

Contents

Introduction	1
Purpose	1
CDBG Program	1
HOME Program	1
Financial Management	3
Internal Controls	3
Accounting	3
Allowable Costs	3
Financial Reporting	4
Governing Federal Regulations	4
Procurement	7
Debarred Contractors	7
General Purchasing	7
Land and Building Purchases	8
Contracting	9
Insurance and Property Management	11
Insurance and Indemnification	11
Property Management	11
Project Specific Requirements	13
Construction	13
Rent and Utility Assistance	14
HOME Funded	14
Record Keeping and Reporting	17
Income Eligibility Guidelines	17
General File Management	19
Construction Specific	20
Land and Building	20
Rent and Utility Files	21
Reporting	21
Quarterly Reports	21
HOME Annual Report	22
Single Audit	22

Contents

Reimbursements	23
Request for Reimbursement	23
Reimbursement Procedures	23
Contract Modifications	25
Monitoring	27
Program Monitoring Process	27
Entrance Conference	27
Review of Records	28
Exit Conference	29
Fiscal Monitoring Process	29
Entrance Conference	29
Review of Records	30
Exit Conference	31
Monitoring Reports and Appeals	31
Monitoring Report	31
Response to Monitoring Report	32
Response to Subrecipient Response	32
Appeals	32
Appendices	33
Supporting Documentation	33
General Procurement Requirements	33
City of Plano Required Forms & Monitoring Checklist	34

Introduction

Since 1985, the City of Plano has enjoyed being the recipient of Community Development Block Grant (CDBG) funds. Additionally, in 2004, the City of Plano began receiving HOME Investment Partnership (HOME) funds. The City of Plano uses these funds to enhance the community and improve the quality of life for all Plano residents, based on the goals adopted in the City's Five Year Consolidated Plan, as approved by the U.S. Department of Housing and Urban Development. Over 20 non-profit agencies serving Plano residents and hundreds of families within the City of Plano have received assistance through the use of CDBG and HOME funds.

Purpose

The purpose of this manual is to provide management support to CDBG and HOME subrecipients, while ensuring that all subrecipients adhere to federal and City of Plano grant rules. It is designed to help subrecipient agencies understand the requirements that apply to the use of federal funds for the delivery of CDBG and HOME programs and activities. It is a *supplement* to applicable regulations, standards, and policies. The basic program regulations governing management and financial systems for the CDBG and HOME programs are contained in the Code of Federal Regulations Title 24 (24 CFR) and the various OMB Circulars referenced in this manual.

CDBG Program

In 1974, the U.S Congress established the Community Development Block Grant Program through the enactment of the Federal Housing and Community Development Act. The program was created to enhance and maintain viable urban communities. The program gives communities an avenue to address a wide range of issues. Activities undertaken must accomplish at least one of three goals for low-to-moderate income individuals; (1) Provide decent housing, (2) Provide suitable living environments, and/or (3) Expand economic activities.

CDBG Eligible Activities:

- Acquisition of real property for an eligible use.
- Acquisition, construction, and rehabilitation of public facilities.
- Demolition and clearance of deteriorated buildings.
- Community services for low-to-moderate income households.
- Removal of barriers that restrict the mobility of disabled persons.
- Rehabilitation of housing for low-to-moderate income households.

City of Plano CDBG Ineligible Activities:

- Activities that require relocation of individuals for project completion. The City of Plano does not allow CDBG subrecipients to undergo projects that require relocation. These costs will not be reimbursed.
- Site improvement activities carried out to support new housing construction. These costs will not be reimbursed.

HOME Program

The HOME Investment Partnership Program was created in 1990 through the Cranston-Gonzalez Affordable Housing Act. The sole purpose of this program is to create affordable housing for low-income individuals. HOME activities undertaken must accomplish at least one of two goals for low-income

Introduction

individuals; (1) Provide decent housing and/or (2) Provide suitable living environments. However, unlike CDBG, this program requires that the participating jurisdiction receiving the money have a 25% matching requirement for each dollar awarded.

Eligible Activities:

- Direct homebuyer assistance in the form of: (1) Downpayment costs, (2) Closing costs, and (3) Carry-over costs.
- Construction, rehabilitation and/or reconstruction of single family homes.
- Acquisition and/or rehabilitation costs of affordable rental housing.
- Tenant-based rental assistance.

City of Plano HOME Ineligible Activities:

- Activities that require relocation of individuals for project completion. The City of Plano does not allow HOME subrecipients to undergo projects that require relocation. These costs will not be reimbursed.

Financial Management

24 CFR Part 84.21-28 as amended by 570.502, for non-profit agencies, 24 CFR Part 85.20 for governmental subrecipients, and 24 CFR 92.508 state the financial management and reporting systems for CDBG and HOME grant recipients. These requirements have been established to make sure that subrecipients have a financial management system that: (1) Provides effective control over the accountability for all funds, property, and other assets, (2) Ensures "reasonableness, allowability, and allocability" of costs and verify that expenses have not violated any federal restrictions or prohibitions, (3) Permit the accurate, complete, and timely disclosure of financial results in accordance with reporting requirements of the grantee (City of Plano) or HUD, and (4) Minimize the time elapsed between transfer of funds from the U.S. Treasury and disbursement to the subrecipient.

Internal Controls

Internal controls include a combination of procedures, specified job responsibilities, qualified personnel, and records that together create accountability in an organization's financial system and safeguard its cash, property, and other assets. Such controls make sure that: (1) Resources are used for authorized purposes and in a manner consistent with applicable laws, regulations, and policies, (2) Resources are protected against waste, mismanagement, or loss, and (3) Reliable information on source, amount, and use of resources are secured up-to-date, and recorded.

Additionally, internal controls will ensure that no one individual has authority of an entire financial transaction. Specifically, that your organization has a separation of power for the following three responsibilities: (1) Authorization to execute a transaction, (2) Recording of the transaction, and (3) Custody of assets involved in the transaction. This type of separation of responsibilities will create a system of checks and balances for grant and general organization expenditures. Finally, it is important that your organization periodically reconcile your financial records to actual assets and liabilities which will safeguard resources as well as detect instances of fraud or misuse.

Accounting

Subrecipients must have accounting records that adequately identify the sources and application of CDBG and HOME funds. Simply stated, your organization should have (1) a chart of accounts which includes general assets, liabilities, expenses, and revenue, (2) a cash receipts and disbursements journal, (3) a payroll journal, and (3) a general ledger.

For CDBG and HOME funds, records must contain reliable and up-to-date information. The information should at least include:

1. Federal grants received by the agency.
2. Current authorizations and obligations of CDBG and HOME funds.
3. Unobligated balances (funds remaining available for distribution).
4. Assets and liabilities.
5. Program Income (if any).
6. Actual outlays or expenditures, with a breakdown of (1) the grant program the funds were derived from and (2) "eligible activity" which clearly indicate use of program funds are for eligible activities.

Allowable Costs

All costs incurred as a part of CDBG or HOME financed activities must adhere to the following:

Financial Management

1. The expenditure must be necessary, reasonable, and directly related to the grant.
2. Authorized by the City of Plano through via the budget that was approved in the contractual agreement between the City and your organization.
3. Expenditure cannot be prohibited under OMB circulars A-87 and A-122, as applicable to your organization.

Financial Reporting

Financial reporting prepared by the subrecipient must be accurate, timely, current and represent complete disclosure of the financial activity and status of CDBG and HOME grants. A subrecipient must have the capacity to provide at least the following:

1. Amount budgeted.
2. Reimbursements received to date.
3. Program income and other miscellaneous receipts in the current period and year to-date.
4. Actual expenditures/disbursements in the current period and cumulatively to-date, for both program income and regular CDBG and HOME grant funds.

Governing Federal Regulations

The below regulations are applicable to both the City of Plano and all subrecipients:

- a. SubPart J (24 CFR 570.500 - 570.513) covers general responsibilities of CDBG grant administration, including uniform administrative requirements, provisions of subrecipient agreements, program income, use of real property, record-keeping and reporting, and closeout procedures.
- b. SubPart K (24 CFR 570.600 - 570.614) deals with other CDBG program requirements which intersect with HOME including civil rights, labor standards, environmental standards, flood insurance, relocation, displacement, acquisition, employment and contracting opportunities, lead-based paint, use of debarred, suspended or ineligibles contractors, uniform administrative requirements and cost principles, conflicts of interest and the American Disabilities Act.
- c. SubPart K (24 CFR 92.500 - 92.509) explains general responsibilities of HOME grant administration including uniform administrative requirements, provisions of subrecipient agreements, program income, use of real property, record-keeping and reporting, and closeout procedures.
- d. SubPart H (24 CFR 92.350 - 92.358) details other HOME program requirements including affirmative marketing, environmental standards, displacement, relocation and acquisition, labor standards, lead-based paint, and conflicts of interest.

Financial Management

Non Profit Organizations:

- a. OMB Circular A-122, "Costs Principles for Non-Profit Organizations": A publication of the U.S. Office of Management and Budget; This document establishes principles for determining costs that are allowed to be charged to federal grants, under contracts, and other agreements with non-profit organizations (except educational institutions);or

OMB Circular A-21, "Costs Principles for Educational Institutions": This document covers much of the same subject matter as OMB Circular A-122, but is designed for use by educational institutions (both public and private).

- b. 24 CFR Part 84, "Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations": This document specifies standards relative to pre-award requirements, financial and program management, property standards, procurement standard, reports and records, termination and enforcement, and closeout procedures. 24 CFR 84 supersedes OMB Circular A-110.

Public Agencies:

- a. 24 CFR Part 85, " Uniform Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Federally-recognized Indian Tribal Governments" (also known as "Common Rule"): For government entities and public agencies, 24 CFR Part 85 detailed standards for financial management systems, payment, allowable costs, property management, procurement, monitoring and reporting program performance, financial reporting, record retention and termination.
- b. OM Circular A-87, "Cost Principles for State and Local Governments": For governmental entities receiving federal funds, this document is the government's version of OMB Circular A-122. Circular A-87 established the principles for determining allowable costs of programs administered by public agencies under grants or contracts from the federal government. The principles are designed to provide the basis for a uniform approach to determining costs and to promote efficiency.

Financial Management

Procurement

The federal government has set standards and procedures for procurement that are intended to ensure that supplies, equipment, construction and other services acquired in whole or part with federal funds are (1) obtained as efficiently and economically as possible and (2) procured in a manner that provides, to the maximum extent practical, open and free competition.

All solicitations must clearly explain all the requirements that the bidder must fulfill in order for your agency to evaluate the bid. Goods and services solicitation must be clear and accurately describe the material, product or service to be procured. Furthermore, the solicitation must not contain features which unduly restrict competition.

Examples of restricting competition include but are not limited to:

- Placing unreasonable qualifying requirements on firms.
- Requiring unnecessary experience and excessive bonding.
- Specifying only "brand name" products instead of allowing "an equal" product.
- Noncompetitive pricing practices between firms and affiliated companies.
- Noncompetitive awards to consultants on retainer contracts.

All awards must be made to the bidder whose bid is responsive to the solicitation and most advantageous to the subrecipient. Any and all bids may be rejected when it is in the interest of the agency to do so. The agency must ensure that the award is only made to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement.

Debarred Contractors

HUD maintains a list on their web site of contractors who have been barred from competing for HUD contracts. Before awarding a bid, the agency must check the federal Excluded Parties List System's (EPLS) web site (<http://www.epls.gov/>) to be sure that its contractor is not on the de-barred list.

Subrecipients seeking to procure goods and services, including professional services, in an amount of \$3,000 or greater must check EPLS prior to awarding a contract to expend federal dollars.

For any contractor on the excluded parties list, the use of CDBG and HOME funds is prohibited.

Print the EPLS web page that states that no record was found regarding your contractor and place it in your files.

General Purchasing

Purchases may be made with the use of CDBG and HOME funds. The purchase must be (1) required for the success of the program which you have been funded and (2) an allowable cost as determined within the contractual agreement between the City of Plano and your agency. All purchases must be accompanied by proper source documentation; (1) an invoice, and/or sales receipt and (2) copies of checks or charge slips to verify that your agency paid for the items at hand.

It is imperative that agencies keep a log of purchases charged to the grant. Below are specific purchase cost requirements.

Procurement

Purchases less than \$3,000:

- It is encouraged that several quotes are obtained to ensure the best price for any item is obtained.
- Only one quote is required. The sales slip from the store where you bought the item is sufficient.

Purchases between \$3,000 - \$49,999:

- Three written quotes must be obtained for the item. These quotes should be placed in the project file.
- If the subrecipient is unable to obtain three quotes, a list of the vendors/contractors 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 how such determination was made.
- A printout of the EPLS web page that states that no record was found regarding the chosen contractor/vendor and should be placed in the project file.

Purchases more than 50,000:

- The Community Services Division must be contacted for assistance prior to starting the bid process.
- Sealed bids are required.
- A printout of the EPLS web page that states that no record was found regarding the chosen contractor/vendor and should be placed in the project file.

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. 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 Plano can fund a proposed purchase.

Vacant Property or Building:

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

1. That the agency 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 the agency's estimate of the fair market value of the property. An appraisal is not required; however, agency 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.

Additionally, receipt of the letter must be documented. A return receipt from the post office will suffice. An example "Letter to Property Owner" can be found in the "Appendices" of this manual.

Procurement

Non-Vacant Property or Buildings:

If the land or building is not vacant, there are additional requirements which must be met at the time the owner is first approached about selling the property. **You must contact the Community Services Division as early as possible to avoid time delays, additional expenses, and the possible loss of federal funds for your project.**

Relocation is not an allowable activity with the use of City of Plano CDBG and/or HOME funds. Projects requiring relocation of individuals may not be undertaken.

Contracting

Federal regulations make it very clear that a subrecipient should make every effort to use local business firms and contract with small, minority-owned, and/or women-owned businesses in the procurement process.

A subrecipient must take affirmative steps to use small firms, minority-owned firms, women-owned firms, or labor surplus firms. Steps should include:

- Incorporating such business in solicitation lists whenever they are potential sources.
- Ensuring that such businesses are solicited when identified as potential sources.
- Dividing procurement requirements, when economically feasible, to permit maximum participation of such businesses.
- Requiring prime contractors, when subcontracts are let, to take affirmative steps to select such firms.
- To find a list of local historically underutilized businesses (HUB) visit the State of Texas website at:
 - <http://www.window.state.tx.us/procurement/cmb1/hubonly.html>

In conformance with Section 3 of the Housing and Community Development Act of 1968, to the greatest extent feasible, subrecipients must award contracts for work to be performed to eligible business concerns located in or owned by residents of the target area. This helps ensure that the employment and other economic opportunities generated by federal financial assistance for housing and community development programs shall, to the greatest feasible extent, be directed toward low and very low-income persons. Subrecipients should note, however, that the desire to award contracts to local firms is not a legitimate excuse for avoiding an open and competitive bid process.

Procurement

Insurance and Property Management

Insurance and Indemnification

Each agency must procure and maintain insurance for the duration of the contractual agreement between the City of the Plano and the agency. Insurance against claims for injuries to persons or damages to property which may arise from or in connection with the services performed or to be performed by subrecipient, its agents, representatives, employees, volunteers, officers, director, or subcontractors. Each agency must provide adequate proof of insurance prior to signature of the contract for funding.

ALL INSURANCE REQUIREMENTS ARE STATED IN DETAIL AS AN ATTACHMENT TO THE AGENCY CONTRACT.

Property Management

When CDBG or HOME funds are used to acquire real property (e.g., land, buildings) or personal property (e.g., equipment, supplies, intangible property), federal regulations make the subrecipient responsible for ensuring that (1) the property continues to be used for its intended (and approved) purpose, (2) that the subrecipient keeps track of it and takes care of the property, and (3) that if the subrecipient sells the property, the subrecipient reimburses the City of Plano for the share of the property's value according to the contractual obligation.

Requirement

For all equipment (e.g., computers, furniture, hardware)

1. Property records must be maintained that include a description of the equipment, a serial number or other identification number, the source of the equipment, who holds title, the acquisition date, the cost, the percentage of federal participation in the cost of the equipment, the date of disposal, and the sale price when the agency disposes of it.
2. A physical inventory of the equipment must be taken and the results reconciled with the property records at least every two years.
3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft shall be investigated.
4. Adequate maintenance procedures must be developed to keep the property in good condition.
5. If the property is sold, proper sales procedures must be established to ensure the highest possible return. Items with a current per-unit fair market value of less than \$5,000 may be retained, sold, or disposed of with no further obligation to the City of Plano. Items with a current fair market value exceeding \$5,000 may be retained or sold, and the City of Plano shall have a right to receive a pro-rata share of the proceeds based on the share of the purchase price which was paid from grant funds.

Real property sales require reimbursement to the city if the affordability and/or national objective compliance period is not met. Each CDBG construction and HOME contract provides more specific details regarding repayment of obligations.

Insurance and Property Management

Project Specific Requirements

Construction

The Davis-Bacon Act states that contracts in excess of \$2,000 for construction, alterations, and/or repairs including printing and decorating that employ laborers and/or mechanics adhere to the federal fair labor and wage requirements as established by the act. Davis-Bacon law applies to the entire project, no matter how small the CDBG and/or HOME contribution to it. The U.S. Department of Housing and Urban Development has a guidebook entitled, "Making Davis-Bacon Work: A Contractor's Guide to Prevailing Wage Requirements for Federally-Assisted Construction Projects" that further assists those subrecipients involved in construction projects.

The guide can be accessed at <http://www.hud.gov/offices/olr/library>.

Exception to Davis-Bacon:

Davis-Bacon does not apply if the grant only pays for architectural and engineering fees, land purchase, or site preparation. There is also an exception if the labor costs are a very small portion of the total project. This exception may only be utilized by written approval from the Community Services Manager.

Pre-Bid:

Before a subrecipient puts a project out for bid, the Community Services Division must be contacted to learn exactly what will be required to comply with Davis-Bacon. A Wage Determination Sheet for your project is required to be attached to your bid package. Additionally, bidders might need to increase their bids to account for the additional paperwork and the probable higher wages. Community Services Division staff can assist you with this process.

Pre-Construction:

Prior to starting construction, the subrecipient and the contractor should schedule a meeting with Community Services Division 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 was begun without the knowledge of Community Services Division staff, and the contractor was not properly briefed.

If your grant is for \$200,000 or more, your project will fall under Section 3 Requirements of the Housing and Urban Development Act of 1968, as stated in "3.4 Contracting" section of this manual.

Construction Requirements

The subrecipient must:

1. Ensure that the contractor maintains special federal time sheets; and
2. Conduct written employee interviews to determine whether they are actually receiving the wages the contractor reports that he is paying.

The City of Plano will not reimburse expenses without receiving and approving the weekly time sheets and employee interview forms.

Project Specific Requirements

Rent and Utility Assistance

In accordance with 24 CFR 570.207 (B) 4, emergency payments, in the form of rent and utility assistance made over a period of no more than 3 consecutive months can be made on behalf of an individual or family. It is the City's policy that those three are within the City of Plano's CDBG program year. In addition, the Client receiving assistance may not rent from a relative as this would be an "arms-length transaction."

It is the City's desire that agencies avoid repeat payments to individuals and work with other agencies to reduce and/or detect fraud.

Required Source Documentation Needed for Payment

1. A copy of lease;
2. A copy of the rent statements for the months being paid;
3. A copy of utility bill statements for the months being paid;
4. Copy of the notice to vacate and/or eviction notice; and
5. Documentation in the case notes stating the crisis situation.

Client Lease/mortgage:

Clients must have a lease agreement and/or mortgage statement with their name listed. The respective amount that your agency is paying in rental/mortgage assistance should correspond directly to the amounts represented on the lease agreement and/or mortgage payment with the addition of late fees, if applicable.

Staff Requirements:

- All payments must be made directly to the landlord, mortgage company, or utility service provider. No payment shall be made directly to the applicant.
- If a tenant lives in an apartment complex, residency must be confirmed with the property management company.
- If the client rents from an individual, an apartment complex that you are unfamiliar with, or rents a house, then the electronic rental property spreadsheet must be filled out prior to providing housing assistance. Additionally, the landlord name, landlord address, rental property address, and client name must be reviewed against information on the current rental property spreadsheet.

HOME Funded

As stated in the "Introduction" of the manual, 24 CFR Part 92 governs all activities using HOME funds. These rules tend to be more restrictive than CDBG funds, and therefore subrecipients should pay careful attention to the requirements.

Requirements including but not limited to the following:

1. No HOME project funds will be advanced, and no costs can be incurred, until the City has conducted an environmental review of the proposed project site as required under 24 CFR Part 58.

Project Specific Requirements

- The environmental review may result in a decision to proceed with, modify, or cancel the project. HOME fund approval may occur only upon satisfactory completion of environmental review and receipt by the City of Plano.
- Subrecipients may not undertake or commit any HOME Funds to physical or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair or construction prior to the environmental clearance. Any activity of the such will be considered a breach of the contractual agreement between the City of Plano and the subrecipient. *An environmental contingency clause must be written into the acquisition contract. The clause should read as follows:*

"Notwithstanding any provision of the Agreement, the parties hereto agree and acknowledge that this Agreement does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by the contractor of a release of funds from the U.S. Department of Housing and Urban Development (or the State of Texas) under 24 CFR Part 58. The parties further agree that the provision of any funds to the project is conditioned on the contractor's determination to proceed with, modify or cancel the project based on the results of an environmental review."

2. The HOME funds advanced to the project will be secured by a note and deed of trust, and in the case of a rental project, a deed covenant as required by 24 CFR Part 92.
3. For owner-occupied housing units, all HOME assisted units must qualify as affordable housing, including documenting that the property is eligible, and will maintain compliance during the minimum compliance period. If the project also contains a rental unit assisted with HOME funds, the agency will ensure that occupancy complies with the requirements of 92.254(a)(6).)
4. Designated units of this project will meet the affordability requirements as found in 24 CFR 92.252 (rental) or 92.254 (owner-occupied) as applicable.
5. The subrecipient must comply with all non-discrimination requirements of 24 CFR 92.350. If the project consists of five (5) or more units, affirmative marketing procedures must be implemented. Such procedures are subject to approval of the City.
6. If the project is occupied at the time of project commitment, the agency will comply with the relocation requirements of 24 CFR 92.353. However, the City of Plano does not reimburse relocation expenses because it is ineligible activity through the use of City of Plano funds. Projects requiring relocation of individuals should not be undertaken.
7. The agency shall assure Compliance with Property Standards and Housing Quality Standards (HQS) under 24 CFR 92.251, Accessibility Standards under 24 CFR 92.251(a)(3) as applicable, and Lead Based Paint Requirements as found in 24 CFR 92.355 and 24 CFR Part 35.
8. If the project is to be owner-occupied, the subrecipient must ensure that any notes or deeds of trust recorded for homebuyers shall be in compliance with 24 CFR 92.254 and must monitor each unit for principal residency (24 CFR 92.251(a)(3)) and resale/recapture (24 CFR 92.254(a)(4)-(5)).

Project Specific Requirements

9. The subrecipient must provide any documentation required by the City regarding match as may be required to document match for purposes of the HOME Program. No HOME program funds may be expended without prior documentation of the minimum match required by the expenditure.
10. If the property is sold through a lease-purchase agreement, the agency will ensure compliance with 24 CFR 92.254(a)(7), as modified by the 1999 Appropriations Act, Section 599B.

All HOME funds are subject to repayment, in the event the project does not meet the project requirements as stated here and within the contract.

Sale of the property to another party may occur only with the approval of the City of Plano, and the purchaser shall assume all obligations set forth in 24 CFR 92.

For owner-occupancy, the subrecipient must lend HOME funds to the individual buyers in an amount sufficient to make the purchase affordable. Any HOME funds that reduce the price of the property below the fair market value of the property shall be secured by a HOME note and deed of trust; using the note and deed of trust (1) prescribed or approved by the City of Plano and (2) consistent with the method of recapture identified in the City's Consolidated Plan. As a lien holder, the City shall underwrite and approve each loan to an owner-occupant.

Prior to each closing, the subrecipient must provide the City of Plano the estimated settlement statement, along with a reconciliation statement and the draft note and deed of trust. The reconciliation statement shall account for the pro-ration of HOME funds to the individual unit, and identify those HOME funds that are to be lent to the buyer as "buyer subsidies" secured by the HOME note and deed of trust, the pro-rated HOME development funds that are to be forgiven as "development subsidies," and the amount of developer fee or CHDO sales proceeds to be retained from settlement funds.

All net sales proceeds from the sale of units are considered to be HOME program income and each subrecipient should refer to their contractual agreement for details on handling and tracking proceeds.

All resale proceeds that are received from buyers as they resell the properties during the compliance period to other buyers shall be considered "recaptured funds" and must be repaid to the City of Plano. Each subrecipient should refer to their contractual agreement for further details on handling and tracking proceeds.

Record Keeping and Reporting

Maintenance of adequate documentation for CDBG and HOME funded activities is critical to the effectiveness and overall performance of a program. Adequate documentation includes knowing: (1) What information needs to be collected and why, (2) When that information should be collected (and how often), (3) How the information should be acquired, organized, and stored, (4) How the information should be reported, and (5) The required retention period for records.

The City of Plano and HUD representatives have a right to access any pertinent subrecipient records to make audits, examinations, excerpts, and transcripts.

ALL SUBRECIPIENTS MUST RETAIN CDBG AND HOME PROJECT RECORDS FOR FIVE (5) YEARS AFTER CONTRACT TERMINATION.

Income Eligibility Guidelines

All persons assisted with CDBG or HOME funds must be low-to-moderate income unless clients have "Presumed Benefit" status. 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. *If you feel that you have special circumstances that would make reimbursement impractical for you, please discuss the situation with us.*

CDBG-Funded Programs

"Presumed Benefit" Clients

The agency CDBG contract with the City of Plano will state if the target clientele of an activity is presumed benefit. Clients who are abused children, battered spouses, elderly persons (definition below), severely disabled persons (see below definition), homeless persons, persons with AIDS, illiterate persons, or migrant farm workers are presumed by HUD to be low-income. Presumed Benefit programs have this designation stated in the agency's CDBG grant contract with the City of Plano. Those with this designation, do not need to collect income documentation, however documentation of the applicable presumed benefit classification needs to be maintained in the client file. If your contract does not define your clientele as presumed benefit, you may not use this income designation.

Definitions:

Elderly - Persons age 62 or older

Severely Disabled Adult - Under this definition, persons are classified as having a severe disability if they: (a) used a wheelchair or had used another special aid for 6 months or longer; (b) were unable to perform one or more functional activities or needed assistance with an Activity of Daily Living or Instrumental Activity of Daily Living; (c) were prevented from working at a job or doing housework; or (d) had a condition including autism, cerebral palsy, Alzheimer's disease, senility, or mental retardation. Finally persons who are under 65 years of age and who are covered by Medicare or receive SSI are considered to have a disability (and a severe disability). Functional activities include seeing, hearing, having one's speech understood, lifting and carrying, walking up a flight of stairs, and walking. Activities of daily living include getting around inside the house, getting in and out of bed or a chair, bathing, dressing, eating, and toileting. Instrumental Activities of Daily Living include going outside the home, keeping track of money or bills, preparing meals, doing light housework, and using the telephone.

Record Keeping and Reporting

Clients not classified as "Presumed Benefit"

Verification of the household and/or family income must be provided prior to providing services.

Public Service Activities:

Activities deemed a public service in the agency contract with the City of Plano are required to verify family income. A family is defined as all persons living in the same household who are related by blood, marriage, or adoption, including adult children who continue to live at home with their parent(s) and a dependent child who is living outside of the home (e.g, students living in a dormitory). An individual living in a housing unit that contains no other person(s) related to him/her is considered to be a one person family for this purpose. You will need to obtain some form of documentation concerning the income of all family members over 18 and living in the home. A statement that the client is eligible for the school lunch program is not sufficient, in the event that income source documentation cannot be obtained.

Non-Public Service Activities:

Activities not referred to as a public service activities in the agency contract with the City of Plano are required to verify household income. Household income considers the income of all persons over 18 years of age and living in the house.

Income Documentation

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 must 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.

CDBG/HOME Eligibility Certification Forms have been provided to each agency and may be also be accessed from the agency's designated Community Services Coordinator. Please make certain that none of the information requested on the forms is altered or deleted. **Income must be verified at least every 12 months.**

Income includes gross wages (not their net pay), social security payments before deductions, 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 Income Determination Worksheet in the "Appendices" of this manual.

The income limits which your clients must meet are stated in your grant agreement.

HOME-Funded Programs

Documentation of income must be obtained for each client prior to providing services funded by HOME grant funds. Income must be verified every six (6) months. All agencies must verify income using the HUD's CFR 24 Part 5 Definition of Income.

Record Keeping and Reporting

CFR 24 Part 5 looks at the gross income. "Gross income" includes all household income, regardless of the source. Anticipated income to be received during the upcoming 12-month period will be determined. In determining gross income, the income from all adult household members over the age of 18 shall be computed without deduction for the following:

1. Funds paid into a tax shelter retirement account;
2. Child support payments made by an applicant for the benefit of the applicant's child or children; or
3. Alimony, separate maintenance, or similar periodic payments that an applicant is required to make to a spouse or former spouse.

Agencies running HOME-funded programs should consult their designated Community Development Coordinator regarding specific question pertaining to accurately calculating client income under this definition.

General File Management

The federal government requires that all subrecipients keep records for all CDBG and HOME beneficiaries. **If the expenditures incurred with federal funds are not adequately documented, the subrecipient will be required to refund to the City of Plano an amount of money equal to all undocumented expenditures.** To help you keep good records, the following information is provided:

General Required File Documentation

Agency Files must contain the following:

1. Application for funding submitted to the City of Plano during the Consolidated Grant Process;
2. Grant agreement;
3. Correspondence with the City of Plano;
4. Documentation of expenditures, including but not limited to request for reimbursements and on-going balances;
5. A property log for all equipment purchased with grant funds;
6. A copy of all quarterly reports;
7. Documentation of net proceeds from each property (applicable to only housing developers);
8. Records demonstrating that each activity undertaken meets the National Objective of the CDBG program of benefiting low/moderate income persons; and
9. Current audit.

Beneficiary Files must contain the following:

1. File for each person or family receiving assistance;
2. Documentation of eligibility using the City of Plano designated form
 - a. CDBG/HOME Eligibility Certification Form, or
 - b. CDBG/HOME Eligibility Certification Form-No proof of income;

Record Keeping and Reporting

3. Complete documentation of assistance provided; and
4. Full description of activity undertaken.

Construction Specific

For construction projects, your files should contain the following additional information:

1. Project budget;
2. Work specifications;
3. Bid documents including:documentation of contractor solicitation and selection;
4. HUD wage determination;
5. Weekly HUD payroll sheets;
6. Payroll deduction authorizations;
7. Employee Field Interviews;
8. Progress and final inspections including:documentation of the subrecipient's periodic on-site inspections and final inspection;
9. Approved change orders;
10. All correspondence related to construction; and
11. Records of disbursements made for completed and approved work. This documentation should ensure that data in the project file agrees with financial records.

Land and Building

As evident in Chapter 3 of this manual, Land and Building Purchases require extensive documentation.

The following records which must be kept:

1. Identification of property and property owner(s);
2. A copy of the environmental clearance completed by City staff;
3. Evidence that owner was informed on a timely basis about the acquisition and his/her rights, including a copy of letter and acknowledgment of receipt, notice to seller;
4. Proof the property is not occupied by a tenant at the time of purchase;
5. Copy of each appraisal report or the explanation of the basis for your estimate of fair market value;
6. Copy of the written purchase offer and the date of delivery to the owner;
7. Copy of the purchase contract and document conveying the property including but not limited to:
Evidence of liens to secure loans;

Record Keeping and Reporting

8. Copy of closing statement identifying incidental expenses; evidence that owner received net proceeds due from sale including but not limited to:
 - a. Evidence of any owner contribution or private loan match;
 - b. Underwriting costs; and
9. Copy of any appeal or complaint filed and agency response.

Rent and Utility Files

Required Documentation:

1. Copy of utility bill paid highlighting the specific months being paid;
2. Copy of eviction/ notice to vacate;
3. Copy of a Lease agreement; and
4. Documentation of the months which the individual is behind in rent;
5. Documentation that payment was made to either the landlord or the utility company in the form of the following;
6. Receipt from payment made; and
7. Copy of payment check.

Reporting

HUD requires the City to report quarterly and annually regarding the use of HUD funds. Therefore, all subrecipients are required to submit information quarterly and annually stating progress towards the use of CDBG and HOME funds.

Quarterly Reports

Subrecipients must use the current "City of Plano CDBG/HOME Report" form as found in the "Appendices" of this manual to report quarterly and the "Agency Summary" form for final accomplishments.

The "City of Plano CDBG/HOME Report" form must be submitted within thirty (30) days of the end of each quarter. The form should be internally consistent with each other; i.e., if you showed 12 people served in the first quarter on Page 1, you should show 12 people on Page 2. Additionally, an "Agency Summary" form must be submitted with the fourth quarter "City of Plano CDBG/HOME Report" form. This form should detail all program accomplishments.

The agency must submit a separate form for each activity funded with CDBG and/or HOME funds. For example, if CDBG funds are being used to repair your building, provide counseling services, and provide rent and utility assistance, the agency will need to submit three separate forms, one for each activity. All clients would be included in the report for the building repairs, because all of them will benefit. Then, each client who receives counseling would be included in the forms for counseling services, and each client receiving rental assistance would be included on those forms. If the same client received both counseling and rental assistance, they would be included on both sets of forms.

Record Keeping and Reporting

HOME Annual Report

The U.S. Department of Housing and Urban development requires that HOME grantees and subrecipients to track the beneficiaries of HOME funds for five (5) years after the project is completed as confirmation of continued occupancy. Additionally, reports on any job(s) completed with the assistance of HOME funds for five (5) years after the project is completed. The report must be submitted to the Community Services Division on the "HOME Annual Report" form found in the "Appendices" of this manual.

Single Audit

In accordance with OMB A-133 Circular, all agencies expending \$500,000 or more in federal funds must have an audit conducted, as detailed in the circular, at least nine (9) months after the close of the agency fiscal year. The U.S. Department of Housing and Urban Development requires the City of Plano to obtain the audit at or before the nine month period ends. All agencies that fall within this category should submit their audits to the Community Services Division within the aforementioned time period.

Reimbursements

Request for Reimbursement

The City of Plano will reimburse funds based upon information submitted by the subrecipient. Any expenditures occurring after the effective date of the contractual agreement between the City of Plano and the subrecipient are eligible for reimbursement. Expenditures must be consistent with the approved budget as stated in the contractual agreement between the City of Plano and the subrecipient. Only eligible expenses will be reimbursed. Payments will be adjusted by the City in accordance with program income balances available in subrecipient accounts, if applicable.

In order to ensure accurate billing and fund management subrecipients should keep track of the following information for activities funded:

- Funds budgeted.
- Funds received in City of Plano Reimbursements to-date.
- Funds obligated in the most recent period and to-date.
- Funds expended in the most recent period and to-date.
- Cash on hand (including program income identified as such), *if applicable.*
- Previous reimbursements requested but not yet received, *if applicable.*

Subrecipients should follow City of Plano reimbursement procedures(see *below*) to ensure timely expenditure reimbursements. All requests for final reimbursements must be submitted to the Community Services Division within 3 days after the last date of the contract.

Reimbursement Procedures

To request reimbursement:

1. The "Reimbursement Request" form must be completed;
2. Original invoices for all expenditures to be reimbursed;
3. Payment receipts, copies of checks, and/or all documentation proving that payment has been made prior to requesting reimbursement; and
4. For salary reimbursement, time sheets must include total time worked and a breakdown of funding sources covering the salary and benefits associated. Timesheets should be signed by the employee and supervisor.

All reimbursements will be made within thirty (30) days of receipt of the request, if proper documentation has been submitted. Please be advised that the City of Plano will not provide reimbursements if quarterly reports have not been submitted within the time limits stated in the contractual agreement between the City of Plano and the subrecipient.

ALL REQUESTS FOR FINAL REIMBURSEMENT MUST BE SUBMITTED TO THE CITY WITHIN 3 DAYS AFTER THE LAST DATE OF THE CONTRACT.

Reimbursements

Contract Modifications

Contract amendments may occur at any time, provided that such amendments (1) make specific reference to the original contractual agreement between the City of Plano and the subrecipient and (2) are executed in writing, signed by authorized representative of both organizations.

The City of Plano may, in its discretion, amend contracts to conform with Federal, State, or local guidelines, policies, and available funding amounts, or for other reasons. If such amendments result in a change in the funding or the scope of services, such modifications will be incorporated only by written amendment and will not become effective until signed by both, City of Plano and the subrecipient.

Any request for transfer of funds among the contract budget categories submitted by the subrecipient will require written approval from the City of Plano, before the transfer can be effective. The subrecipient may make transfer of CDBG funds between or among budget categories as listed in the Budget attached to the contract, without requiring a formal amendment to the contract provided:

1. The cumulative dollar amount of all transfers among budget categories is equal to or less than ten percent (10%) of the total amount of the budget;
2. The transfer will not change the scope of the project funded under this contract; and
3. The subrecipient submits to City of Plano, a written statement specifying reason for transfer request, amount of funds to be transferred and identification of effected budget categories and receives an approval from the Community Services Manager.

All other transfer of funds will require a formal amendment.

Contract Modifications

Monitoring

HUD requires monitoring of subrecipient agencies on an annual basis. Monitoring is an ongoing process of reviewing performance using agency data to make judgments about agency performance, and to assist in improving that performance.

The contract compliance monitoring performed by Community Services Division staff 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 “desk-top” 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:

1. 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.
2. 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:

1. To review subrecipient agencies to determine if expenditures of allocated funds are being made in accordance with contract requirements.
2. 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 and fiscal monitoring may or may not be scheduled concurrently. In some cases it may be necessary to perform a follow up monitoring visit. Program and fiscal monitoring may or may not be scheduled concurrently. In some cases it may be necessary to perform a follow up monitoring visit.

Program Monitoring Process

Community Services Division staff will contact the subrecipient 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.

Monitoring

2. Daily logs, time sheets, or other documents used to derive the number of units reported.
3. A list of clients served during the contract period must be provided to the monitor. A sample of client records, drawn from this list, 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 determine the following:
 1. If amounts in agency records reported for each quarter match amounts noted in City records;
 2. If reports are presented in a timely manner (by the date specified in the contract);
 3. If reports are completed in a satisfactory manner;
 4. If the quantity of units provided is roughly proportionate to the amount of the allocation expended; and
 5. If the subrecipient is significantly behind in the provision of units.
- B. The monitor will review documents used by the subrecipient to derive the number of units reported. This includes but is not limited to:
 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 the provision of services which meet the terms of the contract.
 3. 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:

Monitoring

- 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); and
 - 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.
4. Determine if files are complete and maintained in an orderly fashion.
 5. Obtain blank copies of intake and other pertinent documents used by agency.

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; and
 4. Answer any questions agency director or staff may have.

Fiscal Monitoring Process

Community Services Division staff monitoring will contact the subrecipient to arrange for monitoring. 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 desk-top 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, canceled checks, and/or direct deposit verification;
 6. General ledgers;
 7. Invoices and purchase orders;

Monitoring

8. Bank reconciliation; and/or
9. Any additional item (vouchers, documents, financial reports, records, etc.) needed to verify transactions.

Review of Records

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 & 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 to Community Development employees.

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:

Monitoring

1. Review the process used to record the various transactions and determine if 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:
 - a. The expenditure must be for the current funding period;
 - b. It must be an expenditure related to CDBG activity; and
 - c. It 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. The Director may invite staff and/or board members as he/she deems appropriate. The following will be discussed:

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 and Appeals

Within thirty (30) days after the completion of the monitoring visit or desk-top review, a written report of the results of the monitoring visit will be forwarded to the sub-recipient. If the program and fiscal monitoring were performed concurrently, the reports for both will be combined under a single cover letter.

Monitoring Report

The monitoring report contains:

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

Monitoring

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 be addressed to the Community Services Manager. 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 Subrecipient 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 sub-recipient'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 sub-recipient's part.
3. The subrecipient will be given an adequate period of time to take any further action needed to correct the findings and respond in writing.
 - a. If these actions are satisfactory, the findings are noted as closed and the monitoring is considered to be complete.
 - b. If these actions are not satisfactory, further correspondence is required until such time as all findings are closed and the monitoring is concluded.
 - c. The close of the contract does not necessarily close the monitoring. Correspondence will continue until all findings are closed.

Appeals

In the event that a subrecipient agency and the monitor cannot come to an agreement on one or more findings of the City's monitoring visit, an appeal may be made in writing to the Community Services Manager. The appeal should state clearly the finding being appealed, and the basis for the appeal.

HUD does not accept appeals of decisions by the City regarding monitoring issues.

Appendices

Supporting Documentation

Source Documentation

All accounting records must be supported by source documentation. Supporting documentation is important to keep for all CDBG and HOME expenditures. Documentation must prove that expenditures charged to the grant are (1) Incurred during the effective period of the contractual agreement between the City of Plano and your agency (2) Were actually paid out (or properly accrued), (3) Expenditures were allowable, and (4) Expenditures were approved by a responsible official in your organization.

In general, source documentation must explain the basis of the costs incurred. For example:

- With respect to staff time charged to the grant: Time sheets (signed by the employee and supervisor) explicitly stating the hours charged to the grant and attendance sheet (were used) should be available at all times for the City of Plano to verify time charged to CDBG or HOME grants is accurate.
- With respect to cost of space and utilities: Space costs must be supported by rental or lease agreements. Utility costs should be supported by bills from the utility company. Such information should be available at all times for the City of Plano to verify costs charged to CDBG or HOME grants is accurate.
- With respect to supplies, documentation includes purchase orders or requisition forms, vendor invoices, documentation demonstrating that payment was actually made, and information regarding where supplies are being stored and for what approved cost objective(s) they are being used.

General Procurement Requirements

Federal procurement requirements are stated in 24 CFR 85. In general, standards set forth in 24 CFR Part 85 may be viewed as "safe harbor" for satisfying the federal requirements. They include the following:

- A subrecipient must maintain records to detail the significant history of a procurement. These records include but are not limited to: (1) Files on the rationale for selecting the methods of procurement used, (2) Selection of contract type, (3) Contractor selection/rejection process, and (4) Basis for the cost or price of a contract.
- Pre-Qualified lists of vendors/contractors, if used, must be current, developed through solicitation, include adequate numbers of qualified sources, and must allow entry of other firms to qualify at any time during the solicitation.
- In an effort to eliminate unfair competitive advantage, a subrecipient should exclude contractors that develop or draft specifications, requirements, statements of work, invitations for bids, and/or requests for proposals from competing for such procurement.

Appendices

- A subrecipient must ensure that awards are not made to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs. The federal Excluded Parties List System's website is : <http://www.epls.gov/>.
- There must be written selection procedures for procurement transactions. Such procedures must ensure:
- The purchase of unnecessary or duplicate items is avoided;
 - Whenever possible, use of Federal excess and surplus property or intergovernmental agreements for procurement or use of common goods and services should be considered;
 - All purchases (and contracts) are signed by your authorized agency official(s);
 - Items delivered and paid for are consistent with the purchase order and/or contract for goods and services;
 - Timely payment to vendors occurs once the order is delivered, inspected, accepted, and payment authorized;
 - A cost analysis is performed for every procurement action, including contract modifications and documentation to that effect is maintained in your files;
 - Profit or fee is negotiated separate from price where competition is lacking or whenever a cost analysis is performed; and
 - The list of provisions in 24 CFR 85.36(i) or 84.48, as applicable must be included in any contract.
- Subrecipients may not use "cost plus a percentage of cost: pricing for contracts. Additionally subrecipients should use "time and material: type contracts only after a determination is made that no other contract is suitable and the contract includes a ceiling price that the contractor exceeds at its own risk.
- Subrecipients must have protest procedures in place to handle and resolve disputes relating to their procurement and in all instances report such disputes to the City of Plano.
- There must be a documented system of contract administration for determining adequacy of contractor performance.

A subrecipient must have a written code of conduct governing employees, officers, or agents engaged in award or administrative contracts.

City of Plano Required Forms & Monitoring Checklist

CDBG Program Required Forms

1. City of Plano CDBG/HOME Eligibility Certification Form
2. CDBG Quarterly Report Form
3. City of Plano Grant Reimbursement Request for Subrecipients Form

HOME Program Required Forms

1. City of Plano CDBG/HOME Eligibility Certification Form
2. CDBG and HOME Funded Permanent Housing Quarterly Report Form
3. City of Plano Annual HOME Report for Tracking Homeowners Form
4. City of Plano Grant Reimbursement Request for Subrecipients Form

Appendices

For copies of City of Plano required grant program funds contact the agency's designated Community Services Coordinator at 972-941-7151.

Appendices