



Building Better Neighborhoods

CDBG Subrecipient Training June 2016

**Department of Housing and
Community Development**

Topics to Cover

Playing by the Rules

- Training Objectives
- Project Implementation
- Regulations
- Financial Management
- Procurement and Contracting
- Property Management
- Record-keeping
- Other Requirements
- MWBE / Section 3 / Davis Bacon
- Time is of the Essence
- Monitoring (notable issues)

Training Objectives

- Increase compliance and enhance performance
- Cover shared responsibilities
- Identify key subrecipient issues
- Use of “Playing By the Rules” handbook as problem-solving tool

Project Implementation

- **Timeliness is Key**
- Be prompt in signing and returning the CDBG Contract/MOU
- Start as soon as you receive the Notice to Proceed (NTP)
- If applicable, begin procurement process as soon as the NTP is received
- If your project includes other funds, spend CDBG first

Project Implementation

- Submit invoices for reimbursement on a regular basis, monthly where possible
- Spend funds within 12 months, if not sooner
- CDBG 1.5 Expenditure Standard
- Work closely with your assigned CDBG Project Manager
- Seek technical assistance
- Submit all required reports on time

Regulations

Refer to Playing by the Rules Chapter 1:

- 24 CFR Part 570 (CDBG Program Regulations)
- Uniform Administrative Requirements
 - 2 CFR Part 200

(Consolidated OMB Circular A-122/A-87, A-133,
24 CFR Part 84/85)

Financial Management

Refer to Playing by the Rules Chapter 2:

- Internal controls (written policies / procedures & checks and balances)
- Accounting records (reliable, current, complete, and adequate for reporting)
- Allowable costs (consistent with regulations, scope of work, allowed by grantee)
- Complete source documentation
- Cash management–Reimbursement method

Procurement & Contracting

Refer to Playing by the Rules Chapter 3:

- Follow open and free competitive process and document all activities and decisions
- Require proper bonding and insurance
- If possible, use local, small, minority, and women-owned businesses
- Have written selection/protest procedures/ written code of conduct for administration
- Maintain significant history records

Procurement & Contracting

- Pre-qualified lists must follow procurement standards (current, competitive process)
- Exclude bidders who draft/develop specs
- Disqualify debarred/suspended bidders (always check SAM.GOV and print out for file!)
- Observe special rules for purchase types

Procurement & Contracting

- Small purchases of \$150,000 or less in the aggregate:
 - Use purchase orders
 - Competition sought through oral/written quotes
 - Document adequate number of quotes

Procurement & Contracting

Sealed Bids

- Submit bid documents for HCD review before release
- Formal ad for Invitation for Bid (IFB)
- IFB has complete/accurate specs with enough detail for bidders to properly respond
- Bid opened publicly at stated time/place
- Must receive at least two bids
- Award – lowest responsive/responsible bidder

Procurement & Contracting

Competitive Proposals

- Use only if not appropriate for seal bids
- RFP clearly/accurately states technical requirements for needed goods/services
- Publicize to the maximum extent possible
- Solicit from adequate pool
- Evaluate, score, negotiate & award to most responsive/responsible offeror

Procurement & Contracting

Non-competitive/sole source

Use in very limited circumstances if.....

- Item/service available from single source; or
- Public emergency/condition of urgency; or
- Competition was inadequate after receiving proposals from numerous sources

Procurement & Contracting

Procurement & Contract must state:

- Bonding:
 - If construction > \$100,000, a bid guarantee equal to 5% of bid price, a performance bond & payment bond equal to 100% of contract prices
- Section 3:
 - For new construction/major rehab – if subrecipient receives \$200K; and/or if contracts are \$100K in CDBG funds
- Labor Standards:
 - If construction project > \$2,000 Davis-Bacon

Procurement & Contracting

Five Ground Rules for Grantees and Subrecipients:

- Separation of duties
- Competencies and training
- Recordkeeping
- Fair competition
- Ethics and conflicts of interest

Source: www.hudoig.gov/fraud-prevention/industry-advisories/procurement

Property Management

Refer to Playing by the Rules Chapter 4:

- Property acquired/improved with CDBG funds in excess of \$25,000
 - Must be inventoried/maintained for 5 years following completion of CDBG project
 - Must be used for intended purpose for required period
 - Special rules apply to real property acquired by grantee agency & participating cities

Record-Keeping

Refer to Playing by the Rules Chapter 5:

- Keep complete/accurate/orderly records :
 - Administrative records
 - Financial records
 - Project/case files

Keep records 5 years after contract expires except for real property for grantees

Other Requirements

Refer to Playing by the Rules Chapter 6:

- Independent (single) audit – if \$750,000 or more in federal funds expended in a year (Effective 12/26/14)
- Must comply with other applicable program requirements – labor standards, lead-based paint, fair housing, environmental, relocation, conflict of interest, political activity, etc.

Resources

- **HUD Forms:**

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/forms

- **Subparts J &K (24 CFR 570.500/513 – Grant Administration):** <http://www.ecfr.gov>

Minority / Women Business

- Minority / Women's Business Enterprises (MWBE)
- Annual report [October 1 – September 30]
- Applies to contract or subcontract > \$10,000, or if it's a significant part of total project
- HUD Form 2516:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/forms

Section 3

- Wherever federal funds are used, economic opportunities will be given to Section 3 residents and businesses in that area
- This applies to recipients of HUD Community Planning and Development funding exceeding \$200,000 or contracts exceeding \$100,000
- For projects involving housing construction, demolition, rehabilitation, or other public construction completed with covered funding
- Reporting Period: July 1 – June 30

Section 3 Projects

- Bonita–Allen School Road and Allen School Lane Intersection Pedestrian Ramps Design and Construction
- Escondido–Felicita Road at Via Rancho Parkway Pedestrian Ramps Design and Construction
- Fallbrook–Ammunition Road Sidewalks Design
- Lakeside I–8 Business Route Sidewalk Improvement Design and Construction
- Spring Valley–Lamar Park Playground and Fitness Equipment
- City ADA projects

Resources

- A COMPLIANCE GUIDE TO SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968: Economic Opportunities for Low and Very Low Income Persons

- **SECTION 3 WEBSITE:**

<http://www.hud.gov/offices/fheo/section3/section3.cfm>

Davis-Bacon

- CDBG Projects >\$2,000
- Wage Rate Determination
- Federal Labor Standard Provisions HUD-4010 in contracts and bid documents
- Weekly Certified Payroll – reviewed, signed, & dated
- Interviews with Employees at Construction Site (HUD-11)

[http://portal.hud.gov/hudportal/HUD?src=/program_offices/
administration/hudclips/forms](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/forms)

- Documentation in Project Files
- Report semi-annually
 - October- March
 - April-September

Davis Bacon – Audit Tips

- Use Certified Payroll Report (CPR) WH-347, including Statement of Compliance
- Owner cannot self-certify his own CPR. CPR must be signed by subrecipient
- If classification is not listed on the Wage Decision, contact your HCD project manager to request HUD/DOL approval of classification
- Use Federal wage classification and group number listed on the Wage Decision
- CPR must be marked with “Revised” when changes are made to the original CPR previously submitted to HCD
- Deductions on the CPR (ex. 401, child support) must be properly identified and authorized by employees

Davis-Bacon Projects

- City of Coronado – ADA Improvements at Centennial Park
- City of Lemon Grove – Street Rehabilitation and ADA Pedestrian Ramps
- City of Poway – Lake Poway Recreational Park ADA
- City of Solana Beach – ADA Pedestrian Ramps
- Bonita – Allen School Road and Allen School Lane Intersection Pedestrian Ramps Design and Construction

Davis-Bacon Projects

- Escondido–Felicita Road at Via Rancho Parkway Pedestrian Ramps Design and Construction
- Fallbrook–Ammunition Road Sidewalks Design
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Resources

- MAKING DAVIS–BACON WORK: A Contractor’s Guide to Prevailing Wage Requirement for Federally Assisted Construction Projects:
http://www.sandiegocounty.gov/content/dam/sdc/sdhcd/docs/Davis_Bacon_Contractor_Guide_062513.pdf
- DOL Office of Apprenticeship: <http://oa.doleta.gov>
- State License Board: <http://www.cslb.ca.gov>
- DIR Website: <http://www.dir.ca.gov>
- Excluded Parties Search: <http://www.sam.gov>
- **CWHSSA (other wage requirements)**
 - DOL Compliance Link: <http://www.dol.gov/whd/govcontracts/cwhssa.htm>

Time is of the Essence

- Submit claims regularly with required backup (reimbursements only for expenditures)
- Reports (quarterly/year-end/Sec.3/Davis Bacon/MWBE)
- Submit key documents for approval/review
- Project scope must conform to Board approved Annual Plan and CDBG contract

Expenditure Requirement

- 1.5 Expenditure Rate Requirement
 - April Deadline
 - Reporting Accuracy
 - Enhanced Scrutiny
 - Consequences

Monitoring

- Common Findings Discussion
- Required Back up

Discussion Items

- Modifying Project Scope
- Confer with HCD Analyst before and throughout the process
- National Objective – 5-Year Requirement

Provide as Project Progresses:

- Copy of bi-annual inventory of CDBG-acquired property (if applicable)
- Project progress photo
- Project completion photo
- Project Expenditure Projection (HCD form -- due prior to project commencement)
- 1st, 2nd, and 3rd Quarterly Reports (due 30 days after end of each quarter)
- CAPER Report (due 30 days after end of fiscal year ending June 30)
- Certification/Notice of Project Completion
- Cost Allocation Plan (if applicable)
- Single audits, if applicable, or audited financial statements if available, for periods of time that project was underway
- Section 3 / MWBE documents
- Claims every 30 days
- Formal Bid Advertisement (with bid open date)
- Bid and Work Specification Documents (or Request for Proposal)
- Significant Procurement History Documents
- Section 3 Certifications, if applicable
- Executed Contract with Successful Bidder
- Contract Addendum/Change Orders, if applicable
- Contractor Eligibility - Excluded Parties List (EPLS) Printout
- Contractor Bonding Document(s)
- Federal (Davis Bacon) Wage Decision Number
- Certified Payroll Reports (Form WH-347) (reviewed and submitted weekly within 7 days of receipt)
- Statement of Compliance (Form WH-348) - Submitted weekly
- Record of Employee Interviews (Form HUD-11)
- Permits or verification that no permits are required
- Permit sign-offs

Questions?

