

Memorandum

Date: July 1, 2015

CDBG Policy Guidance

Policy: 15-01

Nebraska Department of Economic Development, 301 Centennial Mall South, Lincoln NE 68509
<http://www.neded.org>

SUBJECT: Draw Down Source Documentation for CDBG projects

This Notice provides guidance on the proper procedures for grantees who are submitting draw down requests for Community Development Block Grant (CDBG) resources. This Notice includes information on any source documentation that would need to be submitted with a request for administration or non-administration funds.

This policy memorandum updates the Community Development Block Grant Program and becomes effective July 1, 2015. The program documents located on the Nebraska Department of Economic Development website have the most up to date policies of the CDBG program.

As a response to guidance received from the State Auditor, and the requirements as noted within the current CDBG Administration Manual, the Department has begun implementing new policies and procedures for grantees that will be requesting CDBG resources beginning during the 2015 Program Year. This information pertains to all CDBG grantees.

This review will serve as an additional desktop monitoring review and will also supplement the risk analysis review that is required for each project.

In general, the accounting staff will process draws and will not hold them prior to review of source documentation by the Program Representative.

Each grantee requesting CDBG resources in 2015 (and any subsequent year after that) will be required to submit source documentation with draw down requests that include:

- 1) Any requests for Economic Development (ED) projects;
- 2) Any requests that are for \$100,000 or greater; and
- 3) Any requests that are equal to 25% or greater of the total amount of the CDBG award for a project.

Source documentation for draw down requests should include invoices, records of staff time and activities, etc. that are relevant to substantiating the expenses that are being requested for reimbursement.

Each grantee will also be asked to submit source documentation with other draw down requests during the current Program Year. This request will be made by DED staff during the draw down review process. Annual source documentation requests will include:

- 1) Documentation for an administration draw completed during the current Program Year for the project;
- 2) Documentation for a non-administration draw that is processed during the course of the current Program Year; and
- 3) Copies of professional services contracts for the project.

Source documentation for draw down requests should include invoices, records of staff time and activities, etc. that are relevant to substantiating the expenses that are being requested for reimbursement.

All professional services contracts that have been executed for the project must also be submitted to DED following execution of the contracts. This information will be sent to the Program Representative for the project. Copies of the professional services agreements should only be sent one time during the course of each project and are not required to be submitted annually.

After the request for source documentation is made by accounting staff, the grantee will be required to submit source documentation within 30 days of the date of the request.

Once source documentation has been received, information will be recorded and source documentation (along with a copy of the draw down request) will be reviewed by the Program Representative.

If there are deficiencies with the source documentation information, a follow up request will be made by the Program Representative.

Failure of the grantee to provide source documentation in a timely manner, or failure of the grantee to provide sufficient follow up information, may result in future CDBG draw downs not being processed for a grantee.

Only if there are follow up questions, or source documentation follow up requests, would the grantee be further notified. No follow up correspondence will be provided to the grantees in general unless additional information is needed. The source doc review will be kept in the project file and will serve as an additional monitoring and risk analysis review.