

# **Public Service Program Handbook**



## **Community Development Block Grant and Community Service Grant Programs**



**City of Allen  
Community Development Department  
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Allen, Texas 75013  
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## **Application for Community Support Grants – Supplemental Information**

**March 27, 2019**

Applicants are eligible for grant funding from two different funding sources:

1. The U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) program, and
2. Community Support Grants (CSG) funded directly by the City of Allen.

In previous years the City has used identical criteria to evaluate all applications. The purpose of both funding sources is to benefit low-to-moderate income persons and eliminate slum and blight within the City of Allen. However, the City has more flexibility in how the CSG funds are allocated and monitored since it is funded directly by the City, versus the federally funded CDBG program.

As the City's neighborhoods continue to age there is a growing need for services that address deteriorated housing and property maintenance concerns. The CSG funds provide an opportunity to further address these growing needs. To that end, the City may award CSG grant funding to programs that exhibit a direct impact to the following target neighborhoods: Hillside, Windridge, Oak Hill, Collin Square and Timberbend, and/or any homeowner occupied residence citywide that is 25+ years old. Maps of the target neighborhoods are available at the following link: <https://cityofallen.org/1087/Home-Repair-Assistance-Program>. Agencies or organizations addressing property and home maintenance improvements in these neighborhoods such as weatherization and/or window replacement, roofing repair or replacement, accessibility modifications, exterior house painting, gutter installation, fence replacement, siding, fascia and exterior trim repair, and other general repair/improvement projects are of particular interest.

To facilitate this, the City may modify the reporting and documentation criteria as appropriate for selected CSG funded projects that address these needs. All eligibility criteria must be met to be considered for CDBG funds.

The City of Allen has prepared this guidebook to help Community Development Block Grant (CDBG) subrecipient agencies understand the requirements that apply to the use of federal funds for the delivery of CDBG programs and activities. It is a *supplement* to application regulations, standards, and policies. The basic program regulations governing the management and financial systems for the CDBG program are contained in the Code of Federal Regulations Title 24 (24 CFR) and the various OMB Circulars referenced in this handbook. For more information on CDBG programs and HUD regulations, please visit HUD's website at [www.hud.gov](http://www.hud.gov).

Proper documentation and record keeping systems are essential to prove compliance with the program scope of the contract. Examples of the monitoring process are outlined in the following pages of this handbook. Additional documentation may be required as determined by the monitor.

This handbook is primarily concerned with preparing and informing subrecipients of:

1. the subrecipients' responsibilities to document and report their CDBG activities;
2. the regulations that apply to internal management and financial systems of subrecipients;
3. the monitoring process.

Our goal is to help subrecipients achieve their goals and improve their services in compliance with program regulations and performance standards.

## **RECORD KEEPING REQUIREMENTS**

Record keeping is extremely important for all recipients of a Federal grant. If the expenditures you make with Federal funds are not adequately documented, you will be required to refund to the City an amount of money equal to all undocumented expenditures. To help you keep good records, the following information is provided:

Required Files – You should maintain an agency file regarding your grant, and beneficiary files for each person assisted.

### **Agency files must contain the following:**

1. Application for funding
2. Grant Agreement
3. Correspondence with the City of Allen
4. Current audit
5. Documentation of expenditures

### **Beneficiary files must contain the following:**

1. File for each person or family receiving assistance
2. Documentation of eligibility
3. Documentation of assistance provided

## INCOME QUALIFICATION

All persons assisted with CDBG must be low-income. In order to document eligibility, an application must be completed by each client. If the client is under the age of 18, the form should be completed by the client's parent or legal guardian.

Unless your clients are presumed by HUD to be low-income (see Note: Presumed Benefit, following), actual verification of the household income must also be provided. You will need to obtain some form of documentation concerning the income of all persons over 18 and living in the home. Documentation of income must be obtained for each client prior to providing services from CDBG. A recent pay stub, showing year-to-date income (including overtime), is an acceptable means to do this. Using the pay stub, you can then project their income forward for 12 months to determine annual income for purposes of the grant. If they were paid in cash, and no other documentation can be produced, the client can sign a form, under penalty of perjury, stating their income. The client should be made to understand that they are signing a legal document, and that they are certifying the truth of the information in the entire document.

Sample income eligibility certification forms are attached for your modification and use. If you choose to alter the application, please make certain that none of the information we have requested is altered or deleted. Income must be verified at least every 12 months.

Please remember that income includes gross wages, social security payments, retirement, disability, alimony, child support, and unemployment, but not food stamps or lump sum payments such as insurance settlements. Occasional overtime is excluded, but regular overtime is included. Please see the attached Income Determination Worksheet.

The income limits which your clients must meet are stated in your grant agreement. Current income limits (as of 3/27/2019) are as follows (<https://www.huduser.gov/portal/datasets/il/il2018/2018summary.odn>):

FY 2018 Income Limits Summary										
Selecting any of the buttons labeled "Explanation" will display detailed calculation steps for each of the various parameters.										
FY 2018 Income Limit Area	Median Family Income <a href="#">Explanation</a>	FY 2018 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
<b>Dallas, TX HUD Metro FMR Area</b>	\$77,200	Very Low (50%) Income Limits (\$) <a href="#">Explanation</a>	27,050	30,900	34,750	<b>38,600</b>	41,700	44,800	47,900	51,000
		Extremely Low Income Limits (\$)* <a href="#">Explanation</a>	16,250	18,550	20,850	<b>25,100</b>	29,420	33,740	38,060	42,380
		Low (80%) Income Limits (\$) <a href="#">Explanation</a>	43,250	49,400	55,600	<b>61,750</b>	66,700	71,650	76,600	81,550

**NOTE:** Collin County is part of the **Dallas, TX HUD Metro FMR Area**, so all information presented here applies to all of the **Dallas, TX HUD Metro FMR Area**. HUD generally uses the Office of Management and Budget (OMB) area definitions in the calculation of income limit program parameters. However, to ensure that program parameters do not vary significantly due to area definition changes, HUD has used custom geographic definitions for the **Dallas, TX HUD Metro FMR Area**.

Note: Presumed Benefit: Clients who are abused children, battered spouses, elderly persons (age 62 and up), severely disabled persons (see the Appendix for this definition), homeless persons, illiterate persons, or migrant farm workers are presumed by HUD to be low-income. If you provide service only to persons in these categories, you do not need to maintain income records.

## **REQUIRED QUARTERLY REPORTS**

You are required to submit reports on a periodic basis as described in each contract. You must report quarterly the number of clients served, including their incomes, race/ethnicity, and status of head of household. These must be unduplicated clients: i.e., a client receiving service three times should only appear once on the quarterly report, and that client also should not appear again on any following quarterly report during the program year. (If you have not fully expended your grant funds by June 30, and you provide assistance in the new grant year to a client who was assisted prior to June 30, that client should then appear again on your quarterly report.)

Totals – The total persons served on page 1 of the report should equal the total persons listed on page 2.

Persons or Households – The forms give the option of providing information on an individual or household basis. HUD rules require all agencies to provide information on the number of persons assisted, except for those agencies providing individual housing units. For example, a homeless provider would report the number of individuals, but an agency that builds new houses would report the number of households.

Head of Household - You must also report the number of households assisted in which the head-of-household is female.

Ethnicity - You must report the race/ethnicity of each client who receives assistance. The HUD race categories are: White, Black/African American, Asian, American Indian/Alaskan Native, Native Hawaiian/Other Pacific Islander, American Indian/Alaskan Native & White, Asian & White, Black/African American & White, American Indian/Alaskan Native & Black/African American, Hasidic Jews, and Other.

Please note that Hispanic is an ethnicity category which cuts across all races. You must categorize your clients not only by the above race categories, but also by Hispanic ethnicity, and also report this quarterly.

Some Hispanic applicants will state that they are Hispanic but refuse to select a race category. In that case, the staff person doing intake should mark on the form their best guess as to the race of the applicant.

## **REIMBURSEMENT PROCEDURES**

CDBG grants must be administered on a reimbursement basis, with very few exceptions. If you do not have the cash flow to operate on reimbursement, a small initial payment can be made, and then reimbursements are required from that point. Also, in the case of very large purchases, such as land or buildings, we can provide funds to the title company at the time of closing, rather than working on a reimbursement basis. If you feel that you have special

circumstances that would make reimbursement impractical for you, please discuss the situation with us.

To request reimbursement, you should send us a City Request for Reimbursement Form which includes the following:

1. Amount of reimbursement requested, including a list of the expenditures which have been made and are to be reimbursed.
2. Back-up paperwork to document the expenditures being reimbursed (invoices, time sheets, cancelled checks, etc.)
3. Original signature of Executive Director or Board President
4. DO NOT submit client eligibility information – this should remain in your files.

You may request reimbursement any time after you receive your signed Agreement. Unless otherwise stated in the Agreement, any expenditures occurring after October 1 are eligible of reimbursement. Sometimes we may not have our final grant approval from HUD until mid-October or later, so we may be unable to get your Agreements executed before October 1.

Be aware that we will not provide reimbursements if the quarterly reports have not been submitted within the time limits stated in your Agreement.

### **TIME SHEETS**

If your grant is intended to pay for staff salaries, time sheets must be kept. The time sheets must differentiate between hours charged to CDBG, and hours not charged to CDBG. A sample time sheet is attached. It should be signed by the employee and approved in writing by the supervisor. Please note that time sheets must be maintained for salaried employees, as well as hourly employees. Time charged to CDBG should only include the amount of time spent with eligible Allen residents, or the time spent administering a particular program which is being directly funded by CDBG. Time spent on other activities which are not directly related to client service, such as fund raising or agency administration, are not eligible for reimbursement.

### **PURCHASES AND EXPENDITURES**

For items which you buy and charge to the grant, keep a file with copies of invoices, sales receipts, and copies of checks or charge slips. You should also keep a running list of all expenditures and amounts which can then be compared to the invoices and receipts. Undocumented purchases cannot be charged to the grant. See the attached Sample Agency Summary and Sample Expenditures List.

**When appropriate, your files should include the following:**

1. Bid solicitations or requests for proposals, and evaluation criteria used
2. Proof of advertisement for bids and proposals, or direct solicitations
3. Bid tabulation and evaluation
4. Contractor eligibility – de-barred check
5. Executed contracts
6. Bonding and insurance

For purchases costing less than \$3,000, only one quote is required. The sales slip from the store where you bought the item will suffice. Of course, you are not precluded from obtaining several quotes to obtain the best price, even for low-cost items.

For purchase of items costing between \$3,000 and \$25,000, agencies are required to obtain three written quotes for the item. These quotes should be placed in the project file. If the agency is unable to obtain three quotes, a list of the vendors contacted should be placed in the file, noting those vendors who did submit quotes. If there is only one vendor who makes the item to be purchased, this should be noted in the file with an explanation of what you did to determine there was only one vendor available.

Purchases of items costing \$25,000 or more require sealed bids. The sealed bid process can be complicated; therefore, agencies should contact the Community Development at (214) 509-4160 for assistance prior to starting the bid process.

HUD maintains a list on their web site of contractors who have been barred from competing for HUD contracts. Before awarding a bid, you must check the HUD web site ([https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/enforcement/debarments](https://portal.hud.gov/hudportal/HUD?src=/program_offices/enforcement/debarments)) to be sure that your contractor is not on the de-barred list. If they are, you cannot use CDBG funds to pay them. To verify this for your files, simply print the HUD web page that states that no record was found regarding your contractor.

Rents and Utilities - Keep a copy of the rent statements or the lease, and the utility bills, in the file, along with copies of the checks. If you have CDBG grants from two or more cities which are designated for rent and utilities, include a statement in the file showing which months are being charged to the individual cities from which CDBG grants are received.

Construction Projects - If your CDBG grant is for construction (other than a single-family house), the project may fall under the requirements of the Davis-Bacon Act. If it does, this will be stated in your Agreement with the City. This law requires employers on all federally-funded construction projects which cost more than \$2,000 to pay "prevailing wages" to their workers; generally, this is union scale wages. To comply, the contractor must maintain special federal time sheets, and you will have to conduct written employee interviews to determine whether they are actually receiving the wages the contractor reports that he is paying. We will not pay without receiving and approving the weekly time sheets and employee interview forms.

Before you put a project out for bid, please contact the Community Development Department to learn exactly what will be required to comply with Davis-Bacon, a wage determination for your project is required to be attached to your bid package. Your bidders may need to increase their bids to account for the additional paperwork and the probable higher wages. This law applies to the entire project, no matter how small the CDBG contribution is. However, you can avoid Davis-Bacon entirely, if the CDBG grant only pays for architectural and engineering fees or land purchase. There is also an exception if the labor costs are a very small portion of the total project, but do not assume you meet this exception without written approval from the Director of Planning and Development.

Prior to starting construction, you and the contractor should schedule a meeting with City staff to go over the Davis-Bacon requirements that must be met. In past years, agencies have had to pay monetary penalties because the contractor failed to follow the overtime rules or pay the required wages. In all such cases, construction had begun without the knowledge of City staff, and the contractor was not properly briefed.

For construction projects, your files should contain the following:

1. Bid documents
2. HUD Wage Determination
3. Weekly HUD payroll sheets
4. Payroll deduction authorizations
5. Employee field Interviews
6. Progress and final inspections
7. Approved change orders
8. Correspondence related to construction

Land and Building Purchases - If your grant is to purchase land or an existing building, there are certain notifications which must be made prior to making an offer. If the land or building is not vacant, there are additional requirements which must be met at the time the owner is first approached regarding selling the property. You should contact the Planning Department as early as possible to avoid time delays, additional expenses, and the possible loss of your Federal funds for your project.

When property is purchased using Federal funds, certain actions are required by Federal law to ensure that the seller is treated fairly. Proof that these actions were taken will be required before the City of Allen may fund a proposed purchase.

The following requirements apply ONLY to vacant property or buildings. Additional requirements must be met if the property has a tenant or if the owner is physically occupying the property.

An agency may purchase property if, before the seller enters into the contract of sale, the agency informs the seller in writing:

1. That it does not have the power of eminent domain and therefore will not acquire the property if negotiations fail to result in an amicable agreement; and
2. Of its estimate of the fair market value of the property. An appraisal is not required; however, your files must include an explanation, with reasonable written evidence, of the basis for the estimate. Whenever feasible, this information shall be provided before making the purchase offer. In those cases where there is an existing option or contract, the seller must be provided the opportunity to withdraw from the agreement after this information is provided.

An example of the informational letter which must be provided to the owner is included as an attachment. An acknowledgement of receipt is required (a return receipt from the post office will suffice).

Records which must be kept:

1. Identification of property and property owner(s).
2. Evidence that owner was informed on a timely basis about the acquisition and his/her rights (copy of letter and acknowledgement of receipt).
3. Copy of each appraisal report or the explanation of the basis for your estimate of fair market value.



4. Copy of the written purchase offer and the date of delivery to the owner.
5. Copy of the purchase contract and document conveying the property.
6. Copy of closing statement identifying incidental expenses; evidence that owner received net proceeds due from sale.
7. Copy of any appeal or complaint filed and agency response.

## **SINGLE AUDIT**

If the total amount of Federal funds received by your Agency from all sources exceeds \$500,000 during the fiscal year ending on September 30, you must prepare a Single Audit in compliance with OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." You must submit one (1) copy of the Single Audit to the City within nine (9) months of the end of the fiscal year.

The Single Audit Report must state that the audit was made in accordance with the provisions of OMB Circular A-133, and should include the following:

1. Any separate management letter.
2. The auditor's report on the financial statements of the agency, and a set of the financial statements themselves.
3. The auditor's report on Schedule of Federal Assistance. The federal expenditures must be shown for each Federal assistance program.
4. The auditor's report on the study and evaluation of internal controls systems. The report should identify significant internal accounting controls and any controls designed to provide reasonable assurance that Federal programs are being managed in accordance with laws and regulations. Likewise, the report should identify the controls not evaluated and the material weaknesses identified as a result of the evaluations.
5. The auditor's report on compliance with the laws and regulations that may have material effect on each major Federal program.
6. The auditor's report on compliance with certain requirements of non-major programs (if required).
7. The auditor's report on fraud, mismanagement, abuse, or illegal acts (if any).

**Other - If your grant includes expenditures not listed above, please contact our office concerning appropriate record keeping prior to spending any funds. We will work out with you the best way to maintain the needed records.**

## **MONITORING**

The Department of Housing and Urban Development (HUD) requires monitoring of subrecipient agencies on an annual basis. Monitoring is a system to evaluate whether subrecipients are carrying out their CDBG program(s) in compliance with Department of Housing and Urban Development regulations, the contract terms, and conditions and policies of the City of Allen CDBG Office. Authority: Title I, Housing and Community Development Act of 1974, as amended (42 U.S.C. 5300-5320); sec. 7(d), Department of Housing and Urban Development Act. (42 U.S.C. 3535(d)). Monitoring is an ongoing process of reviewing performance using agency data to make judgments about the performance, and to assist in improving that performance.

The contract compliance monitoring performed by the City is different from an annual audit. Monitoring is not an audit of the agency, but rather is focused on the “program” that is CDBG funded.

To meet HUD requirements, the City may conduct an on-site monitoring visit, or in certain instances, the City may conduct a “desktop” monitoring visit, whereby the agency is not visited, and their grant is monitored only by review of the information in City files.

#### Program Monitoring Goals:

- A. To review subrecipient agencies to determine if services are being delivered in accordance with contract requirements as to type of services and number of units of service.
- B. To review records of subrecipient agencies to determine if systems are in place to properly document the provision of services, client eligibility, and compliance with any other contract requirements.

#### Fiscal Monitoring Goals:

- A. To review subrecipient agencies to determine if expenditures of allocated funds are being made in accordance with contract requirements.
- B. To review records of subrecipient agencies to determine if systems are in place to properly document financial transactions, the use of allocated funds, use of program income, and any other contract requirements.

### **PROGRAM MONITORING PROCESS**

The City will contact the agency to arrange for a monitoring visit. The agency will be informed regarding the initial records to be reviewed. These records should be ready for review upon the monitor’s arrival and available at the working space set up for the monitor.

Entrance Conference: Monitors meet with agency director to answer any questions regarding the monitoring process and are introduced to appropriate staff to begin work.

- A. Meet staff responsible for the intake process, preparation for reports of units of service, and direct service providers.
- B. Review records selected for monitoring and discuss record keeping methods with staff who maintain them. Copies of certain documents and records may be made for purposes of preparing the report. Records which will be reviewed by the monitor include but are not limited to:
  - 1. Units of service reports sent to the City for the period under review.
  - 2. Daily logs, time sheets, or other documents used to derive the number of units reported.
  - 3. A list of client records will be requested after review of the unit tallies. These client records should include eligibility documentation and records of services provided.

## Review of Records:

- A. Subrecipients are required to submit the ethnicity and units of service reports on a quarterly basis. The monitor will check the agency records against City records regarding these reports for the following:
1. Determine if amounts in agency records reported for each quarter match amounts noted in City records.
  2. Determine if reports are presented in a timely manner (by the date specified in the contract).
  3. Determine if reports are completed in a satisfactory manner.
  4. Determine if the quantity of units provided is roughly proportionate to the amount of the allocation expended.
  5. Determine if the agency is significantly behind in the provision of units.
- B. The monitor will review documents used by the agency to derive the number of units reported.
1. Determine the method used to distinguish CDBG clients from clients not billed to the CDBG contract. Determine if this method is usable and satisfactory.
  2. Determine whether the number of units reported in sample months matches the number in the backup documents.
  3. Determine if units are in keeping with the contract definition.
  4. If units are differentiated between types, determine that only units of the types listed in the contract are billed for CDBG clients.
  5. Develop a list of client files to be reviewed from the sample months, listing client number, client name, date of service, number of units served and type of service.
  6. Present list to staff and allow a reasonable length of time for client files to be pulled for review.
- C. The monitor will review client files for:
1. Documentation of eligibility which is dated within twelve months of the sample service date:
    - Documentation of residence within the city limits
    - Documentation of income equal to or lower than 80% of the median income for the Dallas area (Income Guidelines in Exhibit A of the contract and updated periodically).
  2. Documentation of Presumed Benefit status on the form(s) provided in the contract.
  3. Documentation of the provision of services which meet the terms of the contract.
    - Determine if date of service and type of service provided which was taken from the tally log is also recorded in the client file and appears to be reasonable.
  4. Review complete file for each client determining whether services being provided are in accordance with the contract, whether client is in contract's target population (such as client who is documented as homeless being visited at home).
  5. Where applicable, determine if client notes are dated, reflect the units provided are signed by the caseworker, complete and informative as to the client's progress.
  6. Determine if files are complete and maintained in an orderly fashion.
  7. Obtain blank copies of intake and other pertinent documents used by agency.

- D. Throughout the course of the on-site visit, the monitor will observe interactions between staff and clients and the condition of the facility.
- E. The monitor will observe whether the Equal Employment Opportunity placard has been posted as required by law:
  1. Observe whether official placard has been posted.
  2. Determine if it is available for viewing by employees.
  3. Determine if it is available for viewing by applicants for employment.

Exit Conference:

- A. The monitor will meet with the agency director to discuss results of monitoring. Director may invite staff and/or board members as he/she deems appropriate.
  1. Discuss findings, if any, and methods of correcting each individual deficiency.
  2. Discuss concerns, if any, and methods of correcting concerns.
  3. Discuss any observations made regarding the agency and offer technical assistance where applicable.
  4. Answer any questions agency director or staff may have.

**FISCAL MONITORING PROCESS**

The City will contact the agency to arrange for monitoring. Program and fiscal monitoring may or may not be scheduled concurrently. Each agency will be monitored once annually. In some cases it may be necessary to perform a follow up monitoring visit. The agency will be informed as to the initial records to be reviewed. These records should be collected and available at the working space set up for the monitor, and should be in an understandable format. Alternatively, the Monitor may conduct a desktop review in the CDBG office and may require the agency to submit documents to the CDBG office.

Entrance Conference: Monitors may meet with or call the agency director to answer any questions regarding the monitoring process.

- A. Meet staff responsible for preparing reimbursement requests, payroll, and maintaining accounting records.
- B. Review records selected for monitoring and discuss record keeping methods with staff who maintain them. Copies of certain documents and records may be made for purposes of preparing the report. Records to be reviewed by the monitor may include, but are not limited to:
  1. Time and attendance reports (time sheets or time cards)
  2. Payroll register
  3. Cash receipts journal
  4. Check disbursement journal or check register
  5. Bank statements and/or canceled checks
  6. General ledgers
  7. Invoices and purchase orders
  8. Bank reconciliation
  9. Any additional item (vouchers, documents, financial reports, records, etc.) needed to verify transactions

## Review of Records:

### A. Salaries - The Monitor will:

1. Review time and attendance reports for time billed to CDBG and verification of reports by supervisor.
2. Check to see if there is a clear audit trail between the time and attendance reports, payroll register, general ledger accounts and Federal and state reports.
3. Test computation for gross amounts, deductions, and net payments.
4. Verify canceled checks for amounts and endorsements.
5. Verify employees' time from time cards to the time reported to CDBG on reimbursement requests.
6. Verify that the salary costs requested for reimbursements are allowable under the terms of the contract.

### B. Property and Equipment - The monitor will:

1. Verify invoices and payments.
2. Verify purchase of equipment is in agreement with general ledger account and financial reports.
3. Ensure that purchased equipment is allowable.
4. Verify calculation of depreciation (if applicable).
5. Make physical inspection of equipment (if applicable).

### C. Other Operating Expenses - The monitor will:

1. Examine invoices and related canceled checks.
2. Review invoices for approvals and account distribution.
3. Determine if the costs are allowable.
4. Verify agency's line item costs to amounts requested for reimbursement.
5. Verify that amounts requested for reimbursement agree with posting to general ledger accounts.
6. Select insurance invoices to verify that the amounts requested for reimbursement apply only appropriate personnel.

### D. Revenue - The monitor will:

1. Verify amounts disbursed by City to reconcile with funds received by the agency.
2. Verify amounts and use of any program income or CHDO proceeds received.

### E. Overall Accounting Review - The monitor will:

1. Review the process used to record the various transactions and determine whether it is effective.
2. Review the actual transactions and their supporting documentation, determining eligible reimbursement expenses. In order for an expenditure to be considered eligible for reimbursement, the following requirements must be met:
  - The expenditure must be for the current funding period.
  - Must be an expenditure related to CDBG activity.
  - Must be an expenditure permitted by the contract.
3. Review the overall agency performance to determine if it is within compliance according to the contractual terms and conditions.
4. Determine if the prior year's monitoring findings have been corrected and are not being repeated.

### Exit Conference:

The monitor will call or meet with the agency director to discuss results of monitoring. Director may invite staff and/or board members as he/she deems appropriate.

1. Discuss findings, if any, and methods of correcting each individual deficiency.
2. Discuss concerns, if any, and methods of correcting concerns.
3. Discuss any observations made regarding the agency, offer technical assistance where applicable.
4. Answer any questions director or staff may have.

### Monitoring Reports

Within thirty (30) days after the completion of the monitoring visit or desktop review, a written report of the results of the monitoring visit will be forwarded to the subrecipient. If the program and fiscal monitoring were performed concurrently, the reports for both will be combined under a single cover letter. The monitoring report contains:

1. A detailed list of areas reviewed.
2. A detailed list of findings, if any. A recommendation will accompany each finding explaining how the deficiency can be corrected.
3. A detailed list of concerns, if any. Depending on the nature of the concern, a recommendation may be included on how to eliminate the concern.
4. Observations, if any, made regarding the agency's operation.
5. If findings are severe, the letter accompanying the report may place a hold on further reimbursements to the subrecipient until the findings are cleared.

Response to Monitoring Report: Within thirty (30) days after receipt of the monitoring report, the subrecipient must submit a written response to the monitoring report. The response should include:

1. A response to each individual finding and concern, if applicable.
2. Copies of any documentation to back up the response to the findings (copies of corrected employee monthly time reports, etc.).

Response to Agency Response: Upon receipt of the subrecipient's response to the monitoring report, the program and fiscal monitors will review the response to determine if the findings have been satisfied. A written response to the subrecipient's response will be sent to the agency, to include the following:

1. Those findings which have been satisfied will be noted as closed. If all findings are closed, the subrecipient's monitoring for the year under review is considered to be complete.
2. Findings which are not satisfied will remain open, and will require further response or action on the subrecipient's part.
  - a. The subrecipient will be given an adequate period of time to take any further action needed to correct the findings and respond in writing.
  - b. If these actions are satisfactory, the findings are noted as closed and the monitoring is considered to be complete.
  - c. If these actions are not satisfactory, further correspondence is required until such time as all findings are closed and the monitoring is concluded.
  - d. The close of the contract does not necessarily close the monitoring. Correspondence will continue until all findings are closed.

## DEFINITION OF TERMS

1. Acceptable Accounting Records:

Transactions must be recorded in a permanent form of record such as in the following types of journals (ie. General Journal, Cash Receipt Journal, Payroll Register, Check Register). Next, the journal entry should contain information showing the transaction took place (invoice, check, receipt, etc.). A copy of this proof should be available for examination.

The account information from these journal entries should be transferred to a General Ledger for "Cash."

2. Allocation of Expenditures:

The dividing up of an expense to show the amount that will be reimbursed by Community Development. Example: An agency occupies 470 sq. ft. of office space. It operates two programs, Program A (CDBG Funded) and Program B (other funds). The agency would like to split up the rental expense of \$1,200. Program A occupies 320 sq. ft, while Program B occupies 150 sq. ft. Therefore, Program A is responsible for \$840 (70% of that month's rent).

3. Appropriate Expenditure:

An appropriate expenditure must be based on the line items in the budget in the contract, within the specified amounts of those line items, and meet HUD eligibility criteria. OMB Circular A-122 details exactly what sort of expenditures are eligible. You can review and print out a copy of this circular at

[https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A122/a122\\_2004.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A122/a122_2004.pdf) .

4. Appropriate Provision of Services:

Services should be provided at a rate comparable to expenditures. The percent of the allocation expended should not significantly exceed the percent of units completed.

5. Concerns:

A problem noted by the monitor which has not yet put the subrecipient out of compliance with the contract but might at some future date.

6. Contract Term:

This is the term during which the contract is in effect, and is clearly stated in each contract. Expenses requested for reimbursement must be incurred during the term of the contract. Services billed as units must be performed during the contract term.

7. Costs, Eligible:

Circular A-122 establishes the cost principles for grants, contracts, and other agreements with non-profit organizations. The principles are designed so the Federal Government will bear its fair share of the cost allowed by law. All cost reimbursements are subject to this circular. The factors determining status of costs are:

- A. Are the costs allowable?
- B. Is there proper documentation? (voucher or receipts are required for all reimbursements)
- C. Are costs approved in the contract?
- D. Are costs reasonable and consistent?

An outline of selected costs is listed on OMB Circular A-122, which may be viewed at [https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/federal\\_register/FR2005/083105\\_a122.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/federal_register/FR2005/083105_a122.pdf).

8. Documentation:

Not only must a client meet the criteria for eligibility, you must have documentation to prove that eligibility present in your files. Documentation of income and residence must be obtained for each client served and updated every twelve months. Documents considered acceptable are outlined in the "Client Eligibility Documentation Guidelines" (attached). Should you have an eligible client whom you cannot document under these guidelines, contact the City for technical assistance. Documentation should be obtained for each client prior to providing services under the contract. If documentation is obtained for the client at a later date, and the client was not billed to another funding source, previous units served to the client may be billed to this contract.

9. Eligible Client - Income:

A client whose household income is equal to or less than 80% of the median income of the Standard Metropolitan Statistical Area for the City of Dallas. Income guidelines based on household size are incorporated into your contract, and updated income guidelines are provided when they are received from HUD.

10. Eligible Client - Residence:

A client whose permanent residence is within the city limits of the City of Allen.

11. Eligible Expenses:

In order for an expenditure to be eligible for reimbursement, it must meet the following requirements:

- a. Must be an expenditure incurred due to Community Development activity.
- b. Must be for the funding period specified in the current contract.
- c. Must be documented.

12. Findings:

A deficiency in the agency's program performance regarding compliance with the contract, HUD regulations, or City policy for which sanctions or other corrective actions are authorized. Findings are formally noted in the written report, and the agency is given a reasonable period in which to correct the findings. An **EXAMPLE** of a finding is where there is a program requirement for appropriate documentation of low/mod benefit and **that documentation either does not exist, is incomplete, or does not support the conclusion reached.**

13. Household:

All persons who reside in the same dwelling. This includes grandparents, aunts, adult children, siblings, friends, etc.

14. HUD:

The United States Department of Housing and Urban Development, funding source for CDBG.

15. Observations:

Notations made by the monitor which are not related directly to contract compliance deficiencies. Observations are often positive notations, such as improved performance or exceptional organization.



16. Presumed Benefit Clientele:

HUD has granted a special status of “presumed benefit” to certain groups. By virtue of a client being in this group, the client is presumed to be income eligible. The following groups are considered to be presumed benefit:

- Homeless persons
- Abused children
- Battered spouses
- Elderly persons
- Illiterate persons
- Migrant farm workers
- Severely handicapped persons – Severely Disabled: Persons are classified as having a severe disability if they:
  - Have used a wheelchair or another special aid for 6 months or longer.
  - Are unable to perform one or more functional activities or need assistance with an activity of daily living (ADL) or an instrumental activity of daily living (IADL).
  - Are prevented from working at a job or doing housework.
  - Have a selected condition including autism, cerebral palsy, Alzheimer’s disease, senility or dementia, or have an intellectual or developmental disability.
  - Are under 65 years of age and are covered by Medicare or receive SSI.

Functional activities include seeing, hearing, having one’s speech understood, lifting and carrying, walking up a flight of stairs, and walking.

ADL’s include getting around inside the home, getting in and out of bed or a chair, bathing, dressing, eating, and toileting.

ADL’s include going outside the home, keeping track of money or bills, preparing meals, doing light housework, and using the telephone.

Programs which serve exclusively presumed benefit populations do not need to obtain proof of income. Your contract will clearly state this presumed benefit status.

17. Program Income:

Income collected by the agency as a direct result of the CDBG-funded activities being carried out. Your contract specifies how program income is to be handled. Most agencies do not collect program income. For example, program income does not include application fees, but it would include repayments of loans made with CDBG funds, refunds of overpayments, or refunds of deposits.

18. Proration of an Expenditure:

The splitting up of an expense in order to charge the current funding year’s portion of CDBG for reimbursement. Example: This year’s funding is for the period of October, 2019 through September, 2020. The agency would like reimbursement for an electric bill. The bill, for the period of September 25 through October 24, was for a total of \$93.00. Since the current funding year started as of October 1, you can only request reimbursement for the 24 days of October. Therefore, the agency would charge CDBG for \$74.40 of that month’s electric bill.

\$93.00	Total Electric Bill
<u>x 80%</u>	(24 days of June out of 30-day bill)
\$74.40	

19. Reimbursement:

The method used to pay subrecipients. The request for payment must be for an expenditure which has already been paid (operating expenses) or incurred (payroll expenses).

20. Subrecipient: Agency receiving CDBG funds.

21. Units of Service: the measure of service provided through CDBG. Generally, this will be the number of person or families who received service during the program year.



**CDBG ELIGIBILITY CERTIFICATION FORM**  
(NO PROOF OF INCOME)

**NAME** \_\_\_\_\_ **PHONE** \_\_\_\_\_ **DATE** \_\_\_\_\_

**ADDRESS** \_\_\_\_\_ **ZIP** \_\_\_\_\_

**Head of Household:**     Male     Female

**Race/Ethnicity:**    Do you consider yourself to be Hispanic?     Yes     No

Also, please check the race/ethnicity which applies to you:

- |                                                         |                                                                 |
|---------------------------------------------------------|-----------------------------------------------------------------|
| <input type="checkbox"/> White                          | <input type="checkbox"/> American Indian/Alaskan Native & White |
| <input type="checkbox"/> Asian & White                  | <input type="checkbox"/> American Indian/Alaskan Native         |
| <input type="checkbox"/> Black/African American         | <input type="checkbox"/> American Indian/Alaskan Native & Black |
| <input type="checkbox"/> Black/African American & White | <input type="checkbox"/> Native Hawaiian/Pacific Islander       |
| <input type="checkbox"/> Asian                          | <input type="checkbox"/> Hasidic Jew                            |
|                                                         | <input type="checkbox"/> Other                                  |

**List Yourself and all Other Persons Occupying Home**

Name	Relationship	Sex	Age	Social Security Number
1. _____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____
5. _____	_____	_____	_____	_____
6. _____	_____	_____	_____	_____
7. _____	_____	_____	_____	_____
8+. _____	_____	_____	_____	_____

I hereby certify that the total income of all persons living in my home is \$ \_\_\_\_\_. I further certify that I cannot provide written proof of income because I am unemployed, am normally paid in cash, or other reason.

**BY MY SIGNATURE, I ACKNOWLEDGE THAT ALL INFORMATION I HAVE PROVIDED IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE. I AM AWARE THAT MAKING A FALSE STATEMENT TO OBTAIN BENEFITS TO WHICH I AM NOT ENTITLED IS A CRIME AND MAY SUBJECT ME TO BOTH CIVIL AND CRIMINAL PENALTIES.**

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Date

**INCOME DETERMINATION WORKSHEET**  
(You are calculating income for the next 12 months)

**INCOME INCLUSIONS**

**Wages/Salary:**

Wage rate (hourly, salary): \_\_\_\_\_

Multiply hours worked in a pay period by the  
# of pay periods: \_\_\_\_\_

Multiply hourly wage rate by annual # of hours: \_\_\_\_\_

Regular/guaranteed overtime: \_\_\_\_\_

Tips, bonuses, commissions, fees  
or other compensation: \_\_\_\_\_

**Total Annual Wage/Salary:** \_\_\_\_\_

Net income from operation of business: \_\_\_\_\_

Social Security payments  
Total GROSS for year : \_\_\_\_\_

Income from annuities, insurance policies,  
retirement funds, pensions, disability or  
death benefits: \_\_\_\_\_

Regular gifts or contributions: \_\_\_\_\_

Child or alimony support: \_\_\_\_\_

Unemployment, workers comp, severance pay: \_\_\_\_\_

Public assistance payments (TANF): \_\_\_\_\_

Armed Forces pay (except hostile duty pay): \_\_\_\_\_

Earned Income Tax Credit: \_\_\_\_\_

Gambling, prizes: \_\_\_\_\_

Interest, dividends: \_\_\_\_\_

Assets over \$5,000 but less than \$50,000  
Less than \$5,000, use the actual income;  
More than \$5,000, use the greater of:  
(1) actual income; or (2) Assets x passbook rate: \_\_\_\_\_

**INCOME EXCLUSIONS**

Full-time students in household over 18  
Earnings MORE THAN \$480 are excluded: \_\_\_\_\_

Student scholarships: \_\_\_\_\_

Lump sum payments (settlement, inheritances): \_\_\_\_\_

Reimbursements for medical expenses: \_\_\_\_\_

Hostile duty pay: \_\_\_\_\_

Payments from HUD programs for  
Self Sufficiency attainment: \_\_\_\_\_

**TOTAL YEARLY INCOME:** \_\_\_\_\_



AGENCY: \_\_\_\_\_

PROGRAM NAME: \_\_\_\_\_

DATE SUBMITTED: \_\_\_\_\_

PERSON SUBMITTING REPORT: \_\_\_\_\_

REPORTING PERIOD: \_\_\_\_\_

REPORTING ON:     PERSONS     HOUSEHOLDS     FAMILIES

**CDBG REPORT - UNDUPLICATED TOTAL SERVED BY ETHNICITY**

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Yearly Total	
	Total	# Hispanics	Total	# Hispanics	Total	# Hispanics	Total	# Hispanics	Total	# Hispanics
White										
Black or African-American										
Asian										
American Indian/ Alaska Native										
Native Hawaiian/ Other Pacific Islander										
American Indian/ Alaska Native & White										
Asian and White										
Black/African American and White										
American Indian/ Alaska Native & Black/Afr. Am.										
Hasidic Jew										
Other Multi-Racial										
<b>Total</b>										
Female Head of Household										

**CDBG REPORT - UNDUPLICATED PERSONS/HOUSEHOLDS SERVED**

Client ID	Annual Income	Number in Household	Number of Children	Head of Household Over 62?	Handicapped?	Female Head of Household





Acquisition of Land or Buildings

SAMPLE LETTER TO PROPERTY OWNER

Date

Dear \_\_\_\_\_:

This is to inform you that \_\_\_\_\_ agency \_\_\_\_\_ is interested in discussing the purchase of the property you own at \_\_\_\_\_ address \_\_\_\_\_, if a satisfactory agreement can be reached. As Federal funds may be used in relation to the property purchased, we are required to disclose the following information as required by the U.S. Department of Housing and Urban Development:

This property sale is voluntary. If you do not wish to sell the property, or if a satisfactory agreement cannot be reached for the sale, the \_\_\_\_\_ agency \_\_\_\_\_ will not purchase your property. The \_\_\_\_\_ agency \_\_\_\_\_ does not have the power to take property by condemnation (eminent domain).

The estimated fair market value is \$\_\_\_\_\_. (Note to the Owner/Seller: this information is required by HUD; however, it does not establish the purchase price in a voluntary sale. The purchase price will be established through negotiation.)

Any title deficiencies, liens, or encumbrances on the property must be cleared or satisfied by you, the Seller, at no expense to the Buyer, prior to any closing or contract for sale.

Since the purchase would be a voluntary transaction, you would not be eligible for relocation payments or assistance under any law or regulation. Also, any offer will be made on the condition that no tenant will be permitted to occupy the property before the sale is completed. Any tenant occupying the property at this time, or who moved to facilitate this sale, may be eligible for relocation payments and assistance under Federal law.

HUD rules also state that when the information provided above is disclosed after an option to purchase or contract has been executed between the Buyer and the Seller, the Seller must be provided the opportunity to withdraw from the agreement.

This is not a commitment to purchase any property and represents only an indication of our interest in discussing the purchase of the subject property with you. Should you have any questions, please contact \_\_\_\_\_ name of contact person \_\_\_\_\_ at \_\_\_\_\_ phone number \_\_\_\_\_ .

Yours truly,

Name and Title

# SAMPLE AGENCY SUMMARY

CDBG YEAR 10/1/119 – 9/30/20

## Revenue - CDBG

\$50,400.00

## Expenses

### A. Utilities

1. Electric	\$ 7,689.02
2. Water/Garbage Disposal	4,820.97
3. Gas	446.01
4. Telephone	<u>3,116.90</u>
	<b>\$16,072.90</b>

\$16,072.90

### B. Supplies

1. Cleaning
2. Personal hygiene
3. Plastic and paper products
4. Office supplies
5. Medical supplies
6. Bedding and towels
7. Light bulbs

\$1,894.76

### C. Staff

2 full-time staff

\$43,199.90

### D. Child Care Vouchers

\$1,114.10

### E. Bus Transportation

\$4,000.00

### F. **TOTAL EXPENSES**

**\$66,281.66**