



State of Louisiana
OCD-DRU
Community Development Block Grant Program

Disaster Recovery CDBG
Grantee Administrative Manual
Version 3.7
July 20, 2016

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**State of Louisiana
OCD-DRU
Community Development Block Grant Program**

**Disaster Recovery CDBG
Grantee Administrative Manual
Version 3.7 Update Packet**

July 20, 2016

Disaster Recovery CDBG Grantee Administrative Manual
Version 3.7 Instructions

This packet includes changes to the Disaster Recovery CDBG Grantee Administrative Manual that have been incorporated in the July 20, 2016 Version 3.7, which will be posted to the OCD-DRU website. This update includes updated chapter portions, exhibits and an updated Table of Contents. Section I of the packet provides step-by-step instructions to update your manual with the revised exhibits. The updated pages to be inserted into your binder are included in this packet and have the date “July 20, 2016” along with “Version 3.7” in the footer of each page and should be printed duplex (front and back side).

I. Instructions for Version 3.7 Revised Pages

- a. Locate all of the documents referenced in the column labeled “Discard Old Pages” and remove them from the binder.
- b. Insert the updated pages (located at the end of this Version 3.7 Update Packet) into the appropriate section of the binder.

Section	Page Numbers with changes	Discard Old Pages	Insert with New Updated Pages (Version 3.7, dated 7/20/2016)	Description of Change(s)
Cover Page	1-2	1-2	1-2	Updated to reflect new Version # and Date
Table of Contents	4	3-4	3-4	Updated Exhibit 6-9 Title: removed 'a' before Engineering Services
1 Coversheet	7	7-8	7-8	Updated to reflect new Version # and Date
1	10	9-10	9-10	Spelling Corrections 3.0, first paragraph (Department and requirements); Added CFR language to 2 nd paragraph, last sentence
2	16	15-16	15-16	Update 5.0: Add spacing between first and second paragraphs thus moving some text to Pg. 17
2	18	17-18	17-18	Updated 8.0: add space between first and last paragraph and removed space in between the last two lines of that paragraph
3 Coversheet	25	25-26	25-26	Updated to reflect new Version # and Date
3	30	29-30	29-30	Updated 3.5 table: rows 5-7- changed \$500,00 to \$750,000, Update rows 7-8 replace ‘A-133’ with ‘Single Audit’; Update 3.6 table row 1 with 2 CFR language
3	38	37-38	37-38	Updated 3.17 table replace ‘A-133’ with Single Audit
4 Coversheet	41	41-42	41-42	Updated to reflect new Version # and Date
4	46	45-46	45-46	Updated 4.6 table: changed \$500,00 to \$750,00
5 Coversheet	57	57-58	57-58	Updated to reflect new Version # and Date
5	60-62	59-62	59-62	Page 60-61: Copied language from first and last rows and added the language to text under 2.0; Deleted remaining table; Removed ‘the’ from this first sentence ‘Both the 2 CFR Part 200...’ on page 61 Page 62: Updated 3.0 #2, Added ‘Subpart E – Cost Principles’

Section	Page Numbers with changes	Discard Old Pages	Insert with New Updated Pages (Version 3.7, dated 7/20/2016)	Description of Change(s)
5	64	63-64	63-64	Updated 5.0 to read as follows "Funds can be drawn once the CEA is executed and approved by the Office of State Procurement, and all required forms are submitted and an account is set up."
5	65-66	65-66	65-66	Pg. 65: Updated 7.1 and 7.2 with CFR Language Pg. 66: Updated 7.4 with CFR language and 7.5 to read as "Financial records are to be retained for a period of five years after final closeout of the State's ..."
	68-69	67-70	67-70	Pg. 68 Updated 9.1 and 9.3 with CFR language Pg. 69 Updated 9.5 and 9.6 with CFR language
5	72	71-72	71-72	Spelling Correction (Exempt) in 11.2, 3rd paragraph; Revised language, removing A-133 and update with 2 CFR language; Added Dec. 26, 2014
5	73	73-74	73-74	Updated 11.2.2 bullets 1 & 2: changed \$50,000 to \$75,000 and Updated 11.2.2 bullets 3 & 4: changed \$500,00 to \$750,000
5	74			Updated 11.3 last paragraph with CFR language
6 Coversheet	75	75-76	75-76	Updated to reflect new Version # and Date
6 Table of Contents	76			Added 'Procurement by Micro-Purchases' as 8.0 and renumbered remaining Section #s
6	77	77-80	77-80	Removed extra space above title on Page 77, thus moving up all text on following pages 78-80.
6	79			Update 3.0 #s 1-6 with 2 CFR language and Update 3.0 #4. to read: Cost plus a percentage of cost and percentage of construction cost contracts are...
6	80			Updated 3.0 #7 with CFR language and Updated 4.1 with CFR language
6	81	81-82	81-82	Update 5.0 second paragraph with 2 CFR language and Spelling Correction (perceived) in underlined heading
6	82			Updated 7.1 with 2 CFR language and updated date and version number
6	84	83-94	83-94	Added 'Procurement by Micro-Purchases' as 8.0 and renumbered remaining Section #s, thus changing the text layout of remaining pages 84-94
6	87			Updated 10.1.3 # 5. to read as "The advertisement must call the bidders attention to the conditions of employment and non-discrimination and requirements of federal prevailing...." and Updated 10.1.4 # 4; Removed this phrase "and sent to OCD-DRU (see Exhibit 2-4)."
6	88			Updated first sentence of 11.0, # 1. to read as "1. Requests for proposals will be advertised, to include advertising in the jurisdiction's newspaper of record and identify all evaluation factors and their relative importance."; Removed "The" from 11.1 # 2. a.

Section	Page Numbers with changes	Discard Old Pages	Insert with New Updated Pages (Version 3.7, dated 7/20/2016)	Description of Change(s)
6	90			Updated 13.0 added the # 7. to text; Deleted this sentence "See Section 2, Subsection 10.5.4 if this process may result in the execution of change orders"
6	91			Updated 16.0, 3 a. with 2 CFR language
6	92			Updated 16.1 title to read as "Consulting, Professional Services, and Appraisal Contract Requirements"
6	93			Update 18.0 table, Exhibit 6-9 Title: removed 'a' before Engineering Services
7 Coversheet	95	95-96	95-96	Updated to reflect new Version # and Date
7 TOC	97	97-98	97-98	Inserted heading "Processing Labor Complaints" as 20.0 thus changing "Resources" heading from 20.0 to 21.0
7	102	101-102	101-102	Replaced last 2 sentences of 3.0 #8. with "For construction work involving installation of equipment, if the cost..." and "(HUD Office of Labor Relations...)"
7	105	105-106	105-106	Corrected latter part of first sentence 4.2.4 to read "and the contract award is less than \$150,000."
7	128	127-128	127-128	Inserted new language "Processing Labor Complaints" as 20.0 thus changing "Resources" from 20.0 to 21.0
8 Coversheet	129	129-130	129-130	Updated to reflect new Version # and Date
8	132	131-132	131-132	Update 2.0 #1 with 2 CFR language
10 Coversheet	161	161-162	161-162	Updated to reflect new Version # and Date
10	165	165-166	165-166	Updated 3.1, # 2, replaced 24 CFR Part 570.496(a) with 24 CFR Part 42
10	168	167-168	167-168	Updated 5.0 table, row 2 with 42 CFR 24.101`c)(2) language
10	169-170	169-170	169-170	Pg. 169 Updated 6.0 table, last row, replace the word 'building' with 'being' in the second sentence. Pg. 170 Corrected spacing
10	186	185-186	185-186	Updated 12.2.2 Rental Assistance Payment #1, to read as 'Payment must be disbursed in installments over several months...'
13 Coversheet	225	225-226	225-226	Updated to reflect new Version # and Date
13	230	229-230	229-230	Updated 3.2 #s 5 & 6, to read as 'Submit one copy of the...' replaced phrase 'two copies' and 'three copies' with 'one copy' and Updated 3.2.2, replaced 'A-133' with 'Single Audit'

Exhibit	Page Numbers with changes	Discard Old Pages	Insert with New Updated Pages (Version 3.7, dated 7/20/2016)	Description of Change(s)
Ex. 2-4	1-4	1-4	1-4	Pg. 2: Removed bullet referring to Architect's Certification; Pgs. 1-4: Added new Version # and Date
Ex. 5-6	1-8	1-8	1-8	PAGE 1: Added 'Title II and' to the first sentence in #9.; Pgs. 1-8: Added new Version # and Date
Ex. 6-1	Page 1 of 7 Page 2 of 7	1-2	1-2	Page 1 Added 2 CFR language to 1 st paragraph and Page 2 Added 2 CFR language to 2 nd paragraph
Ex. 6-3	1 of 2	1-2	1-2	Removed first line of text under title; Updated a. 1 and a. 2. with 2 CFR language and Updated to reflect new Version # and Date
Ex. 6-4	1,3, 5 of 5	1-5	1-5	Corrected spelling errors; Updated to reflect new Version # and Date
Ex. 6-4	1 of 3	1 of 3	1 of 3	Unhide first line of text under Direct Labor heading AND Updated to reflect new Version # and Date
Ex. 6-5	1-9	1-9	1-9	Updated to include 2 CFR language; Removed last question, "Which cost principles do I use?" and Added page numbers, new Version #, and Date
Ex. 6-13	Page 1	Page 1	Page 1	Remove 2 CFR 85.35 title and Updated to reflect new Version # and Date
Ex. 12-3	Cover Page and 1-4 of 1-4 and 2-1 of 2-11 to 2-10 of 2-11 and 3-1 of 3-3 to 3-2 of 3-3	Cover Page, 1-3 of 1-4 to 1-4 of 1-4 and 2-1 of 2-11 to 2-10 of 2-11 and 3-1 of 3-3 to 3-3 of 3-3	Cover Page, 1-3 of 1-4 to 1-4 of 1-4 and 2-1 of 2-11 to 2-10 of 2-11 and 3-1 of 3-3 to 3-3 of 3-3	1-4 of 1-4 updated 7.1 with new dollar amount and corrected 'OCD-DRU' acronym and Updated specific areas to include 2 CFR language as needed and Updated all pages to reflect new Version # and Date
Ex. 12-4b	Cover Page and 1 of 9 to 9 of 9 and 1 of 2 to 2 of 2 and 1 of 3 to 3 of 3	Cover Page and 1 of 9 to 9 of 9 and 1 of 2 to 2 of 2 and 1 of 3 to 3 of 3	Cover Page and 1 of 9 to 9 of 9 and 1 of 2 to 2 of 2 and 1 of 3 to 3 of 3	Corrected worksheet sections 1 2 & 3 with 'OCD-DRU' acronym and Updated specific areas to include 2 CFR language as needed and Updated to reflect new Version # and Date



State of Louisiana
OCD-DRU
Community Development Block Grant Program

Disaster Recovery CDBG
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Disaster Recovery CDBG Grantee Administrative Manual

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Section 1

Introduction

Section 1 – Introduction

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Section 1 – Introduction

1.0 Purpose

This Administrative Manual is provided to assist Louisiana Disaster Recovery Community Development Block Grant grantees and Subrecipients (parishes and units of local government) in implementing disaster recovery grants. It provides guidance regarding the general requirements included in all Cooperative Endeavor Agreements (CEAs) that apply to parishes and units of local government. It is the responsibility of each grantee to ensure that all provisions of this manual, federal rules and regulations, and grant award are complied with. Grantees must also carry out proper and efficient grant administrative practices. Should questions arise, grantees should immediately contact the Louisiana Office of Community Development, Disaster Recovery Unit (OCD-DRU).

2.0 Background

Disaster Recovery CDBG grants are authorized by the United States Congress and the President of the United States under supplemental appropriation laws. (“Supplemental Appropriations Acts” authorize CDBG funding.) Specific requirements are typically included in the appropriation law adopted to cover a specific disaster. These requirements may modify, or authorize HUD’s Secretary to modify, various statutes and regulations that could impede the prompt implementation of disaster relief and associated community development programs. Notice of waivers and alternate requirements are published in the Federal Register (See Exhibit 1-1 and Exhibit 1-2).

The entity having responsibility for designing and administering the Grant Programs depends upon the nature of the disaster. In recent catastrophic disasters, e.g., Katrina/Rita, Gustav/Ike, the Congress left the design and implementation of the disaster relief programs to the affected state government(s). HUD’s role was to: work with the states to ensure the designs of the action plans (and amendments) were acceptable; grant waivers of existing statutory requirements and the associated implementation regulations; define alternate requirements when necessary; and, monitor state implementation activities. The states in turn submitted action plans and amendments covering their programs to be implemented as part of the disaster recovery effort. The action plans and amendments were submitted for acceptance by HUD, thus assuring the proposed actions were within the intent and spirit of existing statutes.

The action plans, as amended, define the scope of and allocate the funds appropriated to the programs described. Upon acceptance by HUD, the states implemented each program or delegated the responsibility to grantees and their Subrecipients. The delegation of responsibility is accomplished via Interagency Agreements (IAs), Cooperative Endeavor Agreements (CEAs), or conditions of grant awards associated with the program.

Individual projects are implemented through an application process and associated grant award. This award will define the activities to be undertaken and establish a budget for the project. It also contains requirements that the grantee must comply with. Each grantee must become

familiar with the terms of the CEA, grant awards, and associated statutory and regulatory waivers.

3.0 Grants Management Requirements – Transition to 2 CFR Part 200

Effective December 26, 2014, the Department of Housing and Urban Development (HUD) announced the transition to 2 CFR Part 200, a new regulation governing uniform administrative requirements, cost principles, and audit requirements for federal financial assistance provided to non-federal entities. This regulation consolidates numerous OMB circulars and regulations pertaining to uniform administrative requirements such as 24 CFR Parts 84 and 85, into one Code of Federal Regulations.

The new 2 CFR Part 200 applies to all grants awarded by the OCD-DRU beginning January 1, 2015. In addition, per HUD, the new regulation is also applicable to the use of funds for grants awarded after December 26, 2014, yet work and expenses were carried over into 2015 or later. The new regulation is also applicable to additional funds awarded in 2015 or later to grants awarded prior to December 26, 2014. All applicable references to 2 CFR Part 200 are now reflected in the Grantee Administrative Manual.

4.0 Resources

Exhibit	Topic
Exhibit 1-1	Katrina/Rita Disaster Recovery Waivers
Exhibit 1-2	Ike/Gustav Disaster Recovery Waivers
Exhibit 1-3	Isaac Disaster Recovery Waivers

Except as may have been waived by HUD, the requirements of 24 CFR 570.483 relate to the national objectives. See Exhibit 1-1 Federal Register/Volume 73, No. 200/October 15, 2008 (73 FR 61154) items numbered 8, 9, 10 and 11 for an example.

3.1 National Objective Documentation and Records

Grantees must maintain records showing that funded activities meet one of the national objectives. Depending on the national objective, the files must contain, at a minimum, the specific documentation in the table below. This specified documentation may also be used in reporting performance measures information.

Documents required to be maintained for purposes of proving that a national objective was met:

National Objective	Required Documentation
Low/Mod Area	<ol style="list-style-type: none"> 1. Boundaries of service area 2. Census data including total persons and percentage low/mod 3. Evidence area is primarily residential 4. Survey documentation (if applicable)
Low/Mod Limited Clientele	Documentation that the beneficiaries are low/mod or presumed to be low/mod (by category)
Low/Mod Housing	Income verification of households (using the Section 8 definition) including source Documentation
Low/Mod Job Creation and Retention	<ol style="list-style-type: none"> 1. Number of jobs created or retained 2. Type and title of jobs created or retained 3. Income of persons benefiting from the jobs created or retained
Slum and Blight	<ol style="list-style-type: none"> 1. Area designation (e.g., boundaries, evidence area meets State slum/blight requirements) 2. Documentation and description of blighted conditions (e.g., photographs, structural surveys, or development plans) <p>If applicable, evidence that the property meets spot designation requirements (e.g., inspections)</p>
Urgent Need	<ol style="list-style-type: none"> 1. Documentation of urgency of need and timing 2. Certification that other financing resources were unavailable and CDBG had to be used

4.0 Duplication of Benefits

Many federal and state agencies are involved in responding to Presidentially declared major disasters under the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (the “Stafford Act”). Grantees must be aware that the Supplemental Appropriations Act authorizing CDBG funding or the Stafford Act may include restrictions on using those program funds to provide assistance when insurance providers or other federal or state agencies have already funded all or a portion of the activity.

Note: See exhibit 2-5 for DOB policy and exhibit 2-6 for sample DOB policy for adoption by grantees and subrecipients.

Certain Supplemental Appropriations Acts also include restrictions against use of those program funds as a matching requirement, share or contribution for any other federal program.

The Stafford Act also contains eligibility requirements for recipients who have received prior disaster funding based upon whether or not they are in compliance with requirements associated with receipt of those funds. Where applicable, recipients must be in compliance with these restrictions or individual funding will be denied.

5.0 Complaints

Resolving local complaints is the grantee's responsibility. Grantees are required by federal regulations to establish a procedure for handling complaints that deal with local program administration, management, or operational procedures. The OCD-DRU is responsible for monitoring to ensure that a procedure for handling local complaints is in place and is used when necessary. The grantee may provide HUD contact information to complainants as needed.

For complaints regarding civil rights violations in grant programs, they should contact the Department of HUD, Office of Fair Housing and Equal Opportunity (FHEO) (1-800-669-9777).

Complaints about fraud, waste, and abuse related to grant programs that represent criminal wrongdoing or HUD standards of ethics and conduct may be submitted to the Office of Inspector General (1-800-347-3735).

Section 3 of the HUD Act of 1968 complaints are required to be filed at the appropriate HUD FHEO Regional Office in which the violation occurred within 180 days from the date of the action or omission upon which the complaint is based.

6.0 Project Amendment Procedure

If the grantee wishes to change any aspect of a project from the original agreement, they must request an amendment from OCD-DRU. The types of project amendments that may be requested, along with procedures for requesting amendments, are discussed below.

6.1 Types of Amendments

1. **Extension of Time** - This type of amendment must be requested when the grantee determines that all project work cannot be completed prior to the project expiration date.
2. **Budget Revisions** - This type of amendment must be requested when:
 - a. A need exists for line item revisions within the administration budget which will exceed 10 percent of the total Disaster Recovery CDBG administration budget.
 - b. The grantee wants to transfer administrative funds to an approved project activity.
 - c. The grantee decides not to implement an approved activity.
 - d. The grantee wants to transfer unobligated funds from a completed activity to another activity.
 - e. A need exists to make line item revisions which will exceed 10 percent of the total Disaster Recovery CDBG project budget, excluding administration.
3. **Scope of Work** - This type of amendment must be requested when expanding or reducing the approved scope of work to be performed. For instance, if a project was approved to rehabilitate 20 homes, but the grantee has enough funds to rehabilitate an additional 5 homes, an amendment must be submitted. Approval of project amendments is subject to the availability of the funds remaining in the project's approved budget. In addition, all amendments must be reviewed by the OCD-DRU environmental staff to determine if the amended scope of work changes the environmental review record.

Major reductions in the scope of proposed work could result in adverse state action—grant reduction, termination, or a finding of ineligibility for future funding. Grantee's projects were selected for funding based on their proposed projects and are expected to carry it out as proposed. Contact the OCD-DRU if problems emerge which might lead to project

modifications. The OCD-DRU recognizes that unexpected problems can occur which may invalidate the originally proposed project. However, early notification of potential problems will permit all parties involved to resolve them. The objective is to resolve problems whenever possible.

4. **Special Conditions** - This type of amendment must be submitted if a grantee wishes to seek approval to modify, eliminate, or extend the time of a special condition on the grant award.

6.2 Procedures for Submitting and Acting on Request for Amendment

Request for amendments, especially for extension of time, should be submitted no later than 30 days prior to the project expiration date. All amendments must be submitted on the Request for Project Amendment Form (sample located in Exhibit 2-1) and must be signed by the chief elected official who signed the CEA. If you submitted online, you must amend the online application by clicking the “amend” process and following the System’s direction.

Single changes or cumulative changes in the program budget greater than ten percent of the project award amount or smaller changes that result in the deletion or addition of an activity or item require prior approval from the OCD-DRU.

The OCD-DRU will provide written approval or disapproval notification to the grantee. All approved amendments will become a part of the original project award and will be subject to all applicable conditions and assurances.

Note: If the OCD-DRU finds that a request for amendment is for an action that has already taken place, the amendment will not be approved.

7.0 Reporting

Grantees must be able to fully document compliance with applicable program and statutory requirements and associated regulations for the Disaster Recovery CDBG program. This can be accomplished through careful attention in maintaining adequate records (see Section 4 – Records Management) and submitting required reports. Grantees are required to submit reports on a quarterly basis using the procedures developed by the OCD-DRU. Contact the OCD-DRU for current reporting requirements and processes.

The type of information that may be required within these reports includes, but is not limited to:

- | | |
|--------------------------------------|---|
| 1. Persons Benefitting | 6. Non-business Organizations Benefitting |
| a. Jobs Created (LMI/Non-LMI) | 7. Public Facilities |
| b. Homes Rehabilitated (LMI/Non-LMI) | 8. Buildings (non-residential) |
| c. LMI Special Assessments Paid | 9. Parcels Acquired Voluntarily |
| d. Elderly/Handicapped | 10. Linear feet of Public Improvement |
| e. Race | 11. Parcels Acquired by Condemnation |
| f. Ethnicity | Linear miles of Public Improvement |
| 2. Households Benefitting | 12. Permanent Jobs Created |
| 3. Housing Units | 13. Cable Feet of Public Utility |
| 4. Businesses | 14. Cases Opened |
| 5. Properties | 15. Cases Closed |

8.0 Citizen Participation

The requirements under 42 U.S.C. 5304(a)(2) and (3), 42 U.S.C. 12707, 24 CFR 570.486, and 24 CFR 91.115(b) with respect to citizen participation have been waived for disaster assistance associated with Hurricanes Katrina, Rita, Ike, and Gustav and replaced with alternate requirements. See the discussion regarding this waiver within Exhibit 1-1 and Exhibit 1-2.

The citizen participation waiver and alternative requirements permit a more streamlined public process, but one that still provides for reasonable public notice, appraisal, examination, and comment on the activities proposed for the use of CDBG disaster recovery project funds. The waiver removes the requirements for public hearings or meetings as the method for disseminating information or collecting citizen comments. Instead, grantees are encouraged to employ innovative methods to communicate with citizens and solicit their views on proposed uses of disaster recovery funds.

While grantees may not be required to notify the public and solicit their views at hearings when developing specific programs and/or projects, they are strongly encouraged to do so. A sample Citizen Participation Plan is included as Exhibit 2-2. The OCD-DRU will determine applicable citizen participation requirements for program and/or project amendments on a case-by-case basis.

9.0 Management of Subrecipients

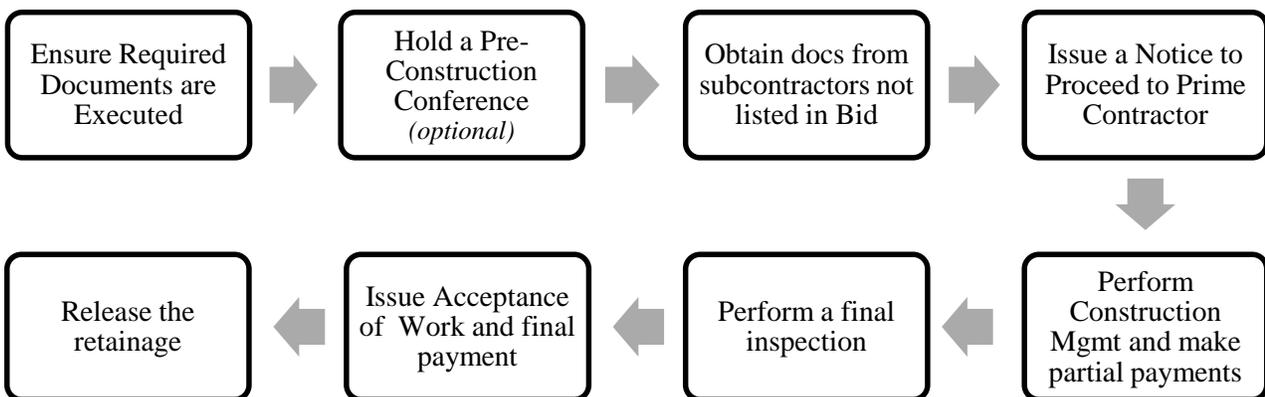
The information contained in this CDBG Grantee Administrative Manual is provided to assist both grantees and subrecipients with the implementation of disaster recovery grants. However, if grantees make use of subrecipients to carry out activities with CDBG disaster recovery funds, it is necessary that proper management of these subrecipients be executed. Subrecipient management should be conducted according to HUD's *Managing CDBG: A Guidebook for Grantees on Subrecipient Oversight* and *Playing by the Rules: A Handbook for CDBG Subrecipients on Administrative Systems*. Each of these publications can be accessed by the following link:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/library/subrecipient.

10.0 Additional Construction Contract Administration Requirements

Due to the complexity of construction projects, the grantee must take additional steps for each construction contract/project to ensure quality of work and compliance with required laws, rules, and regulations.

An overview of the additional steps required for construction contracts is shown in the diagram below.



Section 3

Grant Implementation Checklist

Section 3 – Grant Implementation Checklist

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Administrative Set-Up				
Action	Timing	Reference	Yes	N/A
Submit Statement of Assurances	Once	Section 5		
Execute and submit the Financial Management Questionnaire to OCD-DRU	Once	Section 5		
Establish the Disaster Recovery CDBG Funds Account				
Receive CEA	Once	Section 5		
Submit Authorized Signature Form	Once	Section 5		
Submit Electronic Funds Transfer (EFT) Enrollment Form to OSRAP	Once	Section 5		
Establish non-interest bearing account	Once	Section 5		
Obtain prior written approval from the OCD-DRU if using a general bank account (Non- DR CDBG funds are maintained/tracked)	Once	Section 5		
Publish Notice of Release of Funds or Combined Notice, whichever is appropriate	Once	Section 5		
Maintain documents as described within Section 4	Ongoing	Section 4		

3.3 Construction Management

Construction Management Contract Additional Steps				
Action	Timing	Reference	Yes	N/A
Execute contract documents and applicable bonding and insurance requirements	As needed for all applicable Contracts	Section 2 Section 6		
Review the contract file and associated compliance files to ensure that documentation is complete		Section 2		
Request approval from OCD-DRU if garage space is to be constructed that exceeds maximum size		Section 2		
Inform the prime contractor(s) of his/her responsibilities (via an optional pre-construction conference or other means of notification)		Section 2 Section 7		
For any subcontractors not identified in the bid, obtain the data necessary to verify eligibility, signed required certifications, and written Section 3 (of the HUD Act of 1968) Compliance Plan		Section 2		
Submit Verification form to the OCD-DRU		Section 2		
Issue a Notice to Proceed to each prime contractor.		Section 2		
Check equal opportunity and labor standards compliance files prior to making partial payments		Section 2		
Monitor contractor progress, make progress payments		Section 2		
Perform a final inspection upon receipt of the contractor's Final Request for Payment		Section 2		
Receive all weekly payrolls and Statements of Compliance; resolve discrepancies		Section 2		
Issue acceptance of work and final payment, less the retainage		Section 2		
Prepare and Submit the Final Wage Compliance Report		Section 2 Section 13		
Release the retainage upon the receipt of a clear lien certificate from the contractor		Section 2		
Utilize the comprehensive construction contract checklist to ensure all steps are taken		Section 2		
Maintain documents as described within Section 4	Ongoing	Section 4		

3.4 Record Keeping and Reporting

Record Keeping and Reporting				
Action	Timing	Reference	Yes	N/A
All records should be kept according to requirements within Section 4	Ongoing	Section 4		
Submit required reports to OCD-DRU as described in CEA	Quarterly	Section 2		

3.5 Financial Audits and Monitoring

Financial Audits and Monitoring				
Action	Timing	Reference	Yes	N/A
Submit a copy of the written engagement agreement to the Legislative Auditor of the State of Louisiana for approval of the engagement terms and conditions (only if an independent CPA is engaged to prepare an audit or compilation)	As needed	Section 5		
If \$50,000 or less and revenue received, submit annual sworn financial statements	Annually	Section 5		
If more than \$50,000 but less than \$200,000 and revenue received, submit annual compilation	Annually	Section 5		
If \$200,000 or more but less than \$500,000 and revenue received, submit an annual review, accompanied by an attestation report	Every two years	Section 5		
If less than \$750,000 in federal funds are expended within a fiscal year, submit financial reports	Annually	Section 5		
If more than \$750,000 in federal funds are expended within a fiscal year, conduct a financial audit.	Annually	Section 5		
If more than \$750,000 in federal funds are expended within a fiscal year, conduct a Single Audit. Note: Office of Management and Budget (OMB) increased the threshold from \$500,000 to \$750,000 for fiscal years beginning December 26, 2014.	Annually	Section 5		
Submit data collection form and reporting package of the annual Single Audit to the Federal Audit Clearinghouse (FAC)	Annually	Section 5		
Within 30 days after receipt of auditor's report, submit final copies to the FAC and OCD-DRU	Annually	Section 5		
Respond in writing to the OCD-DRU regarding any findings of noncompliance	As needed	Section 5		
Maintain documents as described within Section 4	Ongoing	Section 4		

3.6 Procurement

Procurement				
Action	Timing	Reference	Yes	N/A
Write and adopt a Procurement Policy to contain all federal requirements contained in 2 CFR 200.318	Once	Section 6		
Write and adopt procedures for procurement transactions prior to securing contract services	Once	Section 6		
Establish a contract administration system	Once	Section 6		
Advertise as an Equal Opportunity Employer	Once	Section 6		
Document efforts to solicit Minority and Women's Businesses	Once	Section 6		
Verify contractor clearance for awarding a construction, consulting, and engineering contracts	Ongoing	Section 6 Section 7		
Make sure that all contractors advertise as Equal Opportunity Employers	Ongoing	Section 6 Section 8		

Involuntary Acquisition of Real Property				
Action	Timing	Reference	Yes	N/A
For expropriation proceedings, contact the OCD-DRU and submit required forms (including if the “Quick-Take” process is used)		Section 10		
Maintain documents as described within Section 4	Ongoing	Section 4		

3.13 Residential Permanent Relocation

Residential Permanent Relocation				
Action	Timing	Reference	Yes	N/A
Provide Notice of Eligibility for Relocation Assistance	For each applicable property	Section 10		
Send a HUD “When a Public Agency Acquires your Property” brochure to owner		Section 10		
Send a copy of the Grievance Procedure taken from the grantee’s local Relocation Policy to owner		Section 10		
Conduct interview and survey with each URA recipient		Section 10		
Locate and inspect replacement housing		Section 10		
Provide counseling and appropriate referrals to social service agencies		Section 10		
Offer or pay for transportation (e.g., taxi, rental car) to inspect housing for all displaced persons		Section 10		
Send 90-day Notice to Vacate		Section 10		
Provide permanent relocation benefits		Section 10		
Maintain documents as described within Section 4	Ongoing	Section 4		

3.14 Residential Temporary Relocation

Residential Temporary Relocation				
Action	Timing	Reference	Yes	N/A
Send Notice of Nondisplacement to tenant	For each applicable property	Section 10		
Determine if relocation is needed		Section 10		
Send Temporary Relocation Notice		Section 10		
Inspect Temporary Relocation Unit		Section 10		
Provide temporary relocation benefits		Section 10		
Maintain documents as described within Section 4	Ongoing	Section 4		

3.15 Business Relocation

Business Relocation				
Action	Timing	Reference	Yes	N/A
Provide General Information Notice to business to be displaced	For each applicable property	Section 10		
Send HUD Information Booklet, Relocation Assistance to Displaced Businesses, NPOs, and Farms (HUD 1043-CPD)		Section 10		
Send Notice of Relocation Eligibility		Section 10		
Provide business relocation benefits		Section 10		
Maintain documents as described within Section 4	Ongoing	Section 4		

3.16 Property Management

Property Management				
Action	Timing	Reference	Yes	N/A
Obtain title to property	For all	Section 11		

Property Management				
Action	Timing	Reference	Yes	N/A
Maintain adequate records documenting the proper use of property	property acquired/ purchased	Section 11		
Conduct a physical inventory of the property at least once per year		Section 11		
Properly dispose of equipment		Section 11		
Document the proceeds of the sale of Disaster Recovery CDBG property as program income		Section 11		
Request approval from OCD-DRU to use equipment acquired with DR-CDBG funds as a trade-in on replacement property	As needed	Section 11		
Maintain Property Control Tracking log	Ongoing	Section 11		
Maintain documents as described within Section 4	Ongoing	Section 4		

3.17 Close-out

Close-out				
Action	Timing	Reference	Yes	N/A
Conditional Close-out (for each project)				
Prepare Project Completion Report; submit 2 copies to OCD-DRU	For each project	Section 13		
Prepare three Certificate of Completion forms and submit to OCD-DRU (all with original signatures)		Section 13		
Submit Requests for Project Amendments to reallocate any unutilized funds.		Section 13		
Dispose of Property	For each Project	Section 13		
Return Program Income to OCD-DRU		Section 13		
Obtain a clear lien certificate if required for Project Completion Report		Section 13		
Receive Conditional Close-out Letter from the OCD-DRU		Section 13		
Final Close-out (for each project)				
Submit all financial reports to the OCD-DRU	For each Project	Section 13		
Conduct an audit in accordance to Single Audit, if applicable		Section 13		
Receive Final Project Close-out Letter from the OCD-DRU		Section 13		
Dispose of all property accordingly	Ongoing	Section 11 Section 13		
Grantee/CEA Close-out				
Prepare Grantee/CEA Final Performance Report; submit to the OCD-DRU	Once, at the end of the CEA/ Grant	Section 13		
Return excess funds to the OCD-DRU as required.	Once	Section 13		
Receive final Grantee/CEA close-out letter from the OCD-DRU	Once	Section 13		
Maintain documents as described within Section 4	Ongoing	Section 4		

3.18 Lead-Based Paint, Asbestos, and Mold

Environmental Review				
Action	Timing	Reference	Yes	N/A
Perform Lead-Based Paint assessment, as applicable	As applicable	Section 14		
Disclose Lead-Based Paint Hazards to tenants, as applicable	As applicable	Section 14		
Inspect structures and ensure demolition and/ or renovation practices comply with CAA and OSHA if asbestos is found and will be disturbed	As applicable	Section 14		

Section 4

Records Management

Section 4 – Records Management

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Files to Maintain	Notes/Dates
<ul style="list-style-type: none"> <input type="checkbox"/> Advertisements for bids <input type="checkbox"/> Bid documents <input type="checkbox"/> Evidence of submittal to and/or review by cognizant state or federal agency having jurisdiction over project <input type="checkbox"/> Conformance with Architectural Barriers Act, if applicable <input type="checkbox"/> List of proposed bidders and suppliers receiving copies of the bid documents <input type="checkbox"/> Minutes of public bid opening <input type="checkbox"/> Tabulation of bids with copy of the bid proposal <input type="checkbox"/> Bidder qualification information; verification of contractor license <input type="checkbox"/> Notice of award of the contract to the lowest responsible bidder <input type="checkbox"/> Notice to Proceed <input type="checkbox"/> Cost breakdown, if required <input type="checkbox"/> Evidence of contractor and subcontractor verification of eligibility and approval <input type="checkbox"/> Architect/engineer inspection reports or project status reports, field measurements and test results (“Construction Inspection Reports”) <input type="checkbox"/> Records of claims, disputes, et cetera <input type="checkbox"/> Change orders and field orders with supporting documentation and justification <input type="checkbox"/> Final inspection and acceptance of project <input type="checkbox"/> Clear lien certificate and final payment to contractor <input type="checkbox"/> As-built drawings <input type="checkbox"/> Correspondence, memoranda, and other records that may relate to construction contracts <input type="checkbox"/> Verification of contractors' compliance with Section 3 (of the HUD Act of 1968) regulations <input type="checkbox"/> Comprehensive Construction Contract Checklist (See Sample in Exhibit 2-4) 	

4.5 Financial Management Files

Files to Maintain	Notes/Dates
<p>Financial Management (<i>Refer to Manual Section 5</i>)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Authorized Signature Form <input type="checkbox"/> Financial Management Questionnaire (mailed with “Application Revision Letter”) <input type="checkbox"/> Electronic Funds Transfer Enrollment Form 	

Files to Maintain	Notes/Dates
<input type="checkbox"/> Process to Change forms <input type="checkbox"/> Requests for Payment <input type="checkbox"/> General-purpose Financial Statements (Statement Of Revenues, Expenditures And Changes In Fund Balance And A Balance Sheet) <input type="checkbox"/> Record of commitment of other funds <input type="checkbox"/> Source documentation (contracts, purchase orders, vouchers, invoices, requests for partial payment, etc.) <input type="checkbox"/> Support documentation (canceled checks, deposit slips, monthly bank statements, etc.) <input type="checkbox"/> Grantee Code of Ethics <input type="checkbox"/> Grantee audits	

4.6 Audit Files

Files to Maintain	Notes/Dates
<p>Audit (Refer to Manual Section 5 and Section 6)</p> <input type="checkbox"/> Method utilized to procure audit firm(s) <input type="checkbox"/> Professional Services Agreement with independent CPA (“written engagement agreement”) <input type="checkbox"/> Financial Reports <input type="checkbox"/> Information relating to Financial Reports costs <input type="checkbox"/> Data collection Form and Reporting Package add <input type="checkbox"/> Financial Reports required if Single Audit is not done <ul style="list-style-type: none"> <input type="checkbox"/> Annual sworn financial statements if revenue received was \$50,000 or less, <input type="checkbox"/> An annual compilation if revenue received was more than \$50,000 but less than \$200,000, <input type="checkbox"/> An annual review to be accompanied by an attestation report, if revenue received was \$200,000 or more but less than \$750,000, or <input type="checkbox"/> An annual audit if revenue received was \$750,000 or more. <input type="checkbox"/> Independent Audit Results, Support Documentation, and Corrective Actions <u>Force Account, if required</u> <ul style="list-style-type: none"> <input type="checkbox"/> Contact the OCD-DRU for record keeping requirements with respect to force account. 	

Section 5

Financial Management

Section 5 – Financial Management

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Section 5 - Financial Management

1.0 Introduction

A fundamental purpose of financial management is to ensure the appropriate, effective, timely and honest use of funds.

Specifically, grantees must ensure that:

1. Internal controls are in place and adequate;
2. Documentation is available to support accounting record entries;
3. Financial reports and statements are complete, current, reviewed periodically; and,
4. Audits are conducted in a timely manner and in accordance with applicable standards.

2.0 Requirements

In establishing a financial management system, grantees are to follow 2 CFR Part 200.300 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”

The Disaster Recovery CDBG Regulations include but are not limited to:

1. **“Community Development Block Grant Program”**
Subpart I governs the State CDBG Program. Section 570.489 details program administrative requirements (Note applicable HUD waivers).
2. **Louisiana Travel Guide, Policy and Procedure Memorandum 49**
Louisiana travel regulations that provide guidelines and establishes procedures for individuals incurring business travel and other expenses. See www.doa.louisiana.gov/osp/travel/travelpolicy.htm

Both 2 CFR Part 200 and 24 CFR Part 570 govern CDBG grantee financial management systems. In addition, the use and accounting for Disaster Recovery CDBG funds are governed by the OCD-DRU requirements and Treasury Circular 1075. Failure to account for and manage Disaster Recovery CDBG funds accordingly may result in sanctions imposed by the OCD-DRU and/or HUD.

The Common Rule requires that the grantee's financial management system provide the following:

1. Accurate, current, and complete disclosure of financial results;
2. Records that identify adequately the source and application of grant funds;
3. Comparison of actual outlays with amounts budgeted for the grant;
4. Procedures to minimize the amount of time elapsed between the transfer of funds from the US Treasury and the disbursements by the grantee;
5. Procedures for determining reasonableness and allowable costs;
6. Accounting records that are supported by appropriate source documentation; and,
7. A systematic method to assure timely and appropriate resolution of audit findings and recommendations.

The three basic functions, which must be served by the financial management system, are:

1. The financial management system must have an identified procedure for recording all financial transactions;
2. All expenditures should be related to allowable activities in the CEA approved by the OCD-DRU; and,
3. All expenditures of Disaster Recovery CDBG funds must be in compliance with applicable laws, rules, and regulations.

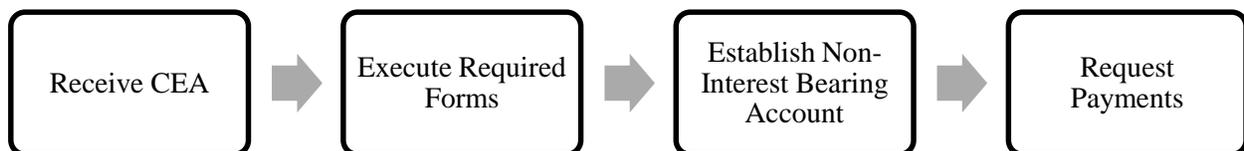
3.0 Definitions, Acronyms or Terminology

Please reference these terms for explanation of commonly used names, acronyms, and phrases used within this section.

1. **Administrative Cost** - Cost activities that are required to meet federal regulations that include things like grants management, monitoring, financials, reporting, etc. General rule of thumb is that if it crosses multiple projects, it is probably an administrative cost. Contact the OCD-DRU for additional guidance and specific examples of activities and under which categories by program area these activities should be budgeted and/or invoiced.
2. **Allowable Cost** – Costs that are in line with 2 CFR Part 200, Subpart E – Cost Principles
3. **Project Cost** – Total of Disaster Recovery CDBG funds, local or other matching funds, and total business investment in the project.
4. **Project Delivery Cost** – Costs similar to administrative costs, but are used specifically to meet the requirements to complete a particular project, especially as it applies to meeting CDBG requirements.
5. **FDIC** – Federal Deposit Insurance Corporation
6. **Direct Cost** – Any project cost/project delivery cost that is identified specifically with a particular final cost objective. Direct costs are not limited to items that are incorporated in the end product as material or labor. Costs identified specifically with a contract are direct costs of that contract. All costs identified specifically with other final cost objectives of the contractor are direct costs of those cost objectives.
7. **Indirect Cost** – Any cost not directly identified with a single final cost objective, but identified with two or more final cost objectives or with at least one intermediate cost objective.
8. **Real Property** – Land, including all the natural resources and permanent buildings on it.
9. **Program Income** – Gross income received by the grantee directly generated from the use of Disaster Recover CDBG funds or matching contributions
10. **Taxpayer Identification Number (TIN)** -The number required by the IRS to be used by the offeror in reporting income tax and other returns. The TIN may be either a Social Security Number or an Employer Identification Number.

4.0 Establishing the Disaster Recovery CDBG Funds Account

The process for establishing a Disaster Recovery CDBG Funds Account is illustrated in the diagram below:



4.1 Receive CEA

Three copies of the Disaster Recovery CDBG CEA will be provided that identifies the following:

1. Activities funded;
2. CEA amount; and,
3. General terms and conditions.

Grantee should read the CEA carefully before signing it. One copy will be returned to the grantee for its records when the CEA has been signed by the appropriate OCD-DRU officials. The CEA is fully executed only after all OCD-DRU signatures have been obtained.

4.2 Execute Necessary Forms

The following forms are necessary before the OCD-DRU will proceed to establish the grantee's Disaster Recovery CDBG account in the OCD-DRU accounting system. No funds can be drawn until this account is established. The OCD-DRU requires the following financial documents to be completed and returned by the grant recipient:

1. Request for Vendor Information (Exhibit 5-1)
2. IRS Form W-9 (if applicable) (Exhibit 5-2)
3. OCD-DRU Authorized Signature Form (Exhibit 5-3)
4. Electronic Funds Transfer Enrollment Form (Exhibit 5-4)
5. Financial Management Questionnaire

The HUD Form 2880 (Exhibit 5-5) and Statement of Assurances (Exhibit 5-6) should be submitted during the application period.

4.2.1 Authorized Signature Form

To establish a Disaster Recovery CDBG account with the OCD-DRU, an Authorized Signature Form (Exhibit 5-3) must be completed. This Form must be completed carefully with no erasures or corrections. Signatures must match the typed or printed names. The certifying officer must apply a date to the Form by his or her signature. The Form designates who is authorized to sign the community's Requests for Payment. One Form with original signatures must be submitted to the State. Detailed line by line instructions are included on the back of the Form. If a change is needed to the names of the persons authorized to sign Requests for Payment at any time during the project, a new Authorized Signature Form must be submitted to the OCD-DRU.

4.2.2 Electronic Funds Transfer Enrollment Form

An Electronic Funds Transfer (EFT) Enrollment Form is attached as Exhibit 5-4 and located at www.doa.louisiana.gov/osrap/EFTforWebSite.pdf. This form tells the OCD-DRU where the Disaster Recovery CDBG funds should be deposited. **This form is sent to the Office of Statewide Reporting and Accounting Policy (OSRAP).**

4.2.3 Process to Change Forms

If any of these forms need to be changed at any time during the project, the information can be changed by providing the OCD-DRU revised Electronic Funds Transfer Enrollment Form. It will take approximately fourteen days to process a change. Please allow at least fourteen days for processing before submitting a Request for Payment.

4.3 Establish Account

4.3.1 Non-Interest Bearing Account

Funds are to be deposited into a separate non-interest bearing account which is to be balanced on a monthly basis. Use pre-printed, pre-numbered checks, not counter checks. After the project is closed, the same account can be used for subsequent grants by voiding three to four checks. If the grantee uses computer generated checks, appropriate safeguards must be in place.

4.3.2 Central Bank Account or Clearing Account

If the grantee is interested in using its general bank account, it must obtain prior written approval from the OCD-DRU. If a general bank account is used, separate financial statements for the Disaster Recovery CDBG grants must be produced. If utilizing this procedure, all invoices for which payment is requested must be paid in advance, and the checks must be cleared before reimbursement by the OCD-DRU. If interest is accrued on Disaster Recovery CDBG funds, the OCD-DRU must collect it from the grantee.

4.3.3 Insured Account

Funds for the project must be deposited into an account that is FDIC insured. The bank must provide collateral to secure those funds that are in excess of \$250,000. Bank accounts must be secured by FDIC insurance or bank pledged collateral for the full amount of Disaster Recovery CDBG funds held in the account.

5.0 When Funds Can Be Drawn

Funds can be drawn once the CEA is executed and approved by the Office of State Procurement, and all required forms are submitted and an account is set up.

6.0 Requesting Payment

The process for requesting payment is specific to a particular disaster. Separate processes may be assigned to requests for funds to cover Administrative, Project Delivery and Direct Project costs. It is anticipated that the OCD-DRU will employ an electronic payment request and disbursement system. The OCD-DRU will provide instruction and technical assistance to grantees regarding the process for requesting payment, making fund disbursements, and the associated record keeping requirements related to each specific disaster.

Please remember: Grantees may not earn interest on the deposit of federal funds pending disbursement. Federal funds on hand must be disbursed before requesting additional funds.

Requests for payments must be authorized according to the grantee's internal control process and signed by the person designated on the Authorized Signature Form. For additional guidelines on establishing appropriate internal controls, see Subsection 8.0 below.

7.0 Procedures for Financial Administration

This task presents an overview of the accounting procedures that must be followed in order to comply with state and federal requirements under the Disaster Recovery CDBG program.

7.1 Documenting Use of Funds

All funds must be documented appropriately to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes (2 CFR 200.300). The grantee must certify to this on each Request for Payment submitted to the OCD-DRU.

7.2 Financial Management System Adequacy

The grantee will receive a Financial Management Questionnaire, which must be completed and returned to the OCD-DRU Finance Department. The OCD-DRU will review this and other information to determine the adequacy of the grantee’s financial management system prior to the award of the grant (2 CFR 200.300). A copy of the grantee’s bonding certificate or fidelity policy, and proof of payment or renewal will be required. This should accompany the grantee’s audit.

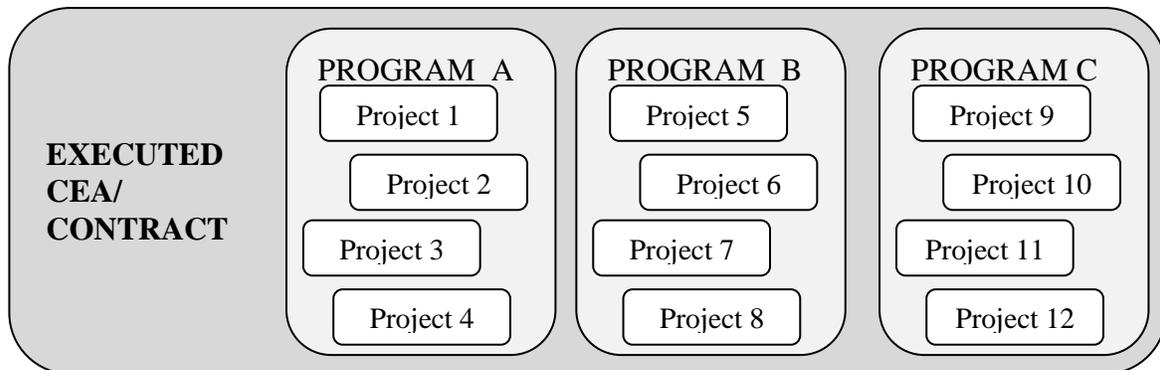
7.3 Accounting Records

Accounting records must be maintained that adequately identify the source and application of funds provided for grant-assisted activities. The accounting for the Disaster Recovery CDBG program has to be on a modified accrual basis. The accounting system must provide the functionality to track receipts and expenditures and generate financial statements on an as-requested basis. Examples of these general purpose financial statements are shown in Exhibit 5-7. If assistance is needed in complying with this requirement, please contact the OCD-DRU staff.

The grantee must track and report on each project within each program of the grant separately.

When reported in the grantee’s audit, the Disaster Recovery CDBG funds utilized for each project should be separately identified.

In the example below, the grantee has implemented twelve different projects within their one CEA. The projects are within three different programs. The grantee must be able to report on each of the twelve projects separately.



7.4 Support Documents

Accounting records must be supported by such source documentation as cancelled checks, paid bills, invoices, purchase vouchers, payrolls, deposit slips, time and attendance records, CEA and sub-grant award documents, etc. (2 CFR 200.300). Do not make a payment without invoices and vouchers physically in hand. All vouchers/invoices should be on vendors' letterhead.

Source documentation should explain the basis of the costs incurred and the actual dates of the expenditure. For example, source documentation on payments to contractors would include a request for payment, proof of inspection to verify work and materials, and cancelled checks.

DRU encourages the use of purchase orders when preparing expenditures for payment of any cost associated with the project. These documents are prepared in accordance with local policies and procedures as well as those required by federal regulations.

7.5 Record Keeping

Financial records are to be retained for a period of five years after final closeout of the State's Disaster Recovery grant by HUD, with access guaranteed to State officials, their representatives, or HUD representatives. Audit requirements are discussed later in this Section.

See Section 4 – Records Management for additional record keeping requirements and a comprehensive list of all financial documents required to be maintained.

8.0 System of Internal Controls

Internal controls refer to the combination of policies, procedures, defined job responsibilities, personnel, and records that allow an organization (or an agency) to maintain adequate oversight and control of its cash, property, and other assets. The soundness of any grantee's financial management structure is determined by its system of internal controls.

Specifically, internal controls refer to:

1. Effectiveness and efficiency of operations;
2. Reliability of financial reporting; and,
3. Compliance with applicable laws and regulations.

With a sound internal control system, a grantee can ensure:

1. Resources are used for authorized purposes and in a manner consistent with applicable laws, regulations, and policies;
2. Resources are protected against waste, mismanagement or loss; and,
3. Information on the source, amount, and use of funds is reliable, secured, and up-to-date and that this information is disclosed in appropriate reports and records.

As part of an effective internal control system, one person should be designated as responsible for financial management of a Disaster Recovery CDBG project. This person should be familiar with the grantee's present accounting system. The accounting of Disaster Recovery CDBG funds can be integrated into the grantee's existing system.

8.1 Basic Elements

The basic elements of an Internal Control System for Financial Management include:

1. Organizational chart showing lines of authority for all individuals involved in approving or recording financial transactions.
2. Written position descriptions describing responsibilities of all employees with a relationship to financial and accounting issues.
3. Written policy manual specifying approval authority for financial transactions and guidelines for controlling expenditures.
4. Written procedures for recording of financial transactions, as well as an accounting manual and a chart of accounts.
5. Adequate separation of duties to assure that no one individual has authority over an entire fiscal transaction.
6. Hiring policies that ensure financial staff qualifications are equal to job responsibilities and that individuals hired are competent to do the job.
7. Access to accounting records, assets, blank forms, and confidential records are adequately controlled, such that only authorized persons can get access to them.
8. Procedures for regular reconciliation of financial records, comparing a grantee's records with actual assets and liabilities of the organization.

8.2 State Requirements

The OCD-DRU requires that each grantee establish a system of internal controls that meet the following six minimum requirements:

1. No individual shall have complete control over all phases of any significant transaction. This means, for example, that the same person cannot authorize payment, record transactions, and sign checks.
2. Record keeping must be separate from operations and the handling and custody of assets.
3. Monthly reconciliation and verifications of cash balances with bank statements shall be made by employees who do not handle or record cash, or sign checks.
4. Actual lines of responsibility shall be clearly established and then adhered to as closely as possible.
5. The person who prepares payroll should not handle the related paychecks.
6. All persons who handle financial transactions shall be bonded in accordance with State law. All persons who handle financial transactions for Disaster Recovery CDBG shall have a current bond or fidelity policy.

9.0 Rules of Expenditure (Other Program-Related Expenditures)

9.1 Office Equipment

Office equipment is considered a capital expenditure and is not allowed as direct charges except where approved in advance by the OCD-DRU. When purchasing or leasing equipment, grantees must take care to act in compliance with 2 CFR 200.320 and 326. See Section 6 - Procurement Methods and Contractual Requirements of this Manual for guidelines for meeting procurement requirements.

In addition, any Disaster Recovery CDBG funds expended to lease or purchase equipment will result in disallowed costs unless the grantee can establish - and has fully documented in the project files - that the expenditure(s) was reasonable, necessary, and allowable for the grant, and was not a general expense required to carry out the overall responsibilities of local government as required by 2 CFR 200.400. Prior to the lease or purchase of any equipment with Disaster Recovery CDBG funds, grantees should carry out an analysis of lease versus purchase alternatives and any other appropriate analysis to determine which approach would be the most economical. This analysis must be fully documented in the project files.

9.2 Items in Excess of \$1,000.00

If the expected total cost of any single leased or purchased item exceeds one thousand dollars (\$1,000.00) during the course of the grant, prior approval from the OCD-DRU is required.

9.3 Employees Paid From Disaster Recovery CDBG Funds

All employees paid in whole or in part from Disaster Recovery CDBG funds should prepare timesheets indicating the hours worked and detailed duties performed on Disaster Recovery CDBG projects for each pay period. The grantee should account for the total of the employees' activities in accordance with 2 CFR 200.400. A contemporaneous journal entry in the grant recipient's General (or appropriate) Fund should be made indicating "Due from Disaster Recovery CDBG" for the amount allocated of the employee's payroll to be reimbursed from Disaster Recovery CDBG. Each time the grant recipient submits a Request for Payment, all of the "Due from Disaster Recovery CDBG" amounts accumulated to that point should be added to that Request for Payment. The appropriate journal entry for the Disaster Recovery CDBG Capital Projects Fund will be a debit to Administration expenditure and a credit to Due to General (or appropriate) fund. A sample timesheet is shown in Exhibit 5-8. The grant recipient may use their own timesheet providing it contains the equivalent information including the distribution of payroll costs and is signed by a knowledgeable supervisor and the employee.

See Section 7 - Labor Regulations for additional payroll requirements.

9.4 Real Property vs. Rent

Real property or trailers cannot be purchased with Disaster Recovery CDBG funds to accommodate administrative staff. Office space may be leased or rented if necessary. Rent paid shall not exceed average office rental costs in the community. Further, rental of administrative space for three years is substantially less expensive than purchase of property. It is more cost

effective and insures that the maximum amount of Disaster Recovery CDBG funds is spent for activities that benefit low-to-moderate income residents.

See Section 11 - Property Management for guidelines on managing property purchased with Disaster Recovery CDBG funds.

9.5 Allowable Costs

Cost incurred must be in line with 24 CFR Part 200 and 2 CFR 200.400. It is a grantee's responsibility to ensure that Disaster Recovery CDBG funds are spent only on reasonable and necessary costs associated with project activities.

The grantee must establish policies and procedures for determining cost reasonableness, allowability, and allocability of costs.

9.6 Indirect Costs

In order for indirect costs to be charged to the grant, the Indirect Cost Plan must be approved by the Cognizant Agency. The approved Indirect Cost Proposal must be submitted to OCD-DRU for review. Grantees should review 2 CFR Part 200.400 for additional guidelines regarding indirect costs.

9.7 Direct Costs

Costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a degree of accuracy. Examples of direct costs: Program staff salaries, space occupied by direct staff, supplies used by direct staff, and communications used by direct staff.

9.8 Project Costs/Project Delivery Costs

Those costs directly linked to a project can fall into two categories: Project Delivery and Project Costs. These activities will need to be properly categorized when Parishes submit Request for Payment forms for reimbursement from the Disaster Recovery CDBG program. Note that there is no requirement to designate a specific budget for project delivery; however, project delivery will be monitored for reasonableness and generally falls within 15% of total project cost.

Project Delivery Costs are similar to administrative costs, but are used specifically to meet the requirements to complete a particular project, especially as it applies to meeting CDBG requirements. This would include things such as eligibility verification, environmental clearance, project monitoring, application development, etc.

Project Costs are the direct costs of the project, such as the amount of the actual loan or grant provided, construction costs, etc.

9.9 Local Government Costs

A grantee may be reimbursed with grant funds to cover general expenses such as attendance to project-related workshops, travel, staff time, legal fees, advertising fees, audit fees, and costs associated with Section 504 compliance.

9.10 Administrative Costs

Cost activities that are required to meet federal regulations include things like grants management, monitoring, financials, reporting, etc. General rule of thumb is that if it crosses multiple projects, it is probably an administrative cost. The table below provides guidance and specific examples of activities and under which categories by program area these activities should be budgeted and/or invoiced. Contact the OCD-DRU for additional clarification.

Program Type(s)	Administrative Cost Examples
General	Cost activities that are required to meet federal regulations that include things like management, monitoring, financials, reporting, etc. General rule of thumb is that if it crosses multiple projects, it is probably an admin cost.
<ol style="list-style-type: none"> 1. Homeowner Rehab 2. Rental Rehab 3. Homeownership financing 4. Homeowner Compensation 5. Housing Relocation 6. Homeless Prevention 7. Neighborhood Redevelopment 8. Infrastructure 9. Economic Development Grant and Loan 10. Economic Development Workforce 11. Community Resiliency 12. Public Services Program 	Management, financial, reporting, compliance and monitoring requirements that span multiple projects.

9.11 Program Income

Program income means gross income received by a state, a unit of general local government or a subrecipient of a unit of general local government that was generated from the use of CDBG funds (24 CFR 570.500(a)), except that program income does not include the total amount of funds which is less than \$35,000 received in a single year that is retained by a unit of general local government and its recipients.

Examples of Program Income include:

1. Proceeds from the sale or long-term lease of real property purchased or improved with CDBG funds.

2. Proceeds from the disposition of equipment purchased with CDBG funds.
3. Gross income from the use or rental of property acquired by the grantee or subrecipient with CDBG funds, less the costs incidental to the generation of such income.
4. Gross income from the use or rental of property owned by the grantee or subrecipient that was constructed or improved with CDBG funds, less any costs incidental to the generation of such income.
5. Payments of principal and interest on loans made using CDBG funds.
6. Proceeds from the sale of loans made with CDBG funds.
7. Proceeds from the sale of obligations secured by loans made with CDBG funds.
8. Interest earned on program income, pending the disposition of such program income.
9. Funds collected through special assessments made against properties owned and occupied by households not of low- and moderate-income, where such assessments are used to recover part or the entire CDBG portion of a public improvement.

Generally, any program income received by a grantee must be returned to the OCD-DRU; however the OCD-DRU may make exceptions on a case-by-case basis.

Program income does NOT include any income received in a single program year by the recipient and all its subrecipients if the total amount does not exceed \$35,000; and amounts generated by activities that are financed by a loan guaranteed under section 108 of the Act and meet one or more of the public benefit criteria specified at 24 CFR 570.209(b)(2)(v) or are carried out in conjunction with a grant under section 108(q) in an area determined by HUD to meet the eligibility requirements for designation as an Urban Empowerment Zone pursuant to 24 CFR part 597, subpart B. Additionally, program income does NOT include any funds generated from activities carried out by 105(a)(15) Non Profit entities.

10.0 Changes in the Grant

The OCD-DRU approved the application based upon the specific purpose of and items included in the project description and cost estimate. Deviations from those items require written approval from the OCD-DRU; failure to receive that approval could result in disallowed costs. This approval must be obtained prior to putting the project out for bid. See Section 2 – Administration for additional guidance on requesting amendments or changes to the grant.

10.1 Left-over Money

If all of the approved activities and items in the approved cost estimate have been completed and there are funds remaining due to cost under-runs, the use of those funds is subject to prior approval from the OCD-DRU procedure for requesting a program amendment as described in Section 2 – Administration. Amendments to the approved program can neither be requested nor approved through the submittal of engineering change orders.

The OCD-DRU will review all requests for an amendment very carefully to determine how the proposed change relates to the approved project. In making that determination, the OCD-DRU will ascertain as to whether or not the proposed change is an integral part of the originally approved project and is necessary to complete the project as originally approved. The OCD-DRU will also review the site location of the proposed change in relation to the originally

approved target area. If there is a budget under-run and an expansion of the target area is requested, expansions will have to be contiguous to the original target area. The overall project will still have to primarily benefit low-to-moderate income persons. After making any adjustments to the scope of the original application, the revised application will still have to remain above the funding line. The scope and intent of expansion will have to be kept within the scope and intent of the originally funded application.

11.0 Audit Process

One of the primary financial management requirements implicit with the use of federal funds pertains to audits. Audits are a critical component of any financial management system. Regardless of the type or size of the entity, an effective audit can improve management operations and yield significant dollar savings.

An audit is a series of selective tests that give the auditor a basis for judging whether financial records can be relied upon. Audits are an important part of effective financial systems, as they produce useful financial reports and verify the reliance of those reports. There are both federal and state requirements for audits. 2 CFR 200.500 provides federal requirements for audits of governmental entities and nonprofit organizations. Failure to comply with the audit requirements can jeopardize the grantee's ability to draw grant funds and to receive future grants.

11.1 State Requirements

An audit or financial report is required from each grantee annually within six months (180 days) after the grantee's fiscal year end. Audits that are not received within this six month time period will be placed by the Legislative Auditor on a "Delinquent Audit List." Once placed on this list, the entity will be barred from receiving funds from any source including Disaster Recovery CDBG. This list is posted on the Legislative Auditor website (www.la.state.la.us/) and is updated daily as audits are sent in.

11.2 Federal Requirements

For fiscal years starting December 26, 2014, non-Federal entities that have expended more than \$750,000 in federal funds within a fiscal year are required to have a Single Audit conducted (See Subsection 11.2.1).

Note: On December 26, 2013, the Office of Management and Budget (OMB) published 2 CFR Part 200. As a result, the threshold for non-Federal entities to perform a Single Audit was increased from \$500,000 of federal funds to \$750,000. To ensure the uniform application of the requirements of Subpart F of 2 CFR Part 200 (Audit Requirements) for all Federal programs, the requirements are not applicable to fiscal years beginning before December 26, 2014.

If an organization expends less than \$750,000 a year in federal funds, it is exempt from the federal audit requirements for that year, but financial records must be made available if needed (see Subsection 11.2.2).

Under 2 CFR 200.500, audits must be completed within nine months of the end of the fiscal year. However, state law required the audit be completed and submitted within six months after the end of the fiscal year (See RS 24:513). All auditees must submit to the Federal Audit Clearinghouse (FAC) the data collection form and reporting package upon completion of the annual audit in accordance with 2 CFR 200.500.

Grantees have no later than 30 days after receipt of the auditor's report to submit the final copies to the FAC. The grantee should also forward one copy to the OCD-DRU.

11.2.1 Single Audit

Under the provisions of 2 CFR 200.500, an audit is required whenever the amount of federal expenditures (Disaster Recovery CDBG program funds plus all other federal expenditures) in a year exceeds \$750,000. This type of audit, which includes a full set of financial statements and other detailed information, is often referred to as a "single audit." The single audit will meet federal accountability requirements and will also be sufficient to meet state accountability requirements.

11.2.2 Other Types of Financial Reports

If less than \$750,000 in total federal funds is **expended** in an entity's fiscal year, a single audit is not required, but other requirements called for by state law and Disaster Recovery CDBG policies must be met.

If a grantee determines that a single audit is not required, state law (RS 24:513) and the Disaster Recovery CDBG CEA require the submission of one of the following types of reports, based on revenues received from all sources during a fiscal year:

1. An annual sworn financial statement if revenue received was \$75,000 or less,
2. An annual compilation of its financial statements, with or without footnotes, if revenue received was more than \$75,000 but less than \$200,000,
3. An annual review of its financial statements to be accompanied by an attestation report, if revenue received was \$200,000 but less than \$750,000,
4. An annual audit, if revenue received was \$750,000 or more.

The above guidelines are a summary of the State's audit requirements; refer to RS 24:513 for the complete requirements.

When a grantee engages an independent CPA to prepare an audit or compilation, a copy of the written engagement agreement must be furnished to the Legislative Auditor of the State of Louisiana for approval of the engagement terms and conditions. The Legislative Auditor will forward to the independent CPA a copy of the approved engagement agreement. Approval is now available via fax or e-mail.

Upon completion of the financial report, in addition to the copies filed with the Legislative Auditor, a copy of the audit or financial statement, together with all written communications between the CPA and the grantee, must be furnished to the OCD-DRU.

Grantee management is expected to respond in writing to the OCD-DRU regarding any findings of noncompliance, control structure comments or recommendations cited by the independent CPA in his or her reports or in a report issued by the Legislative Auditor. Such response should identify each finding or comment and the action(s) that has been taken or is planned to be taken.

If an action has not been taken, provide the approximate date the action will be completed, or explain why no action is believed to be required.

11.3 Audit Costs

The only costs allowable under the Disaster Recovery CDBG Program for financial report preparation are single audit costs. If single audit costs are to be charged to the Disaster Recovery CDBG program, the grantee must follow the "Procurement" guidelines established under the Common Rule. A written procurement policy must be prepared and adopted by the governing body. Such policy should clearly prohibit elected officials, staff, or their agents from obtaining any benefit from procurement contracts. Specific guidance is presented in Section 6 – Procurement Methods and Contractual Requirements. However, due to the importance of the audit process, grantees are reminded that not all CPAs are qualified to perform audits of governmental entities and in particular, under the Single Audit Act. Care should be exercised to select an experienced, qualified firm, rather than simply selecting the firm offering to perform the audit at the lowest price.

The portion of the total single audit cost which can be charged to the Disaster Recovery CDBG program may be determined by multiplying the total single audit cost times a fraction, the numerator of which is the Disaster Recovery CDBG program expenditures for the period, and the denominator of which is the government entity's total expenditures for the period, including the Disaster Recovery CDBG program expenditures. A calculation of the allowable portion of the single audit cost should be included in the supporting documentation presented with the request for payment.

Under the latest revisions to 2 CFR 200.500, if appropriate documentation of the single audit costs provides a higher amount than the formula, the higher single audit costs may be charged to the program. Supporting documentation should be available for review by Disaster Recovery CDBG staff.

12.0 Resources

Exhibit	Description
Exhibit 5-1	Request for Vendor Information
Exhibit 5-2	IRS Form W-9: Request for Taxpayer Identification Number and Certification
Exhibit 5-3	OCD-DRU Authorized Signature Form
Exhibit 5-4	Electronic Funds Transfer Enrollment Form
Exhibit 5-5	HUD Form 2880: Applicant/Recipient Disclosure/Update Report
Exhibit 5-6	Grantee Statement of Assurances
Exhibit 5-7	Sample Financial Statements
Exhibit 5-8	Sample Time Sheet

Section 6

Procurement Methods and Contractual Requirements

Section 6 – Procurement Methods and Contractual Requirements

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Section 6 - Procurement Methods and Contractual Requirements

1.0 Introduction

This Section establishes standards and guidelines for the procurement of supplies, equipment, construction, engineering, architectural, consulting, and other professional services for Disaster Recovery CDBG programs. These standards are furnished to ensure that such materials and services are obtained efficiently and economically and in compliance with the provisions of applicable Federal and State laws and executive orders.

These standards do not relieve the grantee of any contractual responsibilities under its contracts. The grantee is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurement entered in support of a grant. These include, but are not limited to, source evaluation, protests, disputes, and claims.

2.0 Definition of Terms

1. **Acquisition** - The acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract.
2. **Architect-engineer services** - As defined in 40 U.S.C. 1102, means:
 - a. Professional services of an architectural or engineering nature, as defined by State law, if applicable, that are required to be performed or approved by a person licensed, registered, or certified to provide those services;
 - b. Professional services of an architectural or engineering nature performed by contract that are associated with research, planning, development, design, construction, alteration, or repair of real property; or,
 - c. Those other professional services of an architectural or engineering nature, or incidental services, that members of the architectural and engineering professions (and individuals in their employ) may logically or justifiably perform, including studies, investigations, surveying and mapping, tests, evaluations, consultations, comprehensive planning, program management, conceptual designs, plans and specifications, value engineering, construction phase services, soils engineering, drawing reviews, preparation of operating and maintenance manuals, and other related services.
3. **Bid or sealed bid** - An offer in response to invitations for bids (sealed bidding)
4. **Change order** - A written order, signed by the contracting officer, directing the contractor to make a change that the Changes clause authorizes the contracting officer to order without the contractor's consent.

5. **Cognizant Federal agency** - The Federal agency that, on behalf of all Federal agencies, is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.
6. **Contract** - A mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to) awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications. Contracts do not include grants and cooperative agreements covered by 31 U.S.C. 6301, et seq.
7. **Contracting** - Purchasing, renting, leasing, or otherwise obtaining supplies or services from nonfederal sources. Contracting includes the description (but not determination) of supplies and services required, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration. It does not include making grants or cooperative agreements.
8. **Cost analysis** - The review and evaluation of the separate cost elements and profit in an offeror's or contractor's proposal (including cost or pricing data or information other than cost or pricing data), and the application of judgment to determine how well the proposed costs represent what the cost of the contract should be, assuming reasonable economy and efficiency.
9. **Cost-reimbursement Contracts** - Provide for payment of allowable incurred costs, to the extent prescribed in the contract.
10. **Firm-fixed-price contract** - Provides for a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract.
11. **Offer** - A response to a solicitation that, if accepted, would bind the offeror to perform the resultant contract. Responses to invitations for bids (sealed bidding) are offers called "bids" or "sealed bids"; responses to requests for proposals (negotiation) are offers called "proposals"; however, responses to requests for quotations (simplified acquisition) are "quotations", not offers.
12. **Offeror** – Bidder
13. **Price analysis** - The process of examining and evaluating a proposed price without evaluating its separate cost elements and proposed profit.
14. **Requests for proposals (RFPs)** - Solicitations under negotiated procedures and are used in negotiated acquisitions to communicate Government requirements to prospective contractors and to solicit proposals.
15. **Request for qualifications (RFQs)** - Solicitations under negotiated procedures and are used in negotiated acquisitions to procure the services of an engineering or architectural firm.
16. **Sealed bidding** - A method of contracting that employs competitive bids, public opening of bids, and awards.

17. **Sole source acquisition** - A contract for the purchase of supplies or services that is entered into or proposed to be entered into by an agency after soliciting and negotiating with only one source.
18. **Solicitation** - Any request to submit offers or quotations to the Government. Solicitations under sealed bid procedures are called “invitations for bids”. Solicitations under negotiated procedures are called “requests for proposals.” Solicitations under simplified acquisition procedures may require submission of either a quotation or an offer.
19. **Subcontract** - Any contract as defined above “Contract” entered into by a subcontractor to furnish supplies or services for performance of a prime contract, or a subcontract. It includes but is not limited to purchase orders, and changes and modifications to purchase orders.
20. **Subcontractor** means any supplier, distributor, vendor, or firm that furnishes supplies or services to or for a prime contractor or another subcontractor.

3.0 Procurement Policy

A procurement policy must be written and adopted prior to securing contract services. If a procurement policy is already in place, the grantee must determine whether it includes all federal requirements contained in 2 CFR 200.318. If the policy does not contain all federal requirements (and the grantee intends to use Disaster Recovery CDBG funds to pay for such services), the policy must be amended accordingly. A sample procurement policy is included as Exhibit 6-1.

The grantee’s procurement policy must address the following:

1. A code of conduct that prohibits elected officials, staff, or agents from personally benefiting from Disaster Recovery CDBG procurement must be included. The policy should prohibit the solicitation or acceptance of favors or gratuities from contractors or potential contractors. Sanctions or penalties for violations of the code of conduct by either grantee officials, staff or agents, or by contractors or their agents must be identified [2 CFR 200.318].
2. Proposed procurements should be reviewed by staff to avoid unnecessary and duplicative purchases and to insure costs are “reasonable” [2 CFR 200.318].
3. Affirmative efforts must be undertaken to hire women’s business enterprises, minority firms and labor surplus firms, both by the grantee and the project’s prime contractor [2 CFR 200.318].
4. The method of contracting outlined in the policy should be acceptable (fixed price, cost reimbursement, purchase orders, etc.). Cost plus a percentage of cost and percentage of construction cost contracts are prohibited if Disaster Recovery CDBG funds are involved [2 CFR 200.318].
5. Procedures to handle and resolve disputes relating to procurement actions of the grantee must be included [2 CFR 200.318].
6. All procurement transactions, regardless of dollar amount, must be conducted so as to provide “maximum open and free competition” [2 CFR 200.318]. Some of the situations considered to be restrictive of competition include, but are not limited to:
 - a. Placing unreasonable requirements on firms in order for them to qualify to do business; Requiring unnecessary experience and excessive bonding;

- b. Noncompetitive pricing practices between firms or between affiliated companies;
 - c. Noncompetitive awards to consultants that are on retainer contracts;
 - d. Organizational conflicts of interest;
 - e. Specifying only a “brand name” product instead of allowing an “equal” product to be offered and describing the performance of other relevant requirements of the procurement; and
 - f. Any arbitrary action in the procurement process.
7. Methods of procurement to be followed must be included (Subsections 7.0 through 12.0 below and 2 CFR 200.318).

4.0 Procurement Procedures

4.1 Selection Procedures

Selection procedures for procurement transactions must be written prior to securing contract services [2 CFR 200.319]. These procedures must ensure that all solicitations:

1. Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured;
2. All requirements which the offerors must fulfill; and
3. All other factors used in evaluating bids or proposals.

4.2 Preparing Contracting Procedures to Meet Equal Opportunity Requirements

Applicable equal opportunity language must be included in the bid specifications and contract documents, contractor eligibility must be verified, required documentation must be secured, and compliance must be monitored. See Exhibit 6-2 for sample bid documents and construction contract provisions.

Disaster Recovery CDBG recipients must make affirmative efforts to use minority and women-owned firms when possible:

1. Place qualified firms on solicitation lists.
2. Divide total requirements into smaller tasks.
3. Establish delivery schedules that encourage participation.
4. Use SBA and Minority Business Development Agency services.
5. Require prime contractors to take same affirmative steps.

A description of the equal opportunity provisions and their applicability are found in Section 8 - Civil Rights.

5.0 Conflict of Interest

An organizational conflict of interest means that, because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to

the Government, or the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.

Conflicts of interest in the award and/or administration of contracts must be avoided. “No employee ... of the grantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, **real or apparent** (perceived), would be involved. Such a conflict would arise when...the employee, any member of his (her) immediate family, his or her partner...has a financial or other interest in the firm selected for award” (2 CFR 200.318). Other federal regulations with which the grantee must comply are the conflict of interest requirements in 24 CFR 489(h) which are included as Exhibit 6-3.

Conflicts of interest may be governed also by state law (located in a memorandum from the Louisiana Board of Ethics at: www.ethics.state.la.us/Pub/InfoSheets/GiftsRev2-09.pdf) or local law or ordinance.

Example of a real or apparent (perceived) conflict:

A jurisdiction desires to hire a contractor to perform grant administration activities and engineering services related to a Disaster Recovery CDBG project. The jurisdiction conducts separate procurements for each of these separate services. After evaluating proposals for each services, the jurisdiction elects to award both the grant administration and engineering services to the same entity.

This situation may or may not, in itself, result in a conflict of interest, but that must be determined prior to signing the contracts. Consideration should be given to what responsibilities the grant administrator, per contract, will exercise over engineering services, and then follow the procedures in 24 CFR 489(h) in order to receive permission from the OCD-DRU, acting as HUD, to proceed.

6.0 Contract Administration and Records

24 CFR 85.36 (b)(9) requires that grantees and subgrantees to maintain records sufficient to detail the significant history of a procurement. These records must include, but are not limited to, the following:

1. Rationale for the method of procurement;
2. Selection of contract type;
3. Contractor selection or rejection; and,
4. The basis for the contract price.

Grantees shall also maintain a contract administration system to monitor contractor’s performance against the terms, conditions, and specifications of their contracts or purchase orders.

The full lists of required procurement and contract documents that must be maintained are included in Section 4 – Records Management. The procurement records should:

1. Allow an auditor or other interested party to track the nature of the goods or services bought with public funds;
2. Track the entire process used to purchase those goods and services; and,
3. Show that the public body obtained high quality goods and services at the lowest possible price through an open, competitive process.

7.0 Methods of Procurement Overview

The procurement process must be in accordance with the federal requirements of 24 CFR 85.36 and Louisiana’s Public Bid Law (LRS 38:2211-2296).

The following table outlines the four procurement methods that the grantee must use to procure materials, supplies, construction and services.

Procurement Type	Cost Reasonableness	Contract Type	Solicitation Method	Applications
Small Purchase See 8.0	<ul style="list-style-type: none"> • Price Analysis 	<ul style="list-style-type: none"> • Purchase Order • Fixed Price 	<ul style="list-style-type: none"> • Quotations • Submitted Bids 	<ul style="list-style-type: none"> • Produced Items • Single Task Service • Supplies
Sealed Bid (formal advertising) See Subsection 10.0	<ul style="list-style-type: none"> • Price Analysis 	<ul style="list-style-type: none"> • Fixed Price 	<ul style="list-style-type: none"> • Submitted Bids 	<ul style="list-style-type: none"> • Construction Items • Produced or Designed Items
Competitive Proposals See Subsection 11.0	<ul style="list-style-type: none"> • Price Analysis • Cost Analysis 	<ul style="list-style-type: none"> • Cost Reimbursement • Fixed Price • Time & Materials 	<ul style="list-style-type: none"> • Submitted Proposals 	<ul style="list-style-type: none"> • Professional Services • Multi Task Services • Designed Items
Noncompetitive Proposals See Subsection 12.0	<ul style="list-style-type: none"> • Cost Analysis 	<ul style="list-style-type: none"> • Cost Reimbursement • Fixed Price • Time & Materials 	<ul style="list-style-type: none"> • Submitted Proposals 	<ul style="list-style-type: none"> • Produced Items • Single Task Service • Professional Services • Multi Task Services • Designed Item

7.1 Cost Reasonableness (2 CFR Part 200.323)

The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition threshold (\$150,000), including contract modifications. **Per 2 CFR Part 200.323, the non-Federal entity must make independent estimates before receiving bids or proposals.**

7.1.1 Price Analysis

Price Analysis means that the grantee requests several bids, proposals, or quotes for the materials, supplies, or service being procured. The winning offeror is the firm that offers the most competitive price for the requested materials, supplies, and services.

7.1.2 Cost Analysis

A Cost Analysis is the review and evaluation of the separate cost elements and profit in an offeror's or contractor's proposal (including cost or pricing data or information other than cost or pricing data), and the application of judgment to determine how well the proposed costs represent what the cost of the contract should be, assuming reasonable economy and efficiency. A Cost Analysis is verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits. A Cost Analysis is always required when the Noncompetitive Proposals method is used. A cost analysis will be necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications or change orders, unless price reasonableness can be established. Exhibit 6-4, contains a sample form that can be used to perform the cost analysis

Exhibit 6-5, provides additional guidance in performing a cost-price analysis.

7.2 Contract Type

7.2.1 Purchase Order

Supplies, single task services, and produced items procured through the small purchase method will require a purchase order.

7.2.2 Fixed Price

A Fixed Price Contract provides for a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract. This contract type places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss. It provides maximum incentive for the contractor to control costs and perform effectively and imposes a minimum administrative burden upon the contracting parties. Firm-fixed-price contracts are suitable for acquiring commercial items (including construction) or for acquiring other supplies or services on the basis of reasonably definite functional or detailed specifications and when the contracting officer can establish fair and reasonable prices at the outset.

7.2.3 Cost Reimbursement

A Cost Reimbursement contract provides for payment of allowable incurred costs, to the extent prescribed in the contract. These contracts establish an estimate of total cost for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without the approval of the contracting officer. Cost-reimbursement contracts will be used when uncertainties involved in contract performance do not permit costs to be estimated with sufficient accuracy to use any type of fixed-price contract.

7.2.4 Time and Materials

A Time and Materials contract provides for payment of direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, and actual cost for materials. This contract type should be used only after a determination is made that no other contract is suitable and the contract includes a ceiling price that the contractor exceeds at its own risk.

7.3 Solicitation Methods

7.3.1 Quotations

The grantee should obtain at least three quotations (“quotes”) from qualified sources to procure items, supplies, or a single task service using the small purchase method. The response of “not interested” does not qualify as a quote.

7.3.2 Submitted Bids

When using the procurement by sealed bids method, the grantee is required to provide a complete, adequate, and realistic specification or purchase description via publicly advertised

invitation for bids. A submitted bid is a response to the grantee's invitation for bids. See Subsection 10.0, below, for additional information regarding the bids package process.

7.3.3 Submitted Proposals

Submitted proposals are the responses to a grantee's Request for Proposal (RFP) or Request for Qualifications (RFQ). This type of solicitation method is used when the competitive proposal or noncompetitive proposal procurement method is used. See Subsections 11.1 and 11.2, below, for additional information regarding the RFP and RFQ process.

8.0 Procurement by Micro-Purchases

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$3,000 (or \$2,000 in the case of acquisitions for construction subject to the Davis-Bacon Act). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

9.0 Procurement by Small Purchase

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property (currently set at \$150,000 effective December 26, 2014). If small purchase procedures are used, price or rate quotations shall be obtained from at least three qualified sources. The grantee can request quotes from qualified sources via telephone, fax, email, mail, or any other reasonable method. The grantee should maintain written documentation on the names of the businesses contacted and how they were contacted; the prices that were quoted; and the basis for selecting one firm over the other(s).

10.0 Procurement by Sealed Bids (formal advertising)

Bids are publicly solicited and a firm fixed-price contract (lump sum or unit price- see below) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions below, apply.

In order for sealed bidding to be feasible, the following conditions should be present:

1. A complete, adequate, and realistic specification or purchase description is available;
2. Two or more responsible bidders are willing and able to compete effectively and for the business; and
3. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

1. The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids;
2. The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond;
3. All bids will be publicly opened at the time and place prescribed in the invitation for bids;
4. A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
5. Any or all bids may be rejected if there is a sound documented reason.

10.1 Creating, Advertising, and Opening Bids

Louisiana's Public Bid Law (LRS 38:2211-2296) and 2 CFR 200.320 provide specific requirements that must be followed when bid packages are created and advertised, as well as the required steps to take to conduct bid openings.

10.1.1 Creating the Bid Package

1. Write the technical bid specifications:
 - a. Usually written by the grantee's architect or engineer on the basis of prepared plans or working drawings.
 - b. Provide a clear and accurate description of technical requirements for materials and products and/or services to be provided on the project.
 - c. Must be sealed by an architect or engineer registered in Louisiana.
 - d. If the project falls under the jurisdiction of another State agency (e.g., Department of Health and Hospitals for sewer and water projects), the plans and specifications must be approved by the cognizant State agency prior to construction.
 - e. For fire stations/garages and buildings that will be accessible to the public constructed, the architect or engineer must execute a certification that applicable standards of accessibility by the handicapped have been or will be satisfied or specify the basis for exemption. Such certification is to be co-signed by a City official, filed in the contract documents file, and a copy sent to the State.
 - f. The base bid should include all components of the approved project. The base bid should not include any items which were not included in the approved application or which have not received subsequent approval from the OCD-DRU.
2. Obtain all lands, rights-of-way and easements necessary for carrying out the project.
3. If the grantee's construction project involves real property acquisition, the grantee should make sure the acquisition is undertaken according to the provisions of the

4. Uniform Relocation Act (URA). See Section 10 - Acquisition and Relocation for additional acquisition and URA guidance.
5. Contact the regional notification center and the owners of underground utilities or facilities that are not members of the regional notification center for the existence and location of all underground utilities and facilities within the construction area in accordance with R.S. 38:2223.
6. When preparing the plans and specifications for the bid package, the following requirements pertaining to service connection line and hookup fees must be kept in mind:
 - a. As stated in Section 24 CFR 570.202(b) (6) of the Housing and Community Development Act of 1974, as amended, the "financing of costs associated with
 - b. the connection of residential structures to water distribution lines or local sewer collection lines" is an eligible cost. It is eligible, however, as rehabilitation and will be considered as an integral part of the overall sewer or water project.
 - c. Develop cost and pricing formats.
 - d. Generally the street, water, sewer, utility and landscaping projects will be unit price contracts, while building type contracts will be lump sum.
 - e. For fixed price contracts with unit cost pricing, the bid specifications should delineate each type of item, estimated quantity, unit price, and total cost.

10.1.2 Bid Process

The grantee must ensure that the bid process is in compliance with the Louisiana Revised Statutes, Title 38: Public Contracts, Works and Improvements. These statutes are continually being amended, revised, and superseded; therefore, it is the grantee's responsibility to assure compliance with the most recent and current regulations. The following steps must be taken prior to advertising for bids:

1. For Infrastructure projects, submit the final plans, specifications, and cost estimate to the OCD-DRU for review.
2. The grantee will be notified by OCD-DRU that they may advertise for bids.

10.1.3 Advertising for Bids

1. For projects that involve the development of plans and specifications, bids must be solicited by public advertising once approval to advertise is received from OCD-DRU.
2. The Public Bid Law requires that the advertisement for any contract for public works shall be published once a week for three different weeks in a newspaper in the locality and the first advertisement shall appear at least 25 days before the opening of bids for construction projects.
3. For materials purchases, the Public Bid Law requires the advertisement to be published two times in a newspaper in the locality and the first advertisement shall appear at least 15 days before the opening of bids. The first publication of the advertisement shall not occur on a Saturday, Sunday, or legal holiday.
4. Plans and specifications shall be available to bidders on the day of the first advertisement and shall be available until 24 hours before the bid opening date.

5. The advertisement must call the bidders attention to the conditions of employment and non-discrimination and requirements of federal prevailing wage rates, Segregated Facility, Section 3 of the HUD Act of 1968, Section 109 and Equal Opportunity.
6. If the grantee and/or OCD-DRU amends the bid documents during the advertisement period, addenda must be sent to all prospective bidders who have received bid documents.
7. No public entity shall issue or cause to be issued any addenda modifying plans and specifications within a period of 72 hours prior to the advertised time for the opening of bids, excluding Saturdays, Sundays, and any other legal holidays; however, if the necessity arises to issue an addendum modifying plans and specifications within the 72-hour period prior to the advertised time for the opening of bids, then the opening of bids shall be extended for at least 7 days, but not to exceed 21 days, without the requirement of re-advertising the project. The addendum shall state the revised time and date for the opening of bids. A copy of each addendum shall be submitted to the OCD-DRU at the time the addendum is issued, including addenda solely pertaining to federal wage rate decisions.
8. All bids received prior to the opening of bids must remain sealed and in a safe place until the bid opening.
9. A copy of the publicized bid advertisement, including the publication date, must be submitted to the OCD-DRU staff person who is assigned to the grant once all three advertisements have been published.

10.1.4 Public Bid Opening

All bid openings must be conducted according to Louisiana Public Bid Law (LRS 38:2211-2296).

The following provides general guidance:

1. The bids should be read aloud during bid opening and the apparent low bidder should be determined during the bid opening
2. Bids must also be reviewed for both technical and legal responsiveness of bids.
3. The bidders must be evaluated as having the capacity to furnish products and/or services required.
4. Minutes of the bid opening, along with a tabulation of bids, should be placed in the contract file.

After the bid opening, the grantee must take action within 45 days to either award a contract to the lowest responsible bidder or to reject bids. The grantee and the lowest responsible bidder may, by mutual written consent, agree to extend the deadline for award by one or more extensions of 30 calendar days. Please refer to LRS 38:2215 for any exceptions. A public entity may reject any and all bids for just cause. For more information about “just cause”, see LRS 38:2214B. Also, a contract cannot be awarded with an incorrect federal wage decision. Make sure the grantee has verified the proper choice of the federal wage decision per the process described in Section 7 - Labor Regulations.

11.0 Procurement by Competitive Proposals

The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

1. Requests for proposals will be advertised, to include advertising in the jurisdiction's newspaper of record and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical;
2. Proposals will be solicited from at least three qualified sources;
3. Grantees and subgrantees will have a method for conducting technical evaluations of the proposals received and for selecting awardees;
4. Awards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and,
5. Grantees and subgrantees may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. This qualifications-based approach to the competitive proposals method may *not* be used to purchase other than A/E services.
6. **If only one bid or proposal is received, the Grantee must receive approval from the OCD-DRU.**

11.1 Request for Proposals (RFPs)

Request for Proposals (RFPs) are used to procure professional services except for A/E professional (design) services when the competitive negotiation method is used. Request for Qualifications are used to procure A/E professional services (See Subsection 11.2).

RFPs for competitive acquisitions shall, at a minimum, describe the:

1. Grantee's requirement;
2. Anticipated terms and conditions that will apply to the contract:
 - a. Solicitation may authorize offerors to propose alternative terms and conditions; and
 - b. When alternative terms and conditions are permitted, the evaluation approach should consider the potential impact on other terms and conditions or the requirement (e.g., place of performance or payment and funding requirements)
3. Information required to be in the offeror's proposal; and,
4. Factors and significant sub-factors that will be used to evaluate the proposal and their relative importance.

A sample advertisement of a RFP for an administrative consultant is included as Exhibit 6-6. Also included as Exhibit 6-7 is a Sample Scope of Services for Housing Rehabilitation Program

to assist in the development of housing specific scope of services RFP. A sample RFP for an administrative consultant is included as Exhibit 6-8.

11.2 Qualification Statements - Architectural/ Engineering Services

Request for Qualifications (RFQs) are used to procure the professional (design) services of an engineering firm or architectural firm when using the competitive negotiation method. Qualification statements cannot be used to procure any other service. See Exhibit 6-9 for a sample of a request for qualification statements for procuring engineering/architectural services. A selection is made based on the competitors' qualifications, subject to negotiation of fair and reasonable compensation. The qualification statements must be evaluated by the selection criteria identified in the RFQ. The grantee should negotiate costs with the top ranked firm.

RFQs cannot be used to procure project management or construction management services. These types of services must be procured using an RFP (See Subsection 11.1).

11.3 Review of Responses

One of two procedures can be used to review responses to an RFP or an RFQ. The procedure chosen must be identified in the advertisement, and the procedure cannot be changed once the procurement process is initiated.

1. Establish a predetermined competitive range of points for proposals that would be considered to qualify for the job. All firms whose proposals scored within that range would be invited to an oral interview and asked to submit a "best and final offer". The proposals would be re-evaluated and the highest scoring firm would be chosen.
2. Evaluate the proposal(s) according to the selection criteria and award the contract to the highest scoring firm.

12.0 Procurement by Noncompetitive Proposals

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate. **GRANTEES MUST OBTAIN PRIOR APPROVAL FROM OCD-DRU PRIOR TO USING THIS PROCUREMENT METHOD.**

1. Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:
 - a. The item is available only from a single source;
 - b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
 - c. The awarding agency authorizes noncompetitive proposals; or
 - d. After solicitation of a number of sources, competition is determined inadequate.
2. Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits, is required (See Subsection 7.1.2 above).

13.0 Developing Procedures for When Bids Exceed Cost Estimates.

In some cases the lowest bid received will exceed the amount of funds allocated for the project. When this happens, OCD-DRU should be consulted to determine the best option to proceed. Procedures should be developed to execute the following available options:

1. Reject all bids received
2. Rework the specifications within the bid package
3. Consult with OCD-DRU as to any proposed changes to the plans and/or specifications
4. Once authorized by OCD-DRU, re-advertise the project
5. Make up the difference between the available funds and the amount of the lowest bid through the reallocation of funds
6. Make up the difference between the available funds and the amount of the lowest bid with other sources of funding such as local funds.
7. Enter into a contract with the low bidder for the amount of the bid and subsequently, execute change orders to bring the project within the allocated funds.

Note: It is strongly advised that the grantee investigates how exercising this option would affect the other bidders prior to awarding a contract. Since these types of change orders affect the project's scope, they must be reviewed by the OCD-DRU prior to execution.

14.0 Verification of Contractor Eligibility

Grantees must ensure that all contractors receiving Disaster Recovery CDBG funds meet all eligibility requirements. The following steps should be taken to verify and document contractor eligibility for all services procured.

14.1 Prime Contractor Clearance

Prior to the award of a construction contract with a **prime** contractor, the grantee must obtain contractor clearance. To obtain clearance, the following steps should be taken:

1. The grantee should search the following web site:
<https://www.sam.gov/portal/public/SAM/>.
2. The search of the web site only determines whether the contractor is debarred; other types of performance information are not gathered.
3. The grantee must complete the Verification of Contractor Eligibility Form (Exhibit 6-12) and maintain in the project file.

14.2 Professional Consulting and Engineering Firms Clearance

Consulting and/or engineering firms who are either new to a Disaster Recovery CDBG Program or have not performed services associated with a Disaster Recovery CDBG Program within the previous five years must also be cleared. For clearance of professional firms, use Exhibit 6-13.

14.3 Subcontractor Clearance

The OCD-DRU does not clear subcontractors. The grantees must make prime contractors aware that it is their responsibility to verify subcontractor eligibility based on factors such as past

performance, a yellow page listing, and proof of liability insurance, possession of a federal ID tax number, debarment, and state licensing requirements. The prime contractor may use the web site: <https://www.sam.gov/portal/public/SAM/> to determine if a subcontractor has been debarred at the federal level. The prime contractor assumes responsibility for the performance of the subcontractor; therefore, the OCD-DRU urges prime contractors to closely scrutinize subcontractors. If a contractor or subcontractor is found to be ineligible after award of a contract, the contract must be immediately terminated and the matter reported to the OCD-DRU

15.0 Notice of Contract Award

Once a contractor has been selected using the appropriate solicitation method, the grantee must submit a completed Notice of Contract Award form to the OCD-DRU for all prime contracts. This form must be received by the OCD-DRU within 30 days after award. This form, along with instructions, is provided as Exhibit 6-14. Along with the Notice of Contract Award the grantee must send a Certified and Itemized Bid Tabulation, which is a listing of bidders and bid amounts for the project.

16.0 Preparation of a Contract

Depending on the type procurement used, the grantee should execute the required contract type (see Subsection 7.2 above). Any standard contract shall be modified to include Disaster Recovery CDBG Program requirements. The program requirements are:

1. Construction contracts shall not contain any cost plus or incentive savings provisions. Therefore, the contract shall not make reference to compensation adjustments for cost plus or incentive savings provisions.
2. The method of contracting cannot be cost plus a percentage of cost or a percentage of construction cost. For example, the grantee cannot add a 15% “handling fee” to process an invoice for geotechnical services.
3. For projects implemented utilizing funding from the Hurricane Isaac allocation, Grantees should require the following to be included in project contracts:
 - a. Grantees must incorporate performance requirements and penalties into each procured contract or agreement. Contracts with contractors are procured pursuant to 2 CFR 200.320 as applicable or equivalent policies and procedures, but Grantee agreements with subrecipients are not subject to these procurement requirements.
 - b. Grantees are required to ensure all contracts and agreements with subrecipients, recipients, and contractors clearly stipulate the period of performance or date of completion.

The requirements within a contract depend on the type of services provided. The following Subsections provide guidance on these specific requirements for consulting, appraisal, A/E, and construction services. Regardless of the services provided or templates used, all contracts must include all required CDBG Compliance Provisions.

16.1 Consulting, Professional Services, and Appraisal Contract Requirements

The grantee must execute its contracts according to the specific project requirements. The sample contracts included as exhibits must be modified to include the specific scope of services procured and required CDBG Compliance Provisions for Professional Services Contracts (see Exhibit 6-16). A sample contract for consulting services is included as Exhibit 6-10. A contract for appraisal services Exhibit 6-15 should be used when executing. See Section 8, Subsection 6.2.2 regarding appraisal services.

16.2 Architectural/Engineering Contract Requirements

The grantee may use the standard A/E contract templates (AIA or EICDS) when executing a contract for professional design services with architectural and engineering firms or other contract. The contract must include all required CDBG Compliance Provisions for Professional Services Contracts (see Exhibit 6-16).

Architectural/ Engineering fees, even those provided under either a fixed price contract or cost reimbursement contract, must be reasonable and justifiable. Sole justification that the fees are within the amount allowed by the OCD-DRU is not adequate. The funds allowed will not exceed those identified in the applicable Application Package. If, after a project has been funded, the scope of the project changes significantly, the OCD-DRU will make a determination of any additional amount that will be allowed. Justification for additional services should be provided to OCD-DRU.

It is understood that the amount of funds available for engineering/architectural services is contingent upon the amount of Disaster Recovery CDBG funds the OCD-DRU allows. The firm will not be compensated from the applicable Disaster Recovery CDBG Program if the project does not receive funding.

The final plans and specifications and cost estimate must be submitted to the OCD-DRU for review prior to advertising for bids.

16.3 Construction Services Contract Requirements

The grantee can use a generic construction contract, but must include the CDBG compliance provisions for construction contracts included in Exhibit 6-2i. A generic construction contract is also included as Exhibit 6-2h.

Firm-fixed-price contracts used to acquire construction may be priced (1) on a lump-sum basis (when a lump sum is paid for the total work or defined parts of the work), (2) on a unit-price basis.

Lump-sum pricing shall be used in preference to unit pricing except when:

1. Large quantities of work such as grading, paving, building outside utilities, or site preparation are involved;
2. Quantities of work, such as excavation, cannot be estimated with sufficient confidence to permit a lump-sum offer without a substantial contingency;
3. Estimated quantities of work required may change significantly during construction; or

4. Offerors would have to expend unusual effort to develop adequate estimates.

16.3.1 Bonding

For construction or facility improvement contracts or subcontracts exceeding the simplified acquisition threshold, the awarding agency may accept the bonding policy and requirements of the grantee or subgrantee provided the awarding agency has made a determination that the awarding agency's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:

1. A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.
2. A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract. A sample performance bond is included as Exhibit 6-2f.
3. A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract. A sample payment bond is included as Exhibit 6-2g.

The form attached as Exhibit 6-11, can be used to verify the contractor’s bonding arrangement.

17.0 Section 3 of the HUD Act of 1968 Covered Contracts Requirements

Compliance requirements of Section 3 of the HUD Act of 1968 are triggered when a recipient receives in **excess** of \$200,000. If Section 3 of the HUD Act of 1968 is triggered for the grantee, then contractors/subcontractors whose contracts **exceed** \$100,000 must also comply. See Section 8: Civil Rights for additional information regarding Section 3 of the HUD Act of 1968.

18.0 Resources

Exhibit	Description
Exhibit 6-1	Sample Procurement Policy
Exhibit 6-2	Sample Contracts Document Guide
Exhibit 6-3	24 CFR § 570.611 Conflict of Interests
Exhibit 6-4	Cost-Price Detail
Exhibit 6-5	Quick Guide to Cost-Price Analysis
Exhibit 6-6	Sample Advertisement Request for Proposals for Administrative Consulting Services
Exhibit 6-7	Sample Housing Scope of Services
Exhibit 6-8	Instructions for RFP for an Administrative Consultant

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Exhibit	Description
Exhibit 6-9	Sample Request For Qualification Statements for Engineering Service
Exhibit 6-10	Sample Contract for Professional Services
Exhibit 6-11	Bonding Verification
Exhibit 6-12	Verification of Prime Contractor Eligibility
Exhibit 6-13	Sample Verification of Professional Services Eligibility
Exhibit 6-14	Sample Notice of Contract Award
Exhibit 6-15	Sample Agreement for Appraisal Services (Acquisition)
Exhibit 6-16	CDBG Compliance Provisions for Professional Services Contracts

Section 7

Labor Regulations

Section 7 – Labor Regulations

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Section 7 - Labor Regulations

1.0 Introduction

Grantees implementing projects involving construction contracts are required to comply with applicable labor related laws and regulations. The responsibilities, applicable statutes, and steps to ensure compliance are included within this Section.

1.1 Grantee Responsibilities

Each grantee is responsible for ensuring compliance with Labor Standards as detailed in this Section. The grantee's designated Labor Compliance Officer (LCO), often an administrative consultant, is normally delegated the tasks associated with compliance with labor standards; however, the grantee is ultimately responsible.

The grantee must establish and maintain an adequate labor standards file(s) as specified in Section 4 – Records Management.

Grantees are encouraged to contact the OCD-DRU Labor Specialist assigned to its program(s) or project(s) to discuss any questions regarding the applicability of labor standards, their interpretation, or the associated record keeping requirements.

1.2 OCD-DRU Responsibilities

The OCD-DRU will establish labor standards procedures, provide technical assistance regarding labor questions, conduct compliance reviews, and specify corrective actions.

1.3 Applicable Statutes

Communities implementing projects involving construction contracts in excess of \$2,000 must comply with the following laws and regulations:

1. Federal Fair Labor Standards Act
2. Davis- Bacon and Related Acts
3. Copeland Anti-Kickback Act
4. Contract Work Hours and Safety Standards Acts (CWHSSA)
5. Louisiana Labor Standards (to be verified/identified) and local law and regulations.

Exceptions to the Davis-Bacon and Related Acts and the Copeland Anti-Kickback Act:

1. Construction contracts at or below \$2,000. Note that arbitrarily separating a project into individual contracts below \$2,000 in order to circumvent the Davis-Bacon and Copeland Act requirements is not permitted;
2. Rehabilitation or construction of residential structures containing less than eight units;
3. Simple water and sewer line extensions without pumps, tanks, etc. may also be exempt;
4. Separate and distinct projects. Contact the OCD-DRU for guidance;

up any part of the compensation to which he/she is entitled under his/her contract of employment. The Act also provides for the submission of weekly certified payroll reports (CPRs) by all contractors and subcontractors. All contracts for construction, reconstruction or repair (over \$2,000) must include the following prohibition:

“No contractor or subcontractor shall induce, by any means, any person employed in such publicly-funded construction, reconstruction or repair to give up any part of the compensation to which he is otherwise entitled except for authorized payroll deductions.”

Recipients should conduct confidential interviews with employees to assure compliance with the terms of this law, and the contractor is required to maintain payroll records, and to submit weekly certified payrolls documenting compliance.

2.5 Contract Work Hours and Safety Standards Act

Contract Work Hours and Safety Standards Act (40 U.S.C. §327 et seq.) and FLSA provide that no contract work, which may require or permit any laborer or mechanic, in any workweek in which he is employed on such work, to work in excess of 40 hours in such workweek, unless such laborer or mechanic receives compensation at a rate not less than one and one-half times his basic rate pay for all hours worked in such workweek, whichever is greater. In the event of violations, the contractor or subcontract shall be liable to any affected employee for his unpaid wages as well as to the United States for liquidated damages.

All construction contracts in excess of \$2,000 and other contracts in excess of \$2,500 involving the employment of mechanics or laborers must comply with the following provisions of this law:

1. Contractors shall compute the wages of each laborer and mechanic on the basis of a standard workweek of 40 hours.
2. Work in excess of this standard is permitted, provided that compensation for the amount in excess of the standard is calculated at a rate not less than 1 ½ times the basic rate of pay.
3. Contractors may not require any laborer or mechanic to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous to his/her health or safety as determined under construction safety or health standards promulgated by the Department of Labor.

2.6 State Law and Local Law and Regulations

State requirements regarding use of apprentices and trainees, licensing, procurement requirements, and wage standards must be researched and complied with. Local code and regulations will also apply.

3.0 Terminology and Associated Davis-Bacon Requirements

1. **Prevailing Wages** - Total minimum compensation, including both the base rate and fringe benefit amount, as required under Davis-Bacon for a given classification of worker

as determined by the U.S. Department of Labor in a document called a wage decision. See Subsection 4.2 for a further discussion on wage decisions.

2. **Laborers and Mechanics** - Those workers whose duties are manual or physical as distinguished from managerial. Generally, mechanics perform the work of a recognized trade, such as an electrician, whereas laborers perform tasks such as cleaning and shoveling that is not normally thought of as a recognized trade. On a wage decision a classification that is not “laborer” is automatically considered as a “mechanic” classification.
3. **Contractor’s Guide to Davis-Bacon** - The HUD guide book, “A Contractor’s Guide to Prevailing Wage Requirements for Federally Assisted Projects,” is a recommended (but not a required) publication which the grantee may wish to distribute to contractors. The preconstruction conference is an ideal time for such a distribution. The guide is recommended reading for grant recipients as well as construction contractors and those who prepare contractor payrolls. It provides a brief explanation of issues associated with labor standards and Davis-Bacon in particular. The guide may be downloaded from HUD’s website at www.hud.gov. Once at the HUD website, type in “Contractor’s Guide to Davis-Bacon” in the search box. The search results should include the desired publication.
4. **Site of Work** - The site of work as related to Davis-Bacon is limited to the physical place or places where construction called for in the contract will remain when work has been completed and to adjacent or nearby property used by the contractor which can reasonably be included because of proximity.
5. **Cleaning** - Cleaning performed during construction is subject to prevailing wage provisions. If a specific wage rate for cleaning is not in the wage decision, cleaners must be paid the rate for unskilled laborers.
6. **Demolition** - Demolition work, which is not related to construction, is not subject to the prevailing wage requirements. However, where demolition is performed to allow construction of a new building, the demolition would require prevailing wages.
7. **Family Members (as it relates to contractor payrolls)** - There are no exceptions to labor requirements on the basis of family relationships. Relatives who are performing work for the contractor must be paid the required wage for the classification of job performed and must be included on payrolls.
8. **Supply and Installation** - The manufacture or furnishing of materials, articles, supplies, or equipment is not subject to prevailing wages unless conducted in connection with and at the site of the construction or in a temporary plant set up specifically to supply the needs of a particular construction project. For construction work involving installation of equipment, if the cost of installation is 13 percent or less of the total cost of the DR-CDBG financed equipment, this is considered to be an incidental cost and the installation is not subject to Davis Bacon wage rates (HUD Office of Labor Relations notice dated November 15, 1988).
9. **Precutting and Prefabrication** - Precutting or prefabrication of parts to be used in the construction does not require prevailing wages unless conducted in connection with and at the site of construction or in a temporary plant set up specifically to supply only the needs of a particular Davis-Bacon-covered construction project.

4.2.3 Ten Day Responsibility

It is the grantee's responsibility to ensure that the wage decision(s) that is in effect ten days before the bid opening date was part of the original bid package or becomes part of the original bid package by addendum, which must be sent to all who obtained a bid package. The bidders are thus given the opportunity to change their bids prior to bid opening, based on the updated wage decision(s).

The grantee may search the DOL website at www.wdol.gov to determine if there have been any updates. The website should be examined no more than 10 days before the bid opening date.

If there has been an update, the grantee must obtain (normally download) the updated wage decision and send a copy by addendum to all who obtained a bid package. It is important to remember that Louisiana law requires that any addenda to a bid package be received at least 72 hours prior to the bid opening.

If, after the bid opening, the award of the contract is delayed by more than ninety days, the grantee must determine if any wage decision updates have been made by searching the DOL website.

If there has been a wage decision update, the low bidder must agree, in writing, to abide by the wage decision in effect on the date of the contract award. The wage decision in effect on the contract award date must become part of the construction contract.

State law requires contracts to be awarded within 45 days of bid opening, unless an extension is agreed upon in writing by both parties.

The Davis-Bacon requirement to "lock-in" a particular wage decision for the duration of construction calls for contracts to be awarded within 90 days of bid opening.

4.2.4 Calling Requirement when using the Small Purchase Method

On rare occasions the prime contractor may be procured utilizing the "Small Purchase" method, provided the low bid is expected to be under \$150,000 and the contract award is less than \$150,000. See Section 6 - Procurement Methods and Contractual Requirements for additional information regarding the Small Purchase Method.

Note that the Small Purchase method does not have a bid opening date. Consequently, a special procedure to ensure compliance with Davis-Bacon has been developed by the OCD-DRU for the Small Purchase method:

1. A bid tabulation date must be established in advance.
2. Bidders must be informed of the day on which bids will be tabulated and of the possibility of a wage decision update.
3. A ten day search must be made ten days before the bid tabulation date.
4. If there is a wage decision update, all bidders must be notified in a timely manner and documentation of notification must be maintained in project records.

5. Notification when the Small Purchase method is used may be done by addendum, telephone call, in person, e-mail, fax, or U.S. Mail.
6. The wage decision authorized at the ten day search will remain effective for the duration of the construction project provided that the contract is awarded within ninety days of the bid tabulation date.
7. The effective wage decision(s) must also become part of the construction contract when the Small Purchase method of procurement is used.

4.2.5 Document Wage Decision

Prior to the award of a construction contract to any prime contractor, the grantee must obtain verification of the wage decision choice. The fact that an inquiry was made at an earlier date is not sufficient as verification of the wage decision choice. The Disaster Recovery CDBG program requires that the wage decision verification be obtained after the bid opening and before the award of the construction contract. The grantee remains responsible to ensure the proper wage decision choice(s) and may bear liability arising out of an incorrect wage decision choice(s).

The grantee must ensure that the wage decision in effect at the date of the contract award is made a part of the contract between the low-bidder and the grantee. The OCD-DRU recommends that the wage decision verification be documented using the Exhibit 7-6. The Verification of Wage Decision Form, the Wage Decision, and evidence that the effective Wage Decision was utilized must be maintained within the project file.

4.2.6 Failure to Include or Use of Incorrect Wage Decision

Failure to include the effective wage decision in bid documents or contracts will not relieve grantees or contractors from potential liabilities or enforcement actions. In cases of an incorrect decision or failure to include a decision, the grantee must either terminate and re-solicit the contract with the valid decision or ensure that all parties sign a supplemental agreement to the contract which makes the effective wage decision retroactive to the beginning of construction.

If a supplemental agreement is made, there are two ways to structure the agreement:

1. The contractor, even if not at fault, may agree to include the proper wage decision retroactively with no additional compensation—especially if the wage rate changes are minor.
2. The contractor will require that a change order be made to compensate for an increase in wages due to the observance of the effective wage decision. Such a change order would be an eligible Disaster Recovery CDBG cost but would be subject to available grant funds. If grant funds are not available, local funding may be necessary.

4.3 Notification of Subcontractor Awards

The grantee's Labor Compliance Officer should be notified by the prime contractor of contract awards to any subcontractor prior to the subcontractor beginning work on the project. This

4. If the OCD-DRU determines it appropriate, the grantee will be notified.
5. The grantee must disburse wages owed from the withheld funds to the respective workers to whom they are due.
6. The grantee should contact the OCD-DRU for information on the proper procedure for disbursement of funds.

15.0 Withholding Funds Based on Non-compliance with Disaster Recovery CDBG Requirements

If a Labor Standards violation(s) does occur that results in the grantee not being in compliance with the approved Disaster Recovery CDBG program, the OCD-DRU may suspend payment on the next “Request for Payment.” For example, if the grantee fails to ensure the timely submission of contractor payrolls by the prime contractor (and any lower-tier subcontractor), then the grantee may be considered as being non-compliant with Disaster Recovery CDBG program requirements.

16.0 Unfound Workers

If all affected workers cannot be located and restitution made, either by the contractor directly or through use of withheld funds, enough funds must be reserved in the special account to pay those workers the wages owed. Efforts should continue to be made to locate workers; however, if they have not been located by the time the close-out of the project occurs, the grantee must return the withheld funds to the OCD-DRU. A check, made payable to the Louisiana Division of Administration, Office of Community Development, Disaster Recovery Unit and Exhibit 7-8 (Sample Labor Standards Enforcement Report) covering the remaining withheld funds must be submitted to the OCD-DRU before the project will be closed.

17.0 Falsification

If intentional falsification by a contractor is suspected, the grantee’s Labor Compliance Officer must not return the payroll to the contractor for correction and submittal. The OCD-DRU must be informed of the suspected falsification.

18.0 Payroll Retention

Payroll records must be retained by the grantee for a period of five years from the date of the letter indicating “Final Close” of the Disaster Recovery CDBG program relative to the construction project. The payroll records must be available at all times during the retention period for inspection by representatives of the OCD-DRU, HUD, and DOL.

19.0 Finalizing Labor Compliance

The Final Wage Compliance Report (within Exhibit 13-1 Project Completion Report), must be approved by the OCD-DRU Labor Compliance Officer before the project can be conditionally closed out. If there are unresolved labor compliance problems at that time, the OCD-DRU Labor Compliance Officer will assist the grantee in determining how to correct such problems.

20.0 Processing Labor Complaints

All complaints received by OCD-DRU from worker(s) on a D-CDBG funded project will be referred by OCD-DRU's Labor Compliance Officer (LCO) to the Department of Labor's Wage and Hour Division, New Orleans, LA (DOL). The LCO will keep a record of each complaint received and will follow-up with DOL on the resolution of each.

21.0 Resources

Exhibit	Description
Exhibit 7-1	Sample Project Wage Sheet
Exhibit 7-2	Sample Verification of Project Wage Rate Sheet and Project Sign
Exhibit 7-3	Sample Required Construction Site Posters
Exhibit 7-4	Sample Appointment of Labor Compliance
Exhibit 7-5	Wage Decision Example
Exhibit 7-6	Verification of Wage Decision
Exhibit 7-7	Sample Payroll Deduction Authorization Form
Exhibit 7-8	Sample Labor Standards Enforcement Report
Exhibit 7-9	Report of Additional Classification
Exhibit 7-10	Record of Employees Interview Form
Exhibit 7-11	Force Account Record Keeping
Exhibit 7-12	Sample Contractor's/Subcontractor's New Employee Information Form
Exhibit 7-13	Sample Contractor's/Subcontractor's Existing Employee Information Form
Exhibit 7-14	Payroll Form and Statement of Compliance
Exhibit 7-15	OCD-DRU Payroll Review Flowchart
Exhibit 13-1i	Final Wage Compliance Report

Section 8

Civil Rights

Section 8 – Civil Rights

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Section 8 - Civil Rights

1.0 Introduction

This section presents summaries of the key regulations and requirements of civil rights, fair housing, equal opportunity, and equal employment opportunity laws applicable to the administration of the Louisiana Disaster Recovery CDBG funds.

The civil rights laws and related laws and regulations are designed to protect individuals from discrimination on the basis of:

1. Race
2. National Origin
3. Religion
4. Color
5. Sex
6. Age
7. Disability

As they apply to the Louisiana Disaster Recovery CDBG program, these laws protect individuals from discrimination in:

1. Housing
2. Benefits created by CDBG projects
3. Employment
4. Business Opportunities

Population groups specifically protected by provisions of these laws include:

1. Minorities (specifically - Blacks, Hispanics, Asians and Pacific Islanders, American Indians and Alaskan Natives)
2. Women
3. Groups distinguished by age
4. Persons with Disabilities
5. Family Status

The applicable laws and regulations provide for:

1. Nondiscrimination
2. Equal Opportunity
3. Affirmative Action (to reduce past discrimination)

2.0 Definitions, Acronyms or Terminology

Please reference these terms for explanation of commonly used names, acronyms, and phrases used within this section.

1. **Contractor** – An entity selected in accordance with the procurement requirements at 2 CFR 200.318. In accordance with 2 CFR 200.319, such procurement actions must be conducted in a manner that provides for free and open competition.
2. **New hires (as it relates to payrolls)** – Full-time employees for permanent, temporary or seasonal employment opportunities.
3. **Low-income person** – Persons or families whose total household incomes do not exceed 80 percent of the median income for the area.
4. **Very Low-Income Person** – Persons or families whose total household incomes do not exceed 50 percent of the median income for the area.
5. **Section 3 Resident** – A public housing resident or an individual who resides in the metropolitan area or Non-metropolitan County in which the Section 3 of the HUD Act of 1968 covered assistance is expended and who meets the definition of low-income or very low-income person.
6. **Section 3 Business Concern** – As related to Section 3 of the of the HUD Act of 1968, a business: That is 51 percent or more owned by Section 3 residents; or Whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within 3 years of the date of first employment with the business were Section 3 residents; or That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications in Nos. 1 or 2 above.
7. **Section 3 Covered Activity** - As related to Section 3 of the HUD Act of 1968. Any activity which is funded by Section 3 covered assistance.
8. **Section 3 Covered Assistance** - As related to Section 3 of the of the HUD Act of 1968, Assistance provided under any CDBG program that is expended for work arising in connection with housing rehabilitation, housing construction, or other public construction projects.
9. **Section 3 Covered Contract** - As related to Section 3 of the of the HUD Act of 1968, A contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. This does not include contracts for the purchase of materials and supplies unless the contract includes purchasing of materials and installation of these materials and supplies. For example: a contract for the purchase and installation of a furnace would be a Section 3 covered contract because the contract is for work (i.e. the installation of the furnace) and thus is covered by Section 3.
10. **Section 3 Covered Project** - The construction, reconstruction, conversion or rehabilitation of housing and other public construction assisted with CDBG funds as related to Section 3 of the of the HUD Act of 1968,.
11. **Service area** - The geographical area in which the persons benefiting from the Section 3 covered project reside.

Section 10

Acquisition and Relocation

Section 10 – Acquisition and Relocation

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8. **URA** – Uniform Relocation Assistance and Real Property Acquisition Policies Act
9. **Waiver** – Granted by HUD to alter typical CDBG regulations and activities.

3.0 Overview

3.1 Applicable Regulations

There are three major regulations that cover relocation and acquisition activities in Disaster Recovery CDBG programs:

1. URA regulations, effective February 2005, implementing the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) of 1970, as amended (49 CFR Part 24)
2. Section 104(d) of the Housing and Community Development Act of 1974 (HCDA) and the implementing regulations at 24 CFR Part 42
Note: HUD has waived portions of Section 104(d) of the HCDA of 1974; see Section C “URA Waivers” below.
3. 24 CFR 570.606 of the CDBG Regulations which requires compliance with the regulations listed above.

An over-riding principle in implementing a Disaster Recovery CDBG program and the URA is that the grantee shall assure that it has taken all reasonable steps to minimize displacement.

3.2 Waived Requirements

To speed the recovery effort and simplify the administration of disaster recovery projects (Katrina/Rita and Gustav/Ike), HUD has waived requirements of Section 104(d) of the HCDA dealing with one-for-one replacement of lower-income dwelling units demolished or converted in connection with the Disaster Recovery CDBG-assisted development project for housing units damaged by one or more disasters.

HUD has also waived the relocation assistance requirements contained in Section 104(d) of the HCDA to the extent that they differ from the URA (42 USC 4601 et seq.) and HUD has approved waivers that modify the URA requirements. As a result of these waivers, URA does not apply:

1. To an arm’s length voluntary purchase carried out by a person who does not have the power of eminent domain, in connection with the purchase and occupancy of a principal residence by that person;
2. To the extent that a tenant has been paying rent in excess of 30 percent of household income without demonstrable hardship, rental assistance to reduce the tenant costs to 30 percent would not be required;
3. To the extent necessary to permit a grantee to meet all or a portion of a grantee’s replacement housing financial assistance obligation to a displaced renter by offering rental housing through a tenant-based rental assistance (TBRA) housing program subsidy (e.g., Section 8 rental voucher or certificate), provided that the tenant is also provided with referrals to suitable, available rental replacement dwelling where the owner is

4. willing to participate in the TBRA program and the period of authorized assistance is at least 42 months (also waives HUD 60 month calculation-42 month is FEMA calculation);
5. To the extent that they require a grantee to offer a person displaced from a dwelling the option to receive a “moving expense and dislocation allowance: based on the current schedule of allowances prepared by the Federal Highway Administration, provided that the grantee establishes and offers the person a moving expense and dislocation allowance under a schedule of allowances that is reasonable for the jurisdiction and takes into account the number of rooms in the displaced dwelling, whether the person owns and move the furniture, and, at a minimum, the kinds of expenses described in 49 CFR 24.301.” Persons displaced from a dwelling remain entitled to choose a payment for actual reasonable moving and related expenses if they find that approach preferable to the locally established moving expense and dislocation allowance.

3.3 Timing of URA Coverage

It is important for grantees to know that the timing of an acquisition can trigger URA requirements. Regardless of the source of funds, ANY acquisition of property made by a state agency, on or after the date of submission of the individual project application for financing of an activity using that property, is subject to the URA.

If an acquisition took place prior to project application submission, it can be subject to the URA if the OCD-DRU finds clear evidence that the purchase was done in anticipation of obtaining Disaster Recovery CDBG funds for an activity.

The URA also applies if an agency has reimbursed itself for the acquisition with non-federal funds (i.e., general funds) if the project’s end result is a federally-assisted project.

The chart below highlights the timing of required notices.

URA TIMEFRAMES FOR NOTICES				
ACTIVITY:	Approval of Project	Site Selection	Appraisal	Property Closing
ACQUISITION NOTICES SENT:		↑ Notice to Owner or Notice of Intent to Acquire		↑ Notice of Just Compensation
RELOCATION NOTICES SENT:		↑ General Information Notice to Occupants		↑ Notice of Eligibility for Relocation Benefits

4.0 Voluntary vs. Involuntary

Grantees must understand the critical difference between voluntary and involuntary sales to ensure compliance with all applicable rules. There are protections for sellers in both voluntary

and involuntary sales. The key difference between the two types of acquisition is that when a voluntary sale occurs, there can be no threat of eminent domain.

4.1 Voluntary Acquisition

Voluntary acquisition occurs when the grantee acquires real property at fair market value from an owner who has submitted a proposal to the community for purchase of their property in response to a public advertisement. The grantee may undertake a voluntary acquisition when a site needed for a Disaster Recovery CDBG project can be satisfied by more than one property. Property owners can then voluntarily, in response to the advertisement, let the grantee know of the availability of their property and enter into negotiations for the sale of the property. Voluntary acquisition is not subject to the URA.

4.1.1 Voluntary Acquisition Policy

The grantee must have or prepare a formal, written policy that authorizes voluntary acquisition. **The policy in Exhibit 10-1 should be used.** The public invitation or solicitation should include a description of what the grantee wants to buy and all of the rest of the conditions of which a seller should be aware, as stated in Exhibit 10-1. The solicitation must also indicate that if a mutually satisfactory agreement cannot be reached, the grantee will not condemn the property for the same purpose.

Relocation eligibility only becomes effective when a written agreement has been negotiated between the grantee and the owner of the property. If the grantee intends to require owner-occupants to waive relocation assistance as a condition of voluntary acquisition, this condition and other pertinent information should be included in the public solicitation and the waiver form should be attached to the purchase offer.

4.1.2 Voluntary Acquisition Property Valuation

Valuation of parcels of property will need to be established and may be done by the appraisal process or by a knowledgeable person. If the appraisal process is used a review appraisal is not mandatory because voluntary acquisition is not subject to the URA. If a knowledgeable person does a valuation of the property it must be in writing. The valuation does not need to be complicated or detailed. The written opinion is not required to be based on a selection of chosen “comparables” as is often the case with a formal appraisal. The knowledgeable person should state at least three things in the written opinion: (1) His or her qualifications in one short paragraph (2) Brief description (but not an official legal description) of the location of the property and (3) Estimate of the value of the property.

4.1.3 Caution

A word of caution—voluntary acquisition is a useful technique in certain situations. It is not a way to "get around" the URA. The OCD-DRU can provide advice early in the process which can assist in structuring the grantee's policy and any public solicitations to avoid the very unpleasant "clean up" that is necessary if voluntary.

4.1.4 Non-Profit Organizations (NPOs)

The acquisition activities of NPOs are subject to the URA if such activities are for a Federal or federally-assisted program or project. Pertinent considerations in determining whether an acquisition is “for” a program or project include but are not limited to (1) when HUD assistance was requested and (2) whether the acquisition is integrally related to the program or project.

4.2 Involuntary Acquisition

Involuntary transactions are those that do not meet the requirements previously described for voluntary transactions. In accordance with the requirements of the URA, for involuntary transactions, the grantee must follow the steps outlined within Subsection 6.1, “ Steps For Meeting URA Requirements” (See Exhibit 10-33).

5.0 Acquisition Types Not Applicable to URA

Five types of acquisition are not subject to the requirements of the URA; however, these types of acquisition are still subject to Louisiana law and specific Disaster Recovery CDBG requirements. These five types are within the following table:

Not Subject to URA	
Type	Example
Acquisition from Another Public Agency	A municipality acquires a water well site from a parish for a Disaster Recovery CDBG funded project. This acquisition is not subject to the URA.
Temporary Construction Servitudes/Easements	42 CFR 24.101(c)(2) provides that temporary construction Servitudes/Easements or permits needed solely to perform work intended exclusively for the benefit of the property owner, which work may not be done if agreement cannot be reached, is not subject to the URA
Short Term Leases (less than 15 years)	A sewer lift station must be installed on an emergency basis due to an unexpected chain of events. The lift station is needed for only five more years at which time a new force main system will be installed which will render the lift station obsolete. The grantee chooses to obtain a ten year lease, not automatically renewable, from an appropriate property owner. Acquisition of the ten year lease would not be subject to the URA.
Voluntary Acquisition	A parcel is needed for a Disaster Recovery CDBG funded fire station. The fire station could be placed on many different parcels located in the northern part of the municipality. The grantee adopts a Voluntary Acquisition Policy. The grantee chooses to advertise in the local newspaper for a parcel of property for the fire station. Acquisition of the parcel for the fire station is not subject to the URA.
Acquisition of Streets under LRS 48:491	LRS 48:491 provides ownership status to grantees that provide evidence of grantee or State maintenance of respective streets for a period of three years. In order to document street ownership on a Disaster Recovery CDBG project, the three year period should have been completed by the date the Disaster Recovery CDBG application was submitted to the OCD-DRU.

5.1 Procedures Required for Acquisition not Subject to the URA

The grantee is required to ensure compliance for all types of acquisition, whether or not subject to the URA. The minimum requirements for acquisition of property which are not subject to the URA include the following steps:

1. Determination of ownership;
2. Valuation of the property;
3. Offer and acceptance;
4. Act of sale, donation or transfer;
5. A statement of settlement costs;
6. Recordation; and,
7. In general, any documentation of acquisition activity from start to finish.

6.0 Acquisition Types Applicable to URA

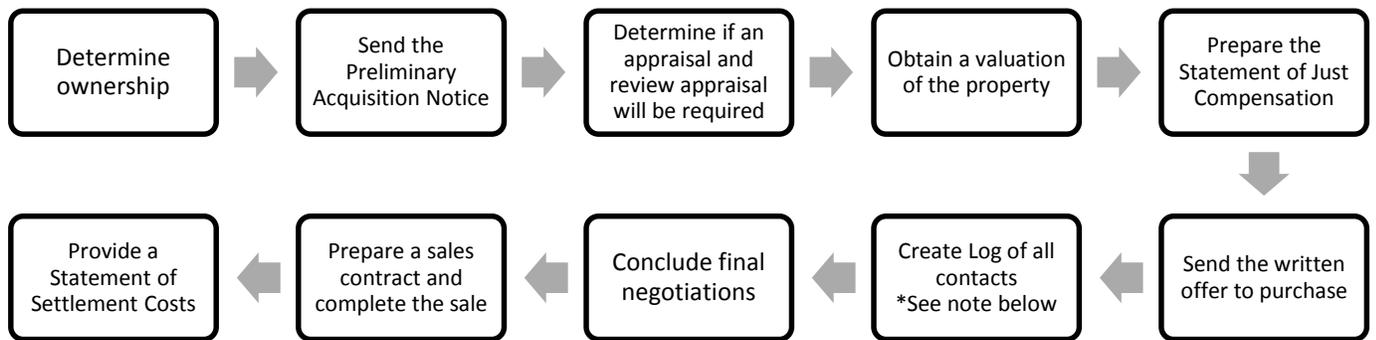
Specific types of acquisition require additional steps to ensure compliance with the URA. All involuntary acquisitions are subject to the URA. Examples of these types of acquisitions are outlined in the following table:

Subject to URA	
Type	Example
Acquisition of Specific Parcels of Property by Purchase	<p>1) A certain parcel of property owned by John Doe, a citizen of the community, is needed by the grantee for a fire station. It has been determined by the grantee that this specific parcel is the best location for the fire station. Disaster Recovery CDBG funding has been awarded for the project. The acquisition of this parcel by the grantee would be subject to the URA.</p> <p>2) A parcel of property owned by Private Enterprise, Inc., is needed for the installation of a water well involving a DR CDBG funded project. The life expectancy of the water well is estimated to be as much as 40 years. Private Enterprise, Inc., is willing to enter into a lease with the grantee for the long-term use of the parcel for a water well. Acquisition of a leasehold agreement by the grantee would be subject to the URA.</p> <p>3) The grantee needs to obtain permanent roadside rights of way for sewer lines that are part of the installation of a new sewer system which is funded, in part, with DR CDBG funding. Some of the rights of way are expected to be donated while others are expected to be purchased. Acquisition of such rights of way, whether by donation or purchase, would be subject to the URA.</p>
Acquisition By Private Entities	The grantee, on behalf of Widget Incorporated, has been funded for an Economic Development project. A parcel, now privately owned and next to the widget plant, is to be acquired by Widget, Incorporated. The OCD-DRU will provide funds for infrastructure associated with the expansion but Widget Incorporated will be the entity that acquires the parcel of adjacent land. Such acquisition would be subject to the URA.
Purchases, Donations, Partial Donations	John Doe, a citizen of the community, donates his property to the grantee to build a fire station. The fire station is being constructed using Disaster Recovery CDBG funds. This donation is subject to URA.

Subject to URA	
Type	Example
Additional Rights of Way- Street Projects	The grantee must obtain land for Widget Corporation, an entity that does not have Eminent Domain, to widen a road.
Leases which are for a duration of 15 years or longer or less than 15 years but are automatically renewable	A sewer lift station must be installed on an emergency basis due to an unexpected chain of events. The lift station is the community’s permanent solution and will be needed for at least fifteen years. The grantee chooses to obtain a fifteen year lease that is automatically renewable, from an appropriate property owner. Acquisition of the lease is subject to the URA.

6.1 Steps For Meeting URA Requirements

Certain steps regarding acquisition of property are necessary to meet Disaster Recovery CDBG and URA requirements. The steps for the purchase of property under the URA and the order in which they should occur are outlined in the following diagram:



Notices, letters, and other documents regarding acquisition sent by the grantee/ sub-grantee/ subrecipient must be sent by certified or registered mail, return receipt requested, or hand delivered with receipt documented.

If the owner or occupant does not read or understand English, the grantee must provide translations and assistance. Each notice must give the name and telephone number of a person who may be contacted for further information.

**Note:* The Grantee must keep a log of any conversations/contact with anyone involved in the acquisition process, from the time the offer letter is sent to the completion of the acquisition. (Refer to Exhibits 10-15ii and 10-15iii)

6.1.1 Determine Ownership

The grantee is responsible for determining ownership of property which may be needed for a Disaster Recovery CDBG project. A title search to determine ownership is often necessary.

Relocation payments are not considered “income” for purposes of the IRS or the Social Security Administration.

The revised regulations do not allow a grantee to encourage or ask a displaced person to waive their relocation assistance; however, a fully informed person may choose not to apply for financial benefits and must acknowledge that decision in writing by clearly describing the assistance for which he/she will not apply.

12.2.1 180-day Homeowner Eligible for a Replacement Housing Payment

This person must have owned and occupied the displacement dwelling that they are living in at least 180 days prior to the initiation of acquisition negotiations and purchased and occupied a decent, safe, and sanitary comparable replacement house. This payment may exceed \$22,500.

The 180-day Replacement Housing Payment is calculated by summing the:

Full price differential between the displacement home and the replacement home:	
Replacement dwelling purchase price:	\$31,500
Less Displacement dwelling purchase price:	- \$12,500
Differential	=\$19,000
Plus all increased mortgage interest cost, necessary to retain the same monthly mortgage payment and based on buy-down method (example: mortgage buy-down and other debt service cost), if applicable;	+\$2,000
Plus all incidental expenses (e.g., recording fees, prorated taxes, appraisal fees, notary fees, boundary surveys, termite inspection, title insurance, deed preparation, etc.);	+\$1,300
Total Housing Replacement Payment	=\$22,300

A 180-day claim form must be filed with the grantee by the displaced family before the grantee may process the relocation payment.

An alternative method to the above example is for the displaced family to donate their displacement dwelling and receive the full price of the replacement dwelling. This step avoids the appraisal process costs, but accomplishes the purchase of the same replacement unit. Applied to the above example, the displaced family would donate their displacement unit and receive a \$31,500 relocation assistance payment, instead of \$22,300, to purchase the same replacement dwelling. The differential is the value of the dwelling purchased by the grantee and the most comparable replacement dwelling.

Note: Refer to Subsection 3.2 Waived Requirements and Exhibit 1-1 Katrina/Rita Disaster Recovery Waivers or Exhibit 1-2 Ike/Gustav Disaster Recovery Waivers to determine if a waiver applies.

12.2.2 90-day Tenants or Homeowners Eligible for a Replacement Housing Payment

This person must have:

1. Occupied the dwelling from which they will be displaced for no less than 90 days immediately prior to the initiation of the acquisition negotiations,
2. Rented or purchased and occupied a decent, safe, and sanitary replacement unit; and
3. Filed their relocation assistance claim form with the grantee within one year of moving to their replacement dwelling.

The 90-day tenant or homeowner is eligible to choose between one of the following two forms of payment: Rental Assistance or Down Payment Assistance.

Rental Assistance Payment (not to exceed \$5,250*)

1. Payment must be disbursed in installments over several months for at least 42 months, per waiver
 - a. Payments are calculated by adding the monthly rent and estimated utilities cost of the lesser of either the comparable replacement unit or the actual replacement unit and then subtracting the same monthly costs of the displaced dwelling.
 - b. A claim form for a rental assistance payment must be approved by the grantee and maintained in their relocation file

Example:

Replacement unit monthly rent	\$275.00
Replacement unit average monthly utilities	<u>+\$100.00</u>
Replacement unit base monthly cost	\$375.00
Less displaced dwelling base monthly cost	<u>- \$250.00</u>
Average monthly differential	\$125.00
X 42 months	<u>x 42</u>
Rental Assistance Payment	\$5250.00

*The displaced dwelling monthly cost may also be calculated using 30% of the displaced person's average monthly gross household income or the amount designated for rent and utilities if the displaced person is receiving a public assistance payment. For determining the amount of the relocation payment, the lesser of these two calculations should be used.

The replacement rental unit selected by the displaced person must be inspected by the grantee and found to meet HUD's decent, safe, and sanitary standards(24.2(a)(8)).

Note: Refer to Subsection 3.2 Waived Requirements and Exhibit 1-1 Katrina/Rita Disaster Recovery Waivers or Exhibit 1-2 Ike/Gustav Disaster Recovery Waivers to determine if a waiver applies.

Down Payment Assistance Payment (also limited to \$5,250)

Section 13

Close-out

Section 13 – Close-out

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Project Closeout Form	Description
Miscellaneous Information Form (Exhibit 13-1e)	Grantee and Direct Subrecipient must provide miscellaneous information regarding the project being closed out, as outlined in this form.
Section 3: Summary Report (Exhibit 13-1f)	Grantee and Direct Subrecipient must report Section 3 (Economic opportunities) information for the project being closed out.
Certificate of Completion Final Statement of Cost/Project Funds Balance (Exhibit 13-1g)	The Grantee and Direct Subrecipient must prepare three Certificate of Completion forms for the project being closed out. This form summarizes all costs incurred for a project that were paid for with Disaster Recovery CDBG funds and program income. See Section 5 – Financial Management for additional guidance regarding program income.
Final Wage Compliance Report (Exhibit 13-1h)	Grantee and Direct Subrecipient must report contractor wage information for the project being closed out.
CDBG Equipment Inventory Form (Exhibit 13-1i)	For each project being closed out, Grantees and Direct Subrecipients must provide a final report for all equipment purchased with Disaster CDBG funds.
Total Project Source of Funds (Exhibit 13-1j)	For each project being closed out, Grantees and Direct Subrecipients must provide the amount, source and status of all funds utilized on that project.

When preparing the close-out forms, these general guidelines should be followed:

1. Identify activities on the forms exactly as they are identified in the contract or as were established by any project amendments.
2. Provide current data on obligated and expended amounts by activity.
3. On all tables, make sure that the rows and columns of figures subtotal accurately.
4. Identify methods used to determine beneficiaries. For new water and sewer systems, the beneficiaries will be determined by the persons actually connected to the new system.

5. Submit one copy of the report to the Division of Administration/ OCD-DRU.
6. Submit one copy of the Certificate of Completion Exhibit 13-1g, all of which have original signatures.

3.2.1 Conditional Close-out Approval

Conditional close-out is given when the OCD-DRU receives and accepts the entire Final Project Performance Report. To receive "conditional" close-out, any outstanding audit/monitoring findings must be resolved and OCD-DRU must approve the Final Project Performance Report.

3.2.2 Final Close-out Approval

The OCD-DRU will issue a Final Close-Out letter to the Grantee or OCD-DRU Direct Subrecipient upon receipt and approval of the audit conducted in accordance with the Single Audit procedures identified in Section 5 of this Administrative Manual, Subsection 11.0, or when the OCD-DRU determines that a Grantee is exempt from the Single Audit requirements. All projects under the Grantee's or OCD-DRU Direct Subrecipient's allocated funding ("grant") as described within its CEA must be conditionally closed out prior to the Final Close-Out. Prompt close-out of the project is most desirable since the OCD-DRU views it as an indicator of local capacity.

3.3 Grantee/CEA Close-out

Within 90 days of all projects identified within a CEA being completed (or the contract has been terminated or expired), a Final Grantee/CEA Performance Report (Exhibit 13-4) must be submitted, along with a final request for funds since any remaining balance will be de-obligated at the time of closeout. The Final Grantee/CEA Performance Report summarizes the individual projects that have been completed/closed, depicts the final computation of CEA funds (Exhibit 13-4a), and describes the Grantee's or OCD-DRU Direct Subrecipient's Fair Housing activities (Exhibit 13-4b). The OCD-DRU will review the report and respond with approval and/or provide the Grantee or OCD-DRU Direct Subrecipient with any additional steps necessary to close out the CEA.

4.0 Return of Excess Grant Funds

If grant funds received exceed grant costs, the Grantee or OCD-DRU Direct Subrecipient will be notified by the OCD-DRU to send a check for the amount of excess grant funds received. Any funds in excess of those allowed by the OCD-DRU will also have to be returned. Excess funds that have been allocated for outstanding expenditures are not required to be returned.

If unsettled third party claims were included, upon resolution of these claims, the Grantee or OCD-DRU Direct Subrecipient must submit a revised Certificate of Completion for the OCD-DRU review before the project can receive a final close-out.

SAMPLE CONSTRUCTION CONTRACT CHECKLIST

GRANTEE: _____ CONTRACT #: _____

Dates of Bid Advertisement: _____

Labor Standards Compliance Officer: _____

Date of 10-Day Call: _____

Date of Bid Opening: _____

Date of Contract Award: _____

Date Work Began: _____

Date Contract Executed: _____

Contract Amount: _____

Contractor: _____ Address: _____

Indicate by an "X" if the contractor can be classified as any of the following.

Minority: _____ Section 3: _____ Female: _____

Contact Person: _____ Telephone: _____

1. Pre-Advertisement/Bid Package Review

Date/By

- Federal wage determination requested _____
- Federal wage determination acknowledged _____
- Federal wage determination reviewed _____
- Federal Labor Standards Provisions _____
- Davis-Bacon provisions (\$2,000) _____
- Contract Work Hours and Safety Standards clauses _____
- Copeland Anti-Kickback clause _____
- Employment of Apprentices/Trainees clause _____
- Title VI clause _____
- Compliance with Title VIII Fair Housing _____
- E.O. 11246 standard clause (contracts above \$10,000) OR 3-paragraph equal opportunity provisions (contracts less than \$10,000) _____
- Notice of Requirement for Affirmative Action to Ensure Equal Employment Opportunity (E.O. 11246 -- contracts \$10,000 or more) _____

Date/By

- Contractor's Section 3 Tables A & B completed, if required _____
- Contractor's Certification regarding Section 3 and Segregated Facilities _____
- Subcontractor's Certification regarding Section 3 and Segregated Facilities _____
- Provide Contractor's Guide to Davis-Bacon Wage to contractor _____
- Requested and received federal wage determination for any classifications not included on wage determination _____
- If apprentices are to be used on contract, received copy of contractor's apprentice program certifications _____
- If trainees are to be used on contract, received copy of contractor's trainee program certification _____
- Bonding/insurance on file _____

4. CONSTRUCTION/ENFORCEMENT

Payrolls & Statement of Compliance

	Received	Reviewed	Discrepancies	Description
Week 1				
Week 2				
Week 3				
Week 4 (Etc.)				

- Project Inspection Date/By
 1. _____
 2. _____
 3. _____
 4. _____
- Complaints, if any, and actions taken _____
- Correspondence concerning contractor E.O. compliance _____

Project Inspection Checklist

A. Project Site Posting

- 1) Federal Wage Determination(s)
- 2) Notice to Employees (W.H. 1321)
- 3) Safety & Health Protection on Job
- 4) Equal Employment Opportunity Requirements (E.O. 11246)

B. Employee Interviews

Attach employee interview form for each interview conducted. All classifications represented on the job must be included in interviews.

5. PROJECT COMPLETION

- Files reviewed to determine completeness and establish that all required restitutions have been made and are adequately documented
- Labor Standards Enforcement Report(s)
- Copy of as-built plans received

GRANTEE STATEMENT OF ASSURANCES

This Applicant/Grantee/Subrecipient hereby assures and certifies that:

1. It possesses legal authority to apply for a Community Development Block Grant (“CDBG”) and to execute the proposed CDBG program.
2. Its governing body has duly adopted, or passed as an official act, a resolution, motion, or similar action authorizing the filing of the CDBG application and directing and authorizing the person identified as the official representative of the Applicant/Grantee/Subrecipient to act in connection with the application, sign all understandings and assurances contained therein, and to provide such additional information as may be required.
3. It has facilitated citizen participation by providing adequate notices containing the information specified in the program instructions and by providing citizens an opportunity to review and submit comments on the proposed application.
4. Its chief executive officer, or other officer or representative of Applicant/Grantee/Subrecipient approved by the State:
 - a. Consents to assume the status of a responsible federal official under the National Environmental Policy Act of 1969 (42 U.S.C.A. §4331, et seq.) insofar as the provisions of such Act apply to the proposed CDBG Program; and
 - b. Is authorized and consents, on behalf of the Applicant/Grantee/Subrecipient and himself, to submit to the jurisdiction of the federal courts for the purpose of enforcement of Applicant/Grantee/Subrecipient’s responsibilities and his or her responsibilities as an official.
5. It will develop the CDBG program and use CDBG funds so as to give maximum feasible priority to activities that will benefit low and moderate income families, aid in the prevention or elimination of slums or blight, or meet other community development needs having a particular urgency.
6. It will comply with the following applicable federal grant management regulations, policies, guidelines, and/or requirements in 2 CFR Part 200 as they relate to the application, acceptance, and use of federal funds.
7. It will administer and enforce the labor standards requirements set forth in 24 CFR §570.603 and any other regulations issued to implement such requirements.
8. It will comply with the provisions of Executive Order 11988, as amended by Executive Order 12148, relating to evaluation of flood hazards, and Executive Order 12088, as amended by Executive Order 12580, relating to the prevention, control and abatement of water pollution.
9. It will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided to Applicant/Grantee/Subrecipient to comply with any accessibility requirements, as required by Title II and Title III of the Americans with Disabilities Act of 1990 (42 U.S.C.A. § 12101 et seq.). The Applicant/Grantee/Subrecipient will be responsible for conducting inspections to ensure compliance with these specifications by the contractor.

10. It will comply with:

- a. Title VI of the Civil Rights Acts of 1964, 42 U.S.C. §2000d et seq., as amended, and the regulations issued pursuant thereto (24 CFR Part 1), which provide that no person in the United States shall on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Applicant/Grantee/Subrecipient receives federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of federal financial assistance extended to the Applicant/Grantee/Subrecipient, this assurance shall obligate the Applicant/Grantee/Subrecipient, or in the case of any transfer of such property, any transferee, for the period during which the property or structure is used for another purpose involving the provision of similar services or benefits.
- b. Section 104 (b) (2) of Title VIII of the Civil Rights Act of 1968 (42 U.S.C.A. §3601, et seq.), as amended, which requires administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing. Title VIII further prohibits discrimination against any person in the sale or rental of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap or familial status.
- c. Section 109 of Title I of the Housing and Community Development Act of 1974 (42 U.S.C. §5309), and the regulations issued pursuant thereto (24 CFR Part §570.602), which provides that no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds provided under that Part. Section 109 further prohibits discrimination to an otherwise qualified individual with a handicap, as provided under Section 504 of the Rehabilitation Act of 1973, as amended, and prohibits discrimination based on age as provided under the Age Discrimination Act of 1975. The policies and procedures necessary to ensure enforcement of section 109 are codified in 24 CFR part 6.
- d. Executive Order 11063, as amended by Executive Order 12259, and the regulations issued pursuant thereto, which pertains to equal opportunity in housing and non-discrimination in the sale or rental of housing built with federal assistance.
- e. Executive Order 11246, as amended by Executive Orders 11375 and 12086, and the regulations issued pursuant thereto, which provide that no person shall be discriminated against on the basis of race, color, religion, sex or national origin in all phases of employment during the performance of federal or federally assisted construction contracts. Further, contractors and subcontractors on federal and federally assisted construction contracts shall take affirmative action to insure fair treatment in employment, upgrading, demotion, or transfer, recruitment or

recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training and apprenticeship.

- f. Section 504 of the Rehabilitation Act of 1973, as amended, which provides that no otherwise qualified individual shall, solely, by reason of his or her handicap be excluded from participation, denied program benefits or subjected to discrimination on the basis of age under any program or activity receiving federal funding assistance.
11. The work to be performed by Grantee is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

Grantee agrees to comply with HUD's regulations in 24 CFR part 135, which implement section 3. Grantee also certifies that there are under no contractual or other impediment that would prevent it from complying with the part 135 regulations.

Grantee agrees to send to each labor organization or representative of workers with which the Grantee has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Grantee's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

Grantee agrees to include this section 3 clause in every subrecipient agreement and contract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of such contract or in this section 3 clause, upon a finding that the subrecipient or contractor is in violation of the regulations in 24 CFR part 135. Grantee will not contract with any subrecipient or contractor where the contractor has notice or knowledge that the subrecipient or contractor has been found in violation of the regulations in 24 CFR part 135.

The Grantee will certify that any vacant employment positions, including training positions, that are filled (1) after the Grantee is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Grantee's obligations under 24 CFR part 135.

Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.

With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

12. It will minimize displacement of persons as a result of activities assisted with CDBG funds. In addition, it will:
 - a. Comply with Title II (Uniform Relocation Assistance) and Sections 301-304 of Title III (Uniform Real Property Acquisition Policy) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. Chapter 61), and HUD implementing instructions at 24 CFR Part 42 and 24 CFR §570.606; and
 - b. Inform affected persons of their rights and of the acquisition policies and procedures set forth in the regulations at 24 CFR Part 42; and
 - c. Provide relocation payments and offer relocation assistance as described in Section 205 of the Uniform Relocation Assistance Act to all persons displaced as a result of acquisition of real property for an activity assisted under the CDBG Program. Such payments and assistance shall be provided in a fair, consistent and equitable manner that ensures that the relocation process does not result in different or separate treatment of such persons on account of race, color, religion, national origin, sex or source of income; and
 - d. Assure that, within a reasonable period of time prior to displacement, comparable decent, safe and sanitary replacement dwellings will be available to all displaced families and individuals and that the range of choices available to such persons will not vary on account of their race, color, religion, national origin, sex, or source of income; and
 - e. Assure that if displacement is precipitated by CDBG funded activities that require the acquisition (either in whole or in part) of real property, all appropriate benefits required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq., Pub. L. 91-646) and amendments thereto shall be provided to the displaced person(s). Persons displaced by rehabilitation of “Non-Uniform Act” acquisition financed (in whole or in part) with CDBG funds shall be provided relocation assistance in accordance with one of the following: (1) the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as required under 24 CFR Section 570.606 (a) and HUD implementing regulations at 24 CFR Part 42; (2) the requirements in 24 CFR Section 570.606 (b) governing

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the Residential Antidisplacement and Relocation Assistance Plan under Section 104 (d) of the Housing and Community Development Act of 1974; (3) the relocation requirements of Section 104 (k) of the Act; (4) the relocation requirements of 24 CFR Section 570.606 (d) governing optional relocation assistance under Section 105 (a) (11) of the Act; and (5) the provisions of 24 CFR Part 511.10 (h) (2) (iii) rental Rehabilitation Program.

13. It will establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties, in accordance with CDBG regulations.
14. It will comply with the provisions of the Hatch Act that limit the political activity of employees and the HUD regulations governing political activity at 24 CFR §570.207.
15. It will give the State and HUD, and any of their representatives or agents, access to and the right to examine all records, books, papers, or documents related to the grant.
16. It will ensure that the facilities under Applicant/Grantee/Subrecipient's ownership, lease or supervision utilized in the accomplishment of the CDBG Program are not listed on the Environmental Protection Agency's (EPA) list of violating facilities and that it will notify HUD of the receipt of any communication from the EPA Office of Federal Activities indicating that a facility to be used in the CDBG Program is being considered for listing by the EPA as a violating facility.
17. With regard to environmental impact, it will comply with the National Environmental Policy Act of 1969 (42 U.S.C. §4321-4347), and Section 104(f) of the Housing and Community Development Act of 1974 (42 U.S.C. §5304(d)).
18. It will comply with Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. 470 et seq.), as amended, Executive Order 11593, and the Preservation of Archaeological and Historical Data Act of 1966 (16 U.S.C. §469a-1 et. seq.), as amended, by:
 - a. Consulting with the State Historic Preservation Office to identify properties listed in or eligible for inclusion in the National Register of Historic Places that are subject to adverse effects (see 36 CFR Part 800) by the proposed activity; and
 - b. Complying with all requirements established by the State to avoid or mitigate adverse effects upon such properties.
19. It will comply with the provisions in 24 CFR §570.200(c) regarding special assessments to recover capital costs.
20. It will adopt and enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individual engaged in non-violent Civil Rights demonstrations and will enforce applicable state and local laws against physically barring entrance to or exit from a facility or location which is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

21. It certifies that no federally appropriated funds will be used for any lobbying purposes regardless of the level of government.
22. It will abide by and enforce the conflict of interest requirement set forth in 24 CFR §570.611, 24 CFR §85.36 and 24 CFR §84.42.
23. It will comply with HUD rules prohibiting the use of CDBG funds for inherently religious activities, as set forth in 24 CFR §570.200(j).
24. Activities involving new building construction, alterations, or rehabilitation will comply with the Louisiana State Building Code.
25. In relation to labor standards, it will comply with:
 - a. Section 110 of the Housing and Community Development Act of 1974, as amended and as set forth in 24 CFR §570.603.
 - b. Davis-Bacon Act, as amended (40 U.S.C. §3141 et seq.).
 - c. Contract Work Hours and Safety Standards Act (40 U.S.C. §327 et seq.).
 - d. Federal Fair Labor Standards Act (29 U.S.C. §201 et seq.).
26. It will comply with the flood insurance purchase requirement of Section 102(a) of the Flood Disaster Protection Act of 1973, 42 U.S.C. §4001 et seq., which requires the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of HUD as an area having special flood hazards. The phrase “federal financial assistance” includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect federal funding.
27. It will comply with the Farmland Protection Policy Act, 7 U.S.C.A. §4201 et seq., which requires recipients of federal assistance to minimize the extent to which their projects contribute to the unnecessary and irreversible commitment of farmland to nonagricultural uses.
28. It will comply with Sections 1012 and 1013 of Title X of the Housing and Community Development Act of 1992 (Public Law 102–550, as amended). The regulation appears within Title 24 of the Code of Federal Regulations as part 35 (codified in 24 CFR 35). The purpose of this regulation is to protect young children from lead-based paint hazards in housing that is financially assisted by the Federal government or sold by the government. This regulation applies only to structures built prior to 1978.
29. It will comply with the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §6901, et seq.).

30. It will comply with the Clean Air Act (42 U.S.C. §7401, et seq.), which prohibits engaging in, supporting in any way, or providing financial assistance for, licensing or permitting, or approving any activity which does not conform to the State implementation plan for national primary and secondary ambient air quality standards.
31. In relation to water quality, it will comply with:
 - e. The Safe Drinking Water Act of 1974 (42 U.S.C. §§ 201, 300(f) et seq. and U.S.C. §349), as amended, particularly Section 1424(e) (42 U.S.C. §§ 300h-303(e)), which is intended to protect underground sources of water. No commitment for federal financial assistance can be entered into for any project which the U.S. Environmental Protection Agency determines may contaminate an aquifer which is the sole or principal draining water source for an area; and
 - a. The Federal Water Pollution Control Act of 1972, as amended, including the Clear Water Act of 1977, Public Law 92-212 (33 U.S.C. §1251, et seq.) which provides for the restoration and maintenance of the chemical, physical and biological integrity of the nation's water.
32. It will comply with HUD Environmental Standards (24 CFR, Part 51 and 44 F.R. 40860-40866).
33. With regard to wildlife, it will comply with:
 - a. The Endangered Species Act of 1973, as amended (16 U.S.C. §1531 et seq.). Federally authorized and funded projects must not jeopardize the continued existence of endangered and threatened species or result in the destruction of or modification of habitat of such species which is determined by the U.S. Department of the Interior, after consultation with the state, to be critical; and
 - b. The Fish and Wildlife Coordination Act of 1958, as amended, (16 U.S.C. §661 et seq.) which requires that wildlife conservation receives equal consideration and is coordinated with other features of water resource development programs.

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Signing these assurances means that Applicant/Grantee/Sub recipient agrees to implement its program in accordance with these provisions. Failure to comply can result in serious audit and/or monitoring findings that require repayment of funds to the State or expending Applicant/Grantee/Sub recipient funds to correct deficiencies.

GRANTEE

By: _____

Title: _____

This ____ day of _____, 20____.

SAMPLE PROCUREMENT POLICY

These procedures are intended to serve as guidelines for the procurement of supplies, equipment, construction services and professional services for the Louisiana Disaster Recovery Community Development Block Grant (CDBG) Program. These guidelines meet the standards established in 2 CFR 200.318-326 and state requirements.

CODE OF CONDUCT

No employee, officer, or agent of the _____ (GRANTEE NAME) shall participate in the selection or in the award or administration of a contract supported by Disaster Recovery CDBG funds if a conflict of interest, real or apparent, would be involved. Such a conflict could arise if the employee, officer or agent; any member of his/her immediate family; his/her 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.

No officer, employee or agent of the _____ (GRANTEE NAME) shall solicit or accept gratuities, favors or anything of monetary value from contractors or firms, potential contractors or firms, or parties to sub-agreements, except where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value.

Any alleged violations of these standards of conduct shall be referred to the _____ (GRANTEE NAME) Attorney. Where violations appear to have occurred, the offending employee, officer or agent shall be subject to disciplinary action, including but not limited to dismissal or transfer; where violations or infractions appear to be substantial in nature, the matter may be referred to the appropriate officials for criminal investigation and possible prosecution.

PROCUREMENT PROCEDURES

The director or supervisor of each department or agency of the _____ (GRANTEE NAME) responsible for procurement of services, supplies, equipment, or construction obtained with Disaster Recovery CDBG funds shall review all proposed procurement actions to avoid the purchase of unnecessary or duplicative items. Such reviews shall consider consolidation or breaking out to obtain a more economical purchase. When determined appropriate by the Director or Supervisor, an analysis to determine which approach would be the most economical shall be undertaken.

The _____ (GRANTEE NAME) shall take affirmative steps to assure that small and minority firms, women's business enterprises, and labor surplus firms are solicited whenever they are potential qualified sources. The _____ (GRANTEE NAME) shall also consider the feasibility of dividing total requirements into smaller tasks or quantities so as to permit maximum participation by small and minority firms, women's business enterprises, and labor surplus firms. Where permitted by regulations, delivery schedules will be developed which will include participation by such businesses.

The _____ (GRANTEE NAME) shall assist the prime contractor whenever possible by providing copies of lists which identify qualified small and minority firms, women's business enterprises, and labor surplus area firms.

SELECTION PROCEDURES

ALL procurement carried out with Disaster Recovery CDBG funds, where _____ (GRANTEE NAME) is a direct party, shall be carried out in a manner that provides maximum free and open competition. Procurement procedures will not restrict or eliminate competition. _____ (GRANTEE NAME) shall not place unreasonable requirements on firms in order for them to qualify to do business. Nor will _____ (GRANTEE NAME) encourage or participate in noncompetitive practices among firms. The _____ (GRANTEE NAME) is alert to organizational conflicts which would jeopardize the negotiation process and limit competition. _____ (GRANTEE NAME) will not require unnecessary experience or bonding requirements.

Pursuant to state law and federal regulations (2 CFR 200.318), all solicitations of offers shall incorporate a clear accurate description of the technical requirements for the material, service, or product to be procured. In competitive procurements, these descriptions shall not contain features which unduly limit competition. The description may include a statement of the qualitative nature of the material, product, or service and the minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications shall be avoided whenever possible. A “brand name or equal” description may be used to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offerors shall be clearly stated.

All solicitations of offers shall clearly set forth all requirements which offerors must fulfill and all other factors to be used in evaluating bids, proposals, or statements of qualifications.

Contracts shall be awarded only to responsible contractors/firms that possess the potential ability to perform successfully under the terms and conditions of the proposed procurement.

Consideration shall be given to such factors as the contractor’s/firm’s capacity, integrity, compliance with public policy, record of past performance, and financial and technical resources.

METHODS OF PROCUREMENT

Direct procurement by the _____ (GRANTEE NAME) shall be made by using one of the following methods depending on the type of service to be procured.

Small Purchase Procedures. Relatively simple, informal procurement procedures will be used where the purchase of materials, single task services, supplies, equipment, and/or other property will not cost in the aggregate more than \$100,000, except where further limited by state law or Disaster Recovery CDBG policy. The procurement officer must obtain a minimum of three oral or written price or rate quotations from qualified sources. Documentation on all quotations received (whether oral or written) shall be made a part of the file. Selections shall be made principally on price. Payment shall be made upon delivery or completion.

Competitive Sealed Bids/Formal Advertising. Under this procedure bids are publicly advertised in accordance with the state’s Public Bid Law. A firm fixed price contract (either lump sum or unit price) shall be awarded to the responsible bidder whose bid is lowest in price and that conforms to all the material terms and conditions of the advertisement for bids.

24 CFR § 570.489(h) CONFLICT OF INTERESTS

- a) *Applicability.*
- 1) In the procurement of supplies, equipment, construction, and services by recipients, and by subrecipients (including those specified at § 570.204(c)), the conflict of interest provisions in 2 CFR 200.318, shall apply.
 - 2) In all cases not governed by 2 CFR 200.318, the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient, by its subrecipients, or to individuals, businesses or other private entities under eligible activities which authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to § 570.202, or grants, loans and other assistance to businesses, individuals and other private entities pursuant to § 570.203, § 570.204 or § 570.455).
- b) *Conflicts prohibited.* Except for the use of CDBG funds to pay salaries and other related administrative or personnel costs, the general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision making process or to gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with who they have family or business ties, during their tenure or for one year thereafter. For the UDAG program, the above-stated restriction shall apply to all activities that are a part of the UDAG project, and shall cover any financial interest or benefit during, or at any time after, the person's tenure.
- c) *Persons covered.* The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or subrecipients which are receiving funds under this part.
- d) *Exceptions: threshold requirements.* Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it determines that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project. An exception may be considered only after the recipient has provided the following:
- 1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
 - 2) (2) An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.
- e) *Factors to be considered for exceptions.* In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d) of this section, HUD shall consider the cumulative effect of the following factors, where applicable:

- 1) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
- 2) Whether an opportunity was provided for open competitive bidding or negotiation;
- 3) Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- 4) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;
- 5) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (b) of this section;
- 6) Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- 7) Any other relevant considerations.

Cost-Price Detail

(and instructions)

- 1 Cost Price Summary
- 2 [Summary Budget Tab](#)
- 3 [Invoices Example](#)

A Cost Component Detail sheet should be prepared for each task.
The details will populate the Summary Budget Tab automatically.

Brief identification of contract task; entry will appear on Summary Budget from, replacing task number

As needed; provide additional information on contract task

filled from Summary Budget Tab

Community: St. Martin Parish Police Jury
 Proposer: Dewey, Cheatam & Howe Consultants, Inc.
 15-Feb-10

COST Component Detail			Task:	Additional Description	Units		
			Conduct Surveys	Conduct surveys for target areas for three drainage projects in CT 100 BGs 2 and 3	3		
Direct Labor and other compensation					Estimated hours	Hourly Rate	Direct Cost per Task
Senior Planner	x 3 surveys	@ 2 hours per survey			36	62.98	2,267.10
Assistant planner	x 3 surveys	@ 15 hours per survey			45	44.22	1,989.90
Total Personnel Compensation					81		4,257.00

Other Direct Costs

Mileage Costs		Estimated Miles	@ \$ per mile	Mileage Costs
One way	Trips	540	\$ 0.48	259.20
trip to survey target area # 1	35	2		2 miles south of Amityville
trip to survey target area # 2	45	2		4 miles east of Chaudville
trip to survey target area # 3	55	2		Southeastern part of River city

Per diem Costs	Estimated Travel Days	Per Diem rate	Per diem costs
	0	\$ -	-

Contract Services or Materials Cost	Description	# items, or units	Estimated Cost per item	Services or Materials Cost
Printing target area map	x 3 @ \$110 per map	3	\$ 110.00	330.00
Reproducing survey forms	200 per target area x 3 TAs @ \$.35 ea	600	\$ 0.35	210.00
		0	\$ -	-
Total Services or Materials cost				540.00

Total Direct Costs **5,056.20**

(Cost Component Detail Summary Continued)

Calculating overhead/indirect cost: the spreadsheet offers two choices; a flat dollar rate per direct Labor Hour or a Percent of Hourly Direct Labor cost. Contractors with a current indirect cost rate approved by any federal agency can use that. Contractors without a rate must show calculation from financial statements See below

Overhead Costs

Choose One Method

Rate X Direct Personnel hours

Overhead Cost	see below	Overhead Hourly Rate	Overhead Cost
Office supplies, services, rentals etc	\$ 7.57	-	-

Total Estimated Costs with rate x direct cost hours **5,056.20**

Once one of the two methods is chosen; it is only necessary to enter the figure on the TASK ONE tab, it will automatically populate the other 24 tabs.

Rate X % of Direct Labor Costs

Overhead Cost	see below	Percent of Direct Labor Cost	Overhead Cost
Office supplies, services, rentals etc	15.1%	15.1%	642.81

Total Estimated Costs with rate as a percent of Direct Labor Cost **5,699.00**

Price detail is optional; the Competitive Proposal method requires a cost breakdown of all services offered. Typically professional service contracts are based upon time and effort ; however some services can be delivered as a finished product and priced accordingly. Payment can be made upon completion and delivery of a completed work product instead of payment for time and effort.

Price Detail	Describe deliverable or work product	calculated difference between allowable costs and price paid	
Task:	Three completed and tabulated surveys	Units	451.00
Conduct Surveys		3	Profit

enter price per single unit

describe proposed completed product

Offered Price per task completion	\$ 2,050.00 x units	Total Offered Price	\$ 6,150.00
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The element of the potential total remuneration that contractors may receive for contract performance over and above allowable costs is called Profit. Sec. 15.404-4 Profit

Cost-Price Detail

(and instructions)

EXAMPLE: Overhead/Indirect costs

II. Cost Elements

Depending on your system, you must provide breakdowns for the following basic cost elements, as applicable:

C. Indirect Costs.

Indicate how you have computed and applied your indirect costs, including cost breakdowns.

Show trends and budgetary data to provide a basis for evaluating the reasonableness of proposed rates.

Indicate the rates used and provide an appropriate explanation.

Overhead rates are developed by dividing the overhead pool costs by the selected allocation base, e.g., direct labor dollars or direct labor hours.

proposer Dewey, Cheatam & Howe Consultants, Inc.

Cost Accounting Period Beginning

1-Oct-08

Cost Accounting Period Ending

30-Sep-09

Allocation Base

choose	Direct Labor Payroll \$	\$ 350,000.00
or	Direct Labor Hours #	7,000.00

Indirect Payroll (administrative staff)

18,000.00

subtract any admin staff charged as a direct cost above

Payroll Taxes

1,440.00

Vacation

692.31

Holiday

385.71

Sick Leave

-

Pensions

2,016.00

do not include any fringe costs charged as a direct cost above

22,534.02

Other Operating Expenses

35,000.00

Minus Bad debts and Losses

500.00

Sec. 31.205-3 Bad debts, Sec. 31.205-23 Losses on other contracts.

Minus Entertainment Costs

3,050.00

Sec. 31.205-14 Entertainment costs.

Minus fines and penalties

200.00

Sec. 31.205-15 Fines, penalties, and mischarging costs.

Minus Lobbying, Political activity costs

340.00

Sec. 31.205-22 Lobbying and political activity costs.

Minus Costs of alcoholic beverages

450.00

Sec. 31.205-51 Costs of alcoholic beverages.

30,460.00

Net Allowable Expenses

52,994.02

divided by allocation base

choose Equals Indirect Cost Rate % 15.1% of Direct Labor Costs

or Equals Indirect Cost Rate \$ per hour \$ 7.57 of Direct Labor hours

End of Indirect Cost Example

Part III Payment Schedule

Agreement between
 St. Martin Parish Police Jury
 and
 Dewey, Cheatam & Howe Consultants, Inc.

data is populated from information provided from TASK tabs

Contract Payment as Reimbursable Costs

Contract Payment as a Price per Deliverable

The name of the TASK will replace Task # when cell C5 in each Task Tab is filled in

Conduct Surveys			
Direct Labor Cost	est Hours	81	4,257.00
Travel Costs	est Miles	540	259.20
Contract Services or Materials Cost			540.00
Overhead Costs			642.81
Total Costs			5,699.00
Renumeration above allowable costs			451.00

Task:	Conduct Surveys
Deliverable or Completed Work Product:	Three completed and tabulated surveys
Quantity	3
Unit Price	\$ 2,050.00
Total Price	\$ 6,150.00

Complete Environmental Reviews			
Direct Labor Cost	est Hours	45	2,833.88
Travel Costs	est Miles	-	-
Contract Services or Materials Cost			99.60
Overhead Costs			427.92
Total Costs			3,361.39
Renumeration above allowable costs			238.61

Task:	Complete Environmental Reviews
Deliverable or Completed Work Product:	Three completed ERRs
Quantity	3
Unit Price	\$ 1,200.00
Total Price	\$ 3,600.00

Conduct Labor Interviews			
Direct Labor Cost	est Hours	30	1,326.60
Travel Costs	est Miles	540	259.20
Contract Services or Materials Cost			21.00
Overhead Costs			200.32
Total Costs			1,807.11
Renumeration above allowable costs			(1,807.11)

Task:	Conduct Labor Interviews
Deliverable or Completed Work Product:	NO PRICE OFFERED Scope of work is too indefinite
Quantity	0
Unit Price	\$ -
Total Price	\$ -

some service costs cannot be estimated accurately and can only be paid on a cost

Cost-Price Detail

(and instructions)

EXAMPLE: Price/Deliverable Billing Invoice

To: St. Martin Parish Police Jury	21-Jul-10
From: Dewey; Cheatam; & Howe Consultants inc.	
Reference: CDBG Disaster Recovery Project Drainage Project # 2	
Contract Task:	
Complete Environmental Review Record	
Unit Price	<u>\$ 1,200.00</u>
Deliverable:	
Environmental Review Record Drainage Project # 2	
Quantity of Deliverables	<u>1</u>
Total Billing	<u>\$ 1,200.00</u>

Cost Components of agreed upon Price

Senior Planner	
15 hrs @ \$62.98 hr =	\$ 944.70
+ Overhead @ 15.1 % =	\$ 142.65
= DL Cost	<u>\$ 1,087.35</u>
+ Postage, Printing, Mailing:1 ERR	\$ 33.20
= Total Cost	<u>\$ 1,120.55</u>
+ Profit	\$ 79.45
= Total Billing	<u>\$ 1,200.00</u>

Example: Cost Reimbursement Billing Invoice

To: St. Martin Parish Police Jury	21-Jul-10			
From: Dewey; Cheatam; & Howe Consultants inc.				
Reference: CDBG Disaster Recovery Project Drainage Project # 2				
Contract Task: Conduct Labor Interviews				
Direct Labor Charges	Quantities	Units	Rate	
Assistant Planner onsite interview session	3.5	hours	\$ 44.22	\$ 154.77
Senior Planner onsite interview session	2.5	hours	\$ 62.98	\$ 157.44
Assistant Planner compilation of data	1.5	hours	\$ 44.22	\$ 66.33
Subtotal Direct Labor hours	7.5			<u>\$ 378.54</u>
Mileage Costs				
Two trips to conduct interviews one way 34 mi	136	mileage @	\$ 0.48	<u>\$ 65.28</u>
Materials and Services costs				
Reproduction of interview forms	16	per unit @	\$ 0.35	<u>\$ 5.60</u>
Allowable Overhead				
Overhead @ percent Direct Labor cost	\$ 378.54	%DL @	15.10%	<u>\$ 57.16</u>
Total Reimbursable Costs for Task this Billing				<u>\$ 506.58</u>
Previous Billings for this Task:	Conduct Labor Interviews			<u>\$ 432.68</u>
Total Billings to Date for this Task				<u>\$ 939.26</u>

Cost Estimate of Task

Assistant Planner	
30 hrs @ \$44.22 hr =	\$ 1,326.60
+ Overhead @ 15.1 %	\$ 200.32
= DL Cost	<u>\$ 1,526.92</u>
Total Est. Miles Cost: 540 x \$.48 =	\$ 259.20
Est. Materials/Services cost	\$ 21.00
Total Estimated Cost of Task	<u>\$ 1,807.12</u>

COST COMPONENT DETAIL

Nothing in the following discussions should be interpreted as recommending the inclusion as direct costs any items normally treated as overhead costs in the firm's accounting or estimating system. 48 CFR Part 31 identifies general cost principles applicable to subagreements with profit-making commercial organizations. OMB Circulars A-122 and A-87 are cost principles for nonprofit organizations and state/local governments, respectively. Architect-engineer and construction contracts are also subject to 48 CFR Part 31.105.

Direct Labor

Direct labor-costs normally include salaries at a regular time rate. Overtime premiums should be identified separately on an attachment. Incurrence of unanticipated overtime costs requires the approval of the recipient at the time of incurrence. If significant overtime is known to be needed at the time of completion of the cost review form, the reasons therefor, labor categories, rates and hours should be identified on an attachment. Also included is the cost of partner's or principal's time when they are directly engaged in services to be rendered under the subagreement. In case the full time of any employee is not to be devoted to work to be performed under the subagreement, only the cost of actual time to be applied should be included. The compensation of a partner or principal shall be included as direct cost only for the time that she/he is expected to be engaged directly in the performance of work under the subagreement and only if it is the firm's normal practice to charge such time directly to all jobs. The rate of compensation of a partner or principal shall be commensurate with the cost of employing another qualified person to do such work, but the salary portion shall not exceed the actual salary rate of the individual concerned. Distribution of profits shall not be included in the rate of compensation.

Enter the categories of professional or technical personnel necessary to perform each major element of work under the subagreement scope of services. Estimate hours worked for each category and extend them by the wage rates to be paid during the actual performance of the work. Current rates, adjusted for projected increases, if any, should be used for the actual categories of labor contemplated. AR projected increases should be supported by recent experience or established personnel policy.

Supporting records to be maintained by the contractor and which must be submitted or made available to OCD-DRU upon request include:

- a. The method of estimating proposed hours worked.
- b. The computation technique used in arriving at proposed labor rates.
- c. The specific documents, books, or other records used as factual source material to develop proposed hours worked and labor rates.
- d. Detailed rate computations which were used in computing the information submitted on the form.

Indirect costs

Indirect costs may consist of one or more pools of expenses which are grouped on the basis of the benefits accruing to the cost objectives represented by the distribution base or bases to which they are allocated. Since accounting practices vary, the use of particular groupings is not required. Neither is the use of any particular allocation base mandatory. However, it is mandatory that the method used results in an equitable allocation of indirect costs to cost objectives which they support.

Normally, the firm's accounting system and estimating practices will determine the method used to allocate overhead costs. The firm's established practices, if in accord with generally accepted accounting principles and PROVIDED THEY PRODUCE EQUITABLE RESULTS IN THE CIRCUMSTANCES, will generally be accepted.

Quick Guide to Cost and Price Analysis for HUD Grantees and Funding Recipients

Who is this guide for?

This guide is for all HUD grantees and funding recipients that contract for services and/or supplies using funds provided in whole or in part by HUD.

What is price analysis?

Price analysis is essentially price comparison. It is the evaluation of a proposed price (i.e., lump sum) without analyzing any of the separate cost elements that it is composed of.

What is cost analysis?

Cost analysis is the evaluation of the separate elements (e.g., labor, materials, etc.) that make up a contractor's total cost proposal or price (for both new contracts and modifications) to determine if they are allowable, directed related to the requirement and ultimately, reasonable.

Is cost or price analysis always required?

Yes. 2 CFR 200.323, "Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards," require grantees to perform a cost or price analysis for *every* procurement action, including contract modifications (e.g., "change orders"), using HUD grant funds.

When do I perform a price analysis?

You use price analysis whenever you are comparing lump sum prices – not cost estimates - received from contractors in a competitive pricing situation (e.g., when sealed bids are obtained).

What qualifies as competition?

Generally, competition means two or more responsible (e.g., not debarred or suspended, etc.) offerors ("bidders"), competing independently, submit priced offers that satisfy the grantee's contract requirement. Obviously, the greater the number of offers received, the greater the competition and ideally, the better the pricing.

When do I perform a cost analysis?

Cost analysis is used whenever you do not have price competition. A cost analysis is required when:

- Using the **competitive proposal** (or “negotiated”) method of contracting (see 2 CFR 200.320 for a definition), e.g., for acquiring professional, consulting or architect/engineering (A/E) services. Under the competitive proposal method, offerors are required to submit cost proposals that show the elements (e.g., labor, materials, overhead, profit) of their proposed costs or price.
- Negotiating a contract with a **sole source**, i.e., not soliciting competitive bids or offers. When a sole source is appropriate and justified (see 24 CFR 200.320), you must obtain a complete cost breakdown from the sole source contractor and perform an analysis using the cost principles to establish a fair and reasonable price or estimated cost.
- After soliciting competitive sealed bids, you receive **only one bid**, and it differs substantially from your independent estimate of the contract price. If you determine that the bid is unreasonable and decide to not recompete (e.g., market survey tells you that you wouldn’t get competition), then you may formally cancel the solicitation and negotiate a contract price with the single bidder. In that case, you must obtain a cost breakdown of the single bid price and use cost principles to determine if that price is reasonable.
- Negotiating a **modification** (including change orders) to *any* type of contract, if the modification changes the work authorized under the contract, and changes the price or total estimated cost, either upwards *or* downwards. You must obtain a detailed breakdown of the contractor's proposed cost - not a lump sum proposal - before negotiating the change in contract price.

CAUTION: *Modifications that change the work beyond the scope of the contract must be justified. If the out-of-scope change cannot be justified, you must procure the work competitively.*

Could there ever be a situation where I don’t have price competition, and I don’t have to perform a cost analysis?

Yes. There are two situations:

- The price can be established on the basis of catalog or market prices of commercial products or services sold in substantial quantities to the general public. A product is considered to be "sold in substantial quantity" when the regular sales volume is large

enough to constitute a real commercial market. Services are considered to be "sold in substantial quantity" when the contractor/vendor customarily provides them, using his/her regularly employed personnel and using equipment (if any is needed) regularly maintained solely to provide the services.

or

- The price is set by law or regulation.

Do I need to analyze and negotiate profit separately?

Whenever you are required to perform a cost analysis, and you are negotiating a contract action that provides for a profit or fee, you must negotiate profit separately. When negotiating profit, you should consider *all* of the following:

- The complexity of the work to be performed. The more difficult the work, the more profit a contractor may be entitled to.
- Contractor's risk. How much risk – either performance or cost to the contractor - will the contract create? The higher the risk, the higher the reward, i.e., profit.
- Contractor's investment (labor, oversight, etc.). How much and what type of resources will the contractor have to dedicate to performing the contract? The greater the investment of resources the more profit.
- Subcontracting. The amount of profit depends upon the size, nature and oversight needs of the subcontracts the contractor will use. Will the contractor perform most of the work, or will he/she sub out some of it, and if so, how much? Will subcontracted work be routine or complex? What amount and level of oversight and management will subcontracted work require of the contractor? Simple subcontracts for routine supplies of services should not be worth as much profit as complex subcontracts that require a lot oversight by your own highly skilled staff or management.
- Quality of the contractor's past performance. Profit should reward the contractor for a proven record of high quality performance. A consistent record of delivering quality goods or services on time within cost, indicates that the contractor will likely “deliver the goods” to you, too. (Note: You probably won't be considering a poor performer for a new contract award.) Performance under the current contract must be considered when negotiating a modification.
- Industry profit rates in the surrounding geographical areas for similar work. What's the “going rate,” especially for standard, more commercial types of work? **CAUTION:** Be careful to not pay going rates when the work required is not really covered by those rates, e.g., paying specialty rates for routine work.

CAUTION! The “cost-plus-a-percentage-of-cost” and “percentage-of-construction-cost” contract types are prohibited. (See 2 CFR 200.323.) These types of contracts reward contractors for incurring greater costs, which is just the opposite of what is in your, the buyer’s, best interest.

How do cost analysis and price analysis apply to the different contracting methods?

- ***Small Purchases.*** For routine, commercial type purchases, comparing price or rate quotes obtained from an adequate number of qualified vendors is sufficient price analysis. If the small purchase is for professional or technical services, or the HA needs to evaluate other factors than price, then at least a limited cost analysis is appropriate. In either case, the HA’s analysis should include comparing the proposed prices to past prices it has paid for the same or similar items or services.
- ***Sealed Bidding.*** This is the preferred method for contracting for supplies, equipment and construction. (See 2 CFR 200.320) Normally, the competitive pricing forces of the marketplace determine the reasonableness of the low price obtained through sealed bidding. Nevertheless, the HA should always compare its own independent cost estimate to the low competitive bid received. In the event they are significantly different, the HA will need to examine each to verify that either its own estimate or the market price is valid. Otherwise, no further price or cost analysis is required under sealed bidding.

CAUTION! When only one bid is received in response to a competitive bid solicitation, you do not have price competition. If you decide to award on the basis of a single submitted bid price, i.e., without negotiation, you must justify that the price is fair and reasonable. At a minimum, you should compare the bid price to your own in-house estimate and past prices paid for the same or substantially similar item(s) in the past. You should also try to obtain information from the marketplace, if you have not already done so in developing your own estimate. If you decide to cancel the sealed bid and negotiate a contract price with the single bidder, you must obtain a complete cost breakdown and perform a cost analysis of the proposed price. If the bidder refuses to provide a breakdown of his/her costs, you may have no other choice than to resolicit bids. In any case, you must document the rationale for your award decision.

- ***Competitive Proposals.*** This method is most often used to contract for professional, consulting, and architect/engineering (A/E) services. (See 2 CFR 200.320 for a definition.) To determine the reasonableness of proposed costs, you must obtain cost breakdowns from the offerors showing all the elements of their proposed total costs and perform a cost analysis of each proposal using the appropriate set of cost principles (discussed below).

NOTE! When awarding a contract using the competitive proposal method, the type of contract (e.g., firm fixed-price or cost-reimbursement) you propose to award does not affect the requirement for a cost analysis. For example, if you intend to award a firm

fixed-price contract via the competitive proposal method, you still must analyze all of the proposed costs contained in each offeror's price. However, you are not required to negotiate each individual cost element in arriving at an agreement on total price. The final price you negotiate with the contractor on a fixed-price contract normally reflects agreement only on the total price. Therefore, the overall objective should be to negotiate total prices that are fair and reasonable.

NOTE! *In certain cases, the contract may specify separately priced items. This is commonly done in indefinite-delivery (e.g., indefinite-quantity, sometimes called job order, or "open ended") contracts. Under these contracts, the HA orders pre-priced items on an as-needed basis, up to a stated maximum quantity. For these contracts, agreement must be reached on each item's price before award and the prices included in the final contract document.*

- *Noncompetitive Proposals.* These are sometimes called sole source contracts and are different from single bids. No competition is intended, and usually, there is no market to help set the price or estimated cost. Since there is no price competition to tell you if the price or estimated cost is reasonable, you must obtain a breakdown of the proposed costs and perform a cost analysis.

What other contract actions or types require cost analysis?

- *Contract Modifications.* If you are negotiating a modification (including change orders) to any contract (even if the basic contract was awarded competitively through sealed bidding) that changes the scope of work previously authorized and impacts the price or estimated cost, you must use cost analysis to arrive at a reasonable cost. The only exception to this rule is a contract modification based on pricing terms already established in the contract document. Keep in mind that changes in scope do not always result in increased costs. Elimination or reduction of contract work may result in a decrease in the contract price. Regardless of the direction of the price change, these modifications require cost analysis using the cost principles to determine that the price change is fair and reasonable.
- *Contract Terminations.* Terminating a contract means unilaterally ending it before its stated end. Contracts can be terminated for the convenience of the grantee or for cause (also called default). Contracts are usually terminated for convenience when the buyer no longer has a need for the service or products as they are specified in the contract, or when it is not possible to substantiate that the contractor's performance is poor enough to terminate him/her for cause. Contracts may be terminated for cause when the contractor fails to perform the contract as written. If you are terminating a contract of any type (fixed-price or cost-reimbursement) for convenience, or a cost-reimbursement contract for cause, you must use cost analysis - and the appropriate cost principles - to negotiate the final amount of the termination settlement.

- *Cost-reimbursement Contracts.* In determining reasonable costs under any cost-reimbursement contract, a cost analysis using the cost principles is required.
- *Architect/Engineer Contracts.* Cost analysis is required in determining if the cost portion of an A/E contract is fair and reasonable.
- *Construction Contracts.* This includes all contracts and contract modifications negotiated on the basis of cost for construction management or construction, alteration or repair of buildings, bridges, roads, or other kinds of real property. It does not include contracts for equipment, or other kinds of personal property. Construction contracts awarded using sealed bidding **do not** require cost analysis (see *Sealed Bidding* above), but construction contracts awarded using any method other than sealed bidding, and modifications to construction contracts do require cost analysis (see *Modifications* above).

***NOTE!** Because of widely varying factors in construction work such as the nature, size, duration, and location of the construction project, advance agreements for such items as home office overhead, partners' compensation, employment of consultants, and equipment usage costs, etc., can be particularly important in construction and A/E contracts. When appropriate, they serve to express the parties' understanding regarding work starts and any costs are incurred. This helps to avoid possible disputes or disallowances later. Guidance on the use of advance agreements is found at FAR 31.109.*

How do I perform an analysis?

Here are some basic techniques.

Price analysis. Use as many of the following techniques as applicable and appropriate:

- Compare competitive prices received in response to the solicitation to one another. This assumes you receive a large enough number of competitively priced offers from the current marketplace.
- Compare proposed prices with prices under existing contracts and with prices proposed in the past for the same or similar items/services. Be sure to factor in any market changes (e.g., commodity price changes) or other influences (e.g., inflation).
- Apply rough yardsticks (e.g., dollars per pound, per square foot, per hour, etc.) to compare prices and highlight significant inconsistencies that warrant additional pricing inquiry.

- Compare competitive price lists, published catalog or market prices of commodities and products, similar indices and discount or rebate arrangements.
- Compare proposed prices with your independent (i.e., in-house) cost estimates.

Cost Analysis.

- Verify the accuracy of the cost and pricing information submitted, and evaluate:
 - The reasonableness of the proposed costs, including allowances for contingencies. To be considered reasonable, proposed costs must meet three critical tests. The costs must be:
 - ⇒ *Allowable*. The applicable cost principles (see section below) will usually state whether a type of cost is allowable or not.
 - ⇒ *Allocable*. This means that the costs are logically related to, or required in the performance of the contract. Many costs may be allowable but not related to the work required under the contract.
 - ⇒ *Reasonable*. This term is generally defined as what a prudent business would pay in a competitive marketplace. A cost can be allowable and allocable, and still not be what a prudent businessperson would pay (e.g., first class airfare for a proposed subcontractor).
 - The necessity for proposed cost items. Technical personnel (e.g., engineer, architect, information systems specialist, etc.) should review the proposed direct cost elements to determine their necessity to perform the contract and reasonableness (e.g., in comparison to market rates). A cost may be allowable under the cost principles and even allocable to the type of work to be performed, *but* still not be necessary for the specific contract.
 - Application of audited or pre-negotiated (e.g., by the Federal Government) indirect cost (e.g., overhead) rates, labor and fringe benefit rates, or other factors.
 - Effect of the offeror's current practices on future costs. Does the offeror have a track record of containing costs (completing contracts at or “under cost”)? Does he/she overrun costs?
 - The projection of the offeror's cost trends. Is there any indication that his/her costs are likely to increase or decrease over the life of the contract?
- Compare costs proposed by the offeror with:

- Actual costs previously incurred by the same contractor for the same or similar work. If it is a repetitive type of work or service, how much has it cost in the past. Apply any appropriate inflation factors for past work.
 - Actual costs of previous the same or similar work performed by other contractors.
 - Previous cost estimates from the offeror or other offerors for the same or similar items.
 - The methods proposed by the offeror with the requirements of the solicitation (i.e., do the costs reflect the technical approach proposed and the work required?).
 - The HA's independent cost estimate, either created by HA staff or for the HA by an independent architect, engineer, appraiser, etc.
- Verify that the offeror's cost submissions comply with the appropriate set of cost principles.

What are cost principles?

Cost principles describe the allowability of various types of costs (e.g., labor, travel, communications, etc.). The HUD regulations at 2 CFR 200.323, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" require you to use them when performing cost analysis.

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SAMPLE VERIFICATION OF PROFESSIONAL SERVICES ELIGIBILITY

1. Request for Clearance of Professional Services is hereby made by:

Name of Grantee _____

DR-CDBG CEA Number _____

2. Identification of the professional firm for which clearance is requested:

Name _____

Address _____

City and State _____

Zip Code _____

Phone Number(s) _____

3. Name of the principles of the firm and their title/position are as follows.

(Complete names preferred: Example—John Buford Brown is preferable to John Brown)

Name of Principals	Title(s)
_____	_____
_____	_____
_____	_____

4. Description of professional services? _____

5. Signed: _____ Date _____
City/Parish CEO or Representative

6. (To be completed by the Office of Community Development)

Upon receipt, OCD/DRU will determine eligibility status, complete and fax or mail the form to the Grantee.

Professional firm cleared: Yes No Date: _____

Signature, OCD/DRU's LCO _____

Faxed or Mailed To _____

Comments: _____

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Office of Community Development-Disaster Recovery Unit

*Exhibit 12-3
Compliance Monitoring Core Checklist Template*

Revised July 20, 2016

Compliance Monitoring Core Checklist Template

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Compliance Monitoring Core Checklist Template

Subrecipient :

Monitor:

Date Completed:

1.2 Entrance Conference

Requirements	Response	Comments
<p>Description: An Entrance Conference should be conducted to “kick off” the monitoring visit. This is especially important for onsite reviews. Use this Section to document these pre-monitoring activities.</p>		
1. Was an Entrance Conference Conducted? List the date, time, and location.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
2. Was a log taken of all attendees? List the names and titles of all persons in attendance (or attach a copy of the sign-in log).	<input type="checkbox"/> Yes <input type="checkbox"/> No	
3. Were designated points of contact identified to assist with the monitoring engagement? List the name, title, assigned area, and contact information for the designated personnel.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
4. Was an agenda drafted and were meeting notes taken to document the topics discussed during the Entrance Conference? List the topics discussed (or attach a copy of the meeting notes).	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Compliance Monitoring Core Checklist Template

Subrecipient : _____ **Monitor:** _____ **Date Completed:** _____

1.3 Documentation Collection

Document	For Use in Section	Date Received (or N/A)	Comments
Description: This Section provides a list of documents required to answer the questions within this Checklist. Execute this Section prior to beginning the review.			
1. Procurement Policies and Procedures	2.1		
2. Contracting Policies and Procedures	2.2		
3. Financial Management Policies and Procedures	2.3		
4. Monitoring Policies and Procedures	2.4		
5. Record Keeping Policies and Procedures (onsite only)	2.5		
6. Most Recent Draw Request/Request for Payment and supporting documentation	3.4		
7. Appropriate Audit/Financial Report			
7.1. A Single Audit if the Subrecipient has \$750,000 or more in federal funds within a fiscal year	3.3		
7.2. Annual sworn financial statement if revenue received was \$50,000 or less	3.3		
7.3. Annual compilation if revenue received was more than \$50,000 but less than \$200,000	3.3		
7.4. An annual review along with the required agreed upon procedure report if revenue received was \$200,000 or more but less than \$750,000	3.3		
8. Federally Approved Indirect Cost Plan, if applicable	3.4		
9. 504 Self Evaluation	4.1		
10. Section 504 Assurance	4.1		
11. Evidence of the administration of a Fair Housing Activity	4.2		
12. Title VI Record Documentation	4.3		

Compliance Monitoring Core Checklist Template

Subrecipient :

Monitor:

Date Completed:

2. Policies and Procedures Review			
Requirements	Response	Issue Type	Comments
2.1 Procurement Policies and Procedures			
<p>Description: Execute this Section to determine if the Subrecipient is in compliance with applicable regulations.</p> <p>Regulations: 24 CFR 84.44, 24 CFR 85.36, and 24 CFR 570.502, 2 CFR 200.317-326</p>			
<p>1. Does the Subrecipient have procurement policies and procedures in place? [24 CFR 85.36; 24 CFR 84.44; 2 CFR 200.318]</p> <p><i>If no, the remaining questions within this Section are not applicable. Technical Assistance should be provided.</i></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>2. Have the Subrecipient's procurement policies and procedures been reviewed during a previous monitoring review?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>2.1. Have any issues been discovered based on prior reviews of the Subrecipient's procurement policies and procedures or have any revisions been made since the previous review?</p> <p><i>If No, mark the remaining questions in this Section as "N/A".</i></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>3. Are the policies and procedures documented?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>4. Does the Subrecipient have a process in place for communicating policies and procedures (including updates) to staff?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
Procurement Policies and Procedures Requirements			

Compliance Monitoring Core Checklist Template

Subrecipient :

Monitor:

Date Completed:

2. Policies and Procedures Review			
Requirements	Response	Issue Type	Comments
<p>5. <u>Requirements</u> - Do the Procurement policies and procedures include a Code of Conduct?</p> <p>24 CFR 85.36, 24 CFR 84.42 and 2 CFR 200.318 requires the Code of Conduct to contain these minimum requirements:</p> <ul style="list-style-type: none"> • No employee, officer or agent of the Grantee/ Recipient/ Subrecipient or sub Grantee/ Recipient/ Subrecipient shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest would be involved • 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 • Penalties, sanctions, or other disciplinary actions for violations are included • The Code of Conduct is consistent with the Louisiana Code of Governmental Ethics (Louisiana Revised Statutes 42:1101) 	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Core Checklist Template

Subrecipient :

Monitor:

Date Completed:

2. Policies and Procedures Review			
Requirements	Response	Issue Type	Comments
<p>6. <u>Requirements</u> - Do the Procurement policies and procedures include guidance on using the appropriate solicitation methods, contract types and contract price?</p> <p>For Grantees/ Recipients, 24 CFR 85.36(b)(9) and 2 CFR 200.318 and 323 requires:</p> <ul style="list-style-type: none"> • Only one of the solicitation methods (Small Purchase, Sealed Bid/formal advertising, Competitive Proposals, Noncompetitive Proposals) are employed for each procurement • The requirements for the applicable solicitation method are followed • Only the appropriate contract types (Purchase Order, Fixed Price, Cost Reimbursement) are employed for each procurement • A “cost plus a percentage of cost” or a “percentage of construction cost” type pricing is not used for contracts • A “time and material” type contract is only used after a determination is made that no other contract is suitable and the contract includes a ceiling price that the contractor exceeds at its own risk • Contract is price appropriately, as determined by contract services (Lump sum pricing, unit pricing, or reimbursement of costs) • Recipients avoid purchasing unnecessary items. • Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal Government. • Solicitations for goods and services provide for the following: <ul style="list-style-type: none"> • A clear and accurate description of the technical requirements for the material, product or service to be procured • Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals. 	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>7. <u>Requirements</u> - Do the Procurement policies and procedures include a requirement that staff review proposed procurements for Cost reasonableness?</p> <p>24 CFR 85.36; 24 CFR 84.45, 84.84 and 2 CFR 200.323 requires that cost reasonableness is reviewed:</p> <ul style="list-style-type: none"> • To avoid unnecessary purchases; • To avoid duplicative purchases, and; • Ensure costs are reasonable. 	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Core Checklist Template

Subrecipient :

Monitor:

Date Completed:

2. Policies and Procedures Review			
Requirements	Response	Issue Type	Comments
<p>8. <u>Requirements</u> - Do the Procurement policies and procedures include a requirement that staff review proposed procurements to ensure contractors are eligible?</p> <p>24 CFR 85.35; 24 CFR 84.13 and 2 CFR 180 requires that awards are not made to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension".</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>9. <u>Requirements</u> - Do the Procurement policies and procedures include a requirement that affirmative efforts be undertaken to hire women's business enterprises, minority firms and labor surplus firms?</p> <p>[24 CFR 85.36(e); 24 CFR 84.44(b), 24 CFR 84.84(e)(2), 2 CFR 321]</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>10. <u>Requirements</u> - Do the Procurement policies and procedures include a requirement that all disputes relating to procurement actions be handled, resolved, and disclosed?</p> <p>[24 CFR 85.36(b)(12); 24 CFR 84.84; 2 CFR 200.318(k)]</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>11. <u>Requirements</u> - Do the Procurement policies and procedures include a requirement that all procurements be conducted using "open and free competition," unless an exception applies?</p> <p>[24 CFR 85.36(c); 24 CFR 84.84(d), 2 CFR 200.319]</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>12. <u>Requirements</u> - Do the Procurement policies and procedures include a requirement to eliminate unfair competitive advantages in procurements?</p> <p>[24 CFR 85.36(c); 24 CFR 84.84(d); 24 CFR 84.43; 2 CFR 200.319]</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Core Checklist Template

Subrecipient :

Monitor:

Date Completed:

2. Policies and Procedures Review			
Requirements	Response	Issue Type	Comments
2.2 Contract Administration Policies and Procedures			
<p>Description: Use this Section to determine if the Subrecipient has developed a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. This section provides best practices that may be utilized in an adequate contract administration system.</p> <p>Regulation: 24 CFR 85.36(b)(2), 24 CFR 84.47, 24 CFR 84.84(h), 2 CFR 200.318</p>			
<p>1. Does the Subrecipient have contract administration policies and procedures in place? <i>If no, the remaining questions within this Section are not applicable. Technical Assistance should be provided.</i></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>2. Has the Grantee/ Recipient/ Subrecipient’s contract administration policies and procedures been reviewed during a previous monitoring review?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>2.1. Have any issues been discovered based on prior reviews of the contract administration policies and procedures or have any revisions been made since the previous review? <i>If No, mark the remaining questions in this Section as “N/A”.</i></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>3. Are the policies and procedures documented?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>4. Does the Subrecipient have a process in place for communicating policies and procedures (including updates) to staff?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>5. Are the Subrecipient’s contract administration policies and procedures adequate?</p> <p>Contract Administration best practices include:</p> <ul style="list-style-type: none"> • Utilizing Contract Templates for developing contract; • Identifying a contract administrator for each contract executed; • Implementing a process to ensure contractor abides by the terms of the contract procedures; • Implementing a deliverable review/approval process; and, • Implementing a process for managing issues that may arise with the contractor. 	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Core Checklist Template

Subrecipient :

Monitor:

Date Completed:

2. Policies and Procedures Review			
Requirements	Response	Issue Type	Comments
<u>Isaac Only</u>			
Grantees implementing projects utilizing funding from the Hurricane Isaac allocation are required to meet these guidelines.			
6. Does the Subrecipient maintain a record of achieving certification of a comprehensive green building program or completion of the HUD CPD Green Building Retrofit Checklist, as appropriate?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
6.1 If yes, proceed to question 2.			
6.2 If no, is the Subrecipient exempt from meeting the green building standard?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
7. Did the Subrecipient require procured contracts to contain (1) performance measures and associated penalties and (2) a period of performance or the date of completion?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
8. If an Action Plan Amendment is submitted after 11/18/2013, did the subrecipient describe its process for the selection and design of green infrastructure projects or activities, and/or how selected projects or activities will incorporate green infrastructure components? (Per Fed. Reg. 78 No. 222)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
2.3 Financial Management Policies and Procedures			
Description: Use this Section to determine if the Grantee Recipient/Subrecipient's financial management policies and procedures meet the requisite standards. Regulations: 24 CFR 84.21, 24 CFR 85.20, 24 CFR 570.502, 2 CFR 200.302			
1. Does the Subrecipient have financial management policies and procedures in place? <i>If no, the remaining questions within this Section are not applicable. Technical Assistance should be provided.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
2. Have the Subrecipient's financial management policies and procedures been reviewed during a previous monitoring review?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Core Checklist Template

Subrecipient :

Monitor:

Date Completed:

2. Policies and Procedures Review			
Requirements	Response	Issue Type	Comments
2.1. Have any issues been discovered based on prior reviews of the Subrecipient's financial management policies and procedures or have any revisions been made since the previous review? <i>If no, mark "N/A" for the remaining questions in this Section.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
3. Are the policies and procedures documented?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
4. Does the Subrecipient have a process in place for communicating policies and procedures (including updates) to staff?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
Financial Management Policy and Procedures Requirements			
5. <u>Internal Controls Requirements</u> - Do the financial management policies and procedures require defined staff qualifications and duties, lines of authority, and separation of functions? [24CFR85.20(b)(3) and 84.21(a)(3), 2 CFR 200.303]	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
6. <u>Internal Controls Requirements</u> - Do the financial management policies and procedures require control over secure access to assets, blank forms, and confidential documents? [24CFR85.20(b)(3) and 84.21(b)(3), 2 CFR 200.303]	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
7. <u>Internal Controls Requirements</u> - Do the financial management policies and procedures include a process for approving and recording transactions? [24CFR85.20(b)(3) and 84.21(b)(3), 2 CFR 200.303]	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
8. <u>Internal Controls Requirements</u> - Do the financial management policies and procedures include a process to periodically compare financial records to actual assets and liabilities? [24CFR85.20(b)(4) and 84.21(b)(4), 2 CFR 200.303]	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Core Checklist Template

Subrecipient :

Monitor:

Date Completed:

2. Policies and Procedures Review			
Requirements	Response	Issue Type	Comments
<p>9. <u>Support Documentation Requirement</u> - Do the financial management policies and procedures require that documentation (receipts, invoices, canceled checks, etc.) is available to support accounting record entries?</p> <p>[24CFR85.20(b)(6) and 84.21(b)(7), 2 CFR 200.302]</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>10. <u>Allowable Cost Requirement</u> - Do the financial management policies and procedures clearly define reasonableness, allowability, and allocability of costs incurred that's consistent with 2 CFR 200.302</p> <p>[24CFR85.20(b)(5) and 84.21(b)(6)]</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>11. <u>Financial Reporting Requirement</u> - Do the financial management policies and procedures require that financial statements and reporting are complete, current, reviewed periodically and provide complete disclosure of the financial results of each Federally-sponsored project or program?</p> <p>[24CFR85.20(b)(1) and 84.21(b)(1), 2 CFR 200.302]</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>12. <u>Financial Reporting Requirements</u> - Do the Subrecipient's financial management policies and procedures require that all of the following required HUD CDBG activities are captured within its reports?</p> <ul style="list-style-type: none"> • Amount budgeted • Advances/reimbursements received to date • Program income & other miscellaneous receipts • Actual expenditures/disbursements • Current encumbrances/obligations • Unpaid requests for payments <p>[24CFR84.52 and 24CFR85.41, 2 CFR 200.302]</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>13. <u>Cash Management Requirement</u> - Do the financial management policies and procedures include a process to accurately project the cash needs of the organization?</p> <p>[24CFR85.20(b)(7) and 84.21(b)(5), 2 CFR 200.305]</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Core Checklist Template

Subrecipient :

Monitor:

Date Completed:

2. Policies and Procedures Review			
Requirements	Response	Issue Type	Comments
14. Audits and Audit Findings Requirements- Do the financial management Policies and Procedures require that audits are conducted in a timely manner and in accordance with applicable standards, including a systematic method to assure timely and appropriate resolution of audit findings and recommendations?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
2.4 Monitoring Policies and Procedures			
<p>Description: Use this Section to determine if the Subrecipient’s monitoring policies and procedures sufficiently outline the monitoring of each project, program, function or activity to assure compliance with applicable Federal requirements and that performance goals are being achieved.</p> <p>Regulations: 24 CFR 84.51; 24 CFR 85.40, 2 CFR 200.327 and 328</p>			
1. Does the Subrecipient have monitoring policies and procedures in place? <i>If no, the remaining questions within this Section are not applicable. Technical Assistance should be provided.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
2. Have the Subrecipient’s monitoring policies and procedures been reviewed during a previous monitoring review?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
2.1. Have any issues been discovered based on prior reviews of the monitoring policies and procedures or have any revisions been made since the previous review? <i>If yes, continue through this Section. If no, continue to next Section.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
3. Are the policies and procedures documented?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
4. Does the Subrecipient have a process in place for communicating policies and procedures (including updates) to staff?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Core Checklist Template

Subrecipient :

Monitor:

Date Completed:

2. Policies and Procedures Review			
Requirements	Response	Issue Type	Comments
<p>5. Do the monitoring policies and procedures provide guidance on conducting, documenting, and reporting on monitoring activities and on follow up on areas of non-compliance?</p> <p>Monitoring best practices may include:</p> <ul style="list-style-type: none"> • Prioritizing based on Risk • Prescribing a Sampling methodology • Monitoring Performance • Implementing a tracking system • Technical Assistance procedures 	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>6. Do the monitoring policies and procedures include monitoring Project/Program performance?</p> <p>Monitoring best practices may include monitoring based on:</p> <ul style="list-style-type: none"> • Compliance with approved application scope, funding specifications, and other requirements • Program guidelines • Implementation schedule and milestones <p>[24CFR84.51 and 24 CFR 85.40, 2 CFR 200.328]</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
2.5 Record Keeping Policies and Procedures – ONSITE ONLY			
<p>Description: Use this Section to determine if the Subrecipient’s Record Keeping Policies and Procedures are sufficient. Regulations: 24 CFR 85.40, 24 CFR 84.53, 24 CFR 570.506, and 24 CFR 570.490 and 2 CFR 330. 329, and 333</p>			
<p>1. Does the Subrecipient have Record Keeping policies and procedures in place?</p> <p><i>If no, mark “No” for the remaining questions in this Section.</i></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>2. Have the Subrecipient’s record keeping policies and procedures been reviewed during a previous monitoring review?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>2.1. Have issues been discovered based on prior reviews of the record keeping policies and procedures or have any revisions been made since the previous review?</p> <p><i>If no, mark “N/A” for the remaining questions in this Section.</i></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>3. Are the policies and procedures documented?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>4. Does the Subrecipient have a process in place for communicating policies and procedures (including updates) to staff?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Core Checklist Template

2. Policies and Procedures Review			
Requirements	Response	Issue Type	Comments
Recordkeeping Policies and Procedures			
5. Do the recordkeeping policies and procedures describe the information that needs to be collected and why?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
6. Do the recordkeeping policies and procedures describe when the information should be collected and how often?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
7. Do the recordkeeping policies and procedures describe how the information should be acquired, organized (in an orderly manner that provides ease of examination by any applicable parties and stored in a secure, central location)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
8. Do the recordkeeping policies and procedures describe how the information should be reported?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
9. Do the recordkeeping policies and procedures describe the required retention period for records (minimum of five years)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
10. <u>Access to Records</u> – Do the record keeping procedures provide access to records and/or personnel by authorized agencies and/or citizens as required?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
2.6 Duplication of Benefits			
<p>Description: Use this Section to determine if the Grantee/Subrecipient has a Duplication of Benefits Policy.</p> <p>Regulations: Robert T. Stafford Disaster Relief and Emergency Assistance Act</p>			
1. Does the Grantee/Subrecipient have an adopted Duplication of Benefits policy? <i>Note: See Exhibit 2-6 Sample Duplication of Benefits Policy.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Core Checklist Template

Subrecipient :

Monitor:

Date Completed:

3. Validation of Financial Management System			
Requirements	Response	Issue Type	Comments
3.1 Establishing DR CDBG Funds Account			
Description: Use this Section to assure that the applicable process has been followed to establish the Subrecipient's DR CDBG Funds Account.			
1. Has the Subrecipient's disaster recovery CDBG funds account been reviewed during a previous monitoring review?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
1.1. Have any issues been discovered based on prior reviews of the Subrecipient's DR CDBG funds account? <i>If no, mark "N/A" for the remaining questions in this Section.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
2. Has the Subrecipient setup a non-interest bearing account for disaster recovery funds?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
3. Is the Subrecipient using its general bank account?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
3.1. If the Subrecipient is using this account, is this an interest-bearing account? Note: If interest is accrued on Disaster Recovery CDBG funds, the OCD-DRU must collect it from the Subrecipient.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
4. Is the account used by the Subrecipient FDIC insured?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
4.1. If applicable, is the bank providing collateral to secure all funds in excess of FDIC limits?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
3.2 Financial Administration			
Description: Review the Subrecipient's Financial Administration System and use this Section to assure that it meets the standards set forth in 24 CFR 84.21, 24 CFR 85.20, and 24 CFR 570.502 and 2 CFR 200.302			
1. Has the Subrecipient's financial administration system been reviewed during a previous monitoring review?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
1.1. Were issues identified in previous reviews? <i>If yes, continue through this Section. If no, continue to next Section.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
2. Has the Subrecipient designated someone to be responsible for financial management?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Core Checklist Template

3. Validation of Financial Management System			
Requirements	Response	Issue Type	Comments
3. Does the Subrecipient have an accounting system in place that allows for the tracking of receipts and expenditures and the generation of financial statements?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
3.1. Is the Subrecipient accounting for the Disaster Recovery CDBG funds using a modified accrual basis?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
3.2. Is the Subrecipient tracking and reporting on each project separately?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
3.3 Financial Reporting and Audits			
Description: Use this Section to assure compliance with audit/reporting requirements.			
Regulations: 24 CFR 84.26 and/or 24 CFR 85.26; 2 CFR Part 200.500			
1. Has the Subrecipient conducted a Single Audit, if required? A Single Audit is required if the Subrecipient has expended \$750,000 or more in federal funds within a fiscal year. Obtain the nine digit EIN off of the W-9 and use harvester.census.gov/sac to determine if the Single Audit was submitted.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
2. If Single Audit is not required, has the Grantee/ Recipient/Subrecipient submitted the other appropriate financial report? <ul style="list-style-type: none"> • Annual sworn financial statement if revenue received was \$50,000 or less • Annual compilation if revenue received was more than \$50,000 but less than \$200,000 • Annual Review, plus agreed upon procedures if revenue received was \$200,000 or more but less than \$750,000 	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
3. Were findings disclosed in the financial statements that related to issues with internal control and/or compliance with laws, regulations, and provisions of contracts or grant agreements? <i>If yes, document management's response to these findings and set time frame to ensure these issues were corrected.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
3.4 Expenditure Review			
Description: Use this Section to assure that Subrecipient's expenditures are in compliance with applicable requirements by reviewing the most recent Request for Payment and answering the following questions accordingly.			
1. Do the Requests for Payment submitted by the Subrecipient include the appropriate certifications?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Core Checklist Template

3. Validation of Financial Management System			
Requirements	Response	Issue Type	Comments
2. If there's program income, is the Grantee/ Recipient/Subrecipient disbursing program income prior to making further draw requests?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
3. Has the Subrecipient charged any indirect costs?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
3.1. If yes, did the Subrecipient submit a federally-approved Indirect Cost Plan to OCD-DRU?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
4. Are the Subrecipient's administrative costs at or below the authorized threshold?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
5. <u>Internal Controls</u> – Is there evidence that there are appropriate separation of duties in the approving of a Request for Payment and the payment of invoices?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	



Office of Community Development-Disaster Recovery Unit

Supplement to Exhibit 12-4

Supplemental Worksheets for Project Checklist

Revised July 20, 2016

The following Worksheets are to be used in conjunction with the OCD-DRU Compliance Monitoring Project Checklist to review the procurement, contracting, labor and financial management compliance.

Contents

WORKSHEET 1: PROCUREMENT AND CONTRACT REVIEW

WORKSHEET 2: CONTRACTOR LABOR REVIEW

WORKSHEET 3: CONTRACTOR SUPPORT DOCUMENTATION/ALLOWABLE COSTS REVIEW

WORKSHEET 4: SECTION 3 COMPLIANCE

Monitoring Instructions:

1. Select contractors/contracts to be reviewed.
 - a. Select 10% or a minimum of two contractors/contracts.
 - b. If issues are found within the selected sample, broaden the sample to include additional contractors/contracts.
 - c. Document the reasoning for adjusting the sample size, if applicable.
2. Execute each of the Worksheets for each contractor within the sample as described within each Worksheet.

12-4b

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Compliance Monitoring Project Checklist Template - SUPPLEMENTAL WORKSHEETS

WORKSHEET 1: PROCUREMENT AND CONTRACT REVIEW

Grantee/ Recipient/ Subrecipient: _____ **Project ID:** _____ **Monitor:** _____ **Date Completed:** _____

Contractor: _____

Requirements	Response	Issue Type	Comments
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Monitoring Instructions: Review the Grantee/ Recipient/ Subrecipient’s Procurement Policies and Procedures. Then, answer each question as directed and mark “N/A”, “Finding”, or “Concern” to identify any issues, as applicable. Provide comments for your responses in the identified areas. References and guidance are provided throughout this checklist section and should be used to help the Monitor determine if the standards are being met by the Grantee/ Recipient/ Subrecipient.

THIS WORKSHEET SHOULD BE COMPLETED FOR EACH CONTRACT WITHIN THE SELECTED SAMPLE.
Once all Worksheets are completed, execute Section 7 of the OCD-DRU PIPP Compliance Monitoring Project Checklist.

Documents Needed (For each procurement/contract reviewed):

- Solicitation
 - Any submitted questions and the responses to those questions
 - Advertisement
 - Written evaluation or Score Sheet
- Proposals, Statement of Qualifications, Bids, Quotes, etc.
- Cost/Price Analysis
- Notice of Contract Award
- Contract
- Wage Determination, if applicable
- Documentation of Bid Opening Date, if applicable

Procurement Overview

1. Identify the Procurement Type (Small Purchase, Sealed Bid, Competitive Proposals, or Non-Competitive Proposals)	N/A	N/A	
2. Were any disputes related to procurement actions received?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
2.1. If yes, were the disputes handled, resolved and disclosed? [24 CFR 85.36(b)(12); 24 CFR 84.84; 2 CFR 200.318(k)]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
3. Is there evidence that the procurement was conducted using “open and free competition,” unless an exception applies? [24 CFR 85.36(c); 24 CFR 84.84; 2 CFR 200.319]	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
4. Is there evidence that a Notice of Contract Award has been sent to the OCD-DRU within 30 days of award for all prime construction contracts?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
5. If procured through the Sealed-Bid Method, was the contract awarded within the time frame established in State Bid Law? (45 days; time frame may be extended in 30-day increments by mutual consent.)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

WORKSHEET 1: PROCUREMENT AND CONTRACT REVIEW

Grantee/ Recipient/ Subrecipient: _____ **Project ID:** _____ **Monitor:** _____ **Date Completed:** _____

Contractor: _____

Requirements	Response	Issue Type	Comments
SMALL PURCHASE REQUIREMENTS			
6. For the Small Purchase method (an option when services are less than \$100,000 and supplies are less than \$30,000), is there evidence of a minimum of three quotes received by phone, fax or mail?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
7. For the Small Purchase method (an option when services are less than \$150,000 and supplies are less than \$30,000), is there evidence of documentation for basis of selection?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
8. For the Small Purchase method (an option when services are less than \$100,000 and supplies are less than \$30,000), is there evidence of justification for acquisition of the services, supplies or equipment?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
COMPETITIVE NEGOTIATION –RFP REQUIREMENTS			
9. For the Competitive Negotiation method using " Requests for Proposals ", is there evidence of the Request for Proposal?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
10. For the Competitive Negotiation method using " Requests for Proposals ", is there evidence of that the RFP was publicized?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
11. For the Competitive Negotiation method using " Requests for Proposals ", is there evidence that Proposals and copies of proposals were received timely?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
12. For the Competitive Negotiation method using " Requests for Proposals ", is there evidence that a written evaluation of each proposal was performed?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
13. For the Competitive Negotiation method using " Requests for Proposals ", is there evidence costs were analyzed for reasonableness to avoid unnecessary and duplicative purchases? [24 CFR 85.36(f); 2 CFR 200.323]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
14. For the Competitive Negotiation method using " Requests for Proposals ", is there evidence that the selection process was thorough and uniform and the criteria and point system identified in the RFP was used to make the selection?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

WORKSHEET 1: PROCUREMENT AND CONTRACT REVIEW

Grantee/ Recipient/ Subrecipient: _____ **Project ID:** _____ **Monitor:** _____ **Date Completed:** _____

Contractor: _____

Requirements	Response	Issue Type	Comments
15. For the Competitive Negotiation method using "Requests for Proposals" , is there evidence of documentation of the reason for rejecting any or all proposals?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
16. For the Competitive Negotiation method using "Request for Proposals" , is there evidence that sufficient records were maintained detailing the procurement history? <i>The records must include but not limited to:</i> <ul style="list-style-type: none"> • <i>Rationale for the method of procurement</i> • <i>Selection of contract type</i> • <i>Contractor selection or rejection</i> • <i>The basis for the contract price</i> 	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
17. For the Competitive Negotiation method using "Request for Proposals" , is there evidence that a contract administration system is being maintained to monitor the contractor's performance against terms, conditions and specifications of their contracts or purchase orders?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

COMPETITIVE NEGOTIATION – RFQ REQUIREMENTS

18. For the Competitive Negotiation method using "Statements of Qualifications" , is there evidence of a copy of the Request for Qualifications?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
19. For the Competitive Negotiation method using "Statements of Qualifications" , is there evidence that the RFQ was publicized?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
20. For the Competitive Negotiation method using "Statements of Qualifications" , is there evidence that Statements of qualifications were received timely?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
21. For the Competitive Negotiation method using "Statements of Qualifications" , is there evidence that a written evaluation of each statement was performed?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
22. For the Competitive Negotiation method using "Statements of Qualifications" , is there evidence of documentation of the reason for rejecting any or all RFQs?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Project Checklist Template - SUPPLEMENTAL WORKSHEETS

WORKSHEET 1: PROCUREMENT AND CONTRACT REVIEW

Grantee/ Recipient/ Subrecipient: _____ **Project ID:** _____ **Monitor:** _____ **Date Completed:** _____

Contractor: _____

Requirements	Response	Issue Type	Comments
23. For the Competitive Negotiation method using " Statements of Qualifications ", is there evidence that costs were analyzed for reasonableness to avoid unnecessary and duplicative purchases? [24 CFR 85.36 (f); 2 CFR 200.323]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
24. For the Competitive Negotiation method using " Statements of Qualifications ", is there evidence of that the selection process was thorough and uniform and the criteria and point system identified in the Request for Qualification Statements was used to make the selection?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
NON-COMPETITIVE NEGOTIATION			
25. For the Non-competitive Negotiation method, is there evidence of prior approval from the OCD-DRU if used to procure services?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
26. For the Non-competitive Negotiation method, is there evidence of the rationale for using this procurement method meets the requirements of 24 CFR 85.36 (d)(4)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
27. For the Non-competitive Negotiation method, is there evidence of justification for services provided?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
28. For the Non-competitive Negotiation method, is there evidence that costs were reviewed for reasonableness to avoid unnecessary and duplicative purchase? [24 CFR 85.36; 24 CFR 84.45, 84.84; 2 CFR 200.320 (f)]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
SEALED-BID REQUIREMENTS			
29. For the Sealed-Bid method, is there evidence that final plans, specifications, and cost estimates (for construction only) were submitted to the OCD-DRU prior to advertising for bids?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
30. For the Sealed-Bid method, is there evidence that an advertisement for bids ("invitation for bids") was published once a week for three weeks with the first ad appearing at least 25 days prior to bid opening?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
31. For the Sealed-Bid method, is there evidence that the Public bid opening occurred at the time and place set in the advertisement for bids?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Project Checklist Template - SUPPLEMENTAL WORKSHEETS

WORKSHEET 1: PROCUREMENT AND CONTRACT REVIEW

Grantee/ Recipient/ Subrecipient:		Project ID:	Monitor:	Date Completed:
Contractor:				
Requirements	Response	Issue Type	Comments	
32. For the Sealed-Bid method, is there evidence that the procurement solicitation contained an “Effective Wage Decision”, if applicable? <i>Only applicable if construction-related services (including demolition where construction is anticipated) were procured and no labor standard exception requirements were met.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern		
33. For the Sealed-Bid method, is there evidence that wage decisions (dated no more than 10 days prior to bid opening) included in all requests and advertisements for bids?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern		
34. For the Sealed-Bid method, is there evidence that minutes of the bid opening were maintained?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern		
35. For the Sealed-Bid method, is there evidence that a review of each bid was performed (tabulation of bids)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern		
36. For the Sealed-Bid method, is there documentation of the reason for rejecting any or all bids?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern		
37. For the Sealed-Bid method, is there evidence that the lowest responsible bidder was selected?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern		
38. For Procurements for Construction-related services , does the project meet one or more of the Labor Standard exception requirements? <i>If yes, notate the requirement identified below, but mark N/A for questions 40-44.</i> <ul style="list-style-type: none"> • Construction contracts at or below \$2,000 • Rehabilitation or construction of residential structures containing less than eight units; • Simple water and sewer line extensions without pumps, tanks, etc. may also be exempt; • Separate and distinct projects. Contact the OCD-DRU for guidance; • Contracts solely for demolition, when no federally-funded construction is anticipated on the site 	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern		
39. For Procurements for Construction-related services , were effective wage decisions included in all requests and advertisements, as applicable?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern		

WORKSHEET 1: PROCUREMENT AND CONTRACT REVIEW

Grantee/ Recipient/ Subrecipient: _____ **Project ID:** _____ **Monitor:** _____ **Date Completed:** _____

Contractor: _____

Requirements	Response	Issue Type	Comments
40. For Procurements for Construction-related services , did the procurement advertisement include a requirement that the Contractor and subcontractors are responsible for compliance with the applicable Nondiscrimination, Equal Employment Opportunity, and Affirmative Action in Employment Requirements?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
41. For Procurements for Construction-related services , did the procurement advertisement include a requirement that the contractor awarded the contract will undertake affirmative efforts to hire women’s business enterprises, minority firms, labor surplus firms and disadvantaged business enterprise? [24 CFR 85.36(e); 24 CFR 84.84; 2 CFR 200.321]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
42. For Procurements for Construction-related services , did the procurement advertisement state that the Contractor and subcontractors are responsible for compliance with the provisions of Section 3 of the Housing and Urban Development Act of 1968?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
43. For Procurements for Construction-related services , did the procurement advertisement include a requirement that the Contractor and subcontractors are responsible for compliance with the provisions of Section 503/504 of the Rehabilitation Act of 1973, as amended?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
Isaac Only Grantees implementing projects utilizing funding from the Hurricane Isaac allocation are required to meet these guidelines.			
44. Does the project include new construction of a residential building or a replacement of a substantially damaged residential building? 44.1. If yes, proceed to <i>Step 46</i> . 44.2.If no, proceed to <i>Step 48</i> .	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
45. Was construction of the residential building complete, under construction, or under contract prior to the date assistance was provided? 45.1.If yes, proceed to <i>Question 48</i> . 45.2.If no, proceed to <i>Question 47</i> .	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Project Checklist Template - SUPPLEMENTAL WORKSHEETS

WORKSHEET 1: PROCUREMENT AND CONTRACT REVIEW

Grantee/ Recipient/ Subrecipient: _____ **Project ID:** _____ **Monitor:** _____ **Date Completed:** _____

Contractor: _____

Requirements	Response	Issue Type	Comments
46. Is there evidence that the Grantee verified that the construction achieved certification under at least one approved green program? Indicate program (<i>i.e., ENERGY STAR, Enterprise Green Communities, LEED, ICC-700 National Green Building Standard, EPA Indoor AirPlus or any other equivalent comprehensive green building program</i>).	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
47. Has the Grantee verified construction follows the guidelines for the Green Building Retrofit Checklist. (<i>This question is not applicable if Question 47 is applicable.</i>)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
Contract Requirements			
1. Identify the Contract Type: (Purchase Order, Fixed Price, Cost Reimbursement, or Time and Material)	N/A	N/A	
1.1. If a “time and material” type contract is used, was a determination made that no other contract is suitable?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
1.2. If a “time and material” type contract is used, does the contract include a ceiling price that the contractor may exceed at its own risk? [24 CFR 85.36(b)(10); 2 CFR 200.323]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
1.3. Was “cost plus a percentage of cost” or “percentage of construction cost” pricing used for the contract? <i>Note: This type of contract is not allowed (24 CFR 85.36(f)(4) 84.44 and 2 CFR 200.323(d))</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
2. Does the Contract Scope of Work/Services/ Equipment or Supplies match the Scope of Work/Services included within the procurement solicitation?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
3. Based on the procurement type and equipment or supplies procured or services provided, was the correct contract type executed?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
4. Was the contract signed by all required parties?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Project Checklist Template - SUPPLEMENTAL WORKSHEETS

WORKSHEET 1: PROCUREMENT AND CONTRACT REVIEW

Grantee/ Recipient/ Subrecipient:	Project ID:	Monitor:	Date Completed:
Contractor:			
Requirements	Response	Issue Type	Comments
5. Was the Contractor’s status reviewed to ensure that it is not debarred, suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, “Debarment and Suspension” [24 CFR 85.35; 24 CFR 84.13; 2 CFR 200.180]?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
5.1. Is Contractor Clearance Date after Contract Effective Date? <i>Notate the Contractor Clearance Data and Contract Effective Date</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
Contract Requirements			
6. For each contract within the contract sample, does the contract contain Scope of Services?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
7. For each contract within the contract sample, does the contract contain the Contract amount, with breakout of fees by services?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
8. For each contract within the contract sample, does the contract contain the Method of compensation?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
9. For each contract within the contract sample, does the contract contain the Contract date? <i>(Notate Contract Date)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
10. For each contract within the contract sample, does the contract contain a Section 3 clause?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
11. For each contract within the contract sample, does the contract contain a Equal Opportunity clause?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
12. For each contract within the contract sample, does the contract contain a Termination for Cause, and Convenience provision?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
13. For each contract within the contract sample, does the contract contain a Conflict of Interest clause?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
14. For each contract within the contract sample, does the contract contain an Access to Records provision?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
15. For each contract within the contract sample, does the contract list Executive Order 11246?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

WORKSHEET 1: PROCUREMENT AND CONTRACT REVIEW

Grantee/ Recipient/ Subrecipient: _____ **Project ID:** _____ **Monitor:** _____ **Date Completed:** _____

Contractor: _____

Requirements	Response	Issue Type	Comments
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Isaac Only

Grantees implementing projects utilizing funding from the Hurricane Isaac allocation are required to meet these guidelines.

16. Did the Grantee/Subrecipient include (1) performance measures and penalties and (2) a period of performance in procured contracts?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
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Labor Contract Requirements

Description: Only applies to construction contracts above \$2,000. Arbitrarily separating a project into individual contracts below \$2,000 in order to avoid the Davis-Bacon and Copeland Act requirements is not permitted.

1. Were wage decisions included within the executed contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
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2. Does the resulting contract reflect the wage categories for laborers or mechanics, etc., established in the “Effective Wage Decision”?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
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2.1. Are the rates for each wage category for laborers or mechanics, etc. in the contract at or above the rates specified in the “Effective Wage Decision”?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
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3. Were wage decision lock-in dates established? <i>(Notate the wage lock-in date and bid opening date)</i> <ul style="list-style-type: none"> • For contracts procured through the sealed bid method, the lock-in date is the 10 days prior to bid opening. • For contracts procured through other methods, the lock-in date is the contract award date OR if contract performance commences more than 30 days after award, the lock in date is ten days prior to commencement of the work. 	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
---	---	--	--

4. Do the wage decisions from the contract represent the correct time frame?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
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Compliance Monitoring Project Checklist Template - SUPPLEMENTAL WORKSHEETS

WORKSHEET 2: CONTRACTOR LABOR REVIEW

Grantee/ Recipient/ Subrecipient: _____ **Project ID:** _____ **Monitor:** _____ **Date Completed:** _____

Contractor: _____

Requirements	Response	Issue Type	Comments
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Monitoring Instructions: Review the Grantee/ Recipient/ Subrecipient’s Financial Management Policies and Procedures. Then, select an invoice sample based on transaction-based sampling methodology for the Contractor being reviewed. Answer each question as directed and mark “N/A”, “Finding”, or “Concern” to identify any issues, as applicable. Provide comments for your responses in the identified areas.

THIS WORKSHEET SHOULD BE COMPLETED FOR EACH CONTRACT WITHIN THE SELECTED SAMPLE.
Once all Worksheets are completed, execute Section 8 of the OCD-DRU PIPP Compliance Monitoring Project Checklist.

Documents Needed (for each non-exempt Contractor selected):

- Weekly payroll reports (Two per applicable contractor within contract sample)
- Verification of Wage Decision Form
- Contract (including Wage Decision included within contract)

Payroll Review

<p>1. Is the Contractor exempt from Davis-Bacon and Related Acts and the Copeland Anti-Kickback requirements? If yes, do not execute the remainder of this Worksheet.</p> <p>Must meet one of the following in order to be exempt:</p> <ul style="list-style-type: none"> • Construction contracts at or below \$2,000 • Rehabilitation or construction of residential structures containing less than eight units; • Simple water and sewer line extensions without pumps, tanks, etc. • Separate and distinct projects; or, • Contracts solely for demolition, when no federally-funded construction is anticipated on the site. 	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>2. Are weekly payroll reports being submitted timely for all employees and subcontractors being paid under the contract?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>3. Do the payroll reports indicate that the contractor/subcontractor employees are being paid timely?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>4. Are the payroll reports accompanied by a signed "Statements of Compliance" from an authorized representative of the Contractor?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
<p>5. Is there evidence that the payroll reports are being reviewed for labor compliance by the Grantee/ Recipient/ Subrecipient's LCO, including reviews for required documentation (HUD Form WH-347), exact worker classifications, wage decisions, and mathematical accuracy?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Project Checklist Template - SUPPLEMENTAL WORKSHEETS

WORKSHEET 2: CONTRACTOR LABOR REVIEW

Grantee/ Recipient/ Subrecipient: _____ **Project ID:** _____ **Monitor:** _____ **Date Completed:** _____

Contractor: _____

Requirements	Response	Issue Type	Comments
6. Was a "Verification of Wage Decision" form executed by all grantees/subrecipients prior to the start date of the contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
7. If additional worker classifications have been requested, were the appropriate OCD-DRU procedures followed?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Project Checklist Template - SUPPLEMENTAL WORKSHEETS

WORKSHEET 3: CONTRACTOR SUPPORT DOCUMENTATION/ALLOWABLE COSTS REVIEW

Grantee/ Recipient/ Subrecipient: Project ID: Monitor: Date Completed:

Contractor:

Requirement	Response	Issue Type	Comments
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Monitoring Instructions: Review the Grantee/ Recipient/ Subrecipient’s Financial Management Policies and Procedures. Then, select an invoice sample based on transaction-based sampling methodology for the Contractor being reviewed. Answer each question as directed and mark “N/A”, “Finding”, or “Concern” to identify any issues, as applicable. Provide comments for your responses in the identified areas.

THIS WORKSHEET SHOULD BE COMPLETED FOR EACH CONTRACT WITHIN THE SELECTED SAMPLE.
Once all Worksheets are completed, execute Section 9 of the OCD-DRU PIPP Compliance Monitoring Project Checklist.

Documents Required:

- Contract
- Required Invoices for each contractor within contract sample¹
 - Use the transaction-based sampling methodology to determine the number of invoices that must be reviewed:
 - Less than 20 invoices have been submitted during the period, select 3
 - If 20 - 49 invoices have been submitted during the period, select 5
 - If 50 - 99 invoices have been submitted during the period, select 10
- Supporting Documentation for each invoice reviewed

¹If no contractors are used to execute the project, Grantee/ Recipient/ Subrecipient documentation identifying use of resources and invoices for supplies, materials, etc. is required to be submitted.

Support Documentation/Allowable Costs Review

1. Is all or a part of the period covered by first invoice prior to the Contract Effective Date? <i>Notate Period covered by first invoice and contract effective date</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
2. Invoice Review – Invoice Number	N/A	N/A	
2.1. Date Submitted:	N/A	N/A	
2.2. Submitted by:	N/A	N/A	
2.3. Date Approved:	N/A	N/A	
2.4. Approved by:	N/A	N/A	
2.5. Are Costs Allowable? <i>(Refer to Note 1 below for guidance)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
2.6. Is the Support Documentation Sufficient? <i>(Refer to Note 2 below for guidance)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
3. Invoice Review – Invoice Number	N/A	N/A	
3.1. Date Submitted:	N/A	N/A	
3.2. Submitted by:	N/A	N/A	
3.3. Date Approved:	N/A	N/A	
3.4. Approved by:	N/A	N/A	
3.5. Are Costs Allowable? <i>(Refer to Note 1 below for guidance)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Project Checklist Template - SUPPLEMENTAL WORKSHEETS

WORKSHEET 3: CONTRACTOR SUPPORT DOCUMENTATION/ALLOWABLE COSTS REVIEW

Grantee/ Recipient/ Subrecipient: _____ **Project ID:** _____ **Monitor:** _____ **Date Completed:** _____

Contractor: _____

Requirement	Response	Issue Type	Comments
3.6. Is the Support Documentation Sufficient? <i>(Refer to Note 2 below for guidance)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
4. Invoice Review – Invoice Number	N/A	N/A	
4.1. Date Submitted:	N/A	N/A	
4.2. Submitted by:	N/A	N/A	
4.3. Date Approved:	N/A	N/A	
4.4. Approved by:	N/A	N/A	
4.5. Are Costs Allowable? <i>(Refer to Note 1 below for guidance)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
4.6. Is the Support Documentation Sufficient? <i>(Refer to Note 2 below for guidance)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
5. Invoice Review – Invoice Number	N/A	N/A	
5.1. Date Submitted:	N/A	N/A	
5.2. Submitted by:	N/A	N/A	
5.3. Date Approved:	N/A	N/A	
5.4. Approved by:	N/A	N/A	
5.5. Are Costs Allowable? <i>(Refer to Note 1 below for guidance)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
5.6. Is the Support Documentation Sufficient? <i>(Refer to Note 2 below for guidance)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
6. Invoice Review – Invoice Number	N/A	N/A	
6.1. Date Submitted:	N/A	N/A	
6.2. Submitted by:	N/A	N/A	
6.3. Date Approved:	N/A	N/A	
6.4. Approved by:	N/A	N/A	
6.5. Are Costs Allowable? <i>(Refer to Note 1 below for guidance)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	
6.6. Is the Support Documentation Sufficient? <i>(Refer to Note 2 below for guidance)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> N/A <input type="checkbox"/> Finding <input type="checkbox"/> Concern	

Compliance Monitoring Project Checklist Template - SUPPLEMENTAL WORKSHEETS

Note 1: A cost is allowable under the CDBG program if:

- The expenditure is necessary, reasonable, and directly related to the grant.
- The expenditure has been authorized by the Grantee/ Recipient/ Subrecipient (the city or parish that provides the CDBG funds to the Grantee/ Recipient/ Subrecipient), generally through approval of the budget for the activity.
- The expenditure is not prohibited under Federal, state, or local laws or regulations (2 CFR 200.405).
- The expenditure is consistently treated, in the sense that the Grantee/ Recipient/ Subrecipient applies generally accepted accounting standards in computing the cost, and utilizes the same procedures in calculating costs as for its non-Federally assisted activities.
- The cost must be allocable to the CDBG program. A cost is allocable to a particular cost objective (e.g., grant, program, or activity) in proportion to the relative benefits received by that objective.

Note 2: Sufficient Support Documentation

- **Payrolls:** Source documentation should include employment letters and all authorizations for rates of pay, benefits, and employee withholdings. Such documentation might include union agreements or minutes from board of directors' meetings where salary schedules and benefit packages are established, copies of written personnel policies, W-4 forms, etc. For staff time charged to the CDBG program activity, **time and attendance records should be available.** If an employee's time is split between CDBG and another funding source, there must be time distribution records supporting the allocation of charges among the sources. Canceled checks from the employees, insurance provider, etc., or evidence of direct deposits will document the actual outlay of funds.
- **Cost of space and utilities:** Space costs must be supported by documentation such as rental or lease agreements. Utility costs will be supported by bills from the utility companies. Both types of expenses will be supported by canceled checks. If the cost of space or utilities is split between the CDBG program and other sources, there must be a reasonable method in place to allocate the charges fairly among the sources, consistent with the guidelines covering allocable costs.
- **Supplies:** Documentation would include purchase orders or requisition forms initiated by an authorized representative of the Grantee/ Recipient/ Subrecipient, an invoice from the vendor (which has been signed-off by the Grantee/ Recipient/ Subrecipient to indicate the goods were received), the canceled check from the vendor demonstrating payment was made, and information regarding where the supplies are being stored and for what cost objective(s) they are being used.