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

Then click on Community Renewal & Economic Development
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Select Community Development Block Grant
In the coming weeks, the OCR will post a completely revised, updated Grant Administration Manual!

https://hcr.ny.gov/community-development-block-grant
The Orientation Webinar Series

1. Getting Started - January 31, 2019 (Completed)
2. Environmental Review - February 13, 2019 (Completed)
4. Program Administration – March 13, 2019 (Completed)
5. Lead-Based Paint – March 27, 2019

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
- Financial Management is today
- Webinar 4 on General Program Administration was completed on March 13, 2019
- Webinar 5 on Lead-Based Paint compliance for housing activities is scheduled for March 27.

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.
A housekeeping item, the OCR website is in the process of being updated, along with the Grant Administration Manual, Recipients will be notified when this is completed.
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.
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.
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


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.)
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.
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 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 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.
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 CDBG accounts

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

The Office of Community Renewal is responsible for all program income generated after 2000, HUD continues to administer program income for 1999
and earlier.
OCR has revised its policy around Program Income.

- **After March 31st, 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.
- For this year, past and present recipients of CDBG funds can expect a reminder email detailing the requirements for committing program income prior to March 31st as well as a correspondence after the 31st asking all recipients with uncommitted program income to remit those funds 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.
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. The CEO cannot sign disbursements.
- This now requires two signatures, both municipal employees.
- Subrecipients, consultants and other third party personnel can no longer 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.
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 with 3-5 business days of the funds being deposited into the account.
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.
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. 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.

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.
The summary form provided as part “A” of each disbursement form is generally the same across all activities with the exception of microenterprise.

This is where the recipient will breakdown each expenditure for which they are requesting reimbursement.

It’s very important that you separate out expenditures based on the activities approved in the CDBG project budget.

This information can be found in Schedule B of your Grant Agreement.

For specific questions on this form, please see the instructions included on the website, or contact your assigned developer.
Form 1-4B must be prepared for each disbursement request for housing assistance.

This is prepared by address and must include all information required.

A maximum of three construction disbursement requests per address will be allowed.

Please note, that if requesting soft costs only for program delivery, lead based paint, energy audits, etc., these are not included in the three draw maximum allowed.

The Building Registration Number will be provided and must be included on all submissions, once provided.

To the extent possible, Prior Assistance must be researched locally. OCR staff are available to assist with this.

This must be prepared and submitted by the Recipient or Subrecipient. Versions that copied multiple times and become unreadable will rejected and returned to the Recipient.
All information must be provided, out dated forms or hand written forms will be rejected and returned to the Recipient.
Similarly, Form 1-5 must be used for public infrastructure, public facility, water and sewer lateral, and community planning activities.
Finally, Form 1-6 must be used for Economic Development, Small Business, and Microenterprise activities.
Finally, Form 1-6B must be used for Microenterprise activities.
From time to time, it may be necessary to submit a budget modification.

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

Prior to submitting a budget modification, Recipients are encouraged to review with the assigned Community/Economic Developer.

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

Budget modifications should only be submitted when it is necessary to complete a request for funds.

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

Budget modifications will impact the Schedule B of the Grant Agreement, an updated schedule will be returned with the approved modification, all future request for funds must reflect the approved modification.

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

The Single Audit threshold was raised from $500,000 to $750,000 effective December 26, 2014.

FAE’s not received with in 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
Upcoming Webinars

Last webinar in the Orientation Series:

5. LBP for Housing Activities – March 27

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

4. General Program Administration – March 13
5. LBP for Housing Activities – March 27
1. Can I be reimbursed for money we used out of our general account for the cost related to start of this project, i.e. engineering and/or financial advisors who helped prepare the grant?

   Answer: No. Only costs incurred after grant award and after completion of the NEPA Environmental Review process are eligible for reimbursement.

2. If a recipient has been awarded a CDBG grant for housing rehabilitation and a separate CDBG grant to specifically address lead paint issues, can the lead-based paint grant be used to supplement the rehab grant?

   Answer: Yes. Provided that need for the investment can be demonstrated, recipients may use multiple sources to complete improvements to one unit.

3. Let's say a local government makes payments to independent contractors for work performed through a housing rehab program. (Contractors are selected by the homeowner; the local government issues payment in the form of two-party checks made payable to the contractor and the homeowner)

   Is the local government required to issue IRS Form 1099-MISC to the contractor to report payments made during the year? Are there any IRS Form 1099 reporting requirements for the homeowner who benefitted from the housing rehab work performed?

   Answer: The OCR recommends consulting with the municipal attorney or tax professional to resolve any questions related to IRS requirements of providing rehabilitation assistance through the CDBG program.

4. Is the cost of CDBG-related legal notices placed in newspapers eligible for reimbursement by the OCR? Are there any restrictions or limits to the amounts of reimbursement for legal-type ads?

   Answer: Yes. The recipient may request reimbursement for advertising expenses provided they are:

   - Associated with the administration or delivery of the project
   - The budget approved for the CDBG project includes administrative or program delivery line items