



**Homes and
Community Renewal**

CDBG Orientation Webinar Series

3. Financial Management

January 29, 2020

Welcome to the CDBG Orientation Webinar Series – Webinar 4 on Financial Management.

The Orientation Webinar Series

1. Getting Started – January 15, 2020 (Completed)
2. Environmental Review – January 22, 2020 (Completed)
3. Financial Management – Today
4. Program Administration – February 5, 2020
5. Lead Based Paint – February 12, 2020



This is the third in a series of five webinars designed to provide an overview for new CDBG grantees.

- Two webinars – Getting Started and Environmental Review have been completed
- Financial Management is today
- Webinar 4 on General Program Administration is scheduled for February 5, 2020
- Webinar 5 on Lead-Based Paint compliance for housing activities is scheduled for February 12, 2020.

The webinar series is designed for local government recipients and their participating subrecipients and consultants to help establish systems for financial management of the grant and to navigate the disbursement process. Collectively, the webinars will identify the key start up and administrative issues, and provide guidance on resources and documentation.

While this has been designed for new grant recipients, existing grant recipients will also gain insights into financial management issues that may help improve compliance with existing grants.

Grant Agreement Reminder

Must execute within 45 days of award

Must be signed by the Chief Elected Official (CEO)

Any Applicable Schedule A Condition(s) must be met to the satisfaction of the OCR

Grant Agreements are due back by Monday February 3, 2020

**If this date cannot be met, contact your
Community or Economic Developer**



The Grant Agreement must be executed and the Conditions specified in Schedule A must be met within 45 days of award.

All grant agreements issued through the CFA Round are due Monday February 3, 2020.

Grant Agreement Reminder

Go to <https://hcr.ny.gov/community-development-block-grant>

Select Grant Agreement Forms:

- ✓ Authorized Signature Form
- ✓ ACH/Direct Deposit
- ✓ Form 7-2 Program Schedule
- ✓ Form 8-1 Project Team

The screenshot shows the 'Community Development Block Grant' website. On the left is a dark sidebar with a menu: 'Overview', 'Forms and Documents' (highlighted), 'Program Guidelines', 'Grant Administration Manual', 'Funding Round Materials', and 'Resources'. The main content area is titled 'Forms and Documents' and 'Grant Agreement Forms'. It features a search bar and a table of forms. The table has two columns: 'Fileable Forms' and 'Instructions'. The forms listed are: 'Authorized Signature Form for Request for Funds' (with instruction 1-1), 'ACH/Direct Deposit Authorization of NYS CDBG Funds' (with instruction 1-2), '7-2 Program Schedule Form' (with instruction 7-2), and '8-1 Project Team' (with instruction 8-1). Below the table is a section for 'Application and Schedule A Condition Forms' with another search bar. The bottom right corner features the 'NEW YORK STATE OF OPPORTUNITY' logo and the 'Homes and Community Renewal' logo.

Fileable Forms	Instructions
Authorized Signature Form for Request for Funds	1-1 Instructions for Authorized Signature Form
ACH/Direct Deposit Authorization of NYS CDBG Funds	1-2 Instructions for Designation of Depository Form
7-2 Program Schedule Form	7-2 Instructions for Program Schedule
8-1 Project Team	8-1 Project Team Instructions

In addition to the executed Grant Agreement, the following forms or documents are required to be submitted.

First, any Schedule A Conditions must be met and documented.

Next, the following Forms must be executed:

- Authorized Signature Form for Request for Funds
- ACH/Direct Deposit Authorization of NYS CDBG Funds
- Form 7-2 Program Schedule
- Form 8-1 Project Team

You will find these forms under “Forms” on the web site. Click on “Grant Agreement Forms”.

Finally, if the CDBG activity involves the rehabilitation or acquisition of housing, you must also execute Forms certifying compliance with LBP requirements – either Form 5-1 if rehabilitation will occur, or Form 5-2 if acquisition only will occur. These forms can be located under “General Grant Administration” on the Forms page. If your activities do not involve housing, then these Forms do not apply.

Today's Topics

- Federal financial management standards & regulations
- Categories of allowable costs
- Program income
- Disbursements
- Reporting & audit requirements



We will be covering a range of topics related to financial administration of the CDBG grant.

We will start with a review of Federal financial management standards, as they have been updated in the last couple of years, and OCR guidelines for compliance with those requirements.

From that base, we will examine the:

- Categories of allowable costs under CDBG
- The management of program income
- Disbursements procedures
- Reporting & audit requirements

We also welcome your questions via the Questions box on any program administration topic. Remember that Lead-Based Paint Compliance will be covered in the next webinar.

Uniform Administrative Requirements

2 CFR Part 200 – for all federal grants after 12/26/14

- Subpart D – financial management, (replace 24 CFR 85.22)
- Subpart E – cost principles (replacing A-87)
- Subpart F – audit (replacing A-133) – audits of fiscal years beginning after 12/26/14

24 CFR Part 2400 – applies 2 CFR Part 200 to all HUD awards to non-Federal entities (12/19/14)

- Federal awards after 12/12/16 subject to Part 200 rather than 24 CFR Part 85

24 CFR 570.489



There are two federal regulations that govern your use of CDBG funds – the general or uniform administrative requirements for federal funds and the CDBG regulations.

The uniform administrative requirements were originally established by the Office of Management and Budget, or OMB. Recently, these requirements were updated and incorporated into federal regulations at 2 CFR Part 200 by the Council on Financial Assistance Reform, or COFAR. These regulations – commonly referred to as the “Omni-circular” – replace any reference to OMB circulars that you may have known, as well as HUD-specific uniform administrative requirements. To the extent that you administer any federal grant, not just CDBG, you are subject to these requirements and directly responsible for knowing them and applying them to your administration of the federal grant funds.

While these requirements cover a range of administrative topics, I refer you particularly to the following:

- Subpart D contains the requirements for financial management, property management standards, procurement, reporting & monitoring, and records. This section replaces many of the sections that were formerly in 24 CFR Part 85.

- Subpart E contains the cost principles, and replaces OMB Circulars A-87 & A-122.
- Subpart F contains the federal audit requirements, replacing OMB Circular A-133.

Please note that the CDBG Grant Administration Manual has not been updated to incorporate these new references, but the requirements in the Manual still apply as most of the requirements did not change when they were moved to the Code of Federal Regulations.

In addition to the Omni-circular, the CDBG regulation at 24 CFR Part 570 contains the administrative requirements for the State CDBG program. Most are contained in 570.489.

By accepting these federal funds, you are directly responsible for ensuring that all federal requirements are met, whether or not you bring in other parties to help you with grant administration.

Financial Management System Requirements; A 200.302

- Accurate, current and complete disclosure of the current status and financial results of the NYS CDBG program in accordance with specified requirements
- Records that adequately identify, by activity, the source and use of funds for each NYS CDBG supported project
- Effective control over and accountability for all funds, property, and other assets
- Written procedures to comply with the requirement for timely distribution of funds



The financial management requirements of the Omni-circular, or Part 200.302, are very similar to the previous standards in 24 CFR Part 85, Section 21. Based on these federal standards, the financial management system of the Recipient and its Subrecipients must include:

- Accurate, current and complete disclosure of the current status and financial results of the NYS CDBG program in accordance with specified requirements;
- Records that adequately identify, by activity, the source and use of funds for each NYS CDBG supported project;
- Effective control over and accountability for all funds, property, and other assets;
- Written procedures to comply with the requirement for timely distribution of funds as required by U.S. Treasury Circular 1075 and 24 CFR Section 570.511.

Financial Management System, cont.

- Written procedures for determining that costs are reasonable, allowable and accountable (2 CFR Part 200, Subpart E)
- Provision for a comparison of actual outlays with budgeted amounts for each line item, including grant funds and matching funds
- Accounting records supported by source documentation
- Internal controls and segregation of duties designed to eliminate fraud and abuse



- Procedures for determining that costs are reasonable, allowable and accountable in accordance with Subpart E of 2 CFR 200;
- Provision for a comparison of actual outlays with budgeted amounts for each line item, including grant funds and matching funds;
- Accounting records supported by source documentation; and
- Internal controls and segregation of duties designed to eliminate fraud and abuse, which we will discuss in the next few slides.

CDBG Funds Financial System

- Cash Receipt Journal
- Cash Disbursement Journal
- General Ledger
- Journal Voucher
- Fixed Asset or Property Management Ledger
- NYS CDBG Cash Register
- Detailed Activity Ledger



Recipients need to segregate the grant resources from an accounting standpoint to ensure that these grant resources are only used for their intended purposes, and to be able to report on their use.

A good financial system is built on a solid foundation of accounting records, budget controls, source documentation, allowable costs, cash management, financial reporting and internal controls that generate a complete and accurate picture of how the Recipient is spending the grant funds.

The Recipient's financial system for CDBG should include the following accounting documents or their equivalent:

- Cash Receipt Journal: This journal should record the receipt of all funds applied to the NYS CDBG program. It should include the date of receipt, the amount received, the source of funds, and the accounts into which funds were transferred.
- Cash Disbursement Journal: This will record all checks or disbursements issued for payment of program costs, including date of payment, payee, check number, amount, and the account from which a disbursement was made.
- General Ledger: Summarizes the monthly receipts and disbursements for each

activity included in the project.

- Journal Voucher: Records explanations and amounts of adjustments to general ledger accounts.
- Fixed Asset or Property Management Ledger: A listing of all fixed assets acquired with NYS CDBG funds.
- NYS CDBG Cash Register: A record of requests for payment, checks received and balance of NYS CDBG funds.
- Detailed Activity Ledger: A record to maintain accounting control. A detailed activity ledger must be established for each project. All financial transactions relating to a particular project are recorded on this ledger.

Internal Control; A 200.303

“Establish and maintain effective internal control over the federal award”

Internal control is a process to help the recipient to:

- Run its operations efficiently and effectively
- Report reliable information about its operations
- Comply with applicable laws and regulations

Standards for Internal Control in the Federal Government (the “Green Book”) <http://www.gao.gov/assets/670/665712.pdf>



Given the mandate to “establish and maintain effective internal control over the federal award”, all Recipients must have formal procedures that include internal controls.

Internal control is a process to help the recipient to:

- Run its operations efficiently and effectively;
- Report reliable information about its operations; and
- Comply with applicable laws and regulation.

If you want to review more background on internal controls, please refer to the Standards for Internal Control in the Federal Government (commonly called the “Green Book”) at the link in the slide (<http://www.gao.gov/assets/670/665712.pdf>).

OCR Internal Control Guidelines

- No individual shall have complete control over all phases of any significant transaction
- Record keeping must be separate from operations and the handling and custody of assets
- Monthly reconciliations and verifications of cash balances with bank statements shall be made by employees who do not handle or record cash, or sign checks
- Actual lines of responsibility shall be clearly established and adhered to as closely as possible
- Persons preparing payrolls should not handle paychecks
- All persons handling financial transactions shall be bonded in accordance with State law



OCR has determined that internal controls over CDBG funds must at least include the following:

- No individual shall have complete control over all phases of any significant transaction.
- In other words, the same person cannot authorize payment on Request for Funds forms 1-4, 1-5 or 1-6 , record transactions, and sign checks for payment to vendors from the established CDBG account.
- Record keeping must be separate from operations and the handling and custody of assets.
- Monthly reconciliations and verifications of cash balances with bank statements shall be made by employees who do not handle or record cash receipts, or sign checks.
- Actual lines of responsibility shall be clearly established and adhered to as closely as possible.
- Persons preparing payrolls should not handle the related paychecks. And,
- All persons who handle financial transactions shall be bonded in accordance with State law.

If a Recipient has too few employees to achieve the separation of duties outlined, OCR can provide guidance in establishing appropriate control policies and procedures, including the use of elected officials to meet the requirements.

We also welcome your questions via the Questions box on any program administration topic. All questions will be reviewed at the conclusion of this webinar.

Source Documentation

Accounting records must reflect each individual transaction and be supported by adequate source documentation:

- Documents containing details of transactions: purchase orders, contracts or agreements, invoices, deposit slips, canceled checks, time sheets, bank statements, etc.

Guidance:

- Every invoice recorded as an expenditure. Payment should never be made without original invoices or vouchers in hand
- Administrative costs charged to administration and not program delivery
- Payroll supported by timesheets (hours worked on program)
- Indirect costs must be supported by a cost allocation plan
- Retained for 3 years after closeout



Accounting records must reflect each individual transaction. Source documents should provide all details of the transaction. The information contained in a source document is necessary for accounting purposes and is recorded in one of the books of original entry before being filed. There are various types of source documents and records needed to properly account for a CDBG transaction, including purchase orders, contracts or agreements, invoices, deposit slips, canceled checks, time sheets, bank statements, and so on.

At a minimum, Recipients should follow these general guidelines and operating policies:

- Every invoice should be recorded as an expenditure. Payment should never be made without original invoices or vouchers in hand.
- All administrative costs must be charged to “administration” and not to the activity or program delivery line items.
- Payroll charges to the program must be supported by a timesheet for each employee indicating the hours worked on the program for each pay period.
- Indirect costs charged to the program must be supported by a written cost allocation plan that is consistent with the requirements of 2 CFR 200. The

- plan must be maintained on file in the Recipient's office.
- Financial records and source documentation related to the NYS CDBG program must be retained for three years after closeout of the program. In addition, access to those records must be assured to U.S. Department of Housing and Urban Development (HUD), state officials, and their representatives. Please be aware, that State records retention requirements is longer than the Federally prescribed retention period.

Allowable Costs

Allowable costs:

- Necessary
- Reasonable – consistent with sound business practice & market prices
- Allocable to the grant
- Eligible – Part 570 & Part 200
- Not charged to any other federal program
- Funds may not be used for general operating expenses of State and local governments



As we noted previously, one of the core requirements of grant financial management is to ensure that grant funds are only used for “allowable costs”. “Allowable” is a term defined in 2 CFR Part 200, Subpart E, beginning with Section 403. It defines an allowable cost to be:

- Necessary for the performance of the Federal award
- Reasonable in amount, that is, what a prudent person would pay consistent with sound business practice & market prices
- Allocable to the grant activity
- Eligible under the Program rules at Part 570 & not ineligible under Part 200 Subpart E; and
- Not charged to any other federal program (although costs can proportionately distributed if multiple programs are benefited from the cost.)

Administrative Costs

Salaries, wages, related costs of staff/consultants/subrecipients engaged in program administration:

- General program administration & review
- Managing/supervising/training program personnel
- Public information & program environmental review
- Program budget, schedules, agreements
- Compliance systems, monitoring & evaluation
- Program audits & reporting
- Capital equipment for grant administration

Ineligible: general operating costs of a municipality or a non-profit organization



Now let's talk about some of the specific categories of eligible and allowable costs under the CDBG Program.

First, administrative costs. Generally, administrative costs include the salaries, wages, and related costs of the grant recipient's staff, the staff of local public agencies, or other program staff, including consultants and subrecipients, who are directly engaged in program administration for the CDBG grant.

While this is not a complete list, examples of eligible CDBG program administrative costs can include:

- General program administration
- Managing, supervising, and training program personnel in program requirements
- Providing information to public and public officials
- Conducting the program environmental review
- Preparing, monitoring and revising program budget, schedules, agreements
- Creation and implementation of compliance systems, monitoring & program

evaluation

- Program audits & other reporting
- Capital equipment purchased for grant administration (e.g., filing cabinets)
- Internal meetings for general program administration and review that is not related to program delivery activities;
- Providing local officials and citizens with information about the CDBG funded project;
- Preparing program budgets and schedules, and amendments thereto;

However, as we noted earlier, the costs for general operations of a municipality or a non-profit organization are expressly ineligible to be paid with CDBG funds.

Recipients should check 570.206 for more extensive explanations of eligible administrative expenses.

Program Delivery

Varies by type of activity, but generally:

- Marketing
- Client intake & eligibility
- Education/counseling
- Site environmental review
- Loan documents, closing, recording
- Professional & legal fees
- Permits
- Design, specifications, bidding & contracting
- Labor standards & construction monitoring
- Payment processing



The next category of costs is known as “Program Delivery”. These are costs that can be attributed directly to the delivery of the specific proposed activities.

The eligible Program Delivery costs varies by type of activity – that is, the program delivery costs of housing rehabilitation may be slightly different than those attributable to public infrastructure or any economic development activity, but generally Program Delivery costs will include the following as they relate to specific activities:

- Marketing the grant program activities
- Client intake, processing, and verifying client eligibility
- Education and counseling to clients
- Site specific environmental review (which is commonly referred to as Tier 2 reviews)
- Loan documents, closing, recording
- Professional services & legal fees to deliver the program
- Permits & fees
- Design, specifications, bidding & contracting
- Labor standards & construction monitoring

- Payment processing

Direct Project/Activity Costs

Costs to implement a specific project or activity

- Construction, materials
- Equipment & capital expenditure
- Staff salaries associated with specific project



Direct costs are those costs that identify specifically with the NYS CDBG funded project and are required for the implementation of the NYS CDBG program. Direct costs can be identified with a particular final cost objective.

Typical direct costs chargeable to Federal awards are:

- Cost of materials acquired, consumed and expended specifically for the NYS CDBG award, such as construction and construction-related soft costs;
- Equipment or other approved capital expenditure;
- Salaries of staff devoted specifically to the implementation of the CDBG funded project and otherwise eligible expenses incurred to carry out the project – these are commonly referred to as “Activity Delivery Costs”

Indirect Cost

Indirect costs are those costs that cannot be specifically identified with the NYS CDBG funded project

- Generally, facilities & general administration expense of recipient

Indirect costs can be charged to grant:

- Cost allocation plan approved by federal agency (2 CFR 200.331(a)(4) & .414(b))
- 10% indirect rate may be used (200.414(f))



Indirect costs are those costs that cannot be specifically identified with the NYS CDBG funded project. Indirect costs are defined in 200.414 in two categories:

- Facilities; and
- General administration.

Essentially, these are overhead costs of the Recipient or subrecipient, a portion of which can be allocated to administration of the program activities.

Indirect costs may only be recovered through either:

- A cost allocation plan approved by federal agency, as described in 2 CFR 200.331(a)(4) and 200.414(b);
- OR a “de minimis” 10% indirect rate may be charged without an approved cost allocation plan (see 200.414(f) for further guidance.)

Cost allocation plan documentation must be kept on file and a copy must be provided to the OCR.

Program Income

Gross income generated by Recipient or Subrecipient from the use of CDBG funds, such as:

- Sale/lease/disposition of property purchased or improved with CDBG
- Gross income of rental property constructed/improved with CDBG
- Principal and interest payments on CDBG loans
- Interest earned



We should also discuss program income. The CDBG Rule (at 24CFR570.489(e)) defines program income as gross income in an amount equal to or exceeding \$35,000 per year received by a state, unit of general local government (UGLG) or a subrecipient of UGLG that was generated from the use of CDBG funds. This includes all funds received from revolving loan funds, regardless of amount.

Program income can come from such things as:

- Sale, lease or disposition of real property or equipment purchased or improved with CDBG;
- Gross income of rental property constructed or improved with CDBG funds;
- Principal and interest payments on CDBG loans;
- Interest earned on CDCBG accounts

The gross income of activities or properties partially assisted with HOME funds may be prorated to reflect the percentage of CDBG funds used.

For those communities that are finishing projects that were approved to use program income cannot use new CDBG funds to reimburse the PI.

The Office of Community Renewal is responsible for all program income generated after 2000, HUD continues to administer program income for 1999 and earlier.

Program Income (PI) Procedures

- OCR has revised program income policy
- After March 31st 2019 all program income generated from NYS CDBG must be returned to the OCR

Moving Forward:

- All revolving loan revenues generated from NYS CDBG are considered program income
- All non-revolving loan revenues generated from NYS CDBG must be held until the end of the State's fiscal year (3/31) – “Treated as PI until it is not”
- Recipients will remit PI on monthly (for revolving loans) and annual basis (other PI)



OCR has revised its policy around Program Income.

- After March 31 2019, all program income that meets the definition on the last slide, and was generated through the NYS CDBG program, will be returned to the OCR
- Starting in 2020, past and present recipients of CDBG funds can expect a program income report sent in early March for an April return.
- This report will ask recipients to report on any program income received during the year and will contain instructions to remit any PI to the OCR
- After March 31st 2019, any recipients with uncommitted program income may have all other OCR funds suspended until the PI is returned
- **After March 31st 2019, recipients may not commit PI to additional activities as in the past**

A few helpful tips on program income moving forward (after March 31st, 2019):

- All revolving loan revenues generated from NYS CDBG are considered program income and must be remitted to the OCR on a monthly basis
- All revenue received from CDBG-funded activities (other than revolving loans) must be treated as program income until it is not. After the close of the State's

fiscal year (3/31), the recipient must total all receipts. If the total amount received exceeds \$35,000, the entire amount must be returned. If the total does not exceed \$35,000, the recipient may transfer that amount to their general fund with prior approval from the OCR

OCR Financial Forms: Authorized Signatures

AUTHORIZED SIGNATURE FORM FOR REQUEST FOR FUNDS

Recipient Name			
CDBG Project #			
Contact Person		Title	
Phone		e-mail	
New Submission	Yes <input type="checkbox"/> No <input type="checkbox"/>	Updated	<input type="checkbox"/>
Date of initial submission			

Request for Funds requires two signatures

All signatures are required to be municipal employees, non-municipal employees cannot be authorized to sign Request for Funds. Persons Authorized to sign Request for Funds Forms 1-4, 1-5 and 1-6 cannot also sign any check related to the disbursement of NYR CDBG funds.

Chief Elected Official and non-municipal employees, Subrecipients and Consultants cannot be authorized signatories on this form

1	Signature	Date	
	Typed Name	Title	
<small>By signing this, I acknowledge that I am not authorized to sign CDBG checks</small>			
2	Signature	Date	
	Typed Name	Title	
<small>By signing this, I acknowledge that I am not authorized to sign CDBG checks</small>			
3	Signature	Date	
	Typed Name	Title	
<small>By signing this, I acknowledge that I am not authorized to sign CDBG checks</small>			
4	Signature	Date	
	Typed Name	Title	
<small>By signing this, I acknowledge that I am not authorized to sign CDBG checks</small>			

I certify that the signature(s) shown above are the legal signatures of those municipal employees authorized to sign requests for CDBG funds from the Office of Community Renewal. The Chief Elected Official may not sign this document prior to obtaining the signatures of authorized individuals.

Signature of Chief Elected Official _____ Date _____
(must be at least one day later than above dates)

Name _____ Title _____

Office of Community Renewal (11/2017)



Now we turn to specific financial processes required by the OCR in order to set up the project, undertake activities, and request funds.


Along with the initial contract documents, recipients must return a completed Authorized Signature Form for Request for Funds form that specifies to the OCR who is authorized to sign disbursements. This information is checked against the signatures on each disbursement as they are sent in, throughout the course of the project.

Important considerations as you complete or update this form:

- The CEO authorizes other municipal employees or agents to sign disbursements.
- Signatures on Authorized Signature form must match exactly on the Request for Funds form.
 - If you use your middle initial on the Authorized Signature Form, you must use your middle initial on request for funds forms.
 - If your last name changes, a completely new Authorized Signature is required

- If an individual is added or deleted, a new Authorized Signature Form is required.
- The CEO cannot sign disbursements.
- This now requires two signatures, both municipal employees.
- Subrecipients, consultants and other third party personnel cannot be an authorized signatory.
- Staff authorized to sign disbursements cannot be same who sign checks, this is consistent with maintaining a proper separation of financial duties.
 - For example, if the City Clerk is authorized to sign the Request for Funds, this same person cannot also be a signatory to the CDBG checking account.
- Be sure that the CEO signs AFTER (at least a full day) all others have signed.

OCR Financial Forms: ACH/Direct Deposit



New York State
Housing Trust Fund Corporation
NYS CDBG Program
Project #

ACH/DIRECT DEPOSIT AUTHORIZATION

Instructions

- Type all requested information, hand written forms will not be accepted.
- Attach a voided or cancelled check with the recipient organization name imprinted to verify account ownership.

PART 1: Payee Identification

Payee Name			
Payee Email Address		Payee Phone Number (with area code)	
Street Address	City	State	Zip Code

WARNING: Federal law prohibits HTFC from processing International ACH transactions (IAT). If any payment to you from HTFC will result in an IAT order (Automated Clearing House Association's operating rule) or if you are unsure if the rule apply to you, DO NOT COMPLETE THIS FORM.

Please initial in the box to the right to indicate you have read the above warning.
 If you fail to initial here, direct deposit will not be approved. ☐

This is a non-interest bearing checking account; non-CDBG funds will not be deposited into or expended from this account.
 If you fail to initial here, direct deposit will not be approved. ☐

PART 2: Financial Institution Information


Name of Financial Institution		Account Number									
Name on Account	Account Type										
	<input type="checkbox"/> Individual/Consumer <input type="checkbox"/> Commercial (Corporation, Partnership, etc.)										
Nine Digit Routing Number											
<table border="1" style="width: 100%;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> </tr> </table>											

PART 3: Authorization

I authorize HTFC to deposit payments by electronic funds transfer (EFT) into the above referenced account. I acknowledge that if I fail to provide complete and accurate information on the authorization form, processing of this form and payments may be delayed.

Authorized Signatory	Date
Printed Name	Title

CDBG Program
01/2017



**Homes and
Community Renewal**

The ACH/Direct Deposit Authorization establishes the designated CDBG checking account for which all NYS CDBG funds must be deposited into and directly disbursed from the same account.

This form provides information to the OCR and the NYS Housing Trust Fund Corporation needed to deposit CDBG funds in the recipient's bank account.

Please read the form carefully and thoroughly before completing, making sure to accurately fill out project and bank account information. Some important points to remember:

- Be sure to use the form as fillable, including the Project Number at the top of the page.
- Be sure to initial the middle boxes on the form .
- The recipient must attach a cancelled or voided check to the form in order to verify account information.
- Please keep in mind that CDBG funds cannot be co-mingled with non-CDBG funds.
- This account **MUST** be non-interest bearing.

- All CDBG funds deposited into this account must be disbursed within 3-5 business days of the funds being deposited into the account.

OCR Disbursement Guidelines

- Municipality is responsible for the expenditure of funds (including payments) – not consultant or subrecipient
- The Recipient must maintain control of the CDBG account
- Funds may be drawn from OCR as costs are incurred; must be disbursed to beneficiaries/vendors within 3-5 days
- If prepaying project costs with local funds, do not transfer any local funds into the NYS CDBG account; when CDBG funds deposited, show the transfer reimbursement
- If project costs paid with local CDBG program income, those costs are no longer eligible for CDBG reimbursement
- To the extent possible, do not include cover sheets
- **All disbursements must be sent to: disbursements@nyshcr.org**



Here are a few guidelines to follow:

- The municipality is ultimately responsible for the expenditure of funds – not a consultant or subrecipient, this includes mailing payments to vendors. However, if a true subrecipient relationship, the expectation is that the subrecipient incurs the cost, pays the vendor, and the municipality will issue payment to the Subrecipient.
- Any municipality that allows any disbursement of funds, which includes mailing payment to vendors by a non-authorized third-party will have funds suspended until resolved to the satisfaction of the OCR.
- The Recipient **must** maintain control of the CDBG account, checks and all bank records at all times.
- NYS CDBG funds are drawn down from OCR as costs are incurred and funds must be expended within 3-5 days of funds being deposited into designated account. Payment must go directly to beneficiaries and/or vendors and cannot be transferred to another account.
- Expended funds refer to the direct payment of NYS CDBG funds to the vendor identified on 1-4A Disbursement Summary. The payment from the

checking account must match the vendor listed on the Disbursement Summary.

- If prepaying project costs through local funds, do not transfer any local funds into the NYS CDBG account. When NYS CDBG funds are deposited into the account, show the transfer to the local funds for reimbursement.
- If project costs are being prepaid with local CDBG program income, those costs are not eligible for CDBG reimbursement.

We also welcome your questions via the Questions box on any program administration topic. All questions will be reviewed at the conclusion of this webinar.

OCR Disbursements: Housing Request for Funds

Form 1-4
Housing Request for Funds

Section I – CDBG Recipient Information		Drawdown Number	
CDBG Project Number		Total Amount Requested	
Recipient Name	Award Date	Contract End Date	
Section II – Financial Information (CDBG FUNDS ONLY)			
Budgeted Activities	A	B	C
	Total CDBG budget amount	Total CDBG requested prior to this draw	Total amount requested this draw
	% of total grant	% column A	Balance remaining after this draw
1. Program Activity			
Housing Related (SU)			
Housing Related (MU)			
Housing Related (AMU)			
Manufactured Housing			
Public Housing			
Water and Sewer			
Homeownership			
Engineering			
Total			
2. Program Delivery	% of total grant	% column A	
Program Delivery (SU)			
Program Delivery (MU)			
Program Delivery (AMU)			
Program Delivery (HOC)			
Total			
3. Administration	% of total grant	% column A	
Program Administration			
4. Total			
5. Balance of CDBG funds on hand			
6. Amount of CDBG funds requested and not received			
7. Amount of CDBG funds requested and received			
Section III – Legal Approval (Authorized Signatories Only refer to Form 1-1)			
Date	Name	Title	
Signature			
I certify that funds are being requested under Federal CDBG number 16-228 for the Community Development Block Grant Program.			
Date	Name	Title	
Signature			
I certify that funds are being requested under Federal CDBG number 16-228 for the Community Development Block Grant Program.			
Comments:			

Office of Community Renewal 11/2019



Next we will briefly discuss the specific disbursement forms for each activity type. Each disbursement form is followed by a separate summary form that provides further detail for each expense/invoice.

Form 1-4 must be used for all housing activities including single and multi-unit rehabilitation, and homeownership activities.

Form 1-5 must be used for all public infrastructure and facility and Community Planning activities

Form 1-6 must be used for all economic development, small business assistance and microenterprise activities

Column A represents the approved CDBG budget, while columns B-D track past and current expenditures as well as current balances.

Much of that information will calculate automatically.

If included as part of the approved budget, you will also use this form to draw down administrative and program delivery funds.

Be sure to request funds based only on the budget approved as part of the executed grant agreement.

Section III of this form provides signature lines for those approved to sign disbursements on the Authorized Signature Form.

Please note that the basic tracking information provided through the use of this form does not replace the need for recipients to track budgeted and actual expenditures during implementation.

The form is not a substitute for the solid internal controls needed to implement the CDBG project.

Finally, recent changes require that recipients provide both the award date and contract end date for the project.

Be sure to always use the most up-to-date version of the disbursement forms. These can be found on the OCR website.

Please remember that Authorized Signatures on these forms must match exactly, including the use of initials.

Out of date versions submitted to the OCR will be rejected and returned to the Recipient.

Handwritten versions will be rejected and returned to the Recipient.

[illegible]12/2016

OCR Disbursements: Housing Request for Funds

FORM 1-4B
HOUSING ASSISTANCE SUMMARY FORM

Section I - CDBG Recipient Information		Continuation Sheet # <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3			
Recipient Name		CDBG #			
Section II - Housing Unit Information					
Owner(s)	Project Number	Section II-4B-1a			
Street Address	Section II-4B-1b	Units			
City or Town	ZIP	County			
Village	Other/Exempt (Explain below)				
Applicable Lead Paint Requirement	Pre-1978	Post-1978	Other/Exempt (Explain below)		
Lead Based Paint Risk Assessment Date (if applicable)					
Lead Based Paint Clearance Date (if applicable)	EHPD N/A (Explain below)				
EHPD Clearance Date	THPO N/A (Explain below)				
THPO Clearance Date					
Tier 2 Environmental Review Completion Date					
Final Request for Funds for this site?	Yes	No	If yes, Project Completion Date		
Section III - Project Cost Information					
Use of Funds	Source of Funds				
	NYC CDBG	HOME	Subsidies	Other/Other	Subtotal
Housing Rehabilitation (SU)					
Housing Rehabilitation (MU)					
Mobile Home Replacement					
Water/Sewer/Land					
Homeownership					
LSP/Energy Audit/Other Training					
Change Orders (OCR Approved)					
Total Costs					
Signs not apply to 3 construction draw numbers					
Total Requested This Disbursement					
Less Retainage (if applicable)					
Total Prior Requested					
Balance for Completion					
% of Total Project Cost					
Section IV - Prepared by					
Name					
E-Mail					
Phone					
Prior Assistance	CDBG	HOME	AHC	WX	No Prior
Building Registration Number					
Your Village, provide Village name and Town where property is located, all addresses must match tax records					

Form 1-4B Housing Disbursement Summary

4/2017



OCR Disbursement: Public Infrastructure/Facility

Form 1-5
Public Infrastructure/Facility Request for Funds

Section I - CDBG Recipient Information		Drawdown Number	
CDBG Project Number	Total Amount Requested		
Recipient Name	Award Date	Contract End Date	
Section II - Financial Information (CDBG FUNDS ONLY)			
A		B	C
Total CDBG budget amount		Total CDBG requested prior to this draw	Total amount requested this draw
D		Balance remaining after this draw	
1. Program Activities		% of total grant	% column A
Public Water			
Sanitary Sewer			
Storm Sewer			
Other Public Infrastructure			
Public Facility			
Lateral Connection (PL)			
Engineering			
Community Planning			
Total			
2. Program Delivery		% of total grant	% column A
Program Delivery			
Program Delivery (Lateral)			
Total			
3. Administration		% of total grant	% column A
Program Administration			
4. Total			
5. Balance of CDBG funds on hand			
6. Amount of CDBG funds requested and not received			
7. Amount of CDBG funds requested and received			
Section III - Local Approval (Authorized Signatories Only (refer to Form 1-1))			
Date	Signature	Title	
I certify that funds are being requested under Federal CDBG number 14-228 for the Community Development Block Grant Program.			
Date	Signature	Title	
I certify that funds are being requested under Federal CDBG number 14-228 for the Community Development Block Grant Program.			
Comments:			

Office of Community Renewal 11/2019



Similarly, Form 1-5 must be used for public infrastructure, public facility, water and sewer lateral, and community planning activities.

[illegible]

27

[illegible]

28

[illegible]

29

OCR Disbursement: ED, Small Business, Micro

(NAME OF COMMUNITY)
FAMILY INCOME FORM

Control
Number

The employment position for which you are applying has been made available with financial assistance from _____ (Name of Community) using Federal Community Development Block Grant Funding.
As a result, the employer is required to obtain the following information:

Name: _____ Job Title: _____
Address: _____

INSTRUCTIONS
Determine your family size by counting yourself and each family member who *currently* resides with you within the same housing unit. A family member is a person who is related to you by birth, marriage, or adoption. Circle the appropriate family size below. Next, total the income from all sources received during the last calendar year (January-December) by yourself and each member of your family who *currently* resides with you. Income includes wages, salaries, tips, business income, interest, dividends, the taxable portion of pensions and annuities, IRA distributions, rent, royalties, partnerships, unemployment compensation, and social security, less alimony paid and unreimbursed employee business expenses calculated consistent with IRS Form 1196. Compare this total to the figure listed for the circled family size and indicate whether it is above or below the listed figure by checking the appropriate box.

Family Size (Circle)	My Family Income is (check one)			
	<40% Median	40-50% Median	50-80% Median	>80% Median

\$ or more _____ Actual Income \$ _____

Race: ☐ White ☐ Black/African American ☐ Asian ☐ American Indian/Alaskan Native
☐ Native Hawaiian/Other Pacific Islander ☐ American Indian/Alaskan Native and White ☐ Asian and White
☐ Black/African American and White ☐ American Indian/Alaskan Native and Black/African American
☐ Other Multi-Racial ☐ Hispanic*

Ethnicity
* Hispanic - HUD has designated Hispanic as an ethnic group. A person should be identified as both a member of a racial group and an ethnic group when this ethnic group is selected.


☐ Female Head of Household ☐ Elderly Persons ☐ Disabled Persons

Currently Employed? Yes or No (Circle)

The information provided herein will be confidential and will only be used to provide statistical data required under the Community Development Block Grant program. It is subject to verification pursuant to the rules and regulations of the Office of Community Renewal and the U.S. Department of Housing and Urban Development.
I certify that the information provided herein is true to the best of my knowledge.

Signature _____ Date _____

Office of Community Renewal (11/2009)

NEW YORK
STATE OF
OPPORTUNITY

Homes and
Community Renewal

Finally, Form 1-6B must be used for Microenterprise activities.

[illegible]

This can be necessary, for example, when higher than anticipated costs are incurred on a particular activity.

The Recipient will need to submit a request for the modification which is signed by the CEO.

A maximum of three budget modifications over the term of the grant agreement will be permitted.

Out dated or handwritten forms will be rejected and returned to the Recipient.

File Maintenance

Financial Management files

- Resolution, Signatory and Depository Forms
- Financial management system procedures, accounts, records, journals, etc
- Approved budget (and any modifications)
- Commitment of other funds
- Requests for funds
- Cost & transaction source documentation
- Insurance
- Program income
- Monthly financial status reports
- Audit & correspondence



Now let's turn to the maintenance of financial files and documentation.

As we said in the last webinar, in federal grants administration, “if it isn’t documented, it didn’t happen.” Perhaps even more to the point, if you can’t document the use of funds and compliance with the rules, you will have to repay the funds. Consequently, it is imperative that Recipients establish all program files as outlined in Manual Chapter 6, and also utilize the file labels on the OCR website.

For financial management, the files must include the following:

- Resolution to appropriate funds & copies of the Signatory and Depository Forms
- Financial Management system procedures, Chart of Accounts, records, journals and other transaction reports
- Approved Budget and Amendments, as applicable
- Record of Commitment of other funds to the program
- Requests for Funds and Disbursement Form (for each request)
- All necessary cost and transaction source documentation for both NYS CDBG

and non-NYS CDBG expenditure information, including invoices, payrolls, canceled checks, deposit slips, bank statements, etc.

- Certificate of Insurance coverage/bonding for Recipient
- Program Income and accounting reports
- Monthly Financial Status Reports (total budget, amount expended, unliquidated obligations, balance)
- Approved Cost Allocation Plan (if applicable)
- Audit Reports & Audit Correspondence or related materials
- Related Financial Correspondence
- Grant Closeout

Remember, file maintenance labels for all activity types are available on the OCR website.

Federal Performance Measurement

Federal agency “must require the recipient to relate financial data to performance accomplishments of the Federal award.” (2 CFR 200.301)

“...Recipients must also provide cost information to demonstrate cost effective practices (e.g., through unit cost data).”



We have spent most of our time today focusing on the processing, tracking, and documentation of the flow of grant funds for eligible costs. As we transition to the final topic of reporting, we need to add in the other aspect of accountability – measuring and reporting on performance. In 2 CFR 200 Section 301, Federal agencies “must require the recipient to relate financial data to performance accomplishments of the Federal award.” It states that

“...Recipients must also provide cost information to demonstrate cost effective practices (e.g., through unit cost data).”

Consequently, the purpose of reporting is not only to verify that the funds were used in compliance with all requirements, but that performance achieved program objectives – that is, had results.

Financial Reporting Requirements

Federal Assistance Expenditure Reports

- Due within 60 days after the end of recipient's fiscal year
- Form 9-1
- Used to determine if single audit threshold met (\$750,000 in all federal funds expended during year)

Single Audits

- Due 9 months after the end of recipient's fiscal year
- Submit to Federal Clearinghouse and directly to OCR



Now let's address some specific financial reporting requirements.

First, a Federal Assistance Expenditure Report is due within 60 days after the end of a Recipient's fiscal end date and is a report to determine whether or not a Recipient expended \$750,000 or more in **ALL** Federal funds (not just CDBG).

This is necessary to determine if an audit is required under the Single Audit Act. Such an audit may be required if more than \$750,000 from **ALL** sources of Federal funds were expended in a Recipient's previous fiscal year; due 9 months after the fiscal end date.

Under 200.331(f), OCR is required to verify that its recipients have complied with the audit requirement, and to review a copy of the audit to determine if intervention is needed. Single audits are required to be submitted to the Federal Clearinghouse, but OCR does not receive a copy from the Federal Clearinghouse. The Recipient is responsible for directly submitting the audit to the OCR.

FAE's not received within 60 days of the Recipients fiscal year end date will result in the suspension of all NYS CDBG funds.

The FAE must be prepared and submitted by the Recipient, it **MUST** reflect ALL federal

funds. When this is prepared, for example, by a Subrecipient, it will likely fail to report all Federal funds.

Remember, this is not just CDBG funds, but ALL federal funds.

Questions & Wrap Up



We also welcome your questions via the Questions box on any program administration topic.

After this Webinar

If you have any further questions following the conclusion of this webinar, submit your questions to ocrinfo@nyshcr.org or contact the Office of Community Renewal at 518-474-2057

Please visit the OCR website at:

<https://hcr.ny.gov/community-development-block-grant>



If you have any further questions following the conclusion of this webinar, submit your questions to the email on the slide or contact the Office of Community Renewal at 518-474-2057.

Please visit the OCR website at the link in the slide.

Upcoming Webinars

Next up in the Program Orientation Webinar Series:

4. General Program Administration - February 5, 2020
5. Lead Based Paint - February 12, 2020



Please note that the final webinar of the CDBG Orientation Webinar Series is currently scheduled as follows:

4. General Program Administration – February 5, 2020
5. Lead Based Paint – February 12, 2020