



City of  
**NORFOLK**



# FY 2013 Mandatory Subrecipient Training

June 28, 2012

*« Subrecipients On Target »*

Welcome

Kimberley Pierce



Office of Budget and  
Grants Management

# Roundtable Discussion



- Name
- Organization
- Types of CDBG, HOME & ESG Activities

# Logistics



- Agenda
- Sign In Sheet & DUNS No.
- Handouts
- The “accommodations”

## Section 1

# Who Are We?



## Office of Budget and Grants Management

<u>Staff Name</u>	<u>Title</u>
Sabrina Joy-Hogg	Director
Kimberley Pierce	Division Head
Leila LaRock	Programs Manager
Latoya Vaughn	Management Analyst III
Kathleen Broughton	Grants Management Assistant
Angela Rader	Administrative Technician II

## Training Components



- Section 1 – Introduction
- Section 2 – Overview Components
- Section 3 – Agreements
- Section 4 – Program Documents
- Section 5 – Program Management
- Section 6 – Labor Regulations – Davis Bacon
- Section 7 – Civil Rights – Section 504 ADA
- Section 8 – Procurement
- Section 9 – Monitoring
- Section 10 – Close-Out

# Key Terms



- Entitlement Program
- Grantee
- Sub-recipient (CDBG, HOME & ESG)
- Consolidated Plan/ Annual Plan/ CAPER
- LMA, LMH, LMI, LMJ
- ERRs

# City Roles & Objectives



- Plan, Administer, and Implement HUD's CDBG, HOME, & ESG Programs; and City Programs.
- Provide assistance to Subrecipients to understand the importance of their written agreements.
- Describe required program reporting requirements as well as recommend provisions for project file.
- Coordinate the monitoring of Entitlement funded Subrecipient & City activities.

## Section 2

# HUD Programs Overview

Awarded by:

U.S. Department of Housing & Urban Development

- Community Development Block Grant (CDBG)
- HOME Investment Partnerships Program (HOME)
- Emergency Solutions Grant Program (ESG)

# HUD Entitlement Funding

HUD Program	FY2012	FY2013	Difference (+/-)	% Difference (+/-)
CDBG	\$ 4,717,815	\$ 3,887,210	(\$ 830,605)	(17.6%)
HOME	\$ 1,746,031	\$ 1,024,324	(\$ 721,707)	(41.3%)
ESG	\$ 355,948	\$ 408,550	\$ 52,602	14.8%
<b>Total Entitlement Funding</b>	<b>\$6,819,794</b>	<b>\$5,320,084</b>	<b>(\$1,499,710)</b>	

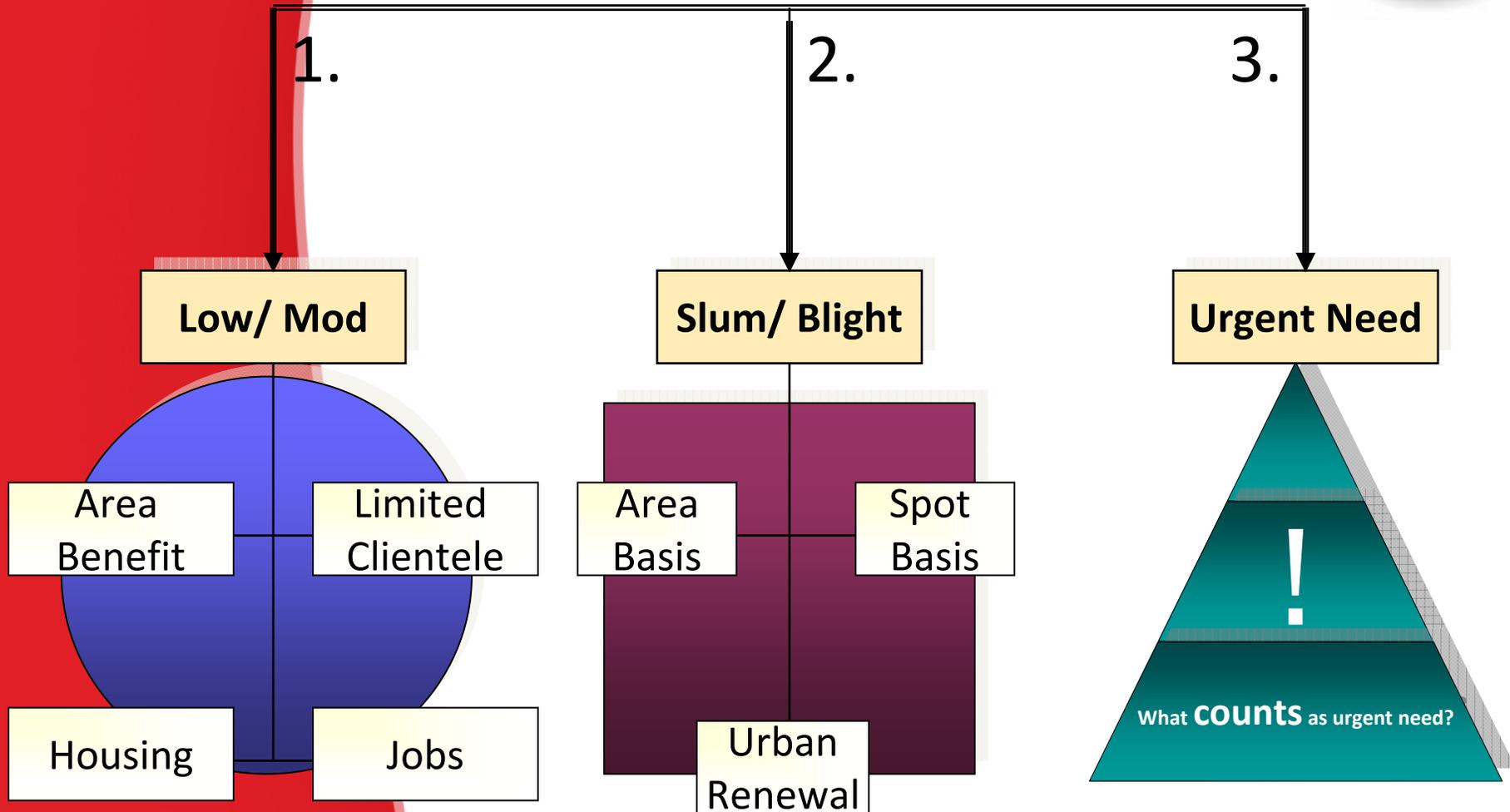
**For FY 2013, the City of Norfolk received:**

- 17.6% decrease in CDBG Entitlement funding
- 41.3 \$ decrease in HOME Entitlement funding
- 14.8% increase in ESG Entitlement funding

**Over 4 years (FY 2009 – 2013) the City of Norfolk has received:**

- \$1,162,154 decrease in CDBG Entitlement funding
- \$770,299 decrease in HOME Entitlement funding
- \$177,121 increase in ESG Entitlement funding

# National Objectives



Regulation Cite: 24 CFR 570.208

# Plan Your Match Requirement



- ❖ No match required under CDBG.
- ❖ 12.5% match is required under HOME.
- ❖ Dollar for Dollar match are required under the ESG.
- ❖ Use:
  - Other Federal, state or local funds
  - Donations (cash, supplies, building rent)
  - Volunteer hours (\$5.50 per hour)
- ❖ Any funds counted as match must be used for expenses that would be eligible under this program.

*Note: Volunteers providing professional services as medical or legal services are valued at the reasonable & customary rate in the community.*



# Important Program Stuff

# Issues To Target On



- Using procurement procedures
- Appropriate documentation of invoices and receipts
- Adequate project files
- Program Income guidance
- Compliance with construction projects
- Segregation of financial duties; importance of financial control
- Collecting the required information to adequately report accomplishments
- FOIA

# Issues To Target On (Continued)



- Committing funds before conducting an ERR & receiving the RROF Inadequate monitoring controls
- Not providing enough description of a project to conduct the appropriate ERR
- Noncompliance with Davis-Bacon labor requirements



# City of Norfolk Service Area



## **Restriction on location of activities (24 CFR 570.309):**

- Clients must be Norfolk residents.
- Address for each household must be verified, and
- Household income verification must be documented.

# Program Income



What constitutes as program income?

Answer:

Any gross income received by the Subrecipient that was directly generated or partially assisted from the use of funds.

*\*Program income is to be recorded and/or to reflect the percentage of funds used as part of its records of financial transactions and submitted to the City for re-payment.*

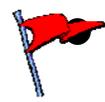
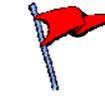
# Program Income



## Examples:

- Equipment purchased with CDBG funds is sold
- Proceeds from sale of property
- Personal property that is sold
  - Equipment
  - Supplies
- Utility payments returned back to the program
- Security deposits returned back to the program

# Pulling the Plug

-  In spite of best efforts, some Subrecipient programs and/or projects still fail to perform.
-  Grantees & Subrecipients must make hard decisions to suspend or terminate funding.
-  Decision is best for both grantee, Subrecipient and the entire community in long run.

Welcome

Leila LaRock



Office of Budget and  
Grants Management

## Section 3

# Agreements



# Agreements and LOAs

## **FY 2013 Specific Provisions**

Refer to Scope of Services and Budget

- Activity
- Performance Outcomes
- Cost per Unit of Service
- Total No. of Units Per Activity
- Maximum Total Cost Per Year
- FY 2013 Number Served



# Agreements & LOAs



## ❖ Agreements serve important purposes

- Establish relationships
- Specify expectations
- Require compliance with federal rules

## ❖ Enforceable only when executed

- Time of Performance:
  - CDBG & HOME: July 1, 2012 to June 30, 2013
  - ESG: July 1, 2012 to June 30, 2014
- Budget revisions may be submitted during the program year.
  - CDBG and HOME = June 15, 2013
  - ESG = June 15, 2014



# Subrecipient Agreement



## CDBG and ESG

- Under CDBG and ESG, Subrecipient agreements include:
  - Statement of work
  - Records and reports
  - Program income
  - Disbursement of Funds
  - Applicable federal requirements
  - Conditions for religious organizations
  - Procurement
  - Suspension and termination
  - Reversion of assets
  - Lead Based Paint
  - Fair Housing
  - Non-Compliance/ Sanctions/ Terminations

# Subrecipient Agreement



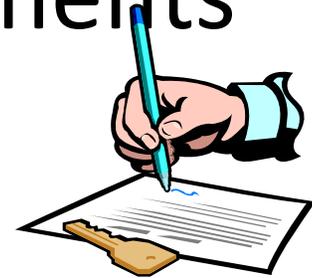
HOME agreements includes the following:

- Statement of work
- Records and reports
- Program income
- Disbursement of Funds
- Applicable federal requirements
- Conditions for religious organizations
- Procurement
- Suspension and termination
- Reversion of assets
- Lead Based Paint
- Fair Housing
- Non-Compliance/ Sanctions/ Terminations
- **Affirmative Marketing**
- **Payment Procedures**
- **Fair Market Rent Structures**
- **Property Management Standards**
- **Recapture Provisions**
- **HOME Checklist Monitoring**
- **HOME Rent Limits**
- **Enforcement Provisions**

# Closer Look at ESG Agreements



## ESG Program Agreements



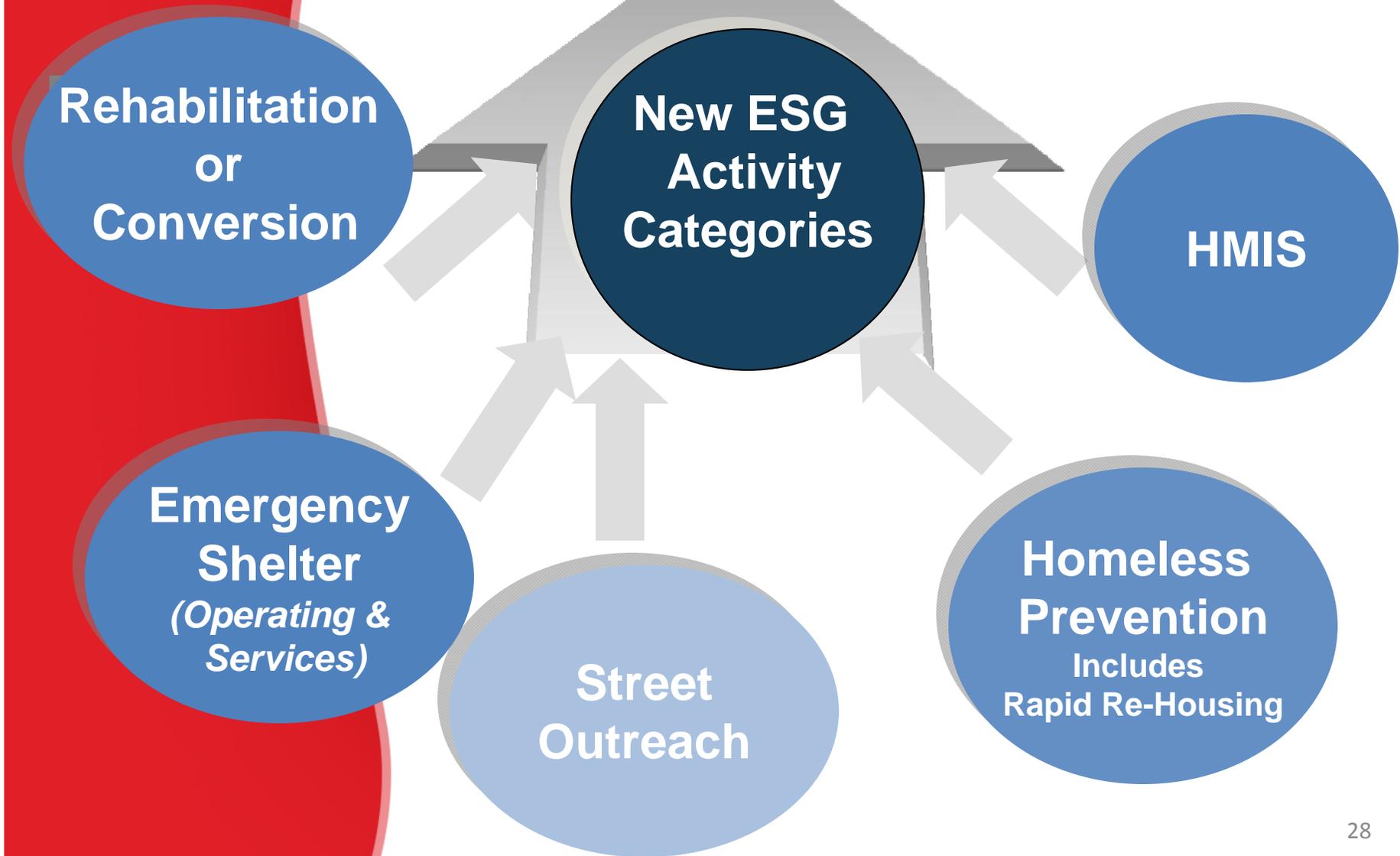
# Closer Look at ESG Agreements



- Specify use of ESG funds
  - Renovation, Rehabilitation, Conversion
  - Operating Costs
  - Essential Services
    - Emergency Shelter
    - Explicitly includes essential services related to street outreach
  - Adds rapid re-housing (RRH)
  - Revises homelessness prevention
  - Increases administration cap from 5% to 7.5%
- Includes required **'new'** provisions
- Added recommended language



# General Provisions



# ESG Themes

- Align ESG program with CoC program
- Facilitate better coordination and efficient use of resources
- Increase efficiency and coordination among different programs

# Additional ESG Provisions

## **Preventing Involuntary Family Separation**

- After May 20, 2011, any emergency shelter that receives ESG funds and serves families with children under age 18 will be prohibited from denying admission to any family-based on the age of any child under age 18

## Section 4

# Program Documents

Each Subrecipient file should contain:

- Coversheet / Checklist
- Project Status Report
- Client Data Report
- Tally Sheet
- Individual Eligibility Forms
- Employee Data Report
- HMIS Print Outs (if applicable)
- Quarterly Report and/or Annual Performance Report





# Important Notes on Reports

- Payment/ Expenditure reports are due within 10 working days after the end of the month.
- Quarterly reporting periods are due within 15 days after the quarter ends.
- No additional reports necessary if program ends early.
- Ensure DGM corrections are reflected in subsequent reports.
- Homeless providers funded through CoC and ESG require HMIS participation.

# Knowledge Check...

- Your agency must submit the Programmatic Reports for the period ending March 2013 by what date?



# Answer:



- Your Programmatic Reports for the period ending March 2013 is due to our office by April 15, 2013.

# Knowledge Check: Reporting...

- Your agency is at 25% of your contract goal for the reporting month of February 2013; however, your agency should be at 50% of your contract goal through January 2013, what must your agency make sure to do on your Project Status Report?



# Answer:



- Your agency must provide an explanation on your Project Status Report to explain why your project is not on target for the reporting month of February 2013.

# Knowledge Check: Reporting...

- For the period ending May 31, 2013 your agency reported 20 new clients; however, 3 were disallowed. Which monthly reports need to be corrected for this reporting period?



# Answer:



The following reports need to be corrected:

1. Project Status Report
2. Client Data Report
3. Tally Sheet

\*Units of Service in the client files should match the amounts reported under Units of Service in the Client Data and Project Status Reports and quarterly reports.

# Reporting & Performance



## Quarterly Reporting Expectations

- Grantee reviews and approves performance standards based on application.
  - Completion deadlines
  - Data Collection
  - Milestones
  - Payment schedule
    - Reimbursement
    - Developer fees
  - Data Collection





# Measuring Performance



- Data Collection
  - Subrecipients identify data to collect
  - CHDOs & Subrecipients establish routines to collect data, report & submit
  - Subrecipients to coordinate with their partners to obtain data

## Section 5

# Program Management



- ❖ Subrecipients must track and report on each project within each program of the grant separately.

**The Planning Council**

**CDBG Program**

ShelterLink

**The Planning Council**

**CDBG Program**

NHC / CoC

**The Planning Council**

**ESG Program**

Homeless Prevention

**VSH**

**CDBG Program**

Gosnold  
Support Services

**VSH**

**CDBG Project**

Norfolk Regional Apts.

**VSH**

**HOME Program**

Norfolk Regional Apts.

# Records Management



## Contents of Overall Project Folder

- Award letter
- Subrecipient Training Acknowledgment
- Copy of presentation
- Documents containing:
  - Programmatic reporting templates and guidance material
    - ✓ including income verifications
  - Financial reporting templates and guidance material

# INCOME LEVELS & HOUSEHOLD SIZE

51% of persons served must be extremely low/low/mod income  
Annual Income Does Not Have to be reported for persons that are Presumed Benefit

INCOME LEVELS	HOUSEHOLD SIZE							
	1	2	3	4	5	6	7	8
<b>Extremely Low Income</b> (Limits based on 0-30% of area median income)	14,900	17,000	19,150	21,250	22,950	24,650	26,350	28,050
<b>Low Income</b> (Limits based on 31-50% of area median income)	24,850	28,400	31,950	35,450	38,300	41,150	44,000	46,800
<b>Moderate Income</b> (Limits based on 51-80% of area median income)	39,700	45,400	51,050	56,700	61,250	65,800	70,350	74,850

**Source: U.S. Department of Housing and Urban Development Income Limits effective February 9, 2012**

# Household Income



Refer to the Household Income handout:

- Verifying Household Income

For further details refer to:

- Technical Guide for Determining Income and Allowances for the HOME Program

<http://archives.hud.gov/offices/cpd/affordablehousing/using/modelguides/1780.pdf>

# Presumed Benefit

Activities that exclusively serve a group of persons in any one of the following categories is presumed to benefit persons, 51% of whom are low to moderate income:

- Abused children
- Battered spouses
- Elderly persons
- Severely disabled adults
- Homeless persons
- Illiterate adults
- Persons living with HIV/AIDS
- Migrant farm workers

**\* Must document the clients benefit category**

# Reporting & Record Keeping



## ❖ **Contract related reporting:**

- Contract and Subcontract Activity Report (quarterly)
- Section 3 Report
- Labor Standards Report (quarterly)

## ❖ **Maintain files for 5 years after close-out**

## ❖ **DGM will monitor for compliance**

# Funds Must Be Tracked



- ❖ **Set up your financial system to include grant specific tracking**
- ❖ **Review Federal requirements:**
  - **OMB A-110, A-122, A-133**
- ❖ **Prepare for an audit**

# Issues to Watch Out For



- Committing funds before conducting an ERR.
- Using improper procurement procedures.
- Noncompliance with Section 3 for construction services.
- Failure to segregate financial duties; lack of financial control.
- Inadequate monitoring of contractors and Subrecipients.

# Issues to Watch Out For



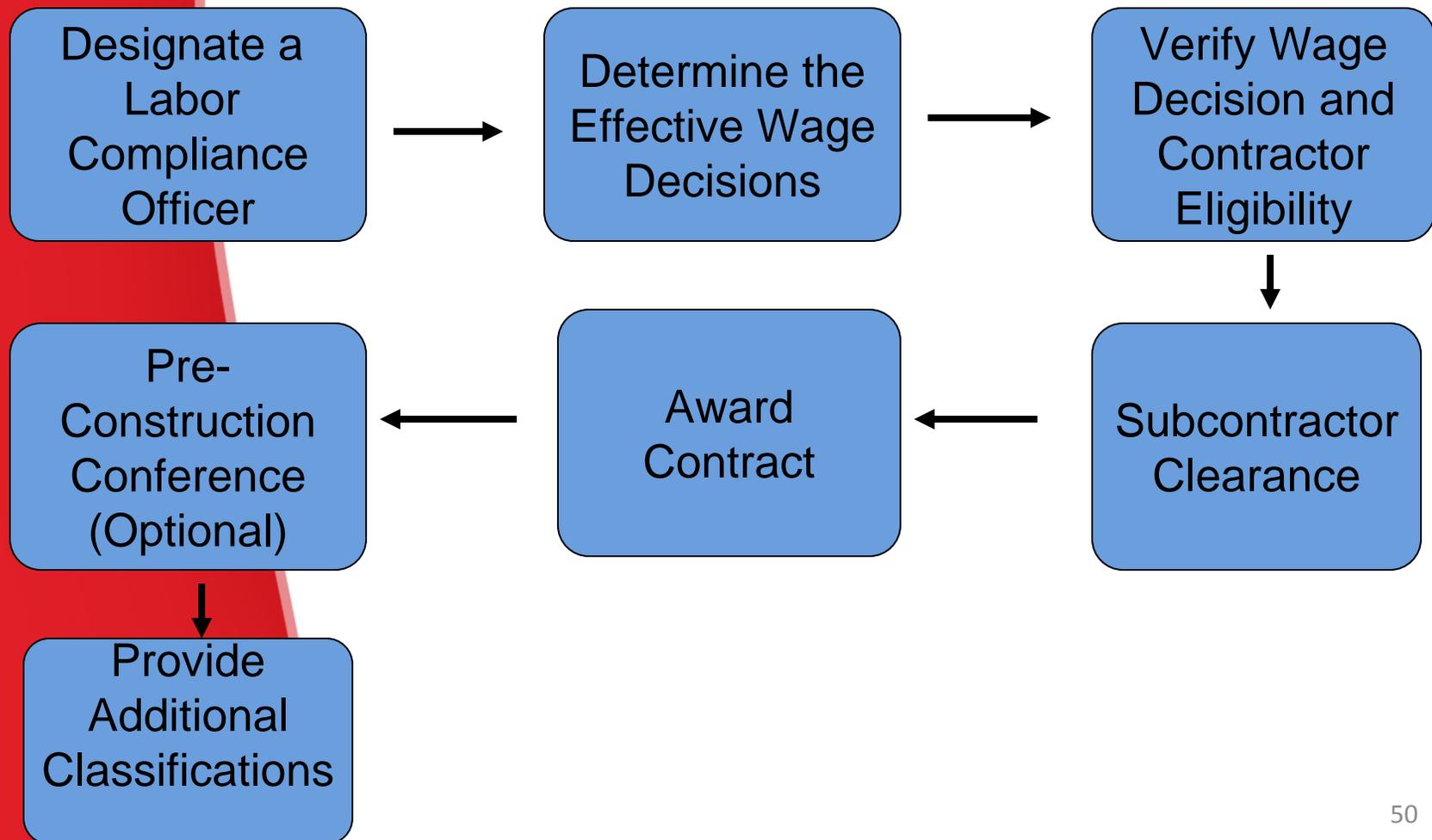
- Inadequate documentation of invoices and receipts.
- Noncompliance with Davis Bacon Labor requirements.
- Inadequate project files.
- Not collecting the required information to adequately report on a project.

## Section 6

# Labor Regulations Davis Bacon Act



## Labor Standards Requirements



## Section 7

# Civil Rights

## Section 504 of ADA



- Compliance with Section 504 Requirements (24 CFR 8.50(a))
- Self-evaluation of current policies and practices regarding requirements to be accessible to individuals with disabilities
- Self-evaluation of buildings and structures to determine if they can be approached, entered and used by persons with disabilities

# Civil Rights

## Section 3 Provision of HUD Act of 1968



- Employment Requirements
- Contracting Requirements
- Other Employment and Business Related Economic Opportunities

\* Ensure when employment or contracting opportunities given preference to low- and very low income persons or businesses residing in community where project is located.

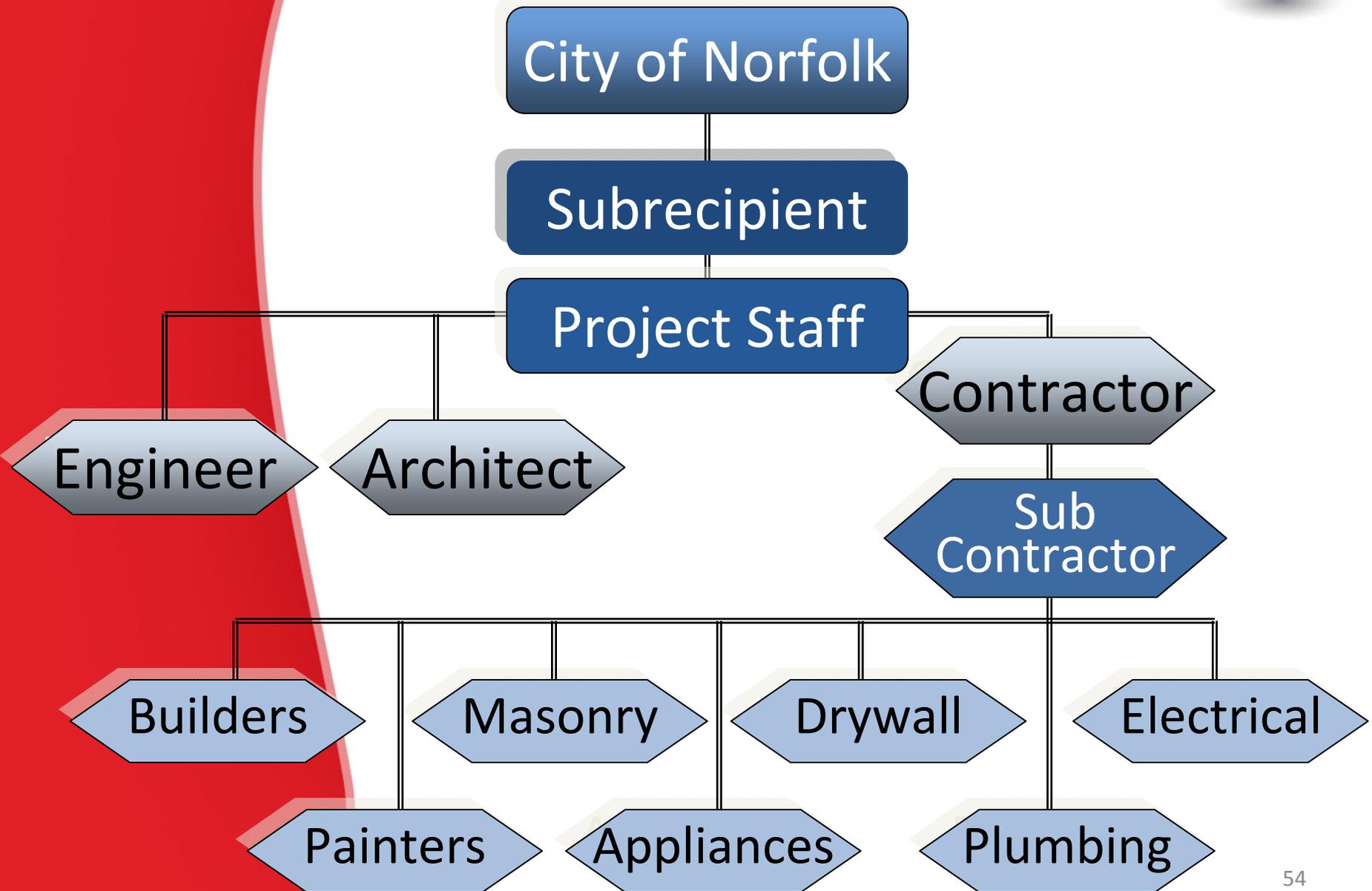
## Section 8

# Procurement



## Roles and Relationships and Impact on Procurement

# Chain of Command



# Roles



## City of Norfolk

- Ensures project is in compliance

### Subrecipient

- Procures contracts for Project
- Compile, collect, prepare, report, and submit required documents by the City
- Coordinate required day-to-day project activities through completion
- Receive at least 3 bids

### Administration

(project staff)

- ERRS
- Davis Bacon Requirements (if applicable)
- Inspections
- Manages day-to-day program documentation
- Evaluates and arranges payment for project costs

### Contractor / Sub-contractor

- Manages specific areas of the construction process & construction progress
- Acquires needed permits

### Engineer

- Manages construction
- May not be familiar with program requirements

# Responsibilities



- Primary responsibility lies with the Grantee – the City of Norfolk
- Subrecipient is responsible for compliance:
  - RFPs (acquiring 3 bids is ideal)
  - Bid Award
  - Change Orders
  - Debarment

# Special Provisions



- Davis Bacon **prevailing** wage rate
- Equal Opportunity
- Section 3 forms
- Virginia Illegal Immigration Act – contractor certification
- Debarment certification

# Project Oversight



Subrecipient is responsible for:

- Ensuring ERRs are completed
- Acquiring proper permits
- Ensuring quality work and timeliness
- Management of project and general contractor
- Payments to general contractor

# Change Orders



## ❖ Change orders should be kept to a minimum

- Limit change orders with good specs and review
- Require and use unit pricing from original bid
- Change orders should not be used to correct math errors
- Change orders must be included

# Change Orders



## ❖ Change Order Transmittal Form

- Revised & simplified
- Include prices AND quantities AND funding sources
- Justification & cost reasonableness
- Cost recommendation from Architect/ Engineer
- Revised Section 102 Disclosure form

## ❖ Change orders must be authorized by DGM before Subrecipient approves contractor's changes

# Peer to Peer – Procurement & Contracting



## **Case Study Change to Scope**

Due to current materials and labor costs, a rental rehabilitation project has been bid and comes in \$146,000 under budget.

The subrecipient has requested to expand the original scope of work through a change order and use excess CDBG funds.

**What considerations should be given?**

# Case Study Change to Scope



- ❖ **Contact DGM staff to discuss**
- ❖ **Be prepared to address the following:**
  - How will additional work effect timeliness of the project?
  - Will additional time be necessary for design and permitting?
  - Are CDBG/ HOME funds (in whole or part) paying for engineering services?
  - Will cost design exceed the allowable CDBG/ HOME eligible amounts?
  - Determine if the work should be competitively bid or handled as a change order.

## Section 9

# Subrecipient Monitoring

- City staff conducts monthly desk reviews of Subrecipient program reports and reimbursement requests submitted.
- Annual Risk Assessment: Perform A-133 Audit, Review Financial Statements, Program Records
- Projects are monitored on-site at least annually to ensure compliance with Federal regulations and City requirements.



# Subrecipient Monitoring

- City sends a notice of the monitoring visit 15-30 days prior to the visit.
- Participant eligibility, activities provided, and consistency with terms of the Agreement are reviewed as detailed in the monitoring checklist attached to the notice.
- Programmatic policies and procedures will be reviewed and a copy may be requested.



# Subrecipient Monitoring (Continued)

- City sends a monitoring results letter after the monitoring visit, citing findings and/or concerns (if any).
- Subrecipient response letter is due no later than 30 days after the date of the results letter if responding to findings and/or concerns.



# Reporting Tips...



- To ensure the success of each project, Subrecipients are requested to review their approved agreements, **especially VIII. ADMINISTRATIVE REQUIREMENTS, Exhibit A, Scope of Services, and Exhibit B, Budget.**
- Check for new guidelines.
- Reviewing helps reduce the risk of non-compliance.

## Section 10

# Section 10: Close-Out



Subrecipient completes the following:

- Subrecipients submits final program report
  - ✓ Total number of people/ households served
  - ✓ Demographic information
  - ✓ Shortfalls/ achievements
- Subrecipients submits final payment request
- Subrecipient submits equipment inventory (if applicable)



The City of Norfolk completes the following:

- Issues a Close-out Letter to Subrecipient

# Reference Tools



- CDBG Playing by the Rules  
<http://www.hud.gov/offices/cpd/communitydevelopment/playing/chapter1.doc>
- Forms are located on the CD provided and at our Grants Management webpage, which will be:  
<http://www.norfolk.gov/grants>
- Please visit the U.S. Department of Housing and Urban Development (HUD) website for references and links to all applicable rules, laws, and regulations.
- <http://www.hud.gov/offices/cpd/homeless/programs/index.cfm>
- <http://www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm>
- [http://www.access.gpo.gov/nara/cfr/waisidx\\_04/24cfr570\\_04.html](http://www.access.gpo.gov/nara/cfr/waisidx_04/24cfr570_04.html)
- <http://www.gpoaccess.gov/cfr/retrieve.html>
- Check the Federal debarment list federal website located at [www.epls.gov/epls/search.do](http://www.epls.gov/epls/search.do) to see if a vendor is on the government list of debarred vendors. (*Debarment process is located on the City's website.*)

Thank You!



Any Questions?

# Contact Information

## Office of Budget and Grants Management

<i>Name</i>	<i>Title</i>	<i>Phone Number</i>	<i>Email Address</i>
<i>Sabrina Joy-Hogg</i>	<i>Director</i>	<i>757-664-4080</i>	<i>sabrina.joy-hogg@norfolk.gov</i>
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