
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Subrecipient Policies and Procedures



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INTRODUCTION

The City of Boynton Beach City Manager's Office, Community Improvement Division, provides this document as a valuable resource for those considering applying for CDBG funds and for program administrators implementing CDBG-funded programs and projects.

The City of Boynton Beach is responsible for ensuring that the United States Department of Housing and Urban Development (HUD) funds are used in accordance with all CDBG program requirements, that performance and goals will be achieved in a timely manner and that the all funded projects will be in compliance with all applicable federal, state, and local laws and regulations.

The City of Boynton Beach receives an annual Community Development Block Grant (CDBG) entitlement grant from the U.S. 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 2 CFR Part 200.

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

This guide 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 Federal guidelines, particularly 2 CFR Part 200.

This guide does not replace or amend any of the provisions included in the awarded Subrecipient Agreement executed between the City and Subrecipient 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 guide, the provisions contained within the Agreement will take precedence. The Agreement refers to the executed contract, service level agreement or memorandum of understanding between the City and the Subrecipient.

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

This document is subject to updates. This document may change for a variety of reasons, including changes in federal regulations, state requirements, and in the interpretation of a federal regulation or clarification of a requirement. Updated CDBG Grantee Policies will be provided to all currently funded Subrecipients. A complete CDBG Policy Guidance can be found at [CDBG Entitlement Program - HUD Exchange](#)

This subrecipient Guide is provided in addition to the Agreement(s) entered into by the City and

Subrecipients for the operation of CDBG-funded projects. Each Subrecipient must comply with the minimum requirements and procedures prescribed in this document to the maximum extent feasible. In addition, each Subrecipient must ensure that a copy of this Guide is accessible to all personnel responsible for compliance with requirements and procedures of the CDBG program.

CDBG Program Overview

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.

CDBG National Objectives

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-Income Persons are defined as households under 80% of Area Median Income.*

Income Limits are updated annually by HUD. The most recent limits are provided with the reporting forms for that program year. HUD-issued Income Limits are available on HUD's website, but the CDBG Program Staff also typically notifies all CDBG-funded Subrecipients when the income limits are updated by HUD. Subrecipients are responsible for ensuring they are using the most current income limit. Each activity funded under CDBG must meet one of the following categories for the CDBG National Objective.

Area Benefit

The **area benefit** category is the most commonly used national objective for activities that benefit a residential neighborhood that is primarily low- to moderate-income (LMI). An area benefit activity is one that benefits all residents in a particular area where, typically, at least 51% of the residents are LMI persons.

Limited Clientele Benefit

Activities in the **limited clientele** category provide benefits to a specific group of persons rather than everyone in an area. It may benefit particular persons without regard to their residence, or it may be an activity that provides a benefit to only particular persons within a specific area. Under this category, 51% of the beneficiaries of an activity have to be Low- to Moderate- Income persons. In contrast to the area benefit category, it is not the LMI concentration of the service area of the activity that determines whether the activity will qualify or not, but rather the actual number of LMI persons that benefit from the activity. Examples include:

- Food Banks
- Children and Youth
- Programs Homeless
- Services Nutrition/Hunger Programs
- Domestic Violence Centers and Programs

Demonstrating Client Eligibility

For a project or program to be eligible to receive CDBG funds, at least 51% of the participants or recipients must have income that is less than 80% of median income.

- **Low-Income Household:** Household with a total income equal to, or less than, the Section 8 low-income limit (80%) established by HUD; adjusted for number of persons in the household.
- **Very Low-Income Household:** Household with a total income equal to, or less than, the Section 8 very low-income limit (50%) established by HUD; adjusted for number of persons in the household.
- **Extremely Low-Income Household:** Household with a total income that is 30% or less of the area median income; adjusted for number of persons in the household.

Client Documentation and Records

Each Subrecipient 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 Subrecipients, must certify that low- and moderate-income persons are being served. HUD also requires information on the race and ethnic background of the clients, the number of heads of households who are female, clients' residency in the City, and how many

are very low-income. CDBG Program Staff and HUD must have access to the names and addresses of the clients upon request. Any information regarding applicants for services funded through federal monies must be held in strict confidence. To provide confidentiality, Subrecipients may use a Client Identifier number on reports to the City. The Subrecipient must keep a list of the identifier numbers and be able to link those numbers with actual client files when monitored.

Required Documentation

All Subrecipients/entities must obtain and maintain at their local offices, the following information on each client served:

- Client name and address; Gender;
- Ethnicity/race;
- Head of household status; and
- Income Certification

Exceptions to Maintaining Required Income Documentation

Income documentation is not required for the populations that HUD has determined to be Limited Clientele whom are receiving assistance from the Public Services category. However, the CDBG Program Staff requires that clients complete a Self-Certification form which is kept in the client file.

Limited Clientele includes:

- Disabled, according to the Bureau of Census's definition Homeless
- Elderly, age 62 or Older Abused Children
- Victims of Domestic Violence or Mentally Ill
- Illiterate Adults
- Migrant Farm Workers
- Person living with AIDS

File Organization and Maintenance

Subrecipients/entities 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 awarded Subrecipient Agreement with the City
- Any amendments to the application and awarded Subrecipient 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

Client files should contain:

- An application for assistance, if applicable
- Client Income Documentation and/or Certification Form
- Documentation as to services provided to the client and any outcomes of service, for example, if a client is referred to another agency for services, a follow up contact is required to document the services the client received
- Copies of any program requirements
- Pre- and post-program evaluations, if applicable

Housing Benefit

The **housing** category of LMI benefit national objective qualifies activities that are undertaken for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI households. In order to meet the housing LMI national objective, structures with one unit must be occupied by an LMI household. Examples include:

- Owner-Occupied Housing
- Rehabilitation Owner-Occupied
- Minor Home Repair
- Homeownership Assistance

Jobs Benefit

The **job** creation and retention LMI benefit national objective addresses activities designed to create or retain permanent jobs, at least 51 percent of which, computed on a full-time equivalent basis, will be made available to or held by LMI persons. The following requirements must be met for jobs to be considered created or retained.

- If grantees fund activities that **create** jobs, then there must be documentation indicating that at least 51 percent of the jobs will be held by, or made available to, LMI persons.
- For funded activities that **retain** jobs, then there must be sufficient information documenting that the jobs would have been lost without the CDBG assistance and that one or both of the following applies to at least 51 percent of the jobs:
 - The job is held by an LMI person; or

- The job can reasonably be expected to turn over within the following two years and steps will be taken to ensure that the job will be filled by, or made available to, an LMI person.

For the purpose of determining if the preceding requirements are met, a person may be presumed to be LMI if:

- The person resides in a Census tract/block numbering area that has a 20 percent poverty rate

or a 30 percent poverty rate if the area includes the central business district; and the area evidences pervasive poverty and general distress; or

- The person resides in a Census tract/block numbering area where at least 70 percent of the residents are LMI.

Typically, each assisted business will be considered a separate activity for purposes of determining whether the activity qualifies under the job creation and retention category for meeting a national objective.

However, in certain cases, such as where CDBG funds are used to acquire, develop or improve a real property e.g. a business incubator or an industrial park, the requirement may be met by measuring jobs in the aggregate for all the businesses that locate on the property, provided such businesses are not otherwise assisted by CDBG funds.

Additionally, where CDBG funds are used to pay for the staff and overhead costs of an entity making loans to businesses from non-CDBG funds, this requirement may be met by aggregating the jobs created by all of the businesses receiving loans during any program year.

Slum Blight Area Basis

The **Slum Blight Area Basis (SBA)** category is for activities that aid in the prevention or elimination of slums or blight in a designated area. To qualify under this category, the area in which the activity occurs must be designated as slum or blighted.

Slum Blight Spot Basis (SBS)

The SBS category is for activities that eliminate specific conditions of blight or physical decay on a spot basis and are not located in a slum or blighted area. The designated spot must meet the definition of a slum, blighted, deteriorated or deteriorating area under state or local law. Activities under this category are limited to acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, and building rehabilitation activities. Furthermore, rehabilitation is limited to the extent necessary to eliminate a specific condition detrimental to public health and safety.

Urgent Need

Use of the **Urgent Need (URG)** national objective category is rare. It is designed only for activities that alleviate emergency conditions. Urgent need qualified activities must meet the following criteria:

- The existing conditions must pose a serious and immediate threat to the health or welfare of the community;
- The existing conditions are of recent origin or recently became urgent, generally, within the past 18 months;
- The grantee is unable to finance the activity on its own; and
- Other sources of funding are not available.

Examples include:

- Acquisition of property located in a flood plain that was severely damaged by a recent flood;
- Public facility improvements like the reconstruction of a publicly owned hospital that was severely damaged by a tornado;
- Demolition structures that are severely damaged by a major earthquake;
- Public services like additional police protection to prevent looting in an area damaged by a recent hurricane;
- Interim assistance such as emergency treatment of health problems caused by a flood; and Special economic development assistance to a grocery store that was damaged by an earthquake.

Determining Beneficiary Income

Every Subrecipient must serve persons of low- and moderate-income:

- Very low-income is defined as a household that does not exceed 50 percent of HUD Section 8 Rental Income Limits.
- Low-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 Subrecipients to adhere to all new guidelines from the date they receive them. The most current income guidelines are available at <https://www.hudexchange.info/resource/5334/cdbg-income-limits/>. It is the responsibility of the Subrecipients to document that the beneficiaries of the CDBG-funded activity are confirmed to be low- to moderate-income persons.

Application Process

The CDBG Entitlement Program provides annual grants from the Department of Housing and Urban Development (HUD) to entitled cities and counties on a formula basis. The standard practice of the City of Boynton Beach is to utilize this funding to provide grants to eligible entities via a competitive grant process. All applicants are encouraged to attend the Pre-Application

Workshop and to speak with CDBG Program Staff regarding the proposed project or activity prior to applying for funding.

CDBG Funding Allocation Restrictions

By Federal regulation, 24 CFR § 570.201(e)(1), a maximum of 15% of the CDBG appropriation can be allotted to public services. Generally, the City will allocate 15% of the grant to be awarded to eligible activities for the purpose of providing public service programs that will address the low- and very low- income persons of the City of Boynton Beach.

Subrecipient Eligibility

The following entities are eligible to apply for funding from the CDBG Program:

- All non-profit 501(c)(3), tax exempt agencies; administrative capacity to support the program/project must be demonstrated as part of the application process or by past performance.
- For-profit agencies/businesses that facilitate economic development by providing credit or loans, providing technical assistance, advice and general business support services to micro- enterprises.

Agencies must have a local board of directors or advisory board that governs the agency. The board must be of sufficient size to be representative of the diversity of the community served.

Application Eligibility Criteria

Applications will be received by CDBG Program Staff to determine eligibility for CDBG funding. The following criteria must be met:

- The agency has obtained a 501(c)(3) designation from the IRS. This does not apply if the agency is a governmental agency or for-profit agency/business that meets other application criteria.
- The application **must** address a local CDBG funding priority.
- The application must propose a program or project listed as an eligible activity in HUD regulations at 24 CFR 570.201 – 206.
- The proposed activity must meet a National Objective of the CDBG program.
- CDBG Program Staff reserves the right to revise scoring criteria prior to release of application within each annual application cycle.
- Requested funding must not supplant other previously budgeted funding. Subrecipients must provide documentation to demonstrate that the grant request is not supplanting existing or expected funding and/or that the grant award is supplemental to other federal and/or non- federal funding sources for the program and its activities.

Local CDBG Funding Priorities

Every five years, the City will prepare a new Consolidated Plan for Housing and Community Development (Con Plan) that will prioritize each category below as a high, medium, low or “no such” community need. The Con Plan will also establish specific program objectives expressed in measurable units such as housing units or numbers of clients served. CDBG funding priorities will be determined by citizen and staff input with the approval of the City Commission. In the year that a Con Plan is written, input in the form of surveys, focus groups and/or community consultations will be sought per the CDBG Citizen Participation Plan.

In the year that a Con Plan is developed, it will not be possible to identify all the Housing and Community Development priorities, goals, and objectives before the release of the CDBG application. The Annual Action Plan outlining funded projects is adopted and submitted to HUD at the same time as the Con Plan. Special attention will be given to the need analysis and statistics portion of the proposal which will be particularly useful to the CDBG Program Staff as it selects projects and recommends new priorities. In each subsequent year, the Con Plan priorities will serve as the basis for selection criteria and for development of an Annual Action Plan.

For Public Service needs, priorities have been adopted in the Con Plan as determined by the latest Community Needs Assessment performed by the City. As part of the Con Plan process, CDBG Program Staff evaluates the services and needs identified and makes prioritized recommendations. These services are then reviewed by the City Commission and an approved prioritized list of desired services are then included in the Con Plan. Public Service Programs must either be a new service or project a quantifiable increase in the level of an existing service.

The list of priorities is derived from CDBG-eligible activities per 24 CFR 570.201 – 206. The most current priorities are discussed at the Pre-Application Workshop each year.

Applications must address at least one CDBG-eligible activity per 24 CFR 570.201-206. If an applicant is not sure of an activity’s eligibility, CDBG Program Staff is available for consultation.

Applicants are to list proposed service goals and objectives within their application for proposed performance objectives. Objectives must be measurable with outcome indicators that directly affect the problem that the service was designed to address, not simply a count of numbers served. Each proposed objective should have at least one measurable indicator.

Applications must include a detailed description of an agency’s qualifications for managing the proposed program. All Subrecipients are required to submit a proposed program budget when making an application for funding. There must be program staff who have experience managing a program similar to that for which CDBG funds are being requested. There must also be experience on staff or on the subrecipients’ board of directors for providing financial management of grant funds as required by the City in its reporting to HUD.

An agency must demonstrate that additional funds are being sought for the activity or provide an explanation of why CDBG is the sole source of funding and provide information to ensure that CDBG funds are not supplanting other activity funding.

The Subrecipient's past history in meeting goals and objectives measures and timeliness and accuracy of reports will be considered for applicants who have been previously received CDBG funding.

CDBG Program Staff will make applications available at the Pre-Application Workshop, on the City's website, and directly per request to organizations providing services in the City of Boynton Beach.

Process

CDBG Program Staff will make all possible efforts to ensure that the community is aware of the availability and purpose of the CDBG Program.

Copies of the Request for Application (RFA) packet will be available at the Pre-Application Workshop. Additionally, applications will be available on the City's website, and provided directly to agencies upon their request.

Applications will only be accepted during the period of time advertised. Applications submitted after the deadline will not be considered.

CDBG Program Staff are responsible for reviewing the applications to determine if they meet minimum criteria and requirements. During this review, staff will determine:

- 1.** If the organization is a non-profit and has a 501(c)(3) status with the IRS;
- 2.** Organization Capacity and experience
- 3.** The program meets a national objective; and
- 4.** The program addresses a needed eligible CDBG activity.
- 5.** Community need justification and Target beneficiaries
- 6.** Budget request and other source of funding
- 7.** Allowable cost/eligible expense
- 8.** Scope of work, goals/ objectives, project deliverable time, outcome deliverables
- 9.** Organization policies and procedures

CDBG Application Review Committee (CARC) members are provided copies of the eligible applications for scoring and ranking. CARC members are to consider factors such as whether the program has clear goals and quantifiable objectives, sound financial and program management, and that the program has sufficient leveraging of funds. If needed, CARC members may request additional information, make site visits, request a conference with the applicant, or take other steps to assure a fair and equitable selection/award process.

Applications are funded based on ranking order and available funding. CDBG Program Staff finalize funding recommendations. Proposed activities will be incorporated into an Annual Action Plan and released for a 30-day comment period. Residents may forward comments in writing to the CDBG Program Staff for inclusion in the Annual Action Plan. City Commission will consider funding

recommendations and will give final approval and/or adopt revisions usually by its first meeting in August.

City Commission is responsible for making the final decisions regarding program funding. If the approved funding level is different than that stated on the proposed budget, the subrecipient must submit a revised budget and adjusted proposed performance objectives.

Following City Commission's approval, CDBG Program Staff submits the information to HUD for their review. Upon receipt of approval from HUD, the CDBG Program Staff initiates contracts with each of the selected subrecipients to commence with the new program year.

Agreement

Subrecipient Funding and Written Agreement with City

A written agreement must be entered between the City and all subrecipients receiving CDBG funds. The written agreement is 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 will outline in exact measure the scope of services to be provided, methods of accountability, and the approved budget. Execution of the awarded Subrecipient Agreement binds the Subrecipients for a specified period.

Prior to contract execution, if applicable, all subrecipients must submit any changes to documentation previously provided with the original application for review/approval by CDBG Support Staff. Documentation includes, but is not limited to, the following:

- Updated Scope of Work, including project timeline
- Updated Budget, including any confirmed cost matching resources
- Procurement Plan including a minimum of 3 bids, if applicable
- Woman Business Enterprise/Minority Business Enterprise outreach efforts
- Necessary federal, state and local permits and licenses, updated audit

Subrecipient Agreements are approved by City Commission and executed by the City Mayor or designee and the subrecipient.

The City may, in its discretion, may amend this Agreement to conform with federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both parties.

Federal Funding Restrictions

Unless otherwise stated by the granting agency, the directives of "no supplanting" or "supplement, not supplant" are common requirements for many federally funded grants, especially those made by HUD, as the federal government has a strict restriction against the duplication of benefits.

The term supplant means to replace, so a “no supplanting” requirement means all costs billed to the grant must be new costs.

HUD requires grantees and subrecipients to use funds awarded or secured for a particular service or activity and prohibits those funds from being diverted for other purposes when federal funds are available. Federal funds must supplement (add to) programs and services offered with state and local funds. When federal funds are used to enhance or expand a program or activity, then the funds must be separately identified and clearly distinguishable in the grantee and subrecipients financial records and files from the overall activities of the program/services.

Limitation of Expenditures

Any funds for the Subrecipient’s CDBG-funded program/project that are expended prior to the full execution of the Subrecipient’s CDBG contract, or subsequent to the suspension or termination of the contract, are not eligible for reimbursement by the City. Subrecipients **must** ensure that all expenditures comply with HUD’s prohibition against supplanting funds, also referred to as duplication of benefits. Expenditures must be made in conformance with the approved budget and must meet the criteria established for allowable costs. Expenditures must be in direct support of the program that is the subject of the contract. The Subrecipients will notify the City in writing of any expenditure for items jointly used for any other program(s) and the expenditures will be apportioned according to the percentage of direct use in the program.

Successful Implementation of a CDBG Grant

Subrecipients must be able to implement their program after the agreement is executed. Subrecipients must comply with the all CDBG federal regulations, and all guidelines listed in the agreement. Additionally, subrecipients must fulfill the national objective and performance objectives outlined in their funding application.

Failure to comply with any of the above may result in forfeiture of the CDBG funding provided to subrecipients under the awarded Subrecipient Agreement.

Insurance Requirements

Subrecipients, at their sole cost and expense, for the full term of their awarded Subrecipient Agreement and any extensions thereof, must obtain and maintain at minimum compliance with all of the following insurance coverage(s) and requirements. Such insurance coverage will be the primary coverage. Any insurance or self-insurance maintained by the City of Boynton Beach must be in excess of the Subrecipient’s insurance coverage and must not contribute to it. The City of Boynton Beach must be listed as an additional insured. If the Subrecipient utilizes one or more subcontractors in the performance of their awarded Subrecipient Agreement, the Subrecipient must obtain and maintain independent insurance as to each subcontractor or otherwise provide evidence of insurance coverage for each subcontractor equivalent to that required of the Subrecipient.

Types of Insurance and Minimum Limits

POLICY TYPES	AMOUNTS
1. Workers Compensation Employers' Liability: <ul style="list-style-type: none"> • Each Accident minimum • Disease, Policy minimum • Disease Each Employee minimum 	Statutory: \$1,000,000 \$1,000,000 \$1,000,000
2. Commercial General Liability: <ul style="list-style-type: none"> • General Aggregate minimum • Products Completed and Operation Aggregate minimum • Personal & Advertisement Injury minimum • Each Occurrence minimum 	\$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000
*5. Automobile Liability: <ul style="list-style-type: none"> • Combined Single Limit Minimum 	\$1,000,000
*6. Professional Liability	
* 7. Builder's Risk	
* 8. Environmental Impact Liability	
*If Applicable. Other liability may be required by the scope of work, as determined by the City's Risk Manager.	

Other Insurance Provisions

If any insurance coverage required is provided on a "Claims Made" rather than "Occurrence" form, the Subrecipients/entities agrees to maintain the required coverage for a period of three (3) years after the expiration of their awarded Subrecipient Agreement and any extensions thereof.

Proof of Coverage

A Subrecipients will provide its insurance broker(s) with a full copy of these insurance provisions and provide the City of Boynton Beach on or before the effective date of their awarded Subrecipient Agreement with Certificate of Insurance for all required coverage. Copies of all the required Endorsements listed above must be attached to the Certificate(s) of Insurance or other evidence of insurance acceptable to the City of Boynton Beach, which must be provided by Subrecipient's insurance company as evidence of the stipulated coverage.

Administrative Oversight

Upon execution of the awarded Subrecipient Agreement between the City and the Subrecipients, the Subrecipients will:

- Immediately report all changes in its articles of incorporation, bylaws, or tax- exempt status to CDBG Program Staff.
- Ensure no member of the Board of Directors is a paid employee, agent or subcontractor of the City of Boynton Beach.
- Continue to include representation on the Board of Directors, the broadest possible cross- section of the community.
- Ensure all meetings of the Board of Directors are open to the public, except meetings, dealing with personnel or litigation matters.
- Keep minutes of all regular and special meetings of the Board of Directors, have a regular meeting at least once a year, and upon request, forward copies to CDBG Program Staff.

Subrecipients Administrative Staff responsibilities include:

- Ensure compliance with all HUD CDBG regulations, the awarded Subrecipient Agreement, and the City's CDBG Subrecipient information guidelines.
- Ensure that all expenditures involving the use of federal funds are eligible under the federal, state and local requirements of the grant
- Preparation and submission (on time) Requests for Reimbursements and Quarterly Reports (January 15, April 15, July 15 and October 15).
- Subrecipient Implement/maintain an internal control system

Fiscal Policies and Procedures

All agencies awarded CDBG funds must be in compliance with 2 CFR Part 200, Uniform Administrate Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Requirements) which superseded, consolidated, and streamlined requirement from OMB Circulars:

- 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;
- A-21, Cost principles for State, Local and Indian Tribal Governments;
- A-89, Catalog of Federal Domestic Assistance;
- A-102, Grants and Cooperative Agreements with State and Local Governments;
- A-110, Uniform Administrative requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals or other Non-Profit Organizations;
- OMB A-133: Office of Management and Budget Circular A-133 discusses auditing rules for all agencies using federal funds. Effective December 26, 2014, the threshold for an A-133 audit was raised to \$750,000 in federal funding expenditures;
- 24 CFR Part 84 and 85: Code of Federal Regulations that govern non-profit agencies using federal funds;
- The guidance in OMB Circular A-50, Audit Follow-up, on Single Audit Act Follow-up, and;
- 24 CFR Part 570 – Code of Federal Regulations

Budget Controls

Subrecipients must have procedures in place to monitor obligations and expenditures against their approved budget(s) for CDBG-funded activities. The City of Boynton Beach is under no obligation to reimburse a subrecipient for expenditures which exceed approved budget line items or the overall budget for CDBG assisted activities. Therefore, the subrecipients need 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.

Reimbursement will only be provided for allowable costs as approved by the City of Boynton Beach and must be directly related to the Grant. Reimbursements should be submitted on a quarterly basis. When reimbursement requests are submitted, they must include a Quarterly Progress Report, copies of receipts, check registers, payroll reports, and paid invoices. The City of Boynton Beach will only reimburse the subrecipients for expenditures actually incurred.

Internal Controls

Agencies receiving CDBG funding will 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.

- A Written Accounting Procedures, including procedures for approving and recording transactions and regular reconciliation of records to check for completeness and accuracy.
- A good internal control system, including several basic features, regardless of the organization's size. These characteristics include:
 - An organization plan that safeguards resources by segregating duties;
 - A system of authorization and recording procedures that provides effective accounting control over assets, liabilities, revenues, and expenses;
 - An established system of procedures followed by each organizational component in performing its duties and functions;
 - Personnel capable of performing their responsibilities, and;
 - An effective system of internal reviews.

The internal control requirements provide for the separation of duties and the secure storage of accounting records in limited access areas. In maintaining these accounting records, a subrecipients/entities should also ensure that:

- Journal Entries are properly approved, explained and supported;
- Posting and trial balances are performed on a regular basis, and;
- Fidelity bond coverage is obtained for responsible officials of the organization.

Recordkeeping

To ensure eligibility of costs, subrecipient files will include copies of:

- CDBG application, Awarded Subrecipient Agreement with the City,
- Amendment, if applicable;
- Procurement and bid information for all purchases, contracts with vendors, if applicable;
- Up to date budget, including copies of budget change requests, if applicable;
- 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 records relating to the City of Boynton Beach CDBG Program, including supporting documentation, shall be retained for the greater of three years from closeout of the grant to the City, as described under 24 CFR § 570.490(d), unless there is litigation, claims, audit, negotiation, or other actions involving the records. In such case, records must be retained until completion of the action and resolution of all issues.

For subrecipients, the record retention period begins from the annual date of submission of the grantee's Consolidated Annual Performance and Evaluation Report (CAPER) in which the specific activity is reported on for the final time rather than from the date of submission of the final expenditure report for the award.

Each subrecipient is required to maintain documentation on clients benefiting from activities and programs funded through the City's CDBG program. Information to be retained includes:

- Client name and address
- Gender
- Ethnicity/race
- Head of household status income
- Application for assistance, if applicable
- Client Income Documentation or Certification Form or Documentation of Limited Clientele and Documentation as to services provided
- Pre- and post-program evaluations, if applicable

Access to Records

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

Information may be provided utilizing aggregate statistics. All clients may be lumped into categories, but no personal information may be released. For example, a report may state: 150 clients served this month, 60 Caucasian, 60 African American, 15 Native Americans, 15 Asian. Of those clients, 25 were female head of household, 30 were Veterans, 100 were very low-income, and 50 were moderate-income.

Audits

The awarded Subrecipient Agreement with the City may be subject to a 2 CFR Part 200 Audit, a CPA Audited Financial Statement or a Certified Financial Statement (CFA), depending on expenditures.

The Office of Management and Budget requires that grant recipients who expend \$1,000,000 or more in federal funds in one fiscal year conduct a Single Audit per 2 CFR Part 200. Subrecipients are responsible for ensuring that their auditors conduct the proper type of audit. Not all Certified Public Accountants (CPA's) are qualified to perform a Federal audit.

Any agency that expends between \$200,000 and \$999,999 in federal funds will be required to have a CPA-Audited Financial Statement. The funds expended may be from one or multiple federal sources. If allowable by program regulations, the City may only pay for the portion of the audit, which represents the percentage of City federal funds in the program budget.

Subrecipients who do not qualify for 2 CFR Part 200 or Audited Financial Statement must submit a Certified Annual Financial Statement (CFA). This is the lowest audit criteria and will only be accepted from those non-profits who can document that they did not qualify for 2 CFR Part 200 or a CPA audited financial statement. The Treasurer and the Board President must sign a statement certifying the CFA. The statement should read as follows:

We, the undersigned, as Executive Director and Treasurer of (Name of Agency), hereby certify that, to the best of our understanding and knowledge, the attached Financial Statements fairly and accurately represent the financial condition and operations of this organization.

Audit Due Date

Audits have different due dates depending on the type the agency qualifies to conduct:

- Certified Annual Financial Statements are due three (3) months after the end of the fiscal year;
- CPA conducted audits are due six (6) months after the end of the fiscal year, and
- 2 CFR Part 200 Audits are due nine (9) months after the end of the fiscal year.

All Subrecipients who fall under the requirements of 2 CFR Part 200 Auditing rules must submit a full and complete copy of such audits to the City Manager's Office Department, Community Improvement Division. It is the responsibility of the Subrecipients to ensure that audits are completed in a proper and timely manner.

City Internal Audit Reviews

The City reserves the right to have the Community Improvement Division review all Subrecipients records and transactions. Audit findings resulting in monetary repayment to the City will be collected by the City from the Subrecipient's non- federally funded resources.

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

Source Documentation

The general standard is that all accounting records must be supported by source documentation. This is necessary to show that the costs charged against CDBG funds were incurred during the effective period of the awarded Subrecipient Agreement with the City, were actually paid out, were expended on allowable items, and had been approved by the responsible officials in the subrecipients/entities organization.

The source documentation must explain the basis of the costs incurred, as well as show the actual dates and amount of expenditures. For example:

- For staff time charged to the CDBG program activity, time and attendance records should be available. If an employee's time is split between CDBG and another funding source, there must be time distribution records supporting the award of charges among the sources. Canceled checks from the employees, payroll service provider, etcetera, or evidence of direct deposits will document the actual outlay of funds.
- Rental or lease agreements, and bills from the respective companies must support space and utilities costs. Both types of expenses will be supported by canceled checks. If the cost is split between CDBG and other sources, there must be a reasonable method in place to allocate the charges equitably among the sources.
- Supplies should be supported by purchase orders or requisition forms initiated by an authorized representative of the subrecipients, an invoice from the vendor which has been signed off by the subrecipients to indicate the goods have been received, the canceled check to the vendor demonstrating payment was made, and information regarding where the supplies are stored and for what cost objectives they are being used.

All source documentation does not have to be located in the CDBG project files, but it must be readily available for review by the City, HUD or other authorized representatives at all times. By accepting CDBG funds, all of the Subrecipient's organization records are open for review. Subrecipients must develop and maintain a central filing system. This will ensure that audits and monitoring visits go smoothly, and documentation is readily accessible.

Every grant related financial transaction must be recorded immediately in the accounting system. Source documents, such as invoices or timecards, should provide all details of each transaction or activity. The information contained in the source documents is necessary for accounting purposes and should be recorded in the computer accounting/accounts payable system. The source documents must be readily accessible during monitoring visits. A variety of source documents and records are needed to properly account for grant transactions. These documents include but are not limited to the following:

- **Invoices:** All Subrecipients are required to retain original invoices or sales receipts for all purchases. All invoices must be marked "PAID" with the check number and date paid included. If any original document for an expense cannot be located during a

monitoring visit, the amount may be deducted from the next reimbursement request or may be required to be repaid.

- Timesheets: All Subrecipients will maintain concise documentation for both the time worked and tasks undertaken. The employee and his/her immediate supervisor must sign employee timesheets.
- Service Contracts: All grant-funded service contracts e.g. accounting, leases, janitorial, etcetera, must be a written agreement between the Subrecipients and the firm/individual.

Program Income

Interest earned on federal grant funds must be reported to the City on a quarterly basis as Program Income (PI) and must be used in the operation of the specific grant program. Organizations providing services funded through the City of Boynton Beach CDBG grant may charge fees to clients to reduce the costs of service delivery. Such fees, or any other earnings generated using CDBG funds, are considered to be PI. PI includes, but is not limited to, fees charged for services, proceeds from the sale of tangible personal or real property, usage or rental fees, and patent or copyright royalties. PI must be recorded separately and returned to the City for disposition. Upon approval by the City, PI from the Project may be retained by Subrecipients provided that written notification is given to the Community Improvement 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. All PI must be reported. A total amount under \$100 may be reported quarterly rather than in the month in which it is collected. Donations are defined as free will offerings to an organization not related to receiving a service or benefit. Donations are not PI and do not have to be reported. PI does not reduce the size of the organization's CDBG grant if the PI is spent on eligible items. However, any PI not spent will result in a reduction in the amount of funds reimbursed.

Reimbursement Requests

CDBG Program Staff will review each request for reimbursement submitted by the Subrecipient. Questionable or ineligible expenses will be identified and the Subrecipient 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 Subrecipients with instructions for re-submittal. Requests for payment will not be made until all documentation and information has been satisfactorily provided to CDBG Program Staff, including any outstanding reports or other requests for information.

A Request for Payment must include:

- Coversheet
- Quarterly Progress Report
- Reimbursement Request Form

- General Ledger Detail Page
- Supporting Documentation e.g. timesheets; cancelled checks, invoices; evidence of direct deposit, etcetera

IMPORTANT: The amount charged to CDBG must be clearly notated on supporting documentation. **Personnel time charged to CDBG must be based on actual time worked.**

Subrecipients must 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 year.

Spending Requirements

CDBG funds must be spent in a timely manner. Unless an alternative spending plan has been approved in writing, funds must be expended during the program year of the grant award. Unspent funds cannot be carried forward and are forfeited. Sales tax will not be reimbursed.

Backup Documentation Required for Reimbursement Requests

CDBG funds are paid to subrecipients on a reimbursement basis. Therefore, it is extremely important that subrecipients verify the eligibility of an expense prior to expending funds. Accuracy of submittals is important as errors slow down the process. When submitting a large reimbursement request that includes non-CDBG expenses, subrecipients must specifically notate the CDBG amount(s) that are to be reimbursed by the City. For the City to reimburse subrecipients, detailed documentation must be submitted to show who, what, when, and how the invoice was paid. Only copies of paid invoices which must be marked paid will be accepted. A quote or order form will not be accepted. In addition to the paid invoice, proof of payment must be kept onsite at Subrecipient's office. For invoices paid by credit card, submit a copy of the statement showing the invoice was paid.

To streamline the CDBG Program Staff's review of the documentation, subrecipients are encouraged to highlight the amount paid on the receipt, and the reimbursable portion. When charging a percentage, the percentage of participants who are low-income residents of the City of Boynton Beach must be documented. To do this, subrecipients must maintain a copy of the client roster, with their addresses and highlight the city residents. This permits verification of the percentage whenever verification is needed. **Copies submitted to CDBG Program Staff must be legible;** the original versions of the receipts must remain within the Subrecipient's files at their office. Receipts cannot be dated prior to the execution date of the awarded Subrecipient Agreement or after the end of the program year. If requesting payroll reimbursement, copies of timesheets and evidence of payment must be submitted.

Mileage and Travel

Per the IRS allowances found at www.IRS.gov, the CDBG program could reimburse any pre-authorize reasonable mileage and travel costs that are necessary to carry out the services identified in the awarded Subrecipient Agreement with the City. Mileage and travel expenses not necessary for the program, or of a personal nature, are not eligible for reimbursement.

Volunteers authorized by the program to be reimbursed for mileage relating to services for the program must provide proof of automobile insurance, copies of which must be kept at the Subrecipient's office.

- **Mileage:** Subrecipients must submit written mileage records identifying the driver of the vehicle, the number of miles driven on each day, and the purpose of the trip. Subrecipients must certify the accuracy of the information reported. Travel to and from work is not an eligible expense for mileage reimbursement.
- **Travel:** Reimbursable costs include conferences, lodging, food, and other non-mileage costs. The City's policy requires that all travel costs be kept to a minimum. Supporting documentation must be provided with all requests for travel reimbursement.
 - **Local Travel:** Defined as travel within Florida.
 - **Out-of-State Travel:** Approval for out-of-state travel must be requested in writing from the CDBG Program Staff at least 10 working days prior to the trip. CDBG Program Staff will review the request and provide a response within five (5) working days.

Telephone Expenses

The CDBG program will reimburse only those reasonable costs for local and non-local telephone calls necessary to carry out the services identified in the awarded Subrecipient Agreement with the City. Actual costs of phone calls and the monthly cost of supporting the phone system are eligible for reimbursement. Such expenses include equipment rental or lease and monthly service charges. The City will not reimburse personal calls. If the program receives funding from several sources, only those telephone expenses solely related to the that portion of the activity which is funded out of the Subrecipient's CDBG grant are reimbursable. All such costs must be specifically identified to the City's satisfaction. Additionally, if the amount of the Subrecipient's CDBG grant is less than the program total budget, phone costs are reimbursable at a percentage equal to the level of CDBG funding as compared to total program funding.

Purchasing and Subcontracting

A price or cost analysis must be made in connection with every procurement action in accordance with the City's Purchasing Policy. Price analysis involves comparing the bottom-line price quoted, with typical prices paid for the same or similar materials or services. Cost analysis means that Subrecipients will make all efforts to obtain the best price with the best service. Typically, a minimum of three bids, quotes, or estimates, is required.

If applicable, Subrecipients must meet with CDBG Program Staff to schedule pre-bid and preconstruction meetings and to discuss the compliance process. Contacting, informing, and including CDBG Program Staff from the beginning of the project ensures compliance with all rules and a smoother contract management process.

Subcontracts

Should a Subrecipient find it necessary to subcontract in order to meet its obligations under its awarded Subrecipient Agreement with the City, it must enter into a written agreement with those individuals or organizations providing services. All subcontracts require review and approval by the City and must be submitted at least 10 business days prior to an effective date. CDBG Program Staff will typically respond to the request for approval within 7 working days. Subcontracts must be approved by the City prior to contract execution by any of the parties.

Provisions Required in Subcontracts

- Name, address, phone number and social security number of Subcontractor.
- A termination clause requiring twenty days' notice by which either party may terminate the agreement.
- A City un-involvement clause releasing the City from any liability for any breach of the subcontract by either party.
- A scope of services.
- The total dollar amount of the subcontract.
- A termination date no later than the end of the current CDBG program year.
- A clause requiring the contractor to comply with conditions of federal funding as required in 2 CFR Part 200. Subrecipient may request this information from Grantee if needed.
- An independent contractor clause stating that the subcontractor is an independent contractor or employee of the Subrecipients/entities. Subcontractor is not an agent or employee of the City, and as such waives any claims to any rights or benefits which accrue to employees of the City.
- Signature of person authorized by Subrecipient/entity's Board of Directors to execute agreements.
- Signature of person authorized by subcontractor to execute agreements.

Required Subcontract Documentation

The Subrecipients/entities must maintain the following documentation in its files:

- Summary of bids and proposals received.
- Justification for any non-competitive procurement of contract services and reasons for the selection of the subcontractor.
- Justification for the selection of other than the lowest bidder in a competitive procurement.

- Section 3 compliance documentation, if required.

Types of Subcontracts

- Bookkeepers and auditors.
- Contractual personnel services i.e. those not on the Subrecipients/entity's payroll. Office equipment rental and space rental.
- Rental of vehicle e.g. van, bus, etcetera to be used on a regular basis for carrying clients of the Subrecipients/entities.

Codes of Conduct

The subrecipient must maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent will participate in the selection, award, or administration of a contract supported by Federal Funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub-agreements. However, recipients may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient.

Equipment Procurement

Equipment is defined as tangible property costing more than \$500 and having a useful life of more than one year. Items which cost less than \$500 and which have a useful life of less than one year are considered to be supplies, except for computer equipment, which must be inventoried and accounted for. Under HUD regulations, the purchase of equipment, fixtures, or furnishings that are not an integral structure fixture is ineligible except when necessary for use by the City or a Subrecipients in the administration of the overall City CDBG grant or as part of the administration of a public service program. The City does not allow for purchase of vehicles with CDBG funds, unless explicitly approved in writing beforehand.

Notification Requirements

All purchases of equipment require prior CDBG Program Staff approval. Requests to purchase equipment are to be sent to the CDBG Program Staff at least 45 days prior to the purchase order date. Exceptions may be granted on a case by case basis. The request is to include the cost of the item, where it will be purchased, a detailed explanation of why it should be bought rather than leased or rented, and where the funds for the purchase will come from. If City CDBG funds will only be paying a portion of the purchase, list other funding sources and the respective amounts. CDBG Program Staff will typically review the request and issue a decision within 10 working days. Rationale for a negative decision will be included in the response.

Reversion to City/HUD

Under HUD regulation, 24 CFR Part 570 Subpart J - Grant Administration, the City/HUD has the option to obtain the equipment from the program when funding stops for the program. The review of the type of equipment to be purchased will include mention of its possible usefulness to the City. The City may also permit the Subrecipients to retain the equipment at the time the funding ends. All other personal property, supplies and equipment purchased pursuant to the awarded Subrecipient Agreement and not consumed may become property of the City/HUD.

Inventory Instructions

- 1.** Agency: Name of Agency receiving grant.
- 2.** Description: A brief description of the item of property.
- 3.** Manufacturer's Serial Number: Provide the manufacturer's serial number for all items.
- 4.** Title or Owner: Name of Agency on property's title.
- 5.** Acquisition Date: Date of Purchase.
- 6.** Percentage of Federal Participation: Portion paid by CDBG funds.
- 7.** Cost: Supply the actual purchase price.
- 8.** Disposal Date: Date sold or disposed of.

Reporting

Subrecipients are required to submit quarterly reports as described in each contract. Subrecipients 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 a particular service from a Subrecipient three times during the program year must appear only once on a quarterly report, and that client should not appear again on any following monthly reports during the program year. If subrecipients have not fully expended their grant funds by September 30th and the Subrecipient provides assistance in the new grant year to a client who was assisted in the previous program year, then that client should be notated as a new client on the associated quarterly report.

Quarterly reports are due no later than the 15th of January, April, July and October even if a request for payment has not been submitted. The quarterly status report explains the progress the program has made in relation to the goals and performance indicators outlined in the awarded Subrecipient Agreement's Scope of Work/Services. The quarterly report must be submitted on the form provided by CDBG Program Staff, unless approved in writing, in advance. No other format will be accepted. Failure to submit quarterly reports may result in delayed reimbursements.

Program Client Demographics: Race, Ethnicity and Annual Household Income

Data must be recorded for all unduplicated clients i.e. beneficiaries obtaining services in the program. Total client count for each of the Ethnicity, Race, and Annual Household Income categories must be the same as each other as per the following example:

HUD has implemented a reporting system that requests client information for one ethnicity option and 10 options for race. It is very important to note that HUD **does not** consider Hispanic to be a separate race category. Therefore, a client may identify as Hispanic **and** White, Hispanic **and** Asian, Hispanic **and** Asian **and** Black/African American, etcetera.

During the client intake process, some clients may state that they are a particular Ethnicity, but choose to not select a Race also. In such a situation, HUD has advised that the Subrecipient's staff person performing the intake process should notate the race that they believe to be most likely for the client.

The Annual Household Income for unduplicated clients served is reported in one of three categories: Extremely Low (EL), Low (VL), and Moderate (L). Income Guidelines are updated by HUD annually. CDBG Program Staff monitors HUD communications so that they may provide the most current information to Subrecipients. Subrecipients/entities are responsible for ensuring that the most current information is utilized. All quarterly reporting information must be checked by the Subrecipient for accuracy. *Timeliness and accuracy of quarterly reports are considerations when Subrecipients apply for additional funding in future program years.*

Closeout Reports

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

- Review and verification of annual client statistical and narrative report due 15 days after the end of the program year (September, 30th). Submitting the final quarterly report with year-to-date client totals, along with a year-end-accomplishment narrative, will be sufficient.
- Review of subrecipients/entities record keeping system, including, but not limited to:
 - Activity documentation
 - Personnel files
 - 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 subrecipients/entities record keeping system:
 - Accounting records and ledgers
 - Source documentation e.g. invoices, timecards, canceled checks, etcetera
 - Budget documentation e.g. modifications, etcetera
 - Equipment purchases
- Evaluation of activity financial accomplishment

Monitoring

Subrecipients must adhere to HUD's recordkeeping requirements as contained in 24 CFR Part 570 Subpart J. HUD-funded records must be retained for three years after the submission of the program year CAPER or 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 must be retained beyond the five years.

Programmatic Monitoring

Subrecipients/entities must submit a quarterly report detailing the implementation and administration of the activity or program. The programmatic report must include the following:

- Progress in meeting stated goals and objectives;
- Changes in staff or Board of Directors;
- Problems encountered and steps taken to resolve them;
- Other general information as appropriate;
- Client Summary that identifies the income, ethnicity, and household status of clients receiving
- CDBG-funded assistance within the reporting period.

These reports must be submitted to CDBG Program Staff by the 15th following the end of the quarter (December, March, June and October) when services were provided.

On-Site Visits or Desk Monitoring

Formal monitoring visits are performed annually. For new subrecipients or those experiencing program challenges, monitoring may be more frequent. The subrecipients are notified via letter/email provided with a list of items that will be reviewed including, but not limited to, the following:

- Conformance to awarded Subrecipient Agreement;
- Client Files;
- Quarterly Progress Reports;
- Management and Financial Systems;
- Policies and Procedures;
- Equipment Inventory, if CDBG funds were used;
- Non-discrimination, and Actions to Further Fair Housing;
- Equal Employment Opportunity;

- Section 3, and Women and Minority Enterprise; and
- Compliance with Consolidated Plan

The letter/email include information that CDBG Program Staff will need to see, as well as any particular staff person that may be needed. If there are any findings during the monitoring visit, these will be included in a letter to the subrecipient, with an expected outcome and time frame to correct the issue(s) identified.

Other Provisions and Requirements

Conflict of Interest

Conflicts of interest arise when officials or staff may benefit, either directly or indirectly through business partners or relatives, from the awarding or contracting of grant funds. All of those who are involved with CDBG funding, including the City and Subrecipients, are encouraged to avoid conflicts of interest to the greatest extent possible as serious issues may arise for all parties if a conflict of interest issue is overlooked or undisclosed. When conflicts of interest arise, CDBG Program Staff will identify, disclose, and manage them in compliance with Super Circular 2 CFR Part 200.112 Conflict of Interest, and 24 CFR Part 570.611 Conflict of Interest for CDBG.

In the procurement of supplies, equipment, construction, and services by the City and by Subrecipients, the conflict of interest provisions in 2 CFR 200.318 will apply. In all cases not governed by 2 CFR 200.318, this policy will be followed. Such cases include the acquisition and disposition of real property and the provision of assistance by the City or by its Subrecipients to individuals, businesses, and other private entities under eligible activities that authorize such assistance e.g. rehabilitation, preservation, and other improvements of private properties or facilities pursuant to §570.202; or grants, loans, and other assistance to businesses, individuals, and other private entities pursuant to §570.203, 570.204, 570.455, or 570.703(i).

Religious Activities

In accordance with the First Amendment to the United States Constitution regarding the separation of Church/State Principles, CDBG assistance may not be used for religious activities or provided to primarily religious entities for any activities, including secular activities. Subrecipients 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 religious affiliated homeless shelter would not be eligible for CDBG improvements.

Political Activities

Subrecipients must 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 host 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.

Hatch Act

The Hatch Act, Chapter 15, Title 5 U.S. Code (Public Law 76-252), as amended, prohibits local Community Development Program officials or other personnel employed by a Community Development Program from undertaking certain political activities or from using Community Development funds for political activities. In addition, personnel covered under this Act may not be a candidate for elected office unless candidacies are nonpartisan. The Hatch Act applies to employees of Subrecipients only if the statute through which the organization derives its federal funding contains a provision, which states that recipient organizations will be deemed to be state or local government agencies for the purposes of the Hatch Act.

Anti-Lobbying

Section 319 of Public Law 101-121, of the Department of the Interior Appropriations Act, prohibits subrecipients/entities 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. Further, the law requires that no Federal appropriated funds have been paid or will be paid, by or on behalf of subrecipients/entities to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

Anti-Discrimination Policies

CDBG Subrecipients are prohibited from discriminating on the basis of:

Race, color, religion, national origin, disability status, including prior, alcohol and illegal substance addictions, familial status, ethnicity, gender identity, language(s) spoken, literacy, sexual orientation and veteran status.

Discrimination is prohibited in delivery of services, program administration, and any enforcement mechanisms. No person in the United States will on the ground of race, color, national origin, or any of the other items listed above, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal funding and/or assistance.

Access for Persons with Disabilities

Subrecipients will comply fully with any and all provisions of the Americans with Disabilities Act (ADA) of 1990. This law prohibits discrimination on the basis of disability in employment by state and local governments and in places of public accommodation and commercial facilities. The ADA also requires that facilities that are newly constructed or altered, by, on behalf of, or for use of a public entity, be designed and constructed in a manner that makes the facility readily accessible to and usable by persons with disabilities. The Act defines the range of conditions that qualify as disabilities and the reasonable accommodations that must be made to assure equality of opportunity, full participation, independent living, and economic self-sufficiency for persons with disabilities.

Section 504 Non-Discrimination based on Handicap in Programs Funded by HUD

Subrecipients/entities must comply with Section 504 of the Rehabilitation Act of 1974.

General Requirements

No qualified individual with disabilities will, solely on the basis of disability, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program funded by HUD, including CDBG. Subrecipients may not deny the opportunity, provide less of an opportunity or otherwise limit qualified individuals with disabilities from participating in or receiving services and benefits. This includes participating as a member of the planning or advisory boards or occupying a housing unit provided by the agency.

Communications

Appropriate auxiliary aids must be provided where necessary or reasonably requested e.g. telecommunication devices for deaf persons, for applicants, clients, and employees of the agency. This does not include wheelchairs, hearing aids, or other devices of a personal nature.

Procedures must be in place to ensure that individuals with disabilities can obtain information on services and their location. This may include the provision of printed materials in Braille, large type, cassette, or disk. Subrecipients must provide proper notification e.g. in brochures and general printed information to applicants, clients, and employees of the agency, including those with impaired vision or hearing, that the agency does not discriminate based on disability.

The above notifications should include a telecommunications device number for deaf persons.

Employment

Subrecipients must not discriminate in their hiring practices against qualified individuals with disabilities. Discrimination in employment also applies to promotions, tenure, transfers,

terminations, rates of pay, job assignments, leaves of absences, sick leave, fringe benefits, and any other terms of employment. Subrecipients must make reasonable accommodations to the known physical or mental limitations of an otherwise qualified applicant or employee with disabilities. This may include the provision of equipment or devices, job relocation, job restructuring, or facilities modifications.

Accessibility Self-Evaluation

Each Subrecipient must conduct a review and self-evaluation of its programs, policies procedures, communications, employment practices, facilities, and other aspect of its programs to determine compliance with regulations concerning accessibility and non- discrimination on the basis of disability. Furthermore, any practices or policies that do not meet accessibility requirements must be modified by the Subrecipients to achieve accessibility, and any discrimination revealed by the self- evaluation must be corrected. All Subrecipients must:

- Maintain the results of the above self-evaluation on file and make it available for three years. Designate an employee to coordinate compliance with HUD disability regulations.
- Adopt grievance procedures for people with disabilities.
- Provide proper notices that the agency does not discriminate based on disability.

Environmental Standards

According to the National Environmental Policy Act (40 CFR 1500-1508) and Part 58, the Subrecipient 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 CDBG Program Staff has completed the environmental review process. Subrecipients 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.

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.

National Flood Insurance Program

Subrecipients must comply with the Flood Disaster Protection Act of 1973, and the regulations in 44 CFR Parts 59 through 79. The 1973 Act made the purchase of flood insurance mandatory for

the protection of property located in Special Flood Hazard Areas. If a community has had notice for more than a year that an area has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, CDBG funds cannot be spent for acquisition or construction purposes in the area unless the community is participating in the National Flood Insurance Program and such insurance has been purchased for the properties in question. There is also a statutory prohibition against providing Federal assistance to a person who had previously received Federal flood disaster assistance conditioned on obtaining and maintaining flood insurance and the person failed to obtain and maintain such insurance. (24 CFR 58.6(b)).

Equal Employment Opportunity

Subrecipients must 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

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 Subrecipients 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. Subrecipients/entities need to comply with "Section 3" requirements and to include the following language in all subcontracts:

"The work to be performed under this Agreement is a project assisted under a program providing direct Federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701). Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to low- and very low-income residents of the project area, and that contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low- and very low-income persons residing in the area in which the project is located."

Women- and Minority-Owned Businesses (W/MBE)

Subrecipients/entities will make its best efforts to afford small businesses, minority business enterprises, and women's business enterprises. "Small business" means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. The Subrecipient may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

Use of Debarred, Suspended, or Ineligible Contractors/Vendors

No Contract will be made to parties listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Non-procurement Programs List, found online at www.sam.gov. Subrecipients/entities must procure goods and services in accordance with Executive Orders 12549 and 12689, "Debarment and Suspension," as set forth at 24 CFR part 24.

Limited English Proficiency Access

Subrecipients 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 speak 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 speak 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 subrecipients/entities agrees that it will comply with the provisions of the Drug-Free Workplace Act of 1988, 24 CFR Part 21, by taking the following steps:

- Publish and give a policy statement to all covered employees informing them that the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited in the covered workplace and specifying the actions that will be taken against employees who violate the policy.
- Establish a drug-free awareness program to make employees aware of **a)** the dangers of drug abuse in the workplace; **b)** the policy of maintaining a drug-free workplace; **c)** any available drug counseling, rehabilitation, and employee assistance programs; and **d)** penalties that may be imposed upon employees for drug abuse violations.
- Notify employees that as a condition of employment on a Federal contract or grant, the employee must **a)** abide by the terms of the policy statement; and **b)** notify the employer, within five calendar days, if the employee is convicted of a criminal drug violation in the workplace.
- Notify the contracting or granting agency within 10 days after receiving notice that a covered employee has been convicted of a criminal drug violation in the workplace.

- Impose a penalty on or require satisfactory participation in a drug abuse assistance or rehabilitation program by any employee who is convicted of a reportable workplace drug conviction.
- Make 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.

Rights to Inventions Made Under a Contract or Agreement

Contracts or agreements for the performance of experimental, developmental, or research work must provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by HUD.

Clean Air Act and the Federal Water Pollution Control Act

Subrecipients/entities and their contractors/vendors must comply with the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251 et seq.). Violations must be reported to HUD and the Regional Office of the Environmental Protection Agency (EPA).