussed in further detail in the CDBG Procurement & Construction Guide and also in the Contractor's Notebook

## *Contracts*

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All CDBG Contracts must be reviewed by the City's Procurement Officer prior to being voted on by City Council

### *Contract Modifications*

Contract modifications are any alterations, additions or deletions to the original terms of a contract between the City and the Sub-recipient. A written contract amendment signed by the Sub-recipient and the City must exist for all contract modifications. Additionally, written approval by the City is required for all contract modifications between the Sub-recipient and Contractor.

### *Contract Extensions*

Contracts shall contain options to extend the term of the agreement, with notice prior to contract expiration. The Sub-recipient must submit a written request to the Community Development Division (CDD) for approval at least 30 days before contract expiration.

### *Change Orders*

A change order is an "amendment" to a contract that changes plans or specifications that become necessary after the performance of the contract has begun, or decreases or increases in the quantity of work to be performed, or of materials, equipment, or supplies to be furnished.

The CDD followed by City Council must review and approve change orders related to the scope of work identified in the contract between the Sub-recipient and the City before contractor can proceed with modifications. The cumulative cost of change orders cannot increase the original contract price by more than 25% or the Sub-recipient/Contractor must re-bid the remainder of the project.

# *Internal Standards*

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## *Limited English Proficiency Access*

Sub-recipients must ensure meaningful access to their programs and activities by persons who do not speak English as their primary language and who have limited ability to speak, read, write, or understand English, pursuant to Executive Order 13166. This Executive Order mandates that the federal government reduce language barriers to Limited English Proficiency

(LEP) persons with regard to accessing federal benefits.

In certain situations, failure to ensure persons who have Limited English Proficiency have access to CDBG programs or services may violate Title VI's prohibition against national origin discrimination.

If **25% or more** of a CDBG Activity's service clientele has limited English proficiency and speaks a non-English language, the CDBG Activity must provide key documents translated in that population's language.

If **50% or more** of a CDBG Activity's service clientele has limited English proficiency and speaks a non-English language, the CDBG Activity must make every attempt to provide assistance to a person in their designated language, either through translation services or by employing staff who speak the language.

If CDBG funds are provided for counseling, mental health services, medical services, and/or case management, these services **MUST** be provided in the client's native language, regardless of the size of the population the provider serves.

## *Drug Free Workplace*

The Sub-recipient agrees that it shall comply with the provisions of the Drug-Free Workplace Act of 1988, 24 CFR Part 21, by making an ongoing, good faith effort to maintain a drug-free workplace by meeting the requirements of the Act.

A contractor or grantee who fails to comply with these requirements is subject to certain penalties.

## *Conflict of Interest*

A Conflict of Interest is a real or seeming incompatibility between a person's private interests and his or her public or fiduciary duties. For the purposes of CDBG, the rule is that no persons who are a (n):

- Employee,
- Agent,
- Consultant,
- Officer,
- Elected official, and/or

- Appointed official

Of the:

- City of Grand Island
- Sub-recipient of CDBG funds (applies to your agency and other CDBG agencies) and/or
- Federal Government

Who:

- Exercise or have exercised any functions or responsibilities with respect to CDBG activities, and/or
- Are in a position to participate in a decision making process or gain inside information with regard to such activities,

Shall not:

- Obtain a financial interest or benefit from a CDBG-assisted activity,
- Have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with **whom they have business or immediate family ties**, during their tenure or for one year thereafter.

### *Religious Activities*

In accordance with First Amendment Church/State Principles, CDBG assistance may not be used for religious activities or provided to primarily religious entities for any activities, including secular activities. Sub-recipient may not use CDBG funds for the acquisition of property or the construction or rehabilitation of structures to be used for religious purposes or which will otherwise promote religious interests.

However, CDBG funds may be used to rehabilitate buildings owned by primarily religious entities if the primarily religious entity agrees to provide all eligible activities under this program in a manner that is free from religious influences and to be used for a wholly secular purpose under certain conditions, as cited at 24 CFR 570.200(J)(1)(2)(3).

- **Likely Eligible:** A church hosts a weekly soup kitchen in their auditorium. No other activities are hosted in the auditorium. While the building as a whole is a religious institution and volunteers are often members of the congregation, there are no religious requirements or activities surrounding the soup kitchen, and no other activities take place in the auditorium. CDBG funds could thus be used to improve aspects of the auditorium, such as making the entrance of the auditorium handicap accessible.



- **Likely Ineligible:** A church runs a homeless shelter which requires residents to pray daily. This religiously-affiliated homeless shelter would not be eligible for CDBG improvements.

### *Political Activities*

Sub-recipient shall not use CDBG funds to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as sponsoring candidate forums, distributing brochures, voter transportation, or voter registration.

However, a facility originally assisted with CDBG funds may be used on an incidental basis to hold meetings, candidate forums, or voter registration, provided that all parties and organizations have access to the facility on an equal basis and are assessed equal rent or use charges, if any.

### *Anti-Lobbying*

Section 319 of Public Law 101-121, of the Department of the Interior Appropriations Act, prohibits Sub-recipient from using appropriated Federal funds for lobbying the Executive or Legislative Branches of the Federal Government in connection with a specific contract, grant, or loan.

# *Program Income*

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Program income, as defined in 24 CFR 570.500, includes, but is not limited to, the following:

- Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds;
- Proceeds from the disposition of equipment purchased with CDBG funds;
- Gross income from the use or rental of real or personal property acquired by Sub-recipient with CDBG funds, less costs incidental to generation of the income;
- Gross income from the use or rental of real property, owned by Sub-recipient, that was constructed or improved with CDBG funds, less costs incidental to generation of the income;
- Payments of principal and interest on loans made using CDBG funds, except as provided in 24 CFR 570.500(a)(3); and
- Interest earned on program income pending its disposition.

If applicable, program income shall be recorded separately and returned to the City of Grand Island for disposition. Upon approval by the City, income from the Project may be retained by Sub-recipient provided that written notification is given by the Community Development Division and that the income is to be used for the exclusive benefit of the Program. Such income will be subject to guidelines for use of such income in accordance with HUD regulations.

# Environmental Review Standards

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According to the National Environmental Policy Act (40 CFR 1500-1508) and Part 58, the Sub-recipient is required to ensure that environmental information is available before decisions are made and before actions are taken. In order to achieve this objective, Part 58 prohibits the commitment or expenditure of CDBG funds until the City has completed the environmental review process.

- Sub-recipient may not spend either public or private funds (CDBG, other Federal or non-Federal funds), or execute a legally binding agreement for property acquisition, rehabilitation, conversion, repair or construction pertaining to a specific site until environmental clearance has been achieved.
- Grantees must avoid any and all actions that would preclude the selection of alternative choices before a final decision is made – that decision being based upon an understanding of the environmental consequences and actions that can protect, restore and enhance the human environment (i.e., the natural, physical, social and economic environment).
- Activities that have physical impacts or which limit the choice of alternatives cannot be undertaken, even with the grantee or other project participant's own funds, prior to obtaining environmental clearance.

It is acceptable for sub-recipients to execute non-legally binding agreements prior to completion of the environmental review process. A non-legally binding agreement contains stipulations that ensure the project participant does not have a legal claim to any amount of CDBG funds to be used for the specific project or site until the environmental review process is satisfactorily completed.

## *Exemptions*

Certain activities which, by their nature, are unlikely to have any direct impact on the environment may be exempt from the procedural requirements of environmental review. If a project is determined to be exempt, the Sub-recipient is required to document the conditions for exemption in writing. Listed below are examples of activities which may be exempt from environmental review.

- Public service activities that will not have a physical impact or result in any physical changes;
- Information and financial services;
- Engineering and design costs;
- Environmental and other studies;
- Inspections and testing of properties for hazards or defects;
- Technical assistance or training.

# Relocation & Acquisition

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Sub-recipients shall assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, non-profit organizations, and farms) as a result of CDBG activities pursuant to Part 570.606. Sub-Recipients will need to work very closely with the Community Development Division if their project involves any displacement, relocation, acquisition or replacement of housing. CDBG Guidelines for these activities are outlined here:

<https://www.hudexchange.info/resources/documents/Basically-CDBG-Chapter-18-Relocation.pdf>

# Lead Based Paint

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For all projects funded, which involve homes constructed prior to 1978, Lead Based Paint regulations must be followed. Additional information is available on the requirements here:

<https://www.hudexchange.info/resources/documents/Basically-CDBG-Chapter-17-Lead.pdf>

All sub-recipients must work closely with the CDD to ensure all requirements are met. Certain exemptions to Lead Based Paint requirements may exist. Please consult the CDD to document that your qualifies for exemption.

# Monitoring

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Sub-recipients shall adhere to HUD's recordkeeping requirements as contained in 24 CFR Part 570 Subpart J, HUD funded records must be retained for five years after the completion of the program, in order to allow access for audit and public examination. If audit findings are not resolved, the records shall be retained beyond the five years. The retention period starts when the annual or final expenditure report has been submitted or, for non-expendable property, from the date of final disposition.

## *Monitoring Reviews*

The City Of Grand Island is responsible for monitoring Sub-recipients to see if they comply with all regulations and requirements governing their administrative, financial and programmatic operations. This includes assuring that performance goals are achieved within the scheduled time frame, budget and when necessary taking appropriate actions when performance problems arise. Monitoring is not a "one-time-event", but rather will occur through visits, review of quarterly reports, and ongoing contract supervision. Any program is subject to any combination of monitoring practices throughout the life of the project.

## *Monitoring Visits*

The five basic steps to the formal monitoring visit include:

- Notification Call or Letter - Explains the purpose of the visit, confirms date, scope of monitoring and outlines the information that will be needed to conduct the review.
- Entrance Conference - Introduces monitoring visit purpose, scope and schedule.
- Documentation and Data Gathering - The City will review and collect data and document conversations held with staff, which will serve as the basis for conclusions drawn from the visit. This includes reviewing client files, financial records, and agency procedures.
- Exit Conference - At the end of the visit the City will meet again with the key agency representatives to present preliminary results, provide an opportunity for the agency to correct misconceptions and report any corrective actions already in the works.
- Follow-Up Letter - The City will forward a formal written notification of the results of the monitoring visit pointing out problem areas and recognizing successes. The agency will be required to respond in writing to any problems or concerns noted.

## *Ongoing Monitoring*

CDD staff will conduct an on-going monitoring process in order to review the programmatic and financial aspects of the Sub-recipient's activities. CDD staff will review quarterly reports submitted by

the Sub-recipient for compliance with federal regulations regarding the use of federal funds and the implementation of the program.

The monitoring process is oriented towards resolving problems, offering technical assistance, and promoting timely implementation of programs. To this end CDD staff may require corrective actions of the Sub-recipient.

Following are examples of significant problems, which will trigger corrective action by the Sub-recipient:

- Services are not documented;
- Goals are not being met;
- Program files not in order;
- Complaints by clients;
- Required reports not being submitted in a timely manner,
- Funding not spent correctly.

### *On-Site Visits*

Based on monitoring results and other criteria, CDD staff may hold discussions with Sub-recipients whose performance does not appear to be sufficient to meet the goals and achievements as outlined in the agreement. An on-site visit may occur to discuss the service activity shortfall.

On-site monitoring visits may also be conducted in order to ascertain that eligible clients for whom the program was intended are being served and that in the event of an audit; the required client information is being maintained.

### *Quarterly Monitoring Reports*

Sub-recipients are required to submit quarterly reports as described in each contract.

Sub-recipients must report quarterly the number of clients served, including their incomes, race/ethnicity, and status of head of household.

Data must be unduplicated; i.e., a client receiving service three times should only appear once on the monthly report, and that client also should not appear again on any following quarterly report during the program year.

The quarterly status report explains the progress the program has made in relation to the goals and performance indicators outlined in the Agreement Scope of Work. The quarterly report must be

submitted on the form provided by the CDD unless approved in writing, in advance. No other format will be accepted. Failure to submit quarterly reports may result in delayed reimbursements.

Quarterly Reports are due on the 15<sup>th</sup> day of the months February, May, August and November. Quarterly reports are due no later than the 15<sup>th</sup> of the month even if a request for payment has not been submitted. If the 15<sup>th</sup> of the month falls on a weekend, the report may be submitted on the following Monday.

The Quarterly Report requests information on low to moderate income beneficiaries as a whole, the Sub-Recipient is responsible for tracking the qualitative data such as actual income and race/ethnicity using their own documentation. This data may be gathered on the Sub- Recipient's existing forms or a new form may be created to capture the required data.

### *Closeout Reports*

Programmatic close-out will consist of, but will not be limited to, the following:

- Review and verification of Sub-Recipient LMI Objective completion
- Review of Sub-recipient record keeping system, including, but not limited to:
  - Activity documentation
  - Personnel files (if requesting Admin funds)
  - Inventory control files
  - Evaluation of activity and program accomplishment

Financial close-out will consist of, but will not be limited to the following:

- Review and verification of information submitted in the final drawdown request.
- Review of Sub-recipient record keeping system:
  - Accounting records and ledgers
  - Source documentation (invoices, time cards, canceled checks, etc.)
  - Budget documentation (modifications, etc.)
  - Equipment purchases
  - Evaluation of activity financial accomplishment

### *LMI Documentation & File Maintenance*



Each Sub-recipient is required to maintain documentation on clients benefiting from activities and programs funded through the City's CDBG program. As a condition of receiving the HUD grant, the City, and in turn the Sub-recipient, must certify that low- and moderate-income persons are being served. HUD also requires information on the race and ethnic background of the clients, how many are female heads of households, their residency in the City, and how many are very- low income. CDD staff and HUD must also have access to the names and addresses of the clients. Any information regarding applicants for services funded through federal monies shall be held in strict confidence.

If they sub-recipient is being required to document LMI data for another entity, such as the State of Nebraska or HUD directly, the City will subordinate to the requirements of the other entity, as long as the requirements are met in their entirety.

1. Required Documentation - All Sub-recipients must obtain and maintain at their local offices, the following information on each client served:

- a. Application for assistance including client name and address;
- b. Gender;
- c. Ethnicity/race;
- d. Head of household status;
- e. Income.
- f. Languages Spoken.

#### Exceptions to Maintaining Required Income Documentation

Income documentation is not required for the following client types:

1. Clients of a battered women's shelter.
2. Persons with recognized disabilities.

All other documentation is required.

#### *Program File Maintenance*

Sub-recipients should structure their project/program files and other records to comply with the general requirements as discussed in this manual. In setting up a program or client file, the following may be helpful:

#### **Program file should contain:**

- Original executed copy of the agreement with the city
- Any amendments to the application and agreement

- Correspondence relating to the grant award
- Copies of Requests for Reimbursement
- Any other information pertinent to the CDBG Grant
- Program measurable goals and expectations

Sub-recipients shall adhere to HUD's legal requirement as contained in 24 CFR Part 570 Subpart J, HUD funded records must be retained for five years after the completion of the program, in order to allow access for audit and public examination. If audit findings are not resolved, the records shall be retained beyond the five years. The retention period starts when the annual or final expenditure report has been submitted or, for non-expendable property, from the date of final disposition.

