

[Grantee] Subrecipient Management Training

June 2020

HUD CDBG-DR
Technical Assistance



Contents

Day 1:

- Introduction
- Award & Agreement
- Project Application

Day 2:

- Cross-cutting Regulations, Training, & Technical Assistance
- Implementation
- Closeout



Introduction

[Grantee]'s Use of Subrecipients in CDBG-DR

- [Grantee] is responsible for ensuring the implementation of CDBG-DR-funded projects and programs outlined in the Action Plan
- [Grantee] may carry out eligible activities directly through employees or contractors or award funds to other “implementing partners” called subrecipients
- Subrecipients receive CDBG-DR funds from [Grantee] to undertake CDBG-DR eligible activities on [Grantee]'s behalf

What is a Subrecipient?

- Subrecipients can be:
 - Public/government entity, authority, or organization
 - Nonprofit organizations
 - Community-based development organization
- Subrecipients are:
 - Responsible for carrying out program activities
 - Responsible for meeting Federal program requirements

What *are NOT* Subrecipients?

- **Contractors**

- Must be competitively procured and complete a specific scope of services

- **Developers**

- May be awarded funds for a specific development
- Can be either for-profit or nonprofit entities
- Are typically organized for a single purpose or undertaking.

- **For-Profit Businesses**

- May be a privately or publicly held entity receiving funds as a program beneficiary (e.g., business loan program)

Subrecipients vs. Contractors

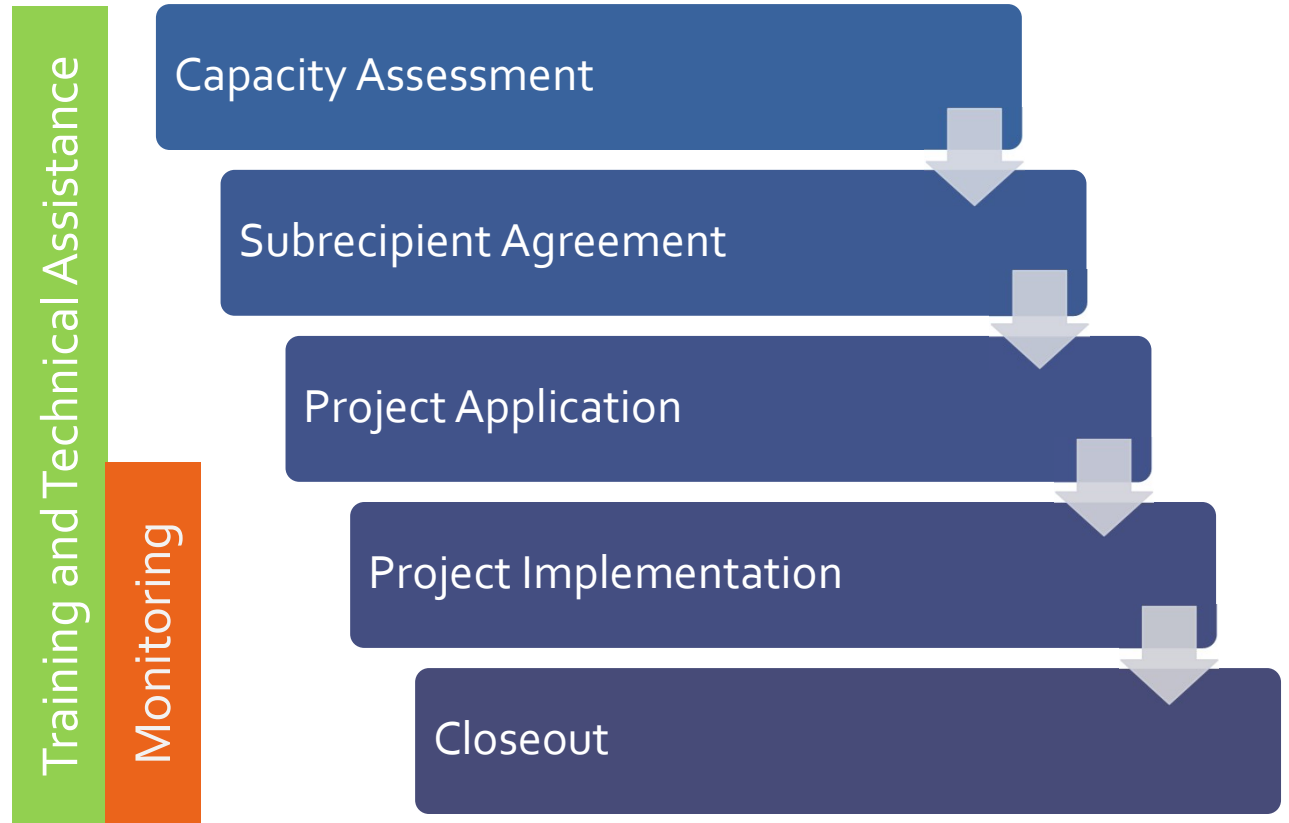
Subrecipients

- Designated/selected by the grantee
- Subject to all applicable administrative, financial & cross-cutting rules
- Must adhere to written agreement outlining responsibilities
- [Grantee] monitors all aspects of program

Contractors

- Must be selected through a competitive procurement process
- Subject to requirements for the specified scope of work
- Required to deliver services identified in the contract
- [Grantee] monitors performance of services in contract

Stages of Subrecipient Management





Award & Agreement

Why is Subrecipient Management Important?

1. As the grantee, [Grantee] is responsible for ensuring that all CDBG-DR funds are spent in a compliant manner.
2. It is the agency's job to make sure that subrecipients are following the rules, undertaking the activities, and achieving the recovery goals outlined in the Action Plan.

Purpose of Subrecipient Management, Part 1

[Grantee] is responsible for ensuring that subrecipients are in **regulatory compliance** with:

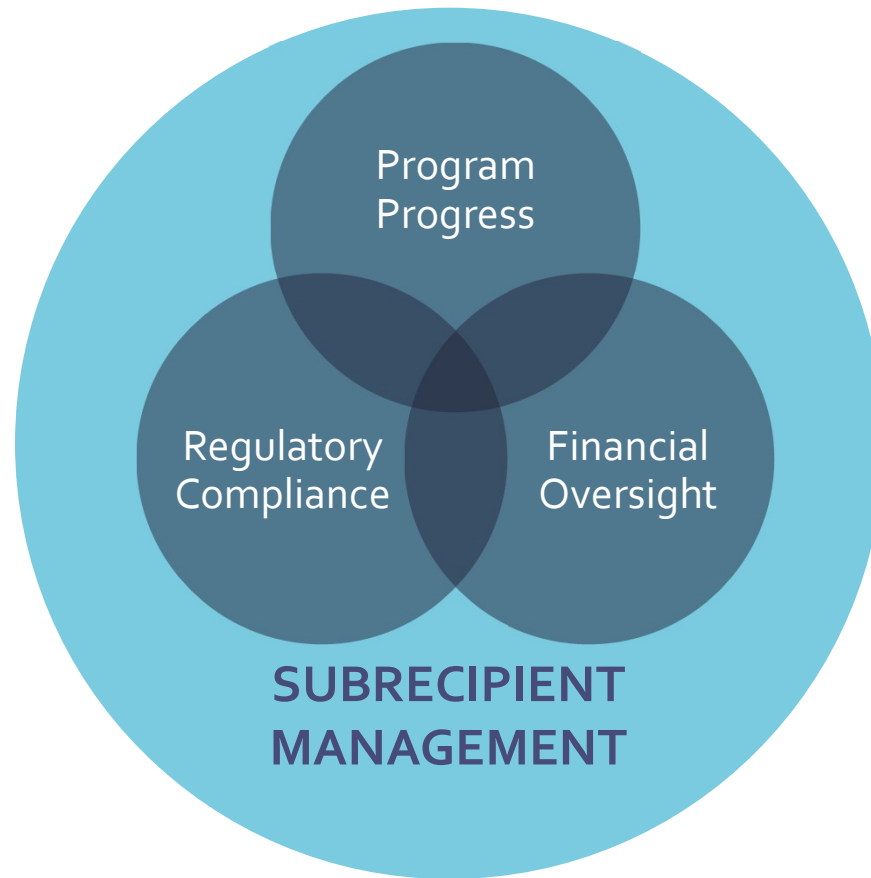
- Eligibility of activities through regulations and waivers
- Achieving National Objectives
- How the activity addresses a need from the disaster
- Prevention of duplication of benefits
- Prevention of fraud, waste, and abuse
- Procurement, labor standards, and other cross-cutting requirements

Purpose of Subrecipient Management, Part 2

In addition to regulatory compliance, [Grantee] must manage subrecipients to:

- Improve **performance**
- Ensure **timeliness**
- Improve **project management**
- Address **monitoring** issues
- Improve **communications**
- Avoid **audit** issues

Subrecipient Management Touch Points



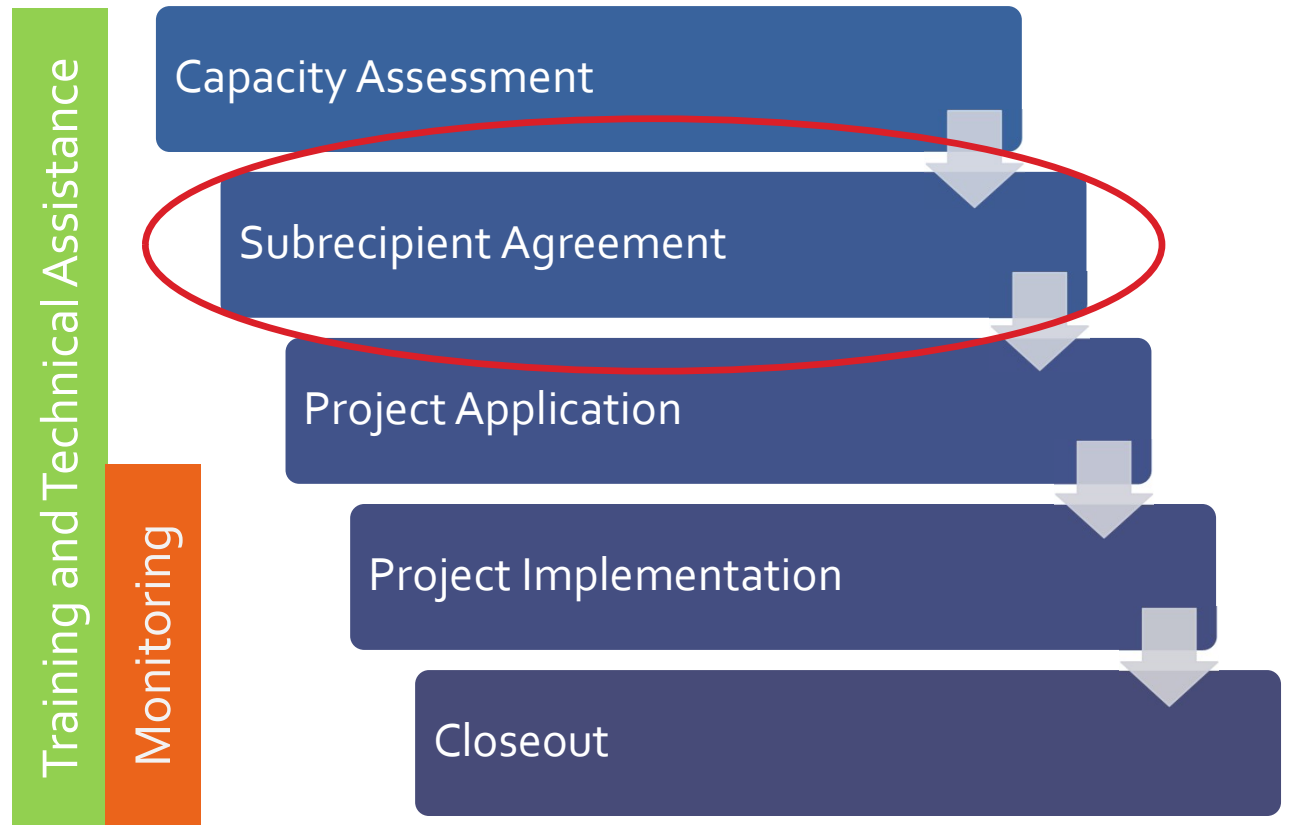
[Grantee] Staff Responsibilities

[Grantee] Staff	Responsibilities
Leadership	<ul style="list-style-type: none">• Approves subrecipients and projects• Signs grant agreement• Reports performance to HUD
CDBG-DR Program Staff	<ul style="list-style-type: none">• Determine project eligibility & assess project feasibility• Oversee subrecipient performance• Provides training and TA to subrecipients
Compliance and Monitoring	<ul style="list-style-type: none">• Conducts capacity assessments & identifies special conditions• Independently monitors performance & grant management• Supports training and TA and provides feedback to subrecipients
Finance	<ul style="list-style-type: none">• Conduct financial management capacity review• Review subrecipient budgets and payment requests• Distributes payments
Legal	<ul style="list-style-type: none">• Prepares subrecipient agreement including special conditions• Provides legal support during implementation

Subrecipient Responsibilities

- Ensure projects are completed on-time and within budget
- Oversee contractors & subcontractors
- Ensure program policies & procedures are followed
- Ensure cross-cutting regulations are followed
- Keep detailed records & retain them
- Allow file access to the grantee at any time
- Allow project access to the grantee at any time
- Seek technical assistance from [Grantee]

Stages of Subrecipient Management



Subrecipient Agreement Process

- [Grantee] conducts **capacity assessments** for each subrecipient.
- [Grantee] must **execute written agreements** with each subrecipient before any funds are distributed. Sometimes the agreements include **special conditions**.
- Subrecipients will enter into a **base grant agreement** for the overall agency
- Each project will have its own **project agreement** as an amendment to the grant agreement
- The written agreement must **remain in effect** during any period that the subrecipient has control over any CDBG-DR funds

Subrecipient Agreement

- Legal documents to convey all applicable **requirements, roles, & responsibilities of the** subrecipient and [Grantees]:
 - Statement of work/scope of services
 - Period of performance
 - Records to be maintained, required reports
 - Uniform administrative and financial requirements
 - Cross-cutting requirements
 - Provisions on suspension/termination
- May be **amended** over time as necessary
- Tool to hold subrecipients **accountable**

Subrecipient Agreement Provisions

- Compliance with CDBG-DR eligibility and national objective
- Uniform Administrative and Program Management Standards
- Financial Management Standards
- Audits
- Conflict of Interest
- Procurement Standards and Methods
- Environmental Review
- Compliance with Laws/Regulations
- Monitoring procedures
- Use and Reversion of Assets
- Suspension and Termination
- Grant Closeout Procedures

Subrecipient Agreement Appendices

- Appendix A: [Grantee]'s General Conditions of the Contract
- Appendix B: HUD General Provisions
- Appendix C: Special Conditions
- Appendix D: Project Agreement(s)
- Appendix E: Payment Requirements and Draw Requests
- Appendix F: Monthly Performance Reporting
- Appendix G: Records Requirements and Retention
- Appendix H: Board Authorizations if required
- Appendix I: Notice to Proceed

Subrecipient Agreements as a Tool to Track Performance

- [Grantee] program management and monitoring and compliance staff will **compare actual progress with the terms of the grant agreement** to determine whether the subrecipient is carrying out the activities as approved, on time, and within budget
- **Performance standards and milestones**, and **how payments are tied to performance**, should be clearly stated in the agreements
- Agreement may include **special conditions** that the subrecipient has to meet in order to be paid
- Agreement to be used in **day-to-day program management** as well as for **periodic monitorings**

Project-Specific Addendums

- The base subrecipient agreement details general provisions & requirements for the working relationship between [Grantee] and subrecipients and does not include any statement of work that will be completed
- Approved projects are added as an addendum to the subrecipient agreement

Project-Specific Addendums

Included in each project-specific **Addendum:**

- Verification of CDBG-DR eligibility of the specific activity
- National Objective compliance for specific project activities
- Scope of Work
- Time of Performance
- Personnel Assigned to Scope of Work
- Detailed Project Budget
- Program income
- Project schedule including detailed milestones
- Compensation and method of payment

Case Study 1

Sandra Parker couldn't sleep. As the City's third Community Development Director in as many years, she faced the prospect of an unpleasant confrontation the next morning with Jerry Peters the Executive Director of Community Revitalization Group about supporting their Small Business Start-Up, a new project making small business loans to new entrepreneurs. As a long-time resident of the neighborhood, Jerry had been deeply involved in community work before the hurricanes threatened the area's economic stability. He was highly regarded by the community and the press as a champion of the small businesses in lower-income neighborhoods, and every year his organization would propose a new activity to be partially funded by the Housing Finance Authority.

However, the problem was that Community Revitalization Group was unable to document how it had spent its previous year's funds or demonstrate to the Community Development staff its capacity to operate the proposed Small Business Start-Up. Sandra's dilemma centered on securing a new Subrecipient Agreement with Community Revitalization Group for the coming year. The old one, which hadn't been changed in two years, was 15 pages of boilerplate from the City's legal department. There were only two vague paragraphs describing Community Revitalization Group's community service objectives, limited references to applicable Federal regulations, and a very vague statement of work and performance schedule for activities funded two years ago. It was clearly not adequate to assure that Community Revitalization Group would meet funding objectives, or that the organization would observe CDBG-DR program regulations. Jerry indicated that he did not see the need to sign a new Agreement with the Community Development Division, and he wanted only to amend the original one to reflect funding for the new project. But amending the original Agreement was hardly appropriate, especially given the complexity of the Small Business Start-Up project. If she couldn't get a new Agreement, Sandra was worried that funds might be wasted, and she would be held accountable for the waste by the Mayor and the HUD Field Office.

Case Study 1

Discussion:

- How might Sandra prepare for her meeting with Jerry?
- Which agency divisions should Sandra involve in negotiating a new subrecipient agreement?
- How could the agreement be used as a tool in managing Community Revitalization Group?



Project Applications

Project Application Review Process



Determining Eligibility of Projects

Questions that [Grantee] should ask when reviewing a project application:

1. Is this an eligible applicant?
2. Does this project align with an activity in the Action Plan?
3. Is there funding set aside for this project (award, tranche)?
4. How likely is it this project will be implemented in the next one to two years?

If the answer to any of these questions is no, [Grantee] should table the application and not go further with project application review.

Program Manager Role in Project Review

- Is activity eligible under CDBG-DR?
- Does activity meet a National Objective?
- Is applicant one of [Grantee]'s subrecipients or are they working with a subrecipient?
- Does the project fall within one of the programs defined in the Action Plan?
- Does the scope of work align with the program's policies?
- What is the period of performance for the project?
- Are the organization and its personnel assigned to carry out the project qualified to do the work?
- Will the primary applicant subcontract with other entities to perform the work?
- Is the project budget reasonable? Will it generate program income?
- Are the project schedule and its milestones reasonable?

Compliance & Monitoring Staff Role in Project Review

- Verification of CDBG-DR eligibility of the specific activity
- Verification that project meets a National Objective and appropriate plan for documentation
- Verification that the project falls within one of the programs defined in the Action Plan
- Determination of risk level (assessment of compliance risk, including subrecipient and contractors capacity/scope; complexity of project; recordkeeping and documentation; systems for managing funds)
- Identification of cross-cutting regulations that will be triggered by the activity and will need to be monitored
- Determination whether activity will generate program income
- Review of appropriate financial checks and balances
- Verification of calculations and that a cost analysis is included in application

Other Staff Roles in Project Review

- Have special conditions in the Subrecipient Agreement been met?
- What level of environmental review is required for the project?
How will the ER be completed?
- What is the period of performance for the project?
- Is the project budget reasonable? Will it generate program income?
- Is the requested form of compensation and method of payment appropriate?
- Are there financial checks and balances in place?

Case Study 2

The West Island Housing Community Development (WICD) organization submitted an application to the Cristos Islands Housing Agency's (CIHA) CDBG-DR Public and Affordable Housing Program for the development of a 10-unit townhome complex. The proposed housing project, West Island Townhomes, is a mixed-income property where 7 of the units will be made affordable to people earning low and moderate incomes, and 3 will be rented at market rate.

There used to be a 10-unit apartment complex on the project site that was destroyed beyond habitation during the hurricane. All of the previous property's units were affordable to people earning no more than 50 percent of Area Median Income.

At the time of the disaster, the property was only 40 percent full. The property was built in 1974 and was in need of significant repair at the time of the disaster. WICD had long planned to rehabilitate the property and been exploring private and public sources of funding. The agency was recently awarded a Low Income Housing Tax Credit award of \$2,000,000 toward the construction of West Island Townhomes.

WICD is a small organization with 12 full time staff and a number of subcontractors and volunteers. The organization owns and manages 84 units of affordable housing and administers 140 HUD housing vouchers throughout the islands. WICD has never developed housing before but it has previously received CDBG funds to help fund job training and economic development activities.

The WICD has partnered with developer West Island Construction to develop the property and named this developer in their application. CIHA staff have heard anecdotally that West Island Construction has had trouble in the past paying its suppliers and employees.

Case Study 2

Discussion:

- Who at CIHA would be involved in the application review, and using [Grantee]'s model, how might the application review process flow?
- How might CIHA assess the capacity of the applicant?
- What are some of the red flags or concerns with the project?

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Cross-cutting Regulations, Training & Technical Assistance



Cross-cutting Regulations

- Just like [Grantee], subrecipients must comply with CDBG cross-cutting regulations.
 - Duplication of Benefits
 - Fair Housing and Equal Opportunity
 - Environmental Review
 - Uniform Administrative Requirements
 - Uniform Relocation Act
 - Section 3
 - Federal Labor Standards

Training & Technical Assistance

[Grantee] provides training and technical assistance to subrecipients throughout capacity assessment, project application, and implementation

- **Ongoing training and technical assistance** on more detailed requirements is provided to subrecipients as needed. Common TA topics:
 - Financial management
 - Environmental review
 - Labor standards
 - Uniform Relocation Act
 - Reporting and recordkeeping

Training & Technical Assistance

- All subrecipients participate in an initial **orientation session(s)** to ensure understanding of general CDBG/CDBG-DR requirements.
- Subrecipients are responsible for passing this information on to their contractors through their own orientations or **pre-construction meetings**.

E-Binder Resource

- Provides overview of [Grantee]'s CDBG-DR program
- Resource sheets for cross-cutting requirements with links to trainings and online resources
- Outlines reporting and recordkeeping requirements
- Identifies general resources for subrecipient management
- Available on [Grantee] shared drive & to share with subrecipients

Sample Snapshot

Accessibility Standards

CDBG-DR grantees, their contractors, and their subrecipients must comply with Federal accessibility and nondiscrimination laws and regulations that provide protections for individuals with disabilities in the use of disaster recovery funds.

Accessibility standards commonly must be met in the following areas. This is not an exhaustive list.

Housing Reconstruction and Rehabilitation	New construction or substantial rehabilitation of multifamily buildings and sites must meet federal accessibility standards. For new construction projects, the accessibility standard must be met if the project has 5 or more total units. For substantially rehabilitated projects, the standard must be met if the project has 15 or more total units and the cost of the rehabilitation is at least 75 percent of the replacement cost. The new construction standard requires 5 percent of the units to be accessible to persons with mobility impairments, and an additional 2 percent accessible for persons with hearing or vision impairments.
Public Facilities	Public facilities funded under CDBG-DR must meet accessibility standards. This applies to new construction of public facilities and funds used to make accessibility modifications to existing public facilities. Public facilities include government buildings, senior centers, community centers and other structures that house services available to the general public.
Infrastructure Improvements	Infrastructure improvements such as sidewalks must comply with accessibility standards.
Public Services	Public services funded through the CDBG-DR program must operate in buildings that are accessible to people with disabilities. If this is infeasible, then reasonable accommodations such as providing services in alternative

Federal Regulations

Grantees and their contractors and subrecipients must comply with the following federal laws and regulations:

1. **Section 504 of the Rehabilitation Act of 1973** and HUD's implementing regulations (24 CFR Part 8)
2. The **Americans with Disabilities Act** and its implementing regulations, (28 CFR Parts 35, 36)
3. The **Architectural Barriers Act** and its implementing regulations (24 CFR Parts 40, 41) for non-housing programs.

Below are summaries of these regulations. Grantees and subrecipients should review the specific provisions of the ADA, Section 504, the ABA, and their implementing regulations in order to assure that their programs are administered in full compliance.

Section 504 of the Rehabilitation Act of 1973

https://www.ada.gov/regs2016/504_nprm.html

Section 504 of the Rehabilitation Act of 1973 is a federal law that protects qualified individuals from discrimination based on their disability. The nondiscrimination requirements of the law apply to employers and organizations that receive financial assistance from any federal department or agency, including HUD.

Section 504 provides that: *"no otherwise qualified individual shall, solely by reason of his or her disability, be excluded from participation (including employment), denied program benefits, or subjected to discrimination under any program or activity receiving federal funding assistance."*

HUD Resources

HUD's Section 504 Website

Comprehensive information about how Section 504 is applied in HUD programs can be found on HUD's Section 504 Website: https://www.hud.gov/program_offices/fair_housing_equal_opp/disability_main

CDBG Handbook Chapter 19: Fair Housing, Accessibility, and Equal Employment

<https://www.hud.gov/sites/documents/CDBGCHAPTER19.PDF>

This chapter of HUD's CDBG Handbook summarizes the key regulations and requirements of fair housing and equal opportunity laws applicable to CDBG projects.

Checklist of Accessibility Requirements under the Uniform Federal Accessibility Standards

A checklist of accessibility requirements under the Uniform Federal Accessibility Standards (UFAS) is available at: <https://files.hudexchange.info/resources/documents/Ufas-Accessibility-Checklist.pdf>

This checklist can be used conjunction with the UFAS, [24 CFR Part 40, Appendix A](#). The checklist is intended to review accessibility of properties owned, operated and/or managed by recipients of federal funds.

Fair Housing Act Design Manual

<https://www.huduser.gov/portal/publications/PDF/FAIRHOUSING/fairfull.pdf>

This manual, last updated by HUD in 1998, provides comprehensive information on meeting federal accessibility standards in building and sites.

Subrecipient Management Manual

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Case Study 2

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Case Study 2

Discussion:

- What cross-cutting regulations apply to this project?
- What are the major concerns if any in cross-cutting areas?
- What kind of support could CIHA provide to the WICD?



Implementation

Program Manager Role During Implementation

- Day-to-day oversight of the subrecipient and its projects
- Providing technical assistance as needed
- Ensuring subrecipient is meeting cross-cutting requirements
- Reviewing monthly reports
- Assessing progress against schedule and milestones
- Tracking spending against budget & alerting finance of any budget issues
- Problem-solving implementation issues (e.g., construction or staffing issues)
- Alerting Monitoring & Compliance team if there are potential compliance issues (e.g. national objectives, cross-cutting issues)

Monitoring & Compliance Role During Implementation

- Determining monitoring schedule according to risk assessment
- Conducting desk and on-site monitorings of subrecipient activities
- Providing technical assistance to program management staff
- Working with program managers to provide training to subrecipients as needed
- Collecting data for reports to HUD
- Completing independent assessment of subrecipient compliance & performance

Tools for Tracking Subrecipient Performance

- Program Managers:
 - Subrecipient Agreements
 - Project Agreements
 - Monthly Status Reports
 - Payment Requests
 - Email & Phone Interactions
 - Site Visits
- Monitoring & Compliance Team
 - Capacity Assessment
 - Subrecipient Agreement
 - Project Agreements
 - Monthly Status Reports
 - Desk Monitoring
 - In-person/on-site Monitoring

Subrecipient Monthly Status Reports

Subrecipients are required to submit monthly status reports to program staff that include:

- Progress toward performance measures established in the **written agreement**
- **Tracking of CDBG-DR funds**
- Data collected is **submitted to HUD** in the required QPR
- **Other data**, as desired

Monthly Status Report

SECTION 6-A. LOW & MODERATE INCOME NATIONAL OBJECTIVE

	A. Total Beneficiaries This Report	B. Total Beneficiaries Cumulative
LMI Area Benefit (LMA)	total persons LMI persons (%)	total persons LMI persons (%)
LMI Limited Clientele (LMC)	persons	persons
LMI Housing (LMH)	households	households
LMI Jobs (LMJ)	total Jobs LMI Jobs (%)	total Jobs LMI Jobs (%)

SECTION 6-B. SLUM & BLIGHT NATIONAL OBJECTIVE

Slum and Blight on an Area Basis (SBA)	<input type="checkbox"/> Yes <input type="checkbox"/> No
SBA Compliance Review Record (Application, Exhibit F-1)	<input type="checkbox"/> Attached
Has the Area been officially designated as Slum or Blighted by local/county government?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Is there proper documentation for designation?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Designated year	Re-designated year
Number of Qualified Buildings/ Properties	% of Buildings/Properties
SBA NATIONAL OBJECTIVE BENEFICIARIES	
	A. Total This Report
	B. Total Cumulative
Number of Businesses Assisted	

Slum and Blight on a Spot Basis	<input type="checkbox"/> Yes <input type="checkbox"/> No
SBS Compliance Review Record (Application, Exhibit F-2)	<input type="checkbox"/> Attached
Verify the Spot is not located in an officially designated SB Area.	<input type="checkbox"/> Yes <input type="checkbox"/> No
The Activity eliminates specific conditions detrimental to public health and safety.	<input type="checkbox"/> Yes <input type="checkbox"/> No
SBS NATIONAL OBJECTIVE BENEFICIARIES	
	A. Total This Report
	B. Total Cumulative
Number of Businesses Assisted	

SECTION 11. INDICATOR / BENEFICIARY DATA							
Activity	Outcome Indicator	A. PROPOSED		B. THIS REPORT		C. CUMULATIVE	
		LMI	TOTAL	LMI	TOTAL	LMI	TOTAL
1) Planning	* Total Number of persons assisted:						
2) Public Facility and/or Public Infrastructure Activities	* Total Number of persons assisted:						
	a. With new access to a facility or infrastructure						
	b. Assisted with improved access to a facility or infrastructure						
	c. That no longer have access to ONLY a substandard facility or infrastructure						
3) Rental Units	*Total number of units:						
	a. Number of affordable units						
	b. Total # units meeting section 504						
	c. Number of units created through conversion of nonresidential buildings to residential buildings						
	d. Number of units brought from substandard to rehab						

Review of Monthly Status Reports

Program manager responsibilities:

- **Provide** a monthly status report template to subrecipients
- **Notify** subrecipient within 5 days if a report is not submitted on time or is not completed correctly
- **Compare** monthly reports with requests for payment
- **Share** monthly reports with appropriate Compliance and Monitoring staff and other [Grantee] staff as needed
- **Communicate** identified issues to subrecipient

Compliance & Monitoring responsibilities:

- **Review** report and notify program manager of any compliance-related issues
- **Use the data** to populate the required Quarterly Progress Report to HUD

Tracking Performance Through Payment Requests

- Payment requests provide insight about the **status of the subrecipient's operations** and whether projects are being carried out **on schedule** and **within budget**.
- Payment requests show subrecipients' **rates of spending** in their various activity areas or budget categories through payment requests and draws.
- Payment requests can help program managers identify if and when a subrecipient is meeting **cross-cutting requirements**.
- The **subrecipient** should follow procedures detailed by [Grantee] to **request CDBG-DR funds**.
- The **subrecipient** should submit **source documentation** (invoices, etc.) to support the expenditures claimed.

Principles of Subrecipient Management

- Effective CDBG-DR programs depend upon ***cooperative, problem-solving relationships*** between grantees and subrecipients that include:
 - **Open and consistent communication** (both formal and informal)
 - **Ongoing technical assistance and support**
 - **Progress updates**

[Grantee]'s Subrecipient Monitoring Responsibilities

- [Grantee] is responsible for:
 - Conducting a **capacity assessment** and determining a subrecipient **monitoring schedule** based on level of risk
 - Performing **desk reviews** (file reviews) and **onsite monitoring**
 - **Providing feedback to** subrecipients on the results of monitoring
 - Providing appropriate **support** or **sanctions**

Risk-Based Monitoring Schedule

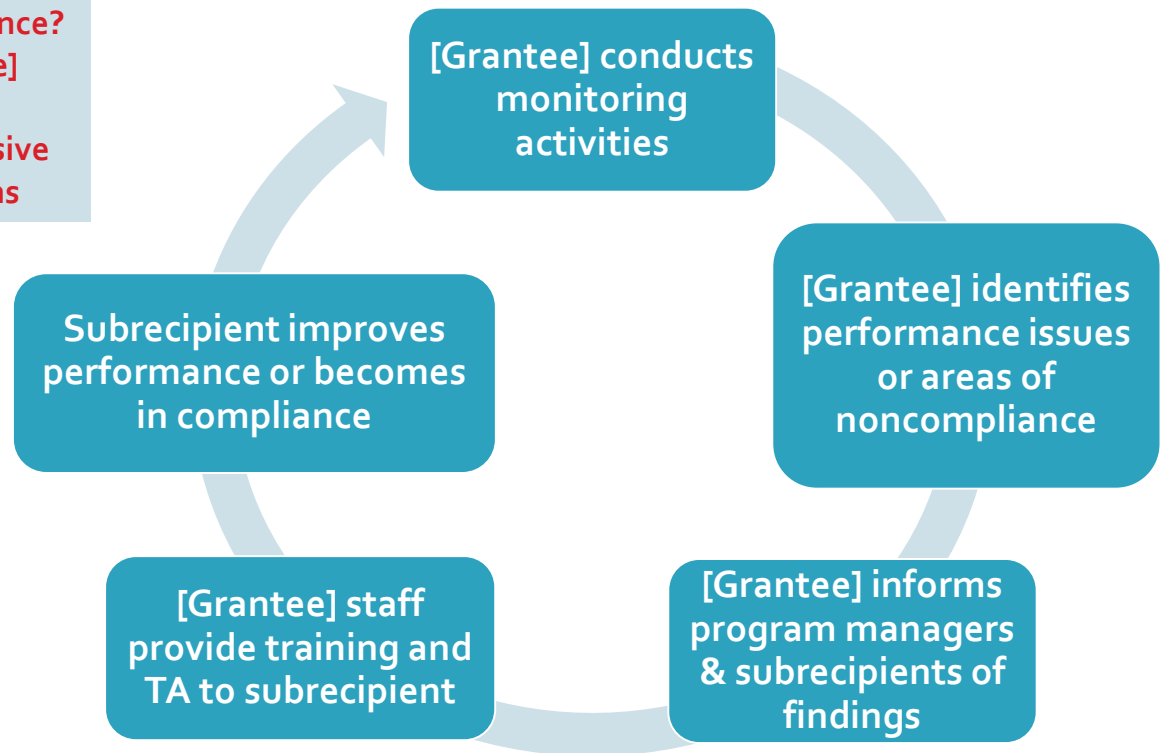
Capacity Assessment Determination	Desktop Monitoring Schedule	Onsite Monitoring Schedule (At Least)
Very High	Weekly – Monthly	Monthly
High	Weekly – Monthly	Monthly
Medium	Monthly	Quarterly
Low	Monthly	Twice before project closeout
Very Low	Monthly	Once before project closeout

Providing Feedback to Subrecipients

- **Compliance & Monitoring** is responsible for **following up** with program managers and subrecipients regarding:
 - Results of monitoring
 - Program management or compliance issues
- Compliance & Monitoring and Program Management staff must **communicate all information learned**, especially the results of monitoring visits, to subrecipients in a timely manner to ensure issues are addressed promptly.

Subrecipient Feedback Loop

Not in compliance?
[Grantee] issues progressive sanctions



Progressive Sanctions

The **principle of progressive sanctions**:

- **Identification and discussion** of problem areas in the subrecipient's operations as early as possible.
- Involves a **gradual escalation of penalties** for continued poor performance
- Affords the subrecipient a **reasonable opportunity** at each stage to settle the problem **before** more serious sanctions are considered.

With good communication most problems and issues can be resolved when they are still minor!

Case Study 3

In June 2019, the Cristos Islands Housing Agency executed a Subrecipient Agreement with the Department of Public Works (DPW) to improve infrastructure across the islands by building permanent drainage facilities, including storm sewer lines, culverts, and ditch grading, within a two-year timeframe. The agreement listed a general schedule of activities, including obtaining clearance through environmental review, securing a contract with a contractor to complete the work, and implementing the infrastructure work in three phases. Aside from submitting monthly status reports, the Agreement did not detail specific dates for completing activities, nor did it outline the consequences for failing to finish the project on schedule.

Lisa, the program manager assigned to work with the DPW, reviewed the monthly project status reports when she got them, but they were often a few weeks late and the reports did not contain all of the requested information. She decided to call the DPW project manager and check in on the project. When they met, Lisa learned that DPW had contracted the infrastructure work out to Blue Creek Construction, but the environmental review process was taking significantly longer than anticipated.

In the following months, DPW began submitting their monthly status reports in a timelier manner, but they still reported little progress and had gaps in information. Further, Lisa discovered that the contractor's actual wage rates did not match those listed in the wage determination. At the third quarter review, the project was 10 percent complete and DPW had expended 40 percent of the budget. Lisa worried that DPW and Blue Creek Construction would not complete the remaining project tasks on time or within budget and that the project was not in compliance with CDBG-DR regulations.

Case Study 3

Discussion

- What are some of the project issues that should concern Lisa?
- Who should Lisa talk with about her concerns?
- What tools could Lisa use to track the project's progress and to support compliance?
- What could Lisa have done to get ahead of issues that may lead to non-compliance or underperformance?



Closeout



Subrecipient Recordkeeping & Document Retention

- Subrecipients are **required to maintain records** related to the following:
 - Eligibility
 - National Objectives
 - Environmental Review
 - Financial Management, e.g., invoices, vouchers disbursements
 - Procurement
 - Contract Development
 - Relocation and Acquisition
 - Labor standards
 - Reporting
 - Monitoring
- Additional records may be required, depending on the specific project or program, and should be specified in the subrecipient agreement.

Subrecipient Recordkeeping & Document Retention

- Subrecipients must establish a system for recordkeeping that assists [Grantee] with reviewing files for compliance.
- Files should be maintained separately for each project or program, coded for each area of compliance and should be secured at all times
- Subrecipients must maintain records (including supporting documentation) for three years following the date [Grantee] closes the CDBG-DR program with HUD

Subrecipient Final Reporting

- **Subrecipients must provide required reports to [Grantee]** in accordance with their subrecipient agreement.
- Based on the HUD General Provisions, “subrecipients shall complete and submit all reports...as may be required by [Grantee] and shall cooperate with all [Grantee] efforts to comply with HUD requirements and regulations pertaining to reporting.”

[Grantee] Recordkeeping & Document Retention

- **[Grantee] is responsible for maintaining files necessary to demonstrate compliance with all applicable statutes and regulations. These include but are not limited to:**
 - General administrative records
 - Financial records
 - Project/activity records
 - Records related to duplication of benefits and tie to the disaster
 - Records to verify that specific activities address a national objective of the CDBG program
 - Environmental Review records
 - Procurement and contracting records
 - Payment records
 - Audit records

[Grantee] Recordkeeping & Document Retention

- All required records must be maintained for three (3) years following close-out of the CDBG-DR grant.
- [Grantee] is responsible for notifying all subrecipients when grant close out has occurred and the resulting term of the retention period.

[Grantee] Documentation & Final Reporting

- **To close out the CDBG-DR grant, [Grantee] must complete the following:**
 - Expend all grant funds in accordance with needs or return funds
 - Update accomplishments data to reflect all activities completed (or cancelled)
 - Update the performance measures for actual versus proposed
 - Review the final QPR
 - Prepare a closeout agreement
- **[Grantee] will work with HUD field office and Headquarters staff to ensure that all required reports are completed in DRGR**

Questions?