

Chapter 2 - Record of Changes

Date	Description of Change	Section

CHAPTER 2 – ADMINISTRATIVE OVERVIEW

ADMINISTRATIVE REQUIREMENTS

Subrecipients of CDBG funds from the State of Nebraska must comply with all administrative requirements. Subrecipients must become educated on all administrative components, elements, and requirements of the CDBG Program. DED recommends that subrecipients develop a project management plan to assist in compliance. The management plan should include a list of responsibilities for each project team member, a timeline of implementation steps, and a detailed outline of a record keeping/filing system.

The requirements in this manual provide subrecipients with standards for administering the CDBG Program in a consistent manner. These requirements are in addition to the Federal Housing and Community Development Act (the Act), as amended. The federal requirements for the program are described in 24 CFR Part 570, 24 CFR Part 85, and the Super Circular [2 CFR 200, including 2 CFR 200 Subpart F-Audit Requirements, as was previously identified in OMB Circular A-87 (2 CFR, Part 225) and OMB A-133 but replaced by the Super Circular information].

DED guidance is a supplement to federal and state requirements enumerated and discussed in brief within this manual. **Subrecipients are responsible for understanding and complying with federal and state requirements located within the original source.** In some instances, DED may require a more stringent approach, in which case, those requirements are detailed.

The period of performance identified within the agreement will determine the specific regulations that a subrecipient will be responsible for complying with. 2 CFR 200 will have applicability in specific situations.

All subrecipients who receive CDBG funds are required to procure or employ a CDBG certified administrator. In many cases this is done through agreement with a firm or organization providing such services but in others, it may involve use of subrecipient's staff who have received CDBG Administrator certification.

ELIGIBILITY

Eligibility requirements for participation in the CDBG Program are specified in the Application Guidelines that are published annually and are consistent with the Annual Action Plan for the CDBG Program. DED will approve only those activities that meet one of the CDBG National Objectives set forth in Section 104(b)(3) of the Act and are otherwise eligible within the project funding opportunity.

CERTIFIED ADMINISTRATOR TRAINING

DED provides training on administering CDBG through the Certified Administrators Training Program. Find information on upcoming workshops and other training opportunities at DED's website, <https://opportunity.nebraska.gov/events>.

The principal contact at DED for information on a particular CDBG project is the Program Representative assigned to the project. The Program Representative is familiar with the project and assists the subrecipient and the CDBG certified administrator with implementation.

Refer to **Appendix 4 — CDBG Certified Administrator Guidance** for additional details.

BASIC INFORMATION FOR ADMINISTRATION OF A CDBG PROJECT

The following is an overview of the stages for a CDBG-funded project. The CDBG Program consists of multiple opportunities of funding, which may include additional requirements not listed below. Reference the appropriate funding opportunity's application guidelines available on DED's website, <https://opportunity.nebraska.gov/CDBG>.

Application

Funding within the CDBG Program is available to applicants on a competitive and non-competitive basis. DED notifies the public when CDBG application guidelines are available for an upcoming application cycle. The guidelines describe eligible applicants, eligible activities, the application process, and application deadlines.

DED conducts CDBG Application Workshops annually. Prior to completing an application, it is beneficial to contact DED staff about the potential project.

Notice of Approval or Non-Select

Following DED's application review period, all applicants receive notification regarding the status of their application. Applicants not funded in an application cycle are encouraged to contact DED for feedback. This can give insights into the strengths and weaknesses of the application. Letters of non-select may include basic information regarding reason(s) for not receiving funding.

The Notice of Approval (NOA) informs each applicant that had an approved application of the amount and type of funds awarded and the activities to be undertaken with the funds. Only costs related to general administration and the preparation of the special conditions related to the agreement can be incurred beginning the date identified on the NOA.

Administrative Costs

Administrative costs are the reasonable costs of overall program management, coordination, monitoring and evaluation. In contrast, project or activity costs are those related to the implementation and execution of the activity and can be classified as a delivery cost.

Subrecipients may be reimbursed for approved administrative costs provided:

- the costs are reasonable for the services provided and are in accordance with 2 CFR 200 subpart E, 24 CFR Part 85, or 24 CFR Part 570, and the rules and regulations of the program and do not exceed the amount authorized, as amended, in the agreement, unless DED has provided prior written approval
- the costs are incurred following written NOA
- the amount of compensation charged to the program is based on payrolls documented and provided in accordance with generally accepted practices of state and local governments
- if applicable, the subrecipient has followed Super Circular guidance under 2 CFR 200; 24 CFR Part 85 for agreements entered prior to December 26, 2014 as noted above; or 24 CFR Part 570 when contracting with consultants

If the subrecipient withdraws from the program at any time, DED reserves the right to determine the amount of funds to reimburse to, or recapture from the subrecipient for incurred administrative costs. DED may reduce the amount of administrative funds requested if it is deemed excessive.

Supporting Project Costs

Separate from administrative costs are *supporting project costs*. These costs are associated with supporting project delivery (e.g., construction management and housing management).

CDBG Agreement

DED will send the subrecipient a CDBG Agreement after, or with, the NOA. Any items requiring revision within the application related to project activities, etc. should be received by DED *prior* to an Agreement being fully executed. If a subrecipient identifies a need to request a change to the Agreement, contact the program representative *prior* to execution of the Agreement. Any change to an Agreement after execution must be completed through an amendment process.

The Agreement contains several items that include: a project description, time of performance, sources and uses of funds, conditions governing the use of CDBG funds, and special conditions for release of funds. The Agreement must be signed by the subrecipient and returned to DED within 30 days.

In general, the special conditions of the Agreement must be satisfied within 90 days (three months) after the issuance of the NOA letter. Projects are generally completed within twenty-four to thirty months.

The Agreement between DED and the subrecipient provides information for termination for cause and/or for convenience. In the event DED suffers a loss of funding or termination of the federal grant that permits it to fund in full or in part a CDBG grant, the Agreement will terminate in full or in part.

Special Conditions for Release of Funds/Environmental Clearance

Recipients of CDBG funds are advised to carefully review their CDBG Agreement before implementing the funded project. Project costs cannot be obligated or incurred prior to DED issuing a written Notice of Release of Funds/Environmental Clearance to the subrecipient.

Each Agreement has a section titled “Special Conditions for Release of Funds” that includes information on the various items that the subrecipient must provide to DED in order to obtain a Notice of Release of Funds/Environmental

Clearance and have the ability to expend CDBG resources on implementation activities. Special Conditions must be satisfactorily completed by an identified date or DED reserves the right to cancel the Agreement.

Special Conditions found in each Agreement include:

- Subrecipient Information Sheet
- Environmental Review Record
- Language Assistance Plan
- Authorization to Request Funds
- Financial Management
- Procurement Standards and Code of Conduct
- Excessive Force Certification
- Fair Housing
- CDBG Certified Administrator

NOTE: The above list represents a list of typical standard special conditions, however all CDBG Agreements are tailored to a specific project with unique standard conditions. Other special conditions may address items related to program guidelines or, relating to a past grant, deficient reporting or unresolved audit or monitoring findings.

All Special Conditions for Release of Funds in the CDBG Agreement must be satisfied before the Notice of Release of Funds/Environmental Clearance will be issued for that project.

Additional guidance on fulfilling agreement conditions is available in Chapter 5 of the manual. See DED’s website, <https://opportunity.nebraska.gov/CDBG>.

Notice of Release of Funds/Environmental Clearance

Upon receiving a Notice of Release of Funds/Environmental Clearance, the subrecipient may obligate non-administrative costs and draw down funds for eligible costs incurred. A Notice of Release of Funds/Environmental Clearance may not be issued if there are any unresolved audit findings relating to a past grant or if there is information in the audit regarding extreme misconduct.

Requesting CDBG Funds

The request by the subrecipient for CDBG funds is made using the “CDBG Request for Funds” form also known as drawdown form. All requests for CDBG funds are completed through DED’s grant management system, AmpliFund. For more information regarding requesting CDBG Funds refer to Chapter 12 of the CDBG Administration Manual and AmpliFund user guides¹. Source documentation must include and substantiate the amount of CDBG funds requested and associated matching funds.

Matching Requirements/Other Funds/Leverage

The availability of matching funds is part of the CDBG Agreement. Subrecipients must ensure that funds are available for expenditure during the project period. Matching funds may be cash or in-kind contributions as defined and governed by 24 CFR Part 85, 2 CFR 200 Subpart E, and 24 CFR Part 570, or unless restricted by category application guidelines. Activities serving as match must be an eligible CDBG activity and procurement procedures must be followed.

¹ <https://opportunity.nebraska.gov/amplifund/>

Subrecipients are required to certify on each “Request for CDBG Funds” form the amount of local and matching funds applied to the project. Project costs are to be paid from grant and local matching funds in the proportions approved in the agreement. Local funds expended for an activity for which no match is required may not be counted as part of the matching funds required in other activities.

Match is proportionally injected into the project as CDBG-funded activities are drawn down. If the subrecipient is unable to provide matching funds in the exact proportions stated in the agreement for all expenditures, a temporary waiver may be requested. The waiver request must include:

- A letter from the subrecipient signed by the chief elected official which states the reasons for the request, and
- The period of time for which the waiver is requested

Agreement Amendments

During the course of administering a project, situations may occur that require a change in the original terms of the CDBG agreement. These changes are referred to as amendments.

Subrecipients must request approval from DED for **any modification or amendment** to the CDBG agreement. When submitting the request for approval, the subrecipient must complete and submit the CDBG Agreement Amendment Request Form to DED within AmpliFund.

Common amendment requests include:

- Revisions to the budget
- Extensions of the agreement end date
- Decreases in proposed accomplishments
- Amendments to program guidelines

DED will review amendment requests using the following factors:

- The effect the amendment will have on the points earned in the selection process
- Whether the amendment is appropriate and will enhance the overall impact of the original project
- Subrecipient’s performance and capacity (may require an on-site visit)
- Other relevant information

DED informs the subrecipient in the grant management system of the amendment approval or denial. In most cases when the amendment is approved, DED will provide the subrecipient with a formal amendment, which will need to be executed by the subrecipient and DED. In other cases, DED may initiate an amendment and will notify the subrecipient. Subrecipients should never assume that an amendment has been, or will be approved, and no action should be taken until the executed amendment from DED is received by the subrecipient.

Subrecipients should be aware that changes to the budget that allocate funds from one activity to another activity may require the subrecipient to provide additional matching funds for the project. The proportion of match to CDBG funds that was approved during the application phase must be maintained if the budget is modified.

Conflict of Interest

No employee, officer, or agent of the subrecipient will participate in selection, or in the award or administration of an agreement supported by federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when: the employee, officer or agent; any member of their immediate family; their partner; or an organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The subrecipient's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub- agreements, during office tenure or for one year after the closeout of the grant. For more information, see 24 CFR 570.611 and HUD guidance including Integrity Bulletin: 7 Keys to Handling Conflicts of Interest². See also, Chapter 7 – Procurement/Conflict of interest.

Recordkeeping Requirements

Subrecipients must establish a system for recordkeeping that assists DED's review of files for compliance. In other words, records should be kept in a manner that clearly tells the whole story of a CDBG project from beginning to end. DED suggests using the monitoring checklist as a guide for the organization of grant files.

Representatives of HUD, the Inspector General, the General Accounting Office, the Comptroller General of the United States, the State Auditor's Office, and DED or any of their duly authorized representatives will have access to any pertinent books, records, accounts, documents, papers, and other property belonging to or in use by the subrecipient in order to make audits, examinations, excerpts, or transcripts.

Reporting Requirements

DED requires subrecipients to report on grant progress semi-annually (see Chapter 13) throughout the life of the project. These reports include, but not limited to:

- **Semi-Annual Project Status Reports**
- **Job Creation/Retention Reports**
- **Program Income Reports**
- **Notification of Annual Audit**

Final Reports: in addition to the above reporting requirements, DED requires submission of a Final Project Status Report, Final Financial Report (including leverage³ documentation, where applicable), and a copy of the affidavit and minutes for the second public hearing for every project before closing out the project.

Capacity, Performance and Compliance Monitoring, and terms of Good Standing

DED conducts two basic types of monitoring that includes desktop and onsite/virtual monitoring to review subrecipient's progress of their project. Refer to Chapter 14 for more information.

During monitoring compliance review, a determination may be made that a subrecipient and/or certified administrator lacks the capacity to implement a CDBG project. Contingent upon the unique circumstances of each grant, DED may consider the subrecipient's performance and Certified Administrator's performance independent or dependent of each

² [HUD Integrity Bulletins - HUD Exchange](#)

³ Leverage was an aspect of the CDBG program in prior years. Program Year 2018 (July 1, 2018 – June 30, 2019) was the last year that DED incorporated and allowed leverage within the method of distribution of CDBG funds. If you are unsure if a CDBG project has leverage, review the CDBG Application, Subrecipient Agreement, and contact DED. If leverage is incorporated, DED will provide you with additional guidance.

other. In general, the **subrecipient is responsible for compliance** with the CDBG Program, the Certified Administrator assists in assurance of compliance and good standing of subrecipient.

Capacity is reviewed as a part of application process and throughout the life of the individual grants (i.e., prior performance or compliance issues may reflect on future awards). Overall, good standing for subrecipients and certified administrators requires:

1. **Timely completion and submission of required documentation and/or reports:**
 - a. Special conditions, including accurate and complete environmental review documents
 - b. Reports, including accurate beneficiary data, MBE/WBE and Section 3 reporting, Monitoring Exhibits
 - c. Final reporting and project closeout materials
2. **Timely performance**, including for all open activities for each CDBG-funded project, submission of draw requests at least every six months
3. **Responsiveness**, including:
 - a. Responses to DED staff with information requests, project updates, and other materials requested
 - b. Resolution of all missing items or deficiencies identified in monitoring process within 30 days of issuance of monitoring report

Subrecipient performance: If at any time DED determines that the objectives set forth in the federal regulations, the Administrative Requirements, or the approved program have not been met, the following procedures may be utilized:

- 1) **Warning:** A written warning will be issued when a violation of a program requirement has occurred. This warning will cite the violation, and if the violation is occurring, a deadline when it must be remedied.
- 2) **Suspension:** Grant funds will be discontinued for any grant which is found to be in noncompliance and for which corrective action by the subrecipient has not been initiated. Funding may be discontinued for the entire project or for a specific activity. Funding may be reinstated upon the correction of the violating condition.
- 3) **Reimbursement:** The subrecipient will be required to reimburse CDBG funds that have not been spent in accordance with the approved application and program requirements. The amount of the reimbursement will be determined by the amount that has been disallowed and for which no other costs may be substituted.
- 4) **Payment Adjustments:** If the subrecipient has not demonstrated responsible fiscal and administrative capacity, DED may adjust the payment method in which the grant funds are disbursed.
- 5) **Grant Adjustment:** Grant awards may be adjusted, reduced or the total amount withdrawn when there is noncompliance and the violation cited has not been remedied as specified.
- 6) **Nonparticipation in the CDBG Program:** Subrecipients which have not complied with actions administered by DED may be prohibited from future participation. DED may allow subrecipients to participate in the program if the subrecipient has complied with the required actions.
- 7) **Full or Partial Termination:** The CDBG agreement may be terminated in whole or in part if DED determines that the subrecipient has failed to comply with its terms and conditions. Payments made to the subrecipient or recoveries by DED will be in accord with the legal rights and liabilities of the subrecipient and DED.

Certified Administrator performance: As stated above, the Certified Administrator assists in assurance of compliance and good standing of subrecipient. However, where there exists a pattern or misguidance, some performance and compliance deficiencies, concerns, and findings can be attributed to the Certified Administrators.

Closeout

Closeout is the process in which DED determines that all requirements of the agreement between DED and the subrecipient have been completed. After the completion of project activities, several items must be completed by the subrecipient to obtain a Certificate of Completion. Refer to Chapter 16 for more guidance.