

II. ADMINISTRATION

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A. INTRODUCTION

This chapter lists the contents of the filing system you must establish for your grant. While the listing of files may seem lengthy, it will help to keep your grant operating effectively and efficiently. Also included in this chapter are highlights of several key parts of the grant administration process. Although these subjects are covered in more detail in following chapters, they are brought to your attention here because of their importance to successful grant administration.

As a grant recipient, you must be able to fully document your Community Development Block Grant – Emergency Assistance Program (CDBG-EAP) so that you can demonstrate compliance with all applicable regulations.

Records must be kept for a period of three years after you receive your final closeout letter. The filing system you establish should be easy to use, and must provide a historic account of your activities for examination and review by Commerce auditors and local staff.

B. APPLICATION FILE

1. Application, amendments and revisions to the application, if any.
2. Correspondence about the application.
3. Citizen participation plan and documentation of public hearings.

C. GRANT CONTRACT FILE

1. Department of Commerce award letter.
2. Original signed grant contract plus any amendments, and correspondence concerning any grant conditions.

D. FINANCIAL MANAGEMENT FILE

1. State and federal regulations set forth the financial management procedures which must be followed in administering a CDBG-EAP grant. For details on how to comply with these requirements see Chapter IV of this handbook entitled Financial Management. If you have questions concerning those requirements, contact your Project Representative.
2. Use the following major categories to establish your financial management files:
 - a. Drawdown folder.
 - Drawdown Register.
 - Depository Certification.
 - Signature Certification.
 - Requests for Disbursement of Community Development Block Grant Funds.
 - b. Grant Account Transactions Journal.
 - c. Accounting books of original and final entry.
 - d. Source documentation (invoices, payrolls, contracts, etc.).
 - e. Cancelled checks, deposit slips, bank statements, etc.
 - f. Quarterly report forms.

E. EQUAL OPPORTUNITY FILE

1. The Civil Rights Laws and related laws and regulations are designated to protect individuals from discrimination on the basis of race, national origin, religion, color, sex, age, handicap or family status. As they apply to the CDBG-EAP program, they protect individuals and families from discrimination in housing, employment, business opportunities and benefits created by CDBG-EAP projects.

Please refer to Chapter V for more details. If you have questions concerning equal opportunity compliance, contact your Project Representative.

2. Include the following items in your equal opportunity file:
 - a. Demographic profiles of the community--relating to race, ethnicity, sex, age and head of household (HOH).

- b. Racial, ethnic, gender, age, handicap and familial status data showing the extent to which these categories of persons have participated in, or benefitted from, the CDBG-EAP programs and activities.
- c. Documentation of all actions taken to achieve fair housing.
- d. Record of all CDBG-EAP contracts and subcontracts (by name, number and dollar amount) awarded to minority business and women's business enterprises.
- e. Grantee employment data which show employment patterns in those departments using CDBG-EAP funds.
- f. Evidence of efforts made to promote the use of local businesses and the identification, training and/or employing of lower-income residents.
- g. Copy of local fair housing ordinance.

F. ENVIRONMENTAL REVIEW RECORD

All CDBG projects, including those responding to emergencies, are subject to the provisions of the National Environmental Policy Act of 1969 (NEPA). However, due to the need to expedite the reconstruction of homes and infrastructure damaged by natural disasters, jurisdictions applying for CDBG-EAP funds are subject to only a limited environmental review process.

Commerce will prepare an Environmental Review Record (ERR) on behalf of each grant recipient receiving funds under the CDBG-EAP. Recipients are required to assist Commerce in the gathering of information pertinent to the preparation of the ERR.

Chapter VI of this handbook details the Environmental Review requirements.

G. PROCUREMENT POLICY FILE

1. General Requirements

A local policy of procurement procedures must be adopted. This policy must cover acquisition of supplies and services. A copy of this procedure must be placed in the procurement file (see samples in Attachment 1).

A file documenting compliance with procurement policies must be maintained.

2. Acquiring Consultant, Engineering or Audit Services

When acquiring the services of a consultant to administer a CDBG-EAP program or to provide other professional services (e.g., audit, engineering), you may use simplified acquisition procedures for all service contracts that are less than the simplified acquisition threshold of \$100,000 as specified in 24 CFR Part 85.36.

Simplified acquisition procedures require that price or rate quotations shall be obtained from at least three qualified sources. If a local procurement policy is in place that is more restrictive than the simplified procedures described here, the local policy must be followed. Evidence that the appropriate procedure was followed must be in place in the procurement file.

If you have questions concerning this procedure, call your Project Representative.

3. Acquisition and Disposition of Property

- a. CDBG-EAP program records must include an Acquisition/Disposition Register (see Attachment 2). Use this document to record all property (including real property) acquisitions for items costing over \$500 purchased with CDBG-EAP funds. The register should include a description of the item, cost, date purchased, how disposed, and when. All dispositions of CDBG-EAP purchased items (including those purchased with previous state-administered grants) must also be recorded on this Register.

Keep the Acquisition/Disposition Register in your Procurement file. You must maintain an Acquisition/Disposition Register whether or not items in excess of \$500 were purchased with CDBG-EAP funds.

- b. Lease/Purchase of Equipment

Items valued at less than \$2,000 may be purchased with the CDBG-EAP funds designated for program administration.

Items valued in excess of \$2,000 are not eligible expenses. Contact your Project Representative if you have any questions.

4. Records

The Grantee must maintain a file documenting compliance with all procurement policy requirements.

H. CITIZEN PARTICIPATION FILE

All CDBG-EAP grants are subject to citizen participation (CP) requirements as spelled out in Title I of the Housing and Community Development Act of 1974 as amended.

In order to meet the CP requirements, this process must be initiated when a community begins the application process. The specific requirements for this process are spelled out in the CDBG-EAP Application Packet.

Your Citizen Participation File must contain:

1. Publications or documentation of postings used to announce the required public hearings.
2. Minutes from the public hearings documenting that they were held and their content.

If you have questions concerning citizen participation requirements contact your Project Representative.

I. BOH MONITORING/INSPECTION FILE

1. Monitoring reports, Commerce letters of findings and recommendations, response to letters of findings, and evidence clearing any monitoring findings.
2. Other correspondence related to Commerce monitoring inspection visits.

J. GENERAL CORRESPONDENCE FILES

Correspondence of any type that does not fall into one of the above categories nor into the project file categories.

K. PROJECT CLOSEOUT FILE

1. Completion Report, evidence of disposition of third party claims and Commerce certificate of completion.
2. Single Audit Report.

L. INDIVIDUAL HOUSING PROJECT FILES

Individual housing project files should contain a complete record of all project activities. Each project should have its own file. Within each file there should be documentation to record the chronological history of the project. The documentation may vary from project to project, but in all cases should provide a complete history of the project from initiation to closeout.

M. LABOR STANDARDS

Any infrastructure project that will be bid out by the Grantee will probably be covered by Davis-Bacon wage rates and related federal acts. (See Chapter VII)

N. ACQUISITION FILE. (One required for each parcel to be purchased with CDBG-EAP funds.) If a project involves acquisition by the Grantee, the following items must be included:

Acquisition Summary Checklist and supporting documentation, including:

1. Street address of property.
2. Property use description.
3. Owner(s).
4. Tenant(s).
5. Owner's current address, home phone and business phone.
6. Date Grantee made determination to acquire.

7. Evidence that preliminary acquisition notice and brochure were delivered to owner.
 8. Documents that show displacement and relocation benefits were considered, and Department of Commerce correspondence if applicable.
 9. Appraisals and review.
 10. Date appraiser(s) invited the property owner to accompany them on their inspection of the property.
 11. Summary statement establishing just compensation, including date, property description and amount. Date formal written offer/ statement of determination of just compensation is delivered to the owner.
 12. Document from owner verifying offer was accepted.
 13. Date of closing.
 14. If by condemnation, date condemnation proceeding instituted and copies of all pertinent proceedings.
 15. Copies of all important transfer documents; deed, mortgage release, etc.
- O. RELOCATION FILE. (One required for each displaced household or business.) If a project involves relocation, the grantee must maintain a relocation file in accordance with COMM 202 which is detailed in Chapter VIII.
- P. OTHER ADMINISTRATIVE REQUIREMENTS

All grant recipients are responsible for compliance with 24 CFR Part 570.489 (h), Conflict of Interest (see Attachments 3 and 4).

During the implementation of your grant, Commerce will monitor your administrative procedures. The monitoring checklists which will be used are available for your review so that you know what to expect (see Chapter X). If you have followed the guidelines set forth in this handbook, everything should be in order and your grant will be successfully implemented.

If you have further questions concerning the administration of your program, contact your Project Representative.

ATTACHMENT 1

SAMPLE PROCUREMENT POLICIES

All public improvements constructed with municipal funds are carried out through contract awarded to the lowest responsible bid according to the requirements of Wisconsin Statutes.

Major equipment purchases are made from the lowest responsible bidder following public advertisement and distribution of specifications.

Common materials and supplies are purchased from the most price-advantageous source following bids or price quotations usually secured through unpublicized solicitation of more than two sources.

Signature

Date

The purchase of all materials and services for all activities within the municipality shall be by written contracts, or pre-numbered purchase orders. Purchase orders are issued by the Clerk's Office upon the request of department foreman.

Purchases of \$500 or less can be approved by the individual Department Chairman and/or foreman provided that the amount has been appropriated in a previous budget. All purchases over \$500 require prior approval of the majority of the Council. Purchase of materials that cost more than \$1,000 requires quotes or bids prior to the approval of the purchase. Public works contracts should be let as provided under section 62.15 of the Wisconsin Statutes.

Signature

Date

The following represents the procurement policy of the City, Village, County, or Town of _____:

1. Supplies required for operation of municipal offices and departments shall be purchased, as required, in accord with purchase order issued by the respective department head. It is required that purchases be made from suppliers located in the community unless price is not competitive or comparable to that of non-local suppliers.
2. Purchase of outlay items, such as vehicles and other equipment, shall be subject to competitive bidding. The department requesting purchase of these items shall make the request based on specifications. The responsible department head, along with the respective council committee, will determine which bid will be most advantageous to the community and make recommendation thereon to the full council. Bids may be invited by letter or by advertisement in the local newspaper.
3. Public Works Projects exceeding the Wisconsin Statutory amount of _____ will be bid in accord with Wisconsin State Statutes. Specifications, and/or plans and bid documents, will be furnished to all requesting same. Notice of bid taking shall be published in the local newspaper, Western Builder and Builders Exchange releases. All bids timely received will be opened and read at a pre-specified time and place open to the public. Bids will be received and recommendation thereon will be made to the council. Contract will be awarded to the responsible bidder submitting lowest bid. Force account projects are exempt from this policy.

Signature

Date

Purchase and contracts for equipment, materials, supplies and nonpersonal services, shall be made in the following manner:

- a. The Executive Director shall make purchases not to exceed \$500 in the open market using Small Purchase Procedures after such inquiry as necessary to ensure that the price obtained is the most advantageous to Housing Authority.
- b. For purchases and contracts from \$500 to \$3,000, the Director shall use competitive negotiation and invite offers orally, by telephone, or in writing from at least three suppliers if they are available in the locality.
- c. For purchases in excess of \$3,000 (or as required by State Law), the Director shall use formal advertising methods and shall solicit bids by advertisement in at least one newspaper of general circulation, or by mailing solicitations to bid to all available dealers or by a combination of such methods.
- d. Purchases may be made from the HUD consolidated supply contracts without further solicitation or invitations for bids unless it is believed that lower prices may be available elsewhere.

The Executive Director is required to obtain Board of Commissioners' approval for purchases of equipment and supplies which are in excess of 15 percent of the line item in the approved budget.

The Director shall establish written Small Purchase Procedures to monitor the procurement actions of the staff which will ensure compliance with the above policy.

For purchases specified in "b" and "c" above, lack of competition is permissible when an emergency exists which permits no delay because of the possibility of injury, loss of life or destruction of property, or when only one source of supply is available.

Signature

Date

ATTACHMENT 2

ACQUISITION/DISPOSITION REGISTER

FUNDING GRANT	ITEM DESCRIPTION	IDENTIFICATION NUMBER	DATE ACQUIRED	CONDITION	DISPOSITION AMOUNT & DATE	YEARLY INVENTORY
<u>Real Property</u>						
<u>Personal Property</u>						
Non-Expendable (\$500 or greater)						
Expendable						

ATTACHMENT 3

CONFLICT OF INTEREST

Code of Federal Regulations

Title 24 PART 570 Subpart I

Sec. 489 Program administrative requirements.

(h) Conflict of interest

(1) *Applicability.* (i) In the procurement of supplies, equipment, construction, and services by the States, units of local general governments, and subrecipients, the conflict of interest provisions in paragraph (g) of this section shall apply.

(ii) In all cases not governed by paragraph (g) of this section, this paragraph (h) shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance with CDBG-EAP funds by the unit of general local government or its subrecipients, to individuals, businesses and other private entities.

(2) *Conflicts prohibited.* Except for eligible administrative or personnel costs, the general rule is that no persons described in paragraph (h)(3) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG-EAP activities assisted under this subpart or who are in a position to participate in a decisionmaking process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity, or have an interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

(3) *Persons covered.* The conflict of interest provisions for paragraph (h)(2) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the state, or of a unit of general local government, or of any designated public agencies, or subrecipients which are receiving CDBG-EAP funds.

(4) *Exceptions: Thresholds requirements.* Upon written request by the State, an exception to the provisions of paragraph (h)(2) of this section involving an employee, agent, consultant, officer, or elected official or appointed official of the state may be granted by HUD on a case-by-case basis. In all other cases, the state may grant such an exception upon written request of the unit of general local government provided the state shall fully document its determination in compliance with all requirements of paragraph (h)(4) of this section including the state's position with respect to each factor at paragraph (h)(5) of this section and such documentation shall be available for review by the public and by HUD. An exception may be granted after it is determined that such an exception will serve to further the purpose of the Act and the effective and efficient administration of the program or project of the state or unit of general local government as appropriate. An exception may be considered only after the state or unit of general local government, as appropriate, has provided the following:

(i) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(ii) An opinion of the attorney for the state or the unit of general local government, as appropriate, that the interest for which the exception is sought would not violate state or local law.

(5) *Factors to be considered for exceptions.* In determining whether to grant a requested exception after the requirements of paragraph (h)(4) of this section have been satisfactorily met, the cumulative effect of the following factors, where applicable, shall be considered:

(i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;

(ii) Whether an opportunity was provided for open competitive bidding or negotiation;

(iii) Whether the person affected is a member of a group or class of low or moderate income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(iv) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decisionmaking process with respect to the specific assisted activity in question;

(v) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (h)(3) of this section;

(vi) Whether undue hardship will result either to the State or the unit of general local government or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(vii) Any other relevant considerations.

ATTACHMENT 4

CONFLICT OF INTEREST PROCEDURES

(24 CFR Part 570.489 (h) specifies the requirements for CDBG-EAP grantees with respect to Conflict of Interest)

Following are the steps to use to determine a potential conflict of interest:

1. Identify “covered persons” for your CDBG-EAP program.
2. Add conflict of interest question to your CDBG-EAP application.
3. Inform applicants with potential conflict of interest that their name will be disclosed at the grant approval committee meeting.
4. Add “disclosure of potential conflicts of interest” as a standing item on your grant approval committee agenda. This item should be added to FOLLOW grant approval.
5. Approve ALL grants by number and contingent on waiver of any potential conflict of interest.
6. After grants have been approved, disclose the names and the nature of the conflicts of interest (type of family or business tie) for applicable approved grants. DO NOT disclose grant number or proposed work.
7. Ask all in attendance at the grant approval meeting if there are any objections to awarding the grants in question.
8. Submit “REQUEST FOR EXCEPTION TO CONFLICT OF INTEREST PROVISION,” signed by your attorney, to Division of Housing & Intergovernmental Relations, along with a copy of the meeting agenda and minutes.
9. DO NOT sign any grant closing documents until you have received approval from the Division of Housing & Intergovernmental Relations.

The following question should be made a part of the initial grant application form.

Do you have family or business ties to any of the following people? (Complete chart identifying the covered people by name.*)

If **yes**, disclose the nature of the relationship.

Names of covered persons	Relationship

Covered persons include any person who is an employee, agent, consultant, officer, or elected or appointed official, of the grantee who exercises, or have exercised, any functions or responsibilities with respect to the CDBG-EAP housing activities, or who are in a position to participate in a decision-making process or gain inside information with regard to housing activities, either for themselves or those with whom they have family or business ties, during their tenure in the position or for one year thereafter.

Family includes:

- Spouse
- Fiancée/Fiancé
- Children and Children-in-Law
- Brothers and Brothers-in-Law
- Sisters and Sisters-in-Law
- Parents and Parents-in-Law
- Anyone who receives more than 50% of their support from the covered person (e.g., adopted child, foster child)

The Grantee's attorney must certify that the identified potential conflict would not violate state or local law. The "Request for Exception to Conflict of Interest Provision," specifies the format for that certification.

REQUEST FOR EXCEPTION TO CONFLICT OF INTEREST PROVISION

Date _____

The following person(s) have a potential conflict of interest under the Community Development Block Grant rules (24 CFR part 570.489(h)):

The nature of the conflict for the above person(s) is:

The public was notified of the above named conflict(s) at a meeting of the _____
(housing committee/board/council) on _____ (date) . The
minutes of the above named meeting are available for review by the public.

The grants to the above named person(s) are:

_____ LMI owner-occupied.

_____ LMI renter-occupied.

As the attorney for the (City, Town, County, Village) of _____,
I have determined that the interest for which the exception is sought would not violate state or
local law.

Please send the response to this request to:

(contact person name and address)

Sincerely,

(Attorney's signature)