

CHAPTER III

FINANCIAL MANAGEMENT & REPORTING

Financial Management

Introduction

This chapter outlines the financial management standards and procedures for administering state CDBG grants. Grantees should become familiar with these standards and procedures to facilitate project administration and to avoid having problems arise at the time of grant close-out and audit. The 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.

Financial Management Standards

The federal regulations governing the financial management of CDBG-DR projects include but are not limited to:

- 2 CFR Part 200 HUD Overview for Grantees (in part) that governs cost principals for state and local governments. Subpart E governs the State CDBG Program. Section 570.489 details program administrative requirements (Note applicable HUD waivers).
- 24 CFR Part 570 “Community Development Block Grants”, 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 MO DED CDBG requirements. Failure to account for and manage CDBG-DR funds accordingly may result in sanctions imposed by MO DED and/or HUD.

Areas of Financial Management

This chapter outlines the basic procedures and forms necessary to comply with CDBG standards in four areas of financial management. These areas cover:

1. Grant payment procedures

Set up to receive grant payments from the State

- Procedures that minimize the amount of time elapsed between transfer of funds from the US Treasury and the disbursements by the grantee (recipient) for timely expenditure of funds
- Comparison of actual expenditures with amounts budgeted for the grant
- Procedures for determining reasonableness and allowable costs (required for CDBG-DR - See Appendix in CDBG-DR Manual for Sample Cost and Price Analysis Worksheet)

2. Establishing and maintaining the CDBG accounting system
 - Accurate, current, and complete disclosure of financial results
 - Records that identify adequately the source and application of grant funds
 - Accounting records that are supported by appropriate source documentation
 - Systematic method to assure timely and appropriate resolution of audit findings and recommendations
3. Identifying and using program income
4. Reporting on grant financial activity to DED

GRANT PAYMENT

Execute necessary forms:

1. execute the grant agreement / finalize the projection of expenditures
2. submit signed original Authorized Signature (SFM01) Form to DED
3. submit signed original Designation of Depository (SFM02) Form to DED
4. submit the Vendor Input/ACH-EFT Application – WITH CDBG designated for the account

Funds are to be deposited into a separate non-interest bearing (FDIC insured) account which is to be balanced on a monthly basis.

The processing time needed to set up electronic accounts with the state's Office of Administration averages approximately ten days. Funds can be drawn once the grant agreement is executed and all required forms are submitted and an account is set up.

Executing the Grant Agreement

Execution of the grant agreement is complete only after the grant agreement has been signed by the grantee and by the director of the Department of Economic Development. Generally, the process of executing the grant agreement occurs in the following way:

1. After reviewing and approving the grant application, DED notifies the applicant that the proposed project has been selected for funding and that a contract agreement will be forthcoming.
2. DED then prepares a contract agreement and forwards copies to the applicant.
3. The applicant executes the agreement by signing, attesting, and stamping it with the **official seal** of the community
4. The applicant returns all copies to DED.
5. The copies are then signed and approved by the Director of DED.
6. A copy of the fully executed grant agreement is returned to the applicant.

In addition to acknowledging acceptance of the CDBG award, execution of the grant agreement serves at least two other purposes. One, it acknowledges that the recipient accepts and will comply with all Federal and State

requirements governing administration of the grant; and two, it sets out the terms and conditions of the award that must be satisfied before funds will be released for certain activities. Costs for exempt project activities can be incurred only **after** the date of the grant agreement. Costs for project activities that are subject to specific contract conditions (e.g., environmental review) can be incurred only after execution of the agreement and removal of the conditions. (See Notice of Removal of Grant Conditions in the Environmental Review Chapter.)

Timely Expenditure of Funds

Grant applicants are required to submit a Schedule of Projected Expenditures as part of the CDBG application process. This schedule outlines by quarter and by activity the estimated timeline for expenditures of the grant award, if selected for funding. If awarded funding, grantees are required to submit any updates to expenditure projections on a quarterly basis, or in any event where the original timeline for full expenditure will be revised to a future date.

Completing and Submitting Authorized Signature Form (SFM01)

Grant recipients must prepare and mail to DED the Authorized Signatures Form with original signatures for each project. This form designates not less than two local officials who will be authorized to sign the Requests for Funds (RFF). Persons signing the Signature Form must be city/county officials and/or employees. The names and titles of these persons on the Signature Form must be signed by each person **exactly** as their name appears on the form. Another independent local official must then certify that the individuals listed at the top of the form are authorized to co-sign RFFs by signing on the bottom portion of the form. The certifying official **must be the highest ranking elected official whose name is not listed as a co-signer on the Signature Form**. This official cannot co-sign RFFs submitted to DED. Administrators who are not city/county officials and/or city/county employees are not permitted to sign the Signature Form.

Note: Per Sections 54.100 and 95.060 RSMO 1978, county and city treasurers will control the receipt of county or city monies and should disburse the same.

The completed Signature Form with **original** signatures in blue ink, free of erasures and corrections, must be mailed to DED. A second copy should be placed in the grantee's project files. New signature forms must be resubmitted if less than two signatures remain with authority to submit RFFs, or a separate DED award is made to the same recipient in a subsequent year.

Completing and Submitting Designation of Depository Form (SFM02)

Grant recipients must also notify DED where grant payments are to be deposited. This requires that recipients submit information about the account to DED on the Designation of Depository form. However, the CDBG Program requires that the CDBG funds must be in a separate, non-interest bearing account. Therefore, the funds should be transferred, from the account into which they are deposited, to the CDBG account immediately upon receipt if the receiving account is interest-bearing. The grantee must designate, on the SFM02 form in Section 2, the account into which CDBG funds be transferred. You may elect to have CDBG funds deposited into a general account. However, since many general accounts are interest-bearing, the funds must be transferred to a non-interest bearing account immediately after deposit.

The State's Office of Administration will now permit CDBG grantees to receive funds directly into a separate CDBG account, rather than going through the city or county's general account, as long as the account is so designated on the ACH form and Vendor Input form as "City of Anytown – CDBG". This title must be listed on the ACH form by Vendor's name. Grantees may choose which options best suit their needs.

The State of Missouri purges vendor account information from the state accounting system for vendors with no activity for a period of 12 months or more. Please monitor the status of activity on your CDBG and/or state account to ensure it remains active.

All checks issued on the CDBG bank account are required to have two signatures.

The Designation of Depository form consists of two sections, one to be completed and signed by the CDBG recipient and the other by the bank. The bank certifies that the account is non-interest bearing, **or will be transferred immediately upon deposit into a non-interest bearing account**, and indicates how CDBG deposits are insured.

According to Section 110.010 RSMO 1978, "all public funds in banking institutions shall be secured by the deposit of securities." The statute further states that "the value of securities deposited and maintained by a legal depository under Section 110.010 shall at all times be not less than one hundred percent of the actual amount of the funds on deposit with the depository, less the amount, if any, insured by the Federal Deposit Insurance Corporation." All recipients should obtain a pledge of collateral security from the participating bank for coverage of all amounts of CDBG funds over FDIC coverage. This will be monitored during the grant period. One completed depository form with **original** signatures must be mailed to DED for each project. The recipient should retain a copy for their project files.

Vendor Input/ACH-EFT Application

All CDBG funds must be disbursed via Automatic Clearing House. Communities will not submit a voided check or deposit slip with the application; the ACH form must be completed and an original must be mailed to CDBG. The form must have the account number and the routing number of the bank. Be sure that the account number is the same as the account number on the Designation of Depository Form (SFM02). The form should be signed by the mayor/presiding commissioner, as well as by the authorized person of the listed financial institution. Leave the space for the vendor number blank as that is a number the State of Missouri has/will have assigned. The account label/name must designate that it is a CDBG account. For example "City of Anytown – CDBG" should be included in the field "Name on Account" under the part to be completed by the Financial Institution.

*** Please verify with the grantee all current account information on file with the state for current or past projects to reduce delays in processing due to conflicting accounts.**

CDBG Administrative Manual
Financial Management



MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

AUTHORIZED SIGNATURES FOR CDBG REQUESTS FOR FUNDS (SFM01)

NAME OF RECIPIENT		PROJECT #	
PERIOD OF CONTRACT TO	RECIPIENT FISCAL YEAR END DATE	CONTRACT #	
THE INDIVIDUALS NAMED BELOW ARE AUTHORIZED TO SIGN ALL REQUESTS FOR FUNDS (RFF) DOCUMENTS.			
TYPED NAME	TITLE	SIGNATURE EXACTLY AS IT APPEARS IN TYPED FORM	
CERTIFICATION: I certify that the above signatures are of the individuals authorized to co-sign requests for funds. (Note: This person must be the highest ranking elected official whose name is not listed above.)			
TYPED NAME:	TITLE	SIGNATURE	TELEPHONE () DATE
ADMINISTRATIVE CONTRACTS:		ACCOUNTING SYSTEM USED:	
PROJECT ADMINISTRATOR: (person responsible for over-all supervision of the CDBG grant)		<input type="checkbox"/> CDBG <input type="checkbox"/> OWN	
TYPED NAME	TELEPHONE ()	FEDERAL EMPLOYER ID #:	
ADDRESS	CITY ZIP CODE		
FINANCIAL ASSISTANT: (person responsible for submitting requests for funds)		STATE USE ONLY	
TYPED NAME	TELEPHONE ()	FIELD STAFF FISCAL	
ADDRESS	CITY ZIP CODE		
NOTE: Recipient should retain one copy and send two originally signed copies free of erasures or corrections to DED.			

MO 419-1458 (03-88)

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MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
DESIGNATION OF DEPOSITORY: DIRECT DEPOSIT (SFM02)

			PROJECT NO.	CONTRACT NO.
SECTION 1: DESIGNATION			SECTION 2: CERTIFICATION BY DEPOSITORY	
RECIPIENT			<p>The account identified in Section 1 has been established with this bank. It is a non-interest bearing account. * If account is interest-bearing, this bank and the recipient agree that all funds will be immediately transferred upon deposit into _____.</p> <p>* Transfer Account No.</p> <p>All necessary documentation, including a power of attorney where necessary, which will enable this bank to receive CDBG funds directly from the State of Missouri to _____ without any _____ Deposit Account No.</p> <p>endorsement by the payee, has been received and is in this depository's custody.</p> <p>This depository's deposits are insured by _____. Appropriate collateral Insurance</p> <p>will be pledged by this bank any time that the depositor's balance exceeds this insurance limit.</p> <p>Immediately upon deposit of CDBG funds we will notify the recipient and, subsequently, provided a copy of the check and documentation of deposit. Monthly statements and copies of all checks will be provided to the recipient.</p>	
ADDRESS				
CITY	STATE	ZIP CODE		
An account for the direct deposit of CDBG funds has been established at the following bank:				
BANK NAME				
ADDRESS			AUTHORIZED BANK OFFICER'S TYPED NAME DATE	
CITY	STATE	ZIP CODE	SIGNATURE OF AUTHORIZED BANK OFFICER	
The account number to which all CDBG checks will be deposited is:			SECTION 3: DED PROCESSING	
ACCOUNT NO.				
I certify that this or the transfer account is a non-interest bearing account which shall be maintained on a basis consistent with Treasury Circular 1075. *If the account is interest-bearing, funds will transferred immediately upon deposit into the account referenced in Section 2.			FIELD STAFF	FISCAL
GRANTEE CHIEF EXECUTIVE'S TYPED NAME		DATE	DATE RECEIVED	DATE RECEIVED
SIGNATURE OF GRANTEE CHIEF EXECUTIVE			CDBG APPROVAL INITIALS	FISCAL APPROVAL INITIALS
NOTE: RECIPIENT SHOULD RETAIN ONE COPY AND SEND TWO SIGNED COPIES FREE OF ERASURES OR CORRECTIONS TO DED.				

CDBG Administrative Manual
Financial Management



MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
DESIGNATION OF DEPOSITORY: DIRECT DEPOSIT (SFM02)

PROJECT NO. 94-PF-01	CONTRACT NO. N/A
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SECTION 1: DESIGNATION		SECTION 2: CERTIFICATION BY DEPOSITORY		
RECIPIENT City of Anytown, Missouri		<p>The account identified in Section 1 has been established with this bank. It is a non-interest bearing account. All necessary documentation, including a power of attorney where necessary, which will enable this bank to receive CDBG funds directly from the State of Missouri to <u>1-23-456</u> <small>Account No</small> without any endorsement by the payee, has been received and is in this depository's custody.</p> <p>This depository's deposits are insured by: <u>F. D. I. C.</u> <small>Insurance</small>. Appropriate collateral will be pledged by this bank any time that the depositor's balance exceeds this insurance limit.</p> <p>Immediately upon deposit of CDBG funds we will notify the recipient and, subsequently, provide a copy of the check and documentation of deposit. Monthly statements and copies of all checks will be provided to the recipient.</p>		
ADDRESS P.O. Box 1234, 501 Main Street				
CITY	STATE			ZIP CODE
Anytown, Missouri	12345			
An account for the direct deposit of CDBG Funds has been established at the following bank:				
BANK NAME Anytown Bank		AUTHORIZED BANK OFFICER'S TYPED NAME		
ADDRESS 505 Elm Street		DATE 8-4-94		
CITY	STATE	ZIP CODE	SIGNATURE OF AUTHORIZED BANK OFFICER 	
Anytown, Missouri				
The account number to which all CDBG checks will be deposited is:		SECTION 3: DED PROCESSING		
ACCOUNT NO. 1-23-456				
I certify that this is a non-interest bearing account which shall be maintained on a basis consistent with Treasury Circular 1075.		FIELD STAFF	FISCAL	
GRANTEE CHIEF EXECUTIVE'S TYPED NAME		DATE	DATE RECEIVED	
Marvin Mayor		8-3-94		
SIGNATURE OF GRANTEE CHIEF EXECUTIVE 		CDBG APPROVAL INITIALS:	FISCAL APPROVAL INITIALS:	
NOTE: RECIPIENT SHOULD RETAIN ONE COPY AND SEND TWO SIGNED COPIES FREE OF ERASURES OR CORRECTIONS TO DED.				

Located at: http://oa.mo.gov/sites/default/files/vendor_input_ach_eftd.pdf



STATE OF MISSOURI
OFFICE OF ADMINISTRATION
VENDOR INPUT/ACH-EFT APPLICATION

***REQUIRED FIELDS**

*NAME/ADDRESS AS SHOWN ON FEDERAL TAX RETURN		*FEDERAL TAX ID NUMBER OR SOCIAL SECURITY NUMBER	
REMIT TO NAME/ADDRESS IF DIFFERENT THAN ABOVE		PREVIOUS FEDERAL TAX ID NUMBER OR SOCIAL SECURITY NUMBER	
PURCHASE ORDER NAME/ADDRESS IF DIFFERENT THAN ABOVE		PREVIOUS NAME	
		PREVIOUS ADDRESS	
		COMMENTS	
TO BE COMPLETED BY FINANCIAL INSTITUTION		<input type="checkbox"/> I (We) hereby authorize the State of Missouri, to initiate credit entries to my (our) account at the depository financial institution named and to credit the same such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provision of U.S. law. This authorization is to remain in full force and effect until the State of Missouri, Office of Administration, has received written notification from me (us) of its termination in such time and in such manner as to afford the State of Missouri and the financial institution a reasonable opportunity to act on it.	
NAME/ADDRESS OF FINANCIAL INSTITUTION		<input type="checkbox"/> I (We) hereby cancel my (our) ACH/EFT authorization.	
DEPOSITOR ROUTING NUMBER		*VENDOR SIGNATURE	
DEPOSITOR ACCOUNT NUMBER		X	
NAME ON ACCOUNT		*PRINT NAME	
TYPE OF ACCOUNT <input type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS		*TITLE	
SIGNATURE OF REPRESENTATIVE OF FINANCIAL INSTITUTION		EMAIL ADDRESS	
PRINT NAME		*TELEPHONE	
TITLE		*DATE	
TELEPHONE NUMBER	DATE		
CERTIFICATION FOR INTERNAL REVENUE SERVICE (IRS) Under penalties of perjury, I certify that: I. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and II. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and III. I am a U.S. person (including a U.S. resident alien). Certification instructions. You must cross out item II above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For all real estate transactions, item II does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See W-9 Instructions on irs.gov website for more information.) The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.		<input type="checkbox"/> Exempt from Backup Withholding	
SIGNATURE			

MO 300-1489 (7-10)

FAX COMPLETED FORMS TO (573) 526-9813 or
MAIL TO OFFICE OF ADMINISTRATION/ACCOUNTING, PO BOX 809, JEFFERSON CITY, MO 65102

VENDOR INPUT FORM INSTRUCTIONS

The purpose of this form is to add a vendor record or to make changes to a vendor record. A vendor is a person or business being paid by the State of Missouri.

THESE FIELDS ARE REQUIRED TO BE COMPLETED FOR ALL CIRCUMSTANCES. (SHADED FIELDS)

Enter NAME/ADDRESS AS SHOWN ON FEDERAL TAX RETURN.

Enter the FEDERAL TAX ID NUMBER OR SOCIAL SECURITY NUMBER that is used for income taxes for the name entered.

Check the correct TYPE OF ENTITY.

Signature is required at VENDOR SIGNATURE along with PRINT NAME, TITLE, TELEPHONE, and DATE.

CONDITIONAL FIELDS

If payments are to be sent to a different address, enter a REMIT TO NAME/ADDRESS.

If purchase orders are to be sent to a different address, enter a PURCHASE ORDER NAME/ADDRESS.

If you are making a change to your vendor record, fill out these additional fields:

DATE OF CHANGE is the effective date of the change in business structure/activity

PREVIOUS FEDERAL TAX ID NUMBER OR SOCIAL SECURITY NUMBER

PREVIOUS NAME

PREVIOUS ADDRESS

COMMENTS are for additional information that may be helpful including reason for the change.

TO SET UP OR TO CHANGE DIRECT DEPOSIT INFORMATION, FILL IN THE FOLLOWING, INCLUDING THE REQUIRED FIELDS FROM ABOVE.

NAME/ADDRESS OF FINANCIAL INSTITUTION where you want the money to be deposited. A representative from the financial institution must complete and sign this section.

Check appropriate box for electronic deposits.

If changing bank account information, fill in DATE OF CHANGE.

CERTIFICATION FOR INTERNAL REVENUE SERVICE (IRS)

This certifies that the Taxpayer Identification Number (TIN) on this form is the correct number and whether backup withholding applies.

Fax to (573) 526-9813 or mail to Office of Administration/Accounting, PO Box 809, Jefferson City, MO 65102.

CDBG FUNDING FORMS CHECKLIST

Authorized Signature Form (SFM01)

- Has the SFM01 form with original signatures been mailed to DED?
- Has the form been signed (certified) by the highest ranking elected official NOT listed as a co-signor on the SFM01?*
- Does the form designate not less than two city/county employees or officials?
- Does the form include your Federal Employer ID number (FEIN)?

Designation of Depository Form (SFM02)

- Has the SFM02 form with original signatures been mailed to DED?
- Is the account number indicated on the form a general account? If not, has “-CDBG” been identified in the vendor account name?
- Is the account indicated on the form an interest-bearing account?
If yes, have arrangements been made to immediately transfer CDBG monies from the account once deposited?
- Has the CDBG recipient signed the form?
- Has the financial institution signed the form and certified the appropriate section?

Vendor Input/ACH-EFT Application

- Has the financial institution provided an authorized signature on the form?
- Is the account number indicated on the form the same account number designated on form SFM02?
- If the ACH is to establish a separate account for deposit of CDBG funds, is the proper CDBG notation included with the Vendor Name?

***Use of Blue Ink for Signatures is requested.**

REQUEST FOR FUNDS (RFF)

After DED receipt and approval of the afore-mentioned items, CDBG recipients are permitted to submit a Request for Funds Form (RFF). Please note the following items regarding an RFF:

- Requests for payments must be authorized according to the recipient's internal control process and signed by the persons designated on the Authorized Signature Form.
- The recipient must establish cash management procedures and be able to provide documentation in the form of a cash transaction ledger. This should include the date of each receipt of federal funds from the state and the date of each expenditure on the grant, separating funds to be reimbursed from federal grant dollars, required matching funds and other funds.
- Total funds requested cannot exceed the approved total budget for any activity without prior approval from DED. An analysis of the budget should be conducted whenever there are potential line item budget revision to ensure that the total costs are within the total project budget.
- The cost reimbursement method of payment consists of the payment of CDBG funds to the recipient based on actual expenditures that the recipient has paid. Supporting documentation may include invoices, paid bills, purchase vouchers, payrolls, copies of checks, contractor pay applications, etc. 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.
- The recipient may also request funds for incurred costs that the recipient is unable to pay ahead of receiving funds from DED. Supporting documentation includes invoices or similar documentation. At time of project monitoring, recipient must provide supporting documentation including bank statements and cancelled checks.
- The recipient should allow 7 working days for payment to be processed, after required corresponding documentation has been submitted. Any payment request that is not completed properly may be returned to the recipient without being processed. Some of the reasons for return may include:
 1. Contracts not approved by DED (if applicable)
 2. Adjustments to amounts previously drawn not reported correctly or in a timely fashion.
 3. Administrative funds not requested proportionately to progress.
 4. Budget amounts, amounts previously drawn, and/or total expenditures to date do not agree with the DED's records.
 5. Required match not documented prior to draw down of final CDBG funds, or a pro rata draw is not requested, if required.
 6. Unauthorized signature on RFF.
 7. There is a reason to stop payment on the grant).
- The minimum amount that may be requested is \$500.00. Recipients may not maintain a cash balance in excess of \$1,000 for more than three days ("three day rule"). In order to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by the recipient, DED will inform grantees of draw dates for funds, in order for recipients to most accurately project cash needs, receive timely transfers from the state and disburse funds. Contact DED with any questions concerning this process.

- Recipients should request funds to meet actual current cash requirements. Requests must include accurate information. Disbursement of funds must occur in a timely manner. If payment takes longer than the three days (see “three day rule” above), written justification is to be maintained in the project files.
- In the case of requesting funds for a real estate closing, a preliminary draft of the HUD-1, prepared by the closing agent is to be submitted with the request for funds. The timing of the transfer of funds to the grantee is to be considered in relation to the date of the closing. The grantee is to expend funds within three days of the transfer. If the closing is postponed, please contact DED.
- Requisitions are limited to funds for exempt activities (e.g., planning, audit, administration, and engineering design) until the Environmental Review process is complete and a Notice of Removal of Grant Conditions has been issued. (See the Environmental Review Chapter.)
- All RFF forms should be numbered sequentially and maintained as part of the financial management file. Please initial any erasures or corrections made to the request.
- Two signatures are required on each RFF. Persons co-signing the RFF must be listed as authorized to sign on the Signature Form. Signatures must be signed exactly as they appeared in typed form on the Signature Form. **Use of blue ink for signatures is very helpful for review of RFFs.** We request that you use blue ink when possible to expedite verification of original signatures.
- Blank RFFs should **not** be pre-signed by city officials.
- Recipients should limit submissions to two RFFs per month. Internal procedures should be streamlined to ensure invoices and documentation are aggregated for the appropriate time period and submitted with the RFFs.
- Recipients are permitted to establish escrow accounts to facilitate payments to small contractors in a **housing rehabilitation program only. Amounts held in the escrow account must not exceed the normal cash flow need of 10 days. The escrow account may be interest bearing.** The interest earned can be used to pay administrative costs; however, interest in excess of \$100 earned in a calendar year must be returned to DED.

The DED may withhold payment of CDBG funds for one or more of the following reasons:

- Semiannual and/or annual reports are not received
- Audit report or response to request to report other federal assistance received
- Response to monitoring or other requests not received
- Noncompliance with other grant agreement terms.

For public facility projects, the maximum allowable drawdown for administration funds is as follows:

- No more than 25% at time of removal of grant conditions. This means lesser amounts can be drawn prior to the release of funds.
- Up to 50% upon approval of first contractor's payroll (for in-kind labor, this will be after first draw for materials)
- Up to 75% upon 50% construction draw
- **90% prior to final paperwork – 10% of administration must remain until closeout**
- 100% after completion of all final paperwork with possible exception of audit

For public facility projects, the maximum allowable drawdown for engineering funds is as follows:

Engineering Design

- No more than 25% can be drawn at time of removal of grant conditions
- Remaining 75% can be drawn at the time project goes out to bid

Construction Inspection

- No more than 25% at time first CDBG construction payroll is approved
- Up to 50% upon 50% of CDBG construction draw
- Up to 75% upon 75% of CDBG construction draw
- Up to 90% upon 90% of CDBG construction draw
- Remaining 10% once project is 100% complete and CDBG has received the Certification for Acceptance and Final Payment.

For neighborhood development projects, the maximum allowable drawdown for administration funds is as follows:

- No more than 25% at time of removal of grant conditions. This means lesser amounts can be drawn prior to the release of funds.
- 50% upon completion of three houses
- **90% prior to final paperwork – 10% of administration must remain until closeout**
- 100% after completion of all final paperwork with possible exception of audit

Instructions for Completing the new one-page RFF:

The form contained in this manual is available in MS Excel online at <http://ded.mo.gov/upload/rff.pdf> .

The RFF for Disaster-funded (DF, DI, DS) projects *only* is located at

<https://ded.mo.gov/pdfs/CDBG%20Forms/RFF-%20Disaster%20Projects-15.pdf> and scroll to the Financial Forms section. This form includes an additional field titled “DRGR Activity #” that will need to be populated from information on the funding approval. Please use the following instructions when completing the online form. A PDF version is available, but does not contain programmed fields.

1. The gray highlighted areas should be input directly with information taken from the funding approval, current invoices, and expense details, as applicable.
 - For Section 1: List all payees for current RFF being submitted. Payee name should reflect check recipient.
 1. For multiple payees from a single activity, list each payee on its own line. (i.e. ABC Construction and DEH Construction should not be combined).
 2. For payees with multiple invoices under the same activity, combine the invoice totals. (i.e. ABC Construction has two invoices, \$3500 and \$1500. These should be combined and listed as \$5000)
 3. For payees being paid from more than one activity, list the activities separately. (i.e. ABC Construction is being paid \$2000 for Sewer and \$8000 for Streets. These items should be listed separately)

*If the City/County is being reimbursed for a previous eligible expense, the payee should be listed as “City/County Reimbursement for ...”
 - For Section 2: List all CDBG-funded activities listed on the funding approval.
2. The remaining fields should calculate automatically based on input of the gray cells.

CDBG Staff Use Only	
RFF Review:	_____
Exp. Review:	_____
Check Date:	_____

RFF#	_____
Date	_____
Amount of this Request	_____
	\$0.00

Grantee Name: _____	Project #: _____	Award Date: _____
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Instructions: Submit the originally signed form to: CDBG Program, ATTN: RFF, Department of Economic Development
PO Box 118, Jefferson City, MO 65102. The grantee must keep one copy for their files.

Section 1: Identification of Program Costs

PAYEES per activity/details	(See Grant Contract Agreement, Appendix A /Funding Approval)		AMOUNT
	<i>Activity Name (list each only once)</i>	<i>Number</i>	
			\$ -

**Section 2: Activity Budget Status Report
PROGRAM ACTIVITIES**

Enter all CDBG Funded Program Activities Listed on Funding Approval					
Activity Name	Activity #	Grant Award	This Request	Previous Funds Requested	Remaining CDBG Funds
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
			1	2	3
TOTALS		\$ -	\$ -	\$ -	\$0.00

Section 3: Authorized Signatures

I hereby affirm that the information above is true and correct, and the funds requested will be used according to the conditions of the CDBG grant agreement with the State of Missouri.

Typed name: _____	Signature: _____	Date: _____
Typed name: _____	Signature: _____	Date: _____

Only authorized persons may sign the RFF form, and they must do so in the same manner as the signature card.

Preparer: _____	Phone: _____	Email: _____
-----------------	--------------	--------------

NOTES:

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CDBG Staff Use Only
RFF Review: _____
Exp. Review: _____
Check Date: _____

RFF#	1
Date	1/1/2019
Amount of this Request	\$6,500.00

Grantee Name: Anytown, MO **Project #** 2019-PF-01

Instructions: Submit the originally signed form to: CDBG Program, ATTN: RFF, Department of Economic Development PO Box 118, Jefferson City, MO 65102. The grantee must keep one copy for their files.

Section 1: Identification of Program Costs

PROGRAM ACTIVITIES

PAYEES per activity/details

(See Grant Contract Agreement, Appendix A /Funding Approval)

AMOUNT

	<i>Activity Name (list each only once)</i>	<i>Number</i>	
Grant Administrator	Administration	35	1000.00
ABC Construction	Sewer	10	2000.00
ABC Construction	Streets	13	1000.00
DEH Construction	Streets	13	2500.00
Total (must equal Section 2, Total 1)			\$ 6,500.00

Section 2: Activity Budget Status Report

PROGRAM ACTIVITIES

(Enter all CDBG Funded Program Activities Listed on Funding Approval)

Activity Name	Activity #	Grant Award	This Request	Previous Funds Requested	Remaining CDBG Funds
Administration	35	5,000.00	1,000.00	0	4000.00
Audit	40	500.00	0.00	0	500.00
Engineering Design	36	5,000.00	0.00	0	5000.00
Relocation	28	10,000.00	0.00	0	10,000.00
Streets	13	100,000.00	3500.00	0	96,500.00
Sewer	10	79,500.00	2000.00	0	77,500.00
TOTALS			1	2	3
		\$ - 200,000.00	\$ - 6,500.00	\$ - 0.00	\$193,500.00

Section 3: Authorized Signatures

I hereby affirm that the information above is true and correct, and the funds requested will be used according to the conditions of the CDBG grant agreement with the State of Missouri.

Typed name:	Clara Clerk	Signature: _____	Date: <u>1/1/2019</u>
Typed name:	Conrad Councilman	Signature: _____	Date: <u>1/1/2019</u>

Only authorized persons may sign the RFF form, and they must do so in the same manner as the signature card.

Preparer: Frank Finance	Phone: 314-555-1234	Email: finance@anytown.mo
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NOTES:

CDBG Administrative Manual
Financial Management

CDBG Staff Use Only RFF Review: _____ Exp. Review: _____ Check Date: _____	RFF# <u>2</u> Date <u>4/1/2019</u> Amount of this Request <u>\$14,500.00</u>
---	---

Grantee Name: Anytown, MO **Project #** 2019-PF-01

Instructions: Submit the originally signed form to: CDBG Program, ATTN: RFF, Department of Economic Development PO Box 118, Jefferson City, MO 65102. The grantee must keep one copy for their files.

Section 1: Identification of Program Costs

PROGRAM ACTIVITIES

PAYEES per activity/details

(See Grant Contract Agreement, Appendix A /Funding Approval)

AMOUNT

	<i>Activity Name (list each only once)</i>	<i>Number</i>	
City Reimbursement for Payment to DEH	Sewer	10	1,000.00
John Smith	Relocation	28	7,500.00
B Construction Co.	Sewer	10	6,000.00
Total (must equal Section 2, Total 1)			\$ - 14,500.00

Section 2: Activity Budget Status Report

PROGRAM ACTIVITIES

Enter all CDBG Funded Program Activities Listed on Funding Approval

Activity Name	Activity #	Grant Award	This Request	Previous Funds Requested	Remaining CDBG Funds
Administration	35	5,000.00	0.00	1,000.00	4,000.00
Audit	40	500.00	0.00	0.00	500.00
Engineering Design	36	5,000.00	0.00	0.00	\$0.00
Relocation	28	10,000.00	7,500.00	0.00	2,500.00
Streets	13	100,000.00	0.00	3500.00	100,000.00
Sewer	10	79,500.00	7,000.00	2000.00	70,500.00
			1	2	3
TOTALS		\$ - 200,000.00	\$ - 14,500.00	\$ - 6,500.00	\$179,000.00

Section 3: Authorized Signatures

I hereby affirm that the information above is true and correct, and the funds requested will be used according to the conditions of the CDBG grant agreement with the State of Missouri.

Typed name: Clara Clerk Signature: _____ Date: 4/3/2019
 Typed name: Conrad Councilman Signature: _____ Date: 4/3/2019

Only authorized persons may sign the RFF form, and they must do so in the same manner as the signature card.
 Preparer: Frank Finance Phone: 314-555-1234 Email: finance@anytown.mo

NOTES:

ESTABLISHING AND MAINTAINING THE CDBG ACCOUNTING RECORDS SYSTEM

The financial management system used by local government recipients of CDBG funds must satisfy all of the unique requirements of CDBG. In particular, it must satisfy the standards governing a grantee's financial management system outlined in 2 CRF Part 200 and 24 CRF Part 570. These standards require that the recipient's accounting system must:

1. Provide accurate, current, and complete disclosure of the financial status of the CDBG project by eligible program activity;
2. Compile and justify data required in reports submitted to DED;
3. Have records that identify adequately the source and disposition of funds for project activities. (Recipients must be able to trace every CDBG dollar received and prove where it went and for what it was used - an audit trail **must** be established.);
4. Provide effective control over and accountability for CDBG funds, property and other assets, including proper segregation of duties;
5. Compare actual expenditures with budgeted amounts by program activities;
6. Procedures to minimize the amount of time elapsed between the transfer of funds from the US Treasury and the disbursements by the grantee;
7. Have accounting records that are supported by source documentation verifying the “reasonableness, allowability and allocability” of costs
8. Document sources of funding other than CDBG project funds

Recipients may elect either to use their existing accounting system or to use the accounting system described in this chapter. If recipients elect to use their existing accounting system, then they must demonstrate to DED that the system satisfies CDBG standards and requirements and can provide the information described herein. If recipients elect to use the accounting system described below, they should have no difficulty satisfying CDBG requirements and documenting financial decisions related to their CDBG programs. Space is provided on the Authorized Signature Form to indicate which accounting system will be used.

Financial Management Records

The records that are required to be maintained by Missouri's state CDBG grant recipients are listed below. These financial management records, or a copy of these records, should be kept at City Hall or the County Office. At a minimum, the following information must be generated in any accounting system utilized for CDBG:

1. Transaction date, description, source document reference and amounts
2. Summary of receipts (e.g., CDBG funds or program income)
3. Summary of disbursements by program activity (eligible program activities are documented in the grant contract)
4. Summary of cash transactions
5. All source documents should be maintained for future review
6. If local and/or other agency funding is part of the funding agreement, then an accounting system (separate ledgers) should be maintained which provides information similar to items noted in 1 through 5 above.

One should keep in mind that the accounting records and procedures have been designed for non-accountants and specifically for use with CDBG projects. It is suggested that recipients go through the example of the CDBG accounting system included herein after they have reviewed the management requirements.

Document Coding

Transactions recorded in the system must always be referenced to a source document (e.g., check number, RFF number, an amendment number or the original contract budget award).

Cash Control/Project Activity Ledger

Information maintained in the Cash Control/Project Activity Ledger provides a means of:

1. Maintaining a record of CDBG funds to document that funds have been used to meet immediate needs
2. Documenting compliance with the State's cash balance policy
3. Recording the receipt of program income
4. Preparing the RFF and other State financial documents

Transactions should be posted in a timely manner in order to document that the recipient has controlled costs within the amount allocated for each of the approved activities. A separate ledger sheet may be used for each program activity if desired.

The Project Activity Ledger portion of the Cash Control/Project Activity Ledger provides:

1. Means of summarizing disbursements on a periodic basis to facilitate the comparison of actual expenditures to budgeted amounts
2. Documentation needed to report to the State on an activity basis

Internal Control

It is essential that recipients establish internal controls in their financial management systems to provide effective control over and accountability for all funds, property and other assets and to ensure that they are used for authorized purposes. Some of the points that recipients should keep in mind when establishing internal controls are listed below.

- Financial management responsibilities should be separate so that no one has complete control over all phases of any significant transaction. **EX:** *Person(s) authorized to sign RFFs should be different from the person(s) authorized to write/sign the checks on the account.* An organizational chart, or at the minimum, a written definition of duties and formal system of authorization and supervision should be established to govern financial management responsibilities.
- Verification and reconciliation of cash balances with bank statements should be made by employees who do not handle or record cash or sign checks.
- All CDBG expenditures by the grantee should be approved by the City Council/County Commission through the normal "bill-paying" procedures prior to payment.

Steps for Establishing a CDBG Financial Management System

Establishing and maintaining the CDBG financial management system will require recipients to:

1. Decide which accounting system to use and notify DED of this decision on the Authorized Signature Form (SFMO1)
2. Organize the accounting records, including the Cash Control/Program Activity Ledger and, if appropriate, the Other Projects Funds Ledger
3. Use the CDBG eligible activity codes in their records (taken from the grant contract documents)
4. Establish an activity ledger account for each activity listed in the grant agreement (this should be incorporated into the Cash Control/Program Activity Ledger)
5. Establish a separate ledger for each activity, showing contracts entered into and amounts expended (examples of both ledgers are included herein)
6. Record all CDBG financial transactions on the appropriate journal or ledger
7. Establish internal controls in the financial management system

SAMPLE PROJECT LEDGER

Date	Transaction	Funds Available	Rff#	Check#	Cash Receipts	Cash Disbursements	Admin	Audits	Eng. Design	Relocation	Streets	Sewer
	Budget	200000					5000	500	5000	10000	100000	79500
6/16												
1/28	State of Missouri	6500	1		6500							
1/28	Grant Administrator			101		1000	1000					
1/10	J. Doe Engineering			102		5000			5000			
2/10	Newspaper			103		104	104					
1/4	Archaeologists, Inc.			104		231	231					
	Balance	193500			165		3665	500		10000	100000	79500
									0			
4/25	State of Missouri	14500	2		14500							
4/25	Grant Administrator			105		1000	1000					
4/27	John Smith			106		7500				7500		
4/27	B Construction Co.			107		6000						6000
	Balance	179000			165		2665	500	0	2500	100000	73500
6/8	Amendment									-2500		2500
	Balance	179000								0		76000
9/4	State of Missouri	111000	3		111000							
9/4	Grant Administrator			108		2000	2000					
9/4	B Construction Co.			109		76000						76000
9/6	C Construction Co.			110		33000					33000	
	Balance	68000			165		665	0	0	0	67000	
3/2	State of Missouri	66000	4		66000							
3/5	C Construction Co.			111		65000					64000	
3/4	Grant Administrator			112		665	665					
4/10	CPA			113		500		500				
	Balance	2000			0		0	0	0	0	2000	
	2000 to be deobligated											

CDBG Administrative Manual
Financial Management

Line #	Date	Description
1	11/20/18	Set up budgets for total grants and each expense category. (If local matching money is to be used, do not record it here. Keep it on a separate ledger sheet.)
4	1/8/19	Request For Funds (RFF) #1 received from DED, \$6500.00
5	1/8/19	Pay Grant Administrator \$1000.00 for administrative fees, Check #101
6	1/9/19	Pay Engineer \$5000.00 for engineering services, Check #102
7	1/15/19	Pay Newspaper \$104.00 for running public notices, Check #103
8	2/04/19	Pay \$231.00 to have cultural resource assessment done, Check #104
9		This line represents a subtotal of all activity-to-date. You may subtotal this ledger whenever it is the most convenient to you.
11	4/7/19	Request For Funds (RFF) #2 received from DED, \$14,500.00
12	4/8/19	Pay Grant Administrator \$1000.00 for administrative fees, Check #105
13	4/8/19	Pay John Smith \$7500.00 for relocation costs, Check #106
14	4/15/19	Pay "B Const. Company" \$6000.00 for work-to-date on the sewer, Check #107
15		Subtotal the grant activity-to-date.
17	6/08/19	All the relocation work was finished and \$2500.00 was left in its budget. The sewer project was expected to cost more than originally planned. Therefore, a formal amendment was sent in to DED, and approved, to transfer the \$2500.00 remaining in the relocation budget to the sewer budget. (Record transfers only if they have been formally amended and approved by DED.)
18		Subtotalled the grant activity-to-date.
20	8/30/19	Request For Funds (RFF) #3 received from DED, \$111,000.00
21	9/04/19	Pay Grant Administrator \$2000.00 for administrative fees, Check #108
22	9/04/19	Pay "B Const. Company" \$76,000.00 for work on sewer, final bill, Check #109
23	9/06/19	Pay "C Const. Company" \$33,000.00 for work-to-date on the street, Check #110
24		Subtotalled the grant activity-to-date. Note any negative balances. You are allowed to transfer the budgeted amounts between line items, up to 10% of the total grant, up to a \$10,000.00 limit, in all line items except audit, administration, and engineering. Money may be transferred out of those three, but not into them. Do not record these transfers unless formally approved by DED.
26	3/02/20	Request For Funds (RFF) #4 received from DED, \$66,000.00
27	3/05/20	Pay "C Const. Company" \$65,000.00 for work on streets, final bill, Check #111
28	3/04/20	Pay Grant Administrator \$665.00 for administrative fees, Check #112
29	4/10/20	Pay CPA \$500.00 to perform audit, Check #113
30		Subtotal final grant activity
33		\$2000.00 of grant money was not used. This will be deobligated. Note: If there is any cash on hand at end of grant, it must be returned to DED.

PROGRAM INCOME

For the purposes of administering state CDBG grants, it is important to distinguish between two types of income: interest income and program income. **All bank accounts holding grant monies from the State must be non-interest bearing.** However, if interest is earned on CDBG funds it is considered to be interest income, and must be returned to HUD. Contact CDBG if interest is earned. In general, program income is defined as those revenues received by the CDBG recipient during the period that grant assistance is provided for grant-supported activities. For example, if a CDBG recipient has a housing rehabilitation or economic development loan program, the receipt of payment on the principal as well as any earned interest on the loan is considered to be program income. In addition to this form of program income, other specific forms of program income include:

- the proportional share of proceeds from the disposition of real property to the extent to which the property was purchased with CDBG monies (e.g., if CDBG monies were used to pay ninety percent of the acquisition cost of a parcel, ninety percent of the sale price of the property would be considered CDBG program income if the property was sold)
- the share of proceeds from special assessments levied to cover the cost of constructing a public work or facility proportional to the percent of CDBG monies used for construction
- the interest earned from the investment of program income
- the payments of principal and/or interest on loans made with CDBG monies

If the monies are considered program income, grantees **must** inform DED of the receipt of these monies and obtain DED **approval** concerning their use. **Program income must be identified clearly in the recipient's accounting system.** DED may, at its discretion, require CDBG recipients to return program income to the State. When recipients do retain program income, they must disburse program income **prior** to requisitioning additional monies from DED to finance approved community development activities.

Two situations involving program income have special rules. For proceeds derived from the sale of real property acquired with CDBG monies, program income shall be used for community development activities within the general purposes of the Housing and Community Development Act of 1974. However, the CDBG recipient **must obtain prior DED approval** to use program income in this manner. For program income to be received after grant close-out, recipients **must** consult with DED. At its discretion, DED may require that such program income be returned to the State, or allow it to be used by the recipient in other community development activities. A re-use plan for program income may be required to be submitted to DED prior to grant close-out. It may be necessary to undertake an environmental review for any new CDBG activities that are funded with program income.

Steps

1. Identify those activities that are likely to produce program income.
2. Review DED procedures regarding the use of program income.
3. Upon receipt of program income, record in the Cash Control/Program Activity Ledger indicating source, date and amount received.
4. Obtain DED approval for applying program income to any new or existing community development activity.
5. For program income derived from a revolving loan fund, request DED determination as to the disposition of program income at grant close-out.
6. After obtaining approval concerning allocation of program income to a CDBG eligible activity, make the appropriate journal entry to your accounting records.

DED FINANCIAL MANAGEMENT REPORTING

The Request for Funds Form (RFF), described in detail earlier in this chapter, provides DED with frequent financial management information that is useful in monitoring grantees' projects and updating DED's records. Aside from informing DED of the amount of funds being requested, the form indicates the amount of cash that recipients are keeping on hand, payments over \$1,000 or more, program income received to date, and the total amount of CDBG funds remaining in the project.

It is important that the Budget Status Report (Section 2 of RFF) reflect the actual expenditures in each line item, submitting amendments or detailed explanations for changes, if necessary. As stated previously, monies may not be transferred between activity line items, which exceed 10% of the total grant award or \$10,000, whichever is less, without prior approval by DED through the amendment process. **No funds** may be spent which exceed the awarded amounts in administration, engineering (design and inspection), other professional services, or legal line items without prior DED approval through the amendment process. If smaller revisions of other activities are necessary, please identify and explain the changes in some form of notation in the Notes section at the bottom of the form. The Budget Status Report is an important tracking tool for DED.

Action Fund (Economic Development Loans) Request for Funds: RFFs submitted for Action Fund loans must be accompanied by invoices totaling the amount of funds being requested. Copies of the cancelled checks, or proof of payment of all invoices submitted, must be retained by the grant recipient in the financial records for audit purposes.

RETURN OF OVERPAYMENT OR UNUSED FUNDS

From time to time, it may be necessary to reimburse or return funds to the state for RFFs requested and paid that are in excess of estimated payments. If such a situation occurs, return the overpayment or overdraw amount to the CDBG program at PO Box 118, Jefferson City, MO 65102. Checks should be made payable to State of Missouri – CDBG. This process is not to be confused with that for return of funds due to interest earned on deposited CDBG funds. It is necessary to reconcile return of funds by subtracting the total amount of the return from the previous amount requested column of the appropriate activity on the back of the subsequent RFF to be submitted.

LOCAL AND OTHER AGENCY MATCH

A primary consideration in the review of CDBG applications is the amount of local and other agency cash and in-kind resources proposed for the project. The Funding Approval form (part of the Grant Agreement) indicates the amount of resources that must be devoted to the project.

Local Cash Recordkeeping: The minimum records to maintain regarding local cash are the date, amount and purpose of each check written from local funds toward the project. It is recommended that local funds not be mixed with CDBG funds in the accounting system.

Other Agency Recordkeeping: Other agency funding is subject to the same audit requirements as CDBG funding. Recordkeeping is to be maintained in accordance with other agency requirements and should be accessible to DED review.

In-Kind (Force-Account) Recordkeeping: This includes non-cash actions such as using the grantee's employees to perform work on the project or to use construction materials from the grantee's stockpile. All force-account work which is paid for with CDBG funds or counted toward local match must be documented with time sheets and/or other verification of cost or value.

FUNDING APPROVAL/GRANT AGREEMENT AMENDMENT

A funding approval/grant agreement amendment is required to be submitted in triplicate, all with original signatures, under the following conditions:

- All budget revisions between activity lines
- Transfer of **any** amount of funds to any professional services line item
- Request for grant increase, or deobligation of funds remaining at the close of grant
- Request for addition of funds for any activity not listed on funding approval

For any change of scope of the activities which does not involve budget items or which involves other agency or local funds, a letter signed by the city/county official requesting the change is used instead of this amendment form. All grantees should detail the reasons for any change or revision necessitated by the funding approval/grant agreement amendment in the area for "Explanation of Request". This is helpful for us to document the reasons for the change and justify approval/denial of the request. **We are unable to accept RFFs that reflect a negative balance in any line item.** If budget line item changes require drawing more from an activity than is currently allocated, (but for which an amendment is not required) it is important to submit information with the RFF to 1) identify the reason for the difference, 2) denote which line item should be decreased to account for the overage, and 3) award amounts should be updated to reflect the new amounts. If revisions will require a formal amendment, submission of the amendment should precede submission of the RFF to allow processing of the new funding balances in our data systems. Revisions that do not require a formal amendment should be clearly indicated in the Notes of the RFF, and reported to your field representative.

****FINANCIAL MANAGEMENT HELPFUL HINTS****

- ❖ Ensure the CDBG general ledger is accurate and current.
- ❖ Segregate the duties of writing checks and balancing/reconciling the CDBG account monthly.
- ❖ Understand and complete all five steps in the grant payment process referenced on page III-2.
- ❖ Grant funds must not remain in the account for more than three days.
- ❖ Review the funding approval for accuracy and understand all terms of grant agreement prior to execution.
- ❖ To check on status of payments, have the grantee FEIN ready and go to:
<https://www.vendor-services.mo.gov/vendor-services/VendorPayment/Login/Login.aspx?tid=0&type=1> . **You may also contact the Office of Administration at 573-751-2971 to inquire about receiving automatic email notifications when payments are made.**

Reporting Introduction

As part of the requirements for increased accountability and transparency in federally-funded programs, the US Department of Housing and Urban Development (HUD) requires grantees to identify and demonstrate the results of its programs. HUD's movement to produce streamlined and measurable outcomes and objectives are one of the methods used to evaluate grant performance.

In this chapter we will address the three primary areas of reporting compliance for CDBG programs. Examples of each report follow report descriptions.

- Quarterly reporting for all projects funded with supplemental CDBG disaster appropriations (DI, DN, DT, DS, DP)
- Annual reporting for all CDBG-funded Economic Development projects with proposed **direct** beneficiaries, such as job creation
- Close-out reporting for all CDBG-funded projects with **indirect** beneficiaries
- Remediation Plans/ Expenditure Projections – ensuring timely expenditure of funds and accomplishment reporting

CDBG Disaster Supplemental Reporting

Quarterly reporting is mandated for all projects funded with CDBG Disaster Supplemental funding (DI, DN, DT, DS, DP). Forms are generated with the appropriate performance measures information based on the project application and the final award of the project. This form is then emailed to grantees for update and submittal each quarter.

The performance measure assigned is based on the activity to be undertaken by the project. Most public facilities projects will use the # of persons benefitting from the activity as the unit of performance. Other projects may require a proposed and per-quarter accounting of the linear feet of public improvement, etc. The performance measure is assigned by HUD and DED, and tracked throughout the system by the "DRGR Activity #" listed on the CDBG Grant Agreement/Funding Approval for the project. Quarterly Reports (QPRs) must address the following:

- Property addresses must be reported quarterly for all acquisitions and demolitions, and race/income data must be reported for all occupants or beneficiaries of direct housing activities
- A summary narrative **must** be submitted each quarter by each grantee, the content of which may be dictated by each individual field representative, in order to aid them in a thorough and timely review of all their area reports.
- Each QPR is a snapshot and should only contain data for the **current quarter**
- Information on beneficiaries is counted by household, not persons in the household

If the activity proposed will benefit persons directly (job creation, job training, housing), the race/ethnicity, income level and head of household information is required to be reported and tracked. Additionally, individual addresses must be submitted for all residential properties directly acquired or demolished with CDBG disaster funds.

CDBG Administrative Manual
Reporting Requirements

American Indian/Alaskan Native:		
Native Hawaiian/Other Pacific Islander:		
American Indian/Alaskan Native & White:		
Asian & White:		
Black/African American & White:		
Am. Indian/Alaskan Native & Black/African Am.:		
Asian & Native Hawaiian/Other Pacific Islander:		
All Others:		
Totals (must match # of households benefitting for quarter – above)		

Activity Progress Narrative:

Reporting for Projects Funded with Annual CDBG Allocation

Direct beneficiaries. In years past, close-out reporting of CDBG projects was sufficient to demonstrate the results and impact of individual CDBG projects on the citizens of its community. However, federal reporting requirements now mandate that projects proposing direct benefits must annually report on the progress toward proposed performance. Therefore, all projects with a proposed direct benefit to persons through job creation or housing must report annually on the beneficiaries assisted for the program year. Grantees will be mailed the reporting form annually in April for report of data collected from the previous April 1 to March 31 (the prior program year). Reports are due back by May 15.

Indirect beneficiaries. For all public facilities projects, proposed measures are captured at the beginning of the project on Form U, and actual results are reported at closeout via the closeout forms. Public facilities projects generally do not benefit any person until construction or improvement is complete.

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

GRANTEE:		PROJECT NUMBER:		
Activity	Outcome Indicators	PROPOSED NUMBER	NUMBER REPORTED IN PREVIOUS YEARS	TOTAL # FOR PERIOD ONLY* 04/01/19 -03/31/20
A. Jobs Created	Total number of Jobs:			
	a. Of those, number with employer-sponsored healthcare			
B. Jobs Retained	Total number of jobs:			
	a. Of those, number with employer-sponsored healthcare			

ANNUAL DATA REPORTING FOR CDBG ACTIVITIES

		Please list the number and percentage of beneficiaries who are:		
C. *Type of Jobs Created 04/01/19 to 03/31/20* (refer to below job categories)	Total # LMI Jobs	Low/Mod Income Between 80%-50%	Low Income Between 50%-30%	Very Low Income 30% and below

* Officials and Managers (OM) ; Craft Worker – Skilled (CW); Professional (P); Operatives – Semi-Skilled (OP); Technicians (T); Laborers – Unskilled (LB); Sales (S); Service Workers (SW); Office and Clerical (OC)

D. Race/Ethnicity Data		
	Total Direct Beneficiaries	Hispanic Direct Beneficiaries
White:		
Black/African American:		
Asian:		
American Indian/Alaskan Native:		
Native Hawaiian/Other Pacific Islander:		
American Indian/Alaskan Native & White:		
Asian & White:		
Black/African American & White:		
Am. Indian/Alaskan Native & Black/African Am.:		
Asian & Native Hawaiian/Other Pacific Islander:		
All Others:		
TOTAL		
Total # with immediate Prior Unemployment		

Example 4: Reporting for Regular CDBG Indirect Beneficiaries

FY2018 APPLICATION: FORM U – DATA COLLECTION FOR CDBG ACTIVITIES

Applicant:			
Category	Corresponding Activity Data Required		
Community Facility	A		
Downtown Revitalization	A		
Microenterprise/Economic Development	C,D and/or E		
Other Public Needs:			
Rural Affordable Housing (see RAH application)			
ADA	A	DATA	
BSD	A	Collected at time of Application	Collected at time of Closeout
Demolition	B		
Water/Sewer (Engineering Plans-Specs)	A		
Activity	Outcome Indicators	PROPOSED	ACTUAL
E. Public facility, Downtown Revitalization or Public Infrastructure activities	Number of persons with:		
	a. new access to benefit, or		
	b. improved access to benefit		
	c. improved quality of benefit		
F. Demolition Only	Number of demolitions:		
Economic Development Activities – For jobs created or retained, select from only among the following Economic Development Administration(EDA) job category definitions:			
Officials and Managers (OM)	Craft Worker – Skilled (CW)		
Professional (P)	Operatives – Semi-Skilled (OP)		
Technicians (T)	Laborers – Unskilled (LB)		
Sales (S)	Service Workers (SW)		
Office and Clerical (OC)			
G. Jobs Created	Total number of Jobs:		
	a. Of those, number with employer-sponsored healthcare		
	b. **Type of jobs created		
	c. Number unemployed before taking job		
H. Jobs Retained	Total number of jobs:		
	a. Of those, number with employer-sponsored healthcare		
	b. **Type of jobs created		
I. Businesses Assisted	1. Total businesses assisted, number of:		
	a. New businesses		
	b. Existing businesses		
	Of those, number of expansions:		
	Number of relocations:		
	c. DUNS # of business(es)		

Remediation Plans for At-Risk CDBG Projects

On October 31, 2011, the Inspector General for HUD issued an audit that found that the CDBG program needed improved oversight of long-standing, open activities with no recent draws or reported accomplishments. To this end, HUD now requires justification and remediation action by the grantee (DED) for the following sub-grantee project activities identified as “at-risk”:

- Activities that have had no draws for a year
- Activities that have not reported accomplishments for three years
- Activities have 80 percent of their funding amount disbursed and no accomplishments reported

For all projects currently funded that meet one or more of the thresholds mentioned above, the activity or activities in the funded grant will be required to submit justification for the delay in progress or closeout of the respective grant. Your CDBG field representative will notify you when/if your project falls under one of the at-risk thresholds. Your project will work directly with your field representative to communicate the reasons for delay, the action which will be taken by the sub-grantee to remedy the delay in draw or reporting, and an expected date when the issue will be resolved. If these specific requirements are not provided in sufficient scope or in sufficient time-frame, HUD or DED may revoke remaining funding.

Timely Expenditure of Funds

Grant applicants are required to submit a Schedule of Projected Expenditures as part of the CDBG application process. This schedule outlines by quarter and by activity the estimated timeline for expenditures of the grant award, if selected for funding. Grantees are required to submit any updates to expenditure projections on a quarterly basis, or in any event where the original timeline for full expenditure will be revised to a future date, such as amendments or increases to the original award.

Summary

Due to increased reporting and accountability by HUD, it is important that grantees and project administrators design and implement necessary data collection procedures to prepare ahead to meet reporting deadlines. Determine the level of reporting required by your specific project (based on the funding source), and develop deadlines and communication structures for ensuring the data is submitted accurately on time via the forms provided.

**MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

FORM B – EXPENDITURE PROJECTIONS

PROJECTED EXPENDITURES BY QUARTER END (FROM CDBG ACTIVITIES LISTED ON FUNDING APPROVAL):	Administration	_____	_____	_____	_____	_____	_____
March 2019							
June 2019							
September 2019							
December 2019							
March 2020							
June 2020							
September 2020							
December 2020							
March 2020							
June 2020							
September 2020							
December 2020							
March 2020							
June 2020							
TOTAL							