

MEMORANDUM**CDBG Policy Guidance**

This Policy remains effective until it is amended, superseded, or rescinded.

MEMO: 17-02

Date: October 1, 2017

Nebraska Department of Economic Development, 301 Centennial Mall South, Lincoln, NE 68509, opportunity.nebraska.gov

SUBJECT: Drawdown Source Documentation for CDBG Grants

This policy memorandum serves as notification to grantees regarding the Community Development Block Grant (CDBG) Program's revised procedures of submitting "Request for Funds" (Drawdowns) with source documentation. Policy Memo 17-02 supersedes the guidances provided within Policy Memo 15-01: Drawdown Source Documentation for CDBG Projects in July 1, 2015.

Revisions align with the Nebraska Department of Economic Development's Risk Analysis and are in response to guidance received from the State Auditor during the 2015 program year.

Each grantee requesting CDBG resources are required to submit source documentation with drawdown requests that meet the below threshold criteria:

- First General Administrative Drawdown.
- Drawdown greater than 25% of the total project costs.
- Drawdown greater than \$100,000.
- Drawdown for the category, Economic Development (ED).
- Final General Administrative Drawdown.

Source documentation provided throughout the grant. This documentation need not be provided unless one of the above threshold criterion is met or if a drawdown is selected for Annual Testing as described below. With the exception of Annual Testing, DED reviews source documentation to verify financial management compliance in two stages, at the submission of the drawdown and at the end of a reporting period.

1. Drawdown submissions, provide:
 - a. Associated invoice(s) demonstrating eligible expenses incurred.
 - b. For the first general administrative drawdown, include a copy of executed professional services agreements (i.e. general administration, engineering, housing management, etc.).
2. Semi-Annual Project Status and Compliance Reports submission, provide additional source documentation to supplement that which was previously submitted with the drawdown. This documentation substantiates the grantee's timely receipt and expenditure of funds in accordance with the financial management process and includes:
 - a. Documentation of the transfer of funds from the state, and
 - b. Grantees payments to vendors, staff, and contractors. Submit copy of the cancelled check and/or bank statements which include post/transfer dates.

The review of source documentation will not disrupt the timeliness of the drawdown being processed by the Department. However, if the source documentation is not sufficient, this may have an impact on future

drawdowns not being processed until the requested source documentation is received and accepted. Only if there are follow up questions or requests, would the grantee be further notified. No follow up correspondence is provided to the grantees in general unless additional information is needed.

Annual Testing

If the above source documentation thresholds are not met during the fiscal year, one drawdown is selected for each grant that requested funds during the fiscal year. Selection priority as follows:

- First priority a project Drawdown with the highest dollar amount.
- Second priority an administrative Drawdown with the highest dollar amount.

The Department will request the required source documentation for the identified drawdown. The grantee is required to submit source documentation within 30 days of the date of the request. Once source documentation is received, the source documentation is reviewed and evaluated by the Department. If there are deficiencies with the source documentation information, a follow up request is made by the Department.

This policy memorandum becomes effective immediately unless otherwise stated. Find the most up to date policies for the CDBG program documents on the Nebraska Department of Economic Development website.