Community Development Block Grant
Policies & Procedures Manual

Last Updated: October 21, 2015
CDBG and CDBG-DR Programs

Refer to the Monitoring Handbook for monitoring procedures.
# Community Development Block Grant Policies and Procedures Manual

## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROGRAM OVERVIEW</td>
<td>4</td>
</tr>
<tr>
<td>FINANCIAL CONTROLS</td>
<td>5</td>
</tr>
<tr>
<td>FINANCIAL MANAGEMENT SYSTEM</td>
<td>5</td>
</tr>
<tr>
<td>ADVANCES</td>
<td>6</td>
</tr>
<tr>
<td>INTERNAL CONTROLS</td>
<td>6</td>
</tr>
<tr>
<td>ACCURACY OF REPORT INFORMATION</td>
<td>7</td>
</tr>
<tr>
<td>PROGRAM INCOME</td>
<td>8</td>
</tr>
<tr>
<td>SALARIES AND WAGES</td>
<td>8</td>
</tr>
<tr>
<td>INDIRECT COSTS</td>
<td>8</td>
</tr>
<tr>
<td>LUMP SUM DRAWDOWNS</td>
<td>8</td>
</tr>
<tr>
<td>AUDITS</td>
<td>9</td>
</tr>
<tr>
<td>OTHER POLICIES AND PROCEDURES</td>
<td>10</td>
</tr>
<tr>
<td>PROCUREMENT</td>
<td>10</td>
</tr>
<tr>
<td>PREVENTION OF DUPLICATION OF BENEFITS (CDBG-DR ONLY)</td>
<td>10</td>
</tr>
<tr>
<td>POLICY</td>
<td>10</td>
</tr>
<tr>
<td>PROCEDURES</td>
<td>11</td>
</tr>
<tr>
<td>BUYOUT &amp; ACQUISITION POLICIES (CDBG-DR ONLY)</td>
<td>14</td>
</tr>
<tr>
<td>BUYOUT OF PROPERTIES LOCATED IN A FLOODWAY OR FLOODPLAIN</td>
<td>14</td>
</tr>
<tr>
<td>ACQUISITION OF NON-FLOODPLAIN PROPERTIES PHYSICALLY IMPACTED BY THE DECLARED DISASTER(S)</td>
<td>14</td>
</tr>
<tr>
<td>PROCEDURES TO DETERMINE TIMELY EXPENDITURES</td>
<td>15</td>
</tr>
<tr>
<td>PROCEDURES TO MAINTAIN A COMPREHENSIVE WEBSITE</td>
<td>15</td>
</tr>
<tr>
<td>PROCEDURES TO DETECT FRAUD, WASTE, AND ABUSE OF FUNDS</td>
<td>16</td>
</tr>
<tr>
<td>PROCEDURES FOR INFRASTRUCTURE MAINTENANCE (SANDY CDBG-DR ONLY)</td>
<td>16</td>
</tr>
<tr>
<td>PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION (PII)</td>
<td>17</td>
</tr>
<tr>
<td>CDBG-DR CONTRACT AMENDMENT POLICY</td>
<td>17</td>
</tr>
<tr>
<td>CLOSEOUT OF GRANTS</td>
<td>19</td>
</tr>
<tr>
<td>Tier 1: Closeout of an Individual Activity</td>
<td>19</td>
</tr>
<tr>
<td>Tier 2: Closeout of a Grant Contract</td>
<td>20</td>
</tr>
</tbody>
</table>
APPENDICES................................................................................................................................................................... 21

A. FINANCIAL REQUIREMENTS...........................................................................................................................................

B. PROCEDURES FOR BUDGETING, OBLIGATING, AND DISBURSING FUNDS (SEPARATION OF DUTIES SUPPLEMENT)...........................................................................................................................................

C. ORGANIZATIONAL CHARTS ............................................................................................................................................

D. JOB DESCRIPTIONS............................................................................................................................................................

E. MONITORING DOCUMENTS ..............................................................................................................................................

F. PROCUREMENT MATRIX .......................................................................................................................................................

G. INFRASTRUCTURE MAINTENANCE AGREEMENT ...........................................................................................................
The State Community Development Block Grant (CDBG) program is intended to develop viable communities by providing decent housing, expanding economic opportunities and creating suitable living environments - primarily for low/moderate income persons (those earning at or below 80% of Area Median Income). Each year the State of Rhode Island receives a formula allocation of CDBG funding from the Department of Housing and Urban Development (HUD) to be distributed to eligible Rhode Island communities.

The State of Rhode Island has received two Community Development Block Grants for Disaster Recovery (CDBG-DR): $8,935,237 in federal CDBG-DR funding to address the impacts of the March 2010 floods and $19,911,000 for Hurricane Sandy. These funds may not be applied to recovery activities associated with other disasters, except as allowable, pursuant to the applicable Federal Register Notices.

The Office of Housing and Community Development (OHCD) administers all CDBG and CDBG-DR grants awarded to the State of Rhode Island.
Financial Controls

Financial Management System

Rhode Island’s State CDBG Programs are administered by the Office of Housing and Community Development (OHCD), a unit of the State of Rhode Island within the Department of Administration, Division of Planning.

The State of Rhode Island’s annual financial statements are publicly available online via the Controller’s website at http://controller.admin.ri.gov/Financial%20Reports/index.php. Annual single audit reports are available online via the Office of the Auditor General at http://www.oag.state.ri.us/reports.html. The FY 2012 Single Audit Report identifies material weaknesses and deficiencies on page C-2. Findings are detailed in section D and the corrective action plan begins on page E-1.

Rhode Island uses an Oracle based financial management system, known as the Rhode Island Financial/Accounting System, or RIFANS. Communications and standards regarding the use of RIFANS are available at http://controller.admin.ri.gov/Communications/RIFANS.php. General financial policies are also available at http://controller.admin.ri.gov/index.php and http://www.budget.ri.gov/.

The State follows procedures in accordance with Generally Accepted Accounting Standards and requires that source documentation be entered into RIFANS. Source documentation may include certified requests for payment and/or vendor invoices.

OHCD staff tracks grant awards, obligations, unobligated balances, and expenditures, using IDIS/DRGR and internal spreadsheets. The principal accountant provides monthly financial reports on RIFANS activity for each program. Financial Management processes specific to the CDBG-DR Program are detailed in Appendix B.

A Financial Requirements section (Appendix A) is included in the State’s Community Development Block Grant Program Management Handbook. The State’s standards comply with the Federal Register notice at 2 CFR Part 200. Note: The Office of Municipal Affairs and its Chief (referenced in the Handbook) have been superseded by OHCD and Michael Tondra, respectively. Michael Tondra has assumed all of the responsibilities of the Chief detailed in the Handbook.
**Advances**

OHCD does not allow advances of CDBG or CDBG-DR funds to sub-recipients. The State’s Community Development Block Grant Program Management Handbook mirrors the CDBG regulations, which permit advances of CDBG funds in limited circumstances. However, in practice, OHCD prohibits sub-recipients from requesting advances of CDBG funds.

**Internal Controls**

Rhode Island General Law, Chapter 35-6, Accounts and Controls, is available at [http://webserver.rilin.state.ri.us/Statutes/TITLE35/35-6/INDEX.HTM](http://webserver.rilin.state.ri.us/Statutes/TITLE35/35-6/INDEX.HTM). The State of Rhode Island maintains internal controls by separating duties among offices and using RIFANS, an Oracle based financial management system. OHCD maintains additional internal controls specific to the CDBG and CDBG-DR Programs.

The Budget Office is responsible for preparing the annual state budget, assembling, correlating, and revising the estimates of revenues and requests for appropriations of the various departments of the state government.

The General Treasurer’s Office is responsible for disbursing funds, after vouchers have passed through the defined approval process in RIFANS. As required by R.I.G.L., Chapter 42-10, the State maintains $500,000 in surety bond coverage for each of the following offices: General Treasurer and all Deputy Treasurers.

A separate account is established in RIFANS for each CDBG Program Year and each CDBG-DR allocation (shown in Table 1). An account number will be assigned to the Hurricane Sandy CDBG-DR allocation after the contract between the U.S. Department of Housing and Urban Development (HUD) and OHCD is executed.

**Table 1. CDBG Contract and Account Numbers.**

<table>
<thead>
<tr>
<th>CDBG Allocation</th>
<th>HUD Contract No.</th>
<th>RIFANS Account Number (DOA, thru FY15)</th>
<th>RIFANS Account Number (Commerce, FY16)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDBG PY 2007</td>
<td>B-07-DC-44-0001</td>
<td>1166115</td>
<td></td>
</tr>
<tr>
<td>CDBG PY 2008</td>
<td>B-08-DC-44-0001</td>
<td>1166116</td>
<td></td>
</tr>
<tr>
<td>CDBG PY 2009</td>
<td>B-09-DC-44-0001</td>
<td>1166118</td>
<td></td>
</tr>
<tr>
<td>CDBG PY 2010</td>
<td>B-10-DC-44-0001</td>
<td>1166119</td>
<td>4106104</td>
</tr>
<tr>
<td>CDBG PY 2011</td>
<td>B-11-DC-44-0001</td>
<td>1166120</td>
<td>4106105</td>
</tr>
<tr>
<td>CDBG PY 2012</td>
<td>B-12-DC-44-0001</td>
<td>1166123</td>
<td>4106107</td>
</tr>
<tr>
<td>CDBG PY 2013</td>
<td>B-13-DC-44-0001</td>
<td>1166125</td>
<td>4106109</td>
</tr>
<tr>
<td>CDBG PY 2014</td>
<td>B-14-DC-44-0001</td>
<td>1166126</td>
<td>4106110</td>
</tr>
</tbody>
</table>
The approval hierarchy in RIFANS is designed to segregate duties. The principal accountant is responsible for initiating vouchers that are subsequently reviewed by multiple individuals. Requests reviewed for accuracy by OHCD are forwarded to the Central Business Office (CBO) for review and processing. Generally, only requests with final approval are forwarded to Accounts and Controls for disbursement. For additional information on budgeting, obligating, and drawing of funds, refer to Appendix B.

The multiple levels of review by different state offices reduce the possibility of errors and irregularities.

Organizational Charts for the Department of Administration, and the Division of Planning (includes the Office of Housing and Community Development) are attached as Appendix C. The duties of key employees are included in their job descriptions and the job descriptions CDBG-DR supplement (Appendix D). In addition to the general responsibilities outlined in the job descriptions, more specific duties are assigned as appropriate.

All personnel are required to notify their immediate supervisors of any suspected operating problems or noncompliance with laws and regulations. Compliance questions can be raised at weekly staff meetings.

OHCD is responsible for awarding CDBG-DR funds to sub-recipients and other state agencies. To ensure a thorough analysis of proposed projects, OHCD employs a Review Committee (the Committee) to evaluate CDBG-DR funding requests. The Committee is comprised of representatives from OHCD, RIEMA, the R.I. Economic Development Corporation, the Division of Planning, the Department of Transportation, the Department of Environmental Management, the Coastal Resources Management Council, and the Governor’s Office. OHCD staff is responsible for verifying that each proposed project fulfills at least one CDBG national objective, and meets threshold and eligibility requirements as articulated in the request for letters of interest and federal regulations, and that CDBG-DR funds are the best available resource for implementation of the proposal. Proposals that meet these criteria are then evaluated by the Committee. Committee members must recuse themselves during voting on any requests from the agency they represent.

Accuracy of Report Information

The State’s policy on compliance with the Federal Grants and Information Schedule is documented in a Chief Financial Officer communication dated January 27, 2012 (CFO 12-03). CFO 12-03 is available at http://controller.admin.ri.gov/Communications/CFO.php.
OHCD requires sub-recipients to submit quarterly performance reports. Accuracy is verified during program monitoring. On-site monitoring is scheduled based on the criteria identified in the State’s Consolidated Plan (see Appendix E). Desk monitoring of specific areas, such as environmental review records and compliance with the Uniform Relocation Act, are scheduled based on communications with sub-recipients. Information provided by sub-recipients is included in the quarterly performance reports and/or annual reports that OHCD submits to HUD.

In contract documents, OHCD requires sub-recipients to retain records for a three year period after grant closeout.

**Program Income**

Rhode Island CDBG-DR funded activities are not anticipated to generate program income.

The CDBG Program Management Handbook, Section E (Appendix A) outlines the State’s policies and procures regarding program income for the annual CDBG program.

**Salaries and Wages**

All OHCD staff must complete weekly timesheets and document time dedicated to each CDBG program, as well as other tasks. Timesheets are collected, reviewed by each employee's immediate supervisor, and submitted to the OHCD Chief for approval. Approved payrolls are then submitted to the payroll department. The principal accountant receives copies of all timesheets and accrues salary costs to CDBG programs accordingly. Generally, salary and other administrative costs for each CDBG program are charged on a quarterly basis through IDIS and DRGR.

Although OHCD has two employees whose primary responsibility is the State's CDBG-DR program, OHCD will not have any employees dedicated solely to the Hurricane Sandy CDBG-DR allocation.

**Indirect Costs**

Indirect costs are not charged to the CDBG or CDBG-DR programs.

**Lump Sum Drawdowns**

OHCD does not permit lump sum drawdowns.
Audits

The Office of the Auditor General (OAG) was established in 1974 to independently evaluate state government programs and financial operations for the General Assembly. Unlike the Bureau of Audits, OAG is independent of the executive branch of state government. The duties and responsibilities of the Auditor General are outlined at Chapter 22-13 of the General Laws. OAG conducts audits in accordance with the following professional standards:

- Generally accepted auditing standards issued by the American Institute of Certified Public Accountants;
- Government Auditing Standards issued by the Comptroller General of the United States; and

Audit reports and additional information on State auditing procedures are available at http://www.oag.state.ri.us/index.html. Rhode Island General Law (R.I.G.L.), Chapter 35-7, Post Audit of Accounts, is available at http://webserver.rilin.state.ri.us/Statutes/TITLE35/35-7/INDEX.HTM.

Audit concerns and findings are first submitted to agencies for response. Responses are reviewed by higher level state offices and documented by the OAG.

Under R.I.G.L. Chapter 45-10, municipalities are required to conduct annual audits and maintain uniform accounting procedures (http://webserver.rilin.state.ri.us/Statutes/TITLE45/45-10/INDEX.HTM). In contract documents, OHCD requires municipal sub-recipients to perform an annual audit in accordance with OMB Circular A-133 and with "Government Auditing Standards" as published by the Comptroller General of the United States and to comply with any federal and state audit requirements. Any non-profit sub-recipients over the A-133 threshold are required to conduct an audit. OHCD will collect and review all sub-recipients' audits. All sub-recipients with audit findings shall submit a corrective action plan and/or documentation of completed corrective actions to OHCD.

In the contract documents, sub-recipients are required to certify that they will give the Department of Housing and Urban Development, the State of Rhode Island and the Comptroller General access to and the right to examine all records, papers, documents and other materials related to the grant.

Suspected illegal acts and irregularities shall be reported to the HUD field office and the HUD Office of the Inspector General.
Other Policies and Procedures

Procurement

The State of Rhode Island procurement rules and regulations are available on the Division of Purchases website at http://www.purchasing.ri.gov/rulesandregulations/rulesAndRegulations.aspx. The Division of Purchases is responsible for overseeing state procurement actions for any activities directly administered by the State. Any CDBG-DR direct procurement by the State will comply with 2 CFR Part 200 at a minimum, and the State’s procurement standards, when the State’s standards are stricter. A Matrix of Federal and State Procurement Requirements is attached as Appendix F.

By contract and as required by state law, units of general local government (UGLGs) are required to have procurement standards at least as strict as the procurement standards at 2 CFR Part 200.

Non-profit sub-recipients are held to procurement standards at least as strict as the procurement standards at 2 CFR Part 200.

Procurement actions by sub-recipients that trigger labor standards regulations are reported in their quarterly reports to OHCD. OHCD on-site monitoring includes a review of procurement records.

Prevention of Duplication of Benefits (CDBG-DR only)

Policy

CDBG-DR funds are intended to supplement, not supplant, other funding sources, including other federal and state programs, and insurance benefits. OHCD’s mandate includes preventing any duplication of benefits (DOB) as defined by section 312 of the Stafford Act. Specifically, section 312 of the Stafford Act prohibits any person, business concern, or other entity from receiving “any part of such loss as to which he has received financial assistance under any other program or from insurance or any other source” 42 U.S.C. 5155(a). A duplication of benefits occurs when a beneficiary receives assistance from multiple sources for a cumulative amount that exceeds the total need for a particular recovery purpose. The amount of the duplication is the amount of assistance provided in excess of need.
To prevent duplication of benefits in the CDBG-DR program, OHCD does the following:

- Includes duplication of benefits information in program applications;
- Requires applicants and/or beneficiaries to complete a Duplication of Benefit Affidavit;
- Requires applicants and/or beneficiaries to identify other known/requested sources of funds in the application for funds, including insurance proceeds;
- Reviews application information for cost reasonableness and necessity;
- Consults with other funding sources for third party verification;
- Completes a duplication of benefits analysis, including a spreadsheet for all projects;
- Requires sub-recipients and/or beneficiaries to complete a Subrogation Agreement as part of their contract documents;
- Monitors sub-recipients’ financial management; and
- At program closeout, requires sub-recipients and/or beneficiaries to submit an actual expenditure report and certify that “The enclosed actual expenditure report is a complete and accurate representation of all monies received and expended on the activities. No duplicative assistance has been received.”

In the event a duplication does occur, OHCD shall de-obligate and/or recapture the amount of the duplication from the entity contracted directly with OHCD. It is the responsibility of that entity to de-obligate/recapture funds from developers or beneficiaries, if applicable.

**Procedures**

The CDBG-DR Program Manager and/or the CDBG-DR Technical Assistance and Compliance Officer are responsible for duplication of benefits reviews, except as noted below. Duplication of benefits review documentation shall be maintained in OHCD’s program files. Duplication of benefits reviews shall be conducted according to the following procedures:

**Initial DOB/Cost Necessary and Reasonable Analysis:**

1. **CDBG-DR application materials include:**
   a. Description/definition of duplication of benefit;
   b. Requirement to document tie to disaster through narrative description, and photographs or other data, as applicable;
   c. Sources and uses form, requiring commitment letters and the status of other funding sources to be attached; and
   d. Duplication of benefits affidavit, requiring the identification of sources and records of insurance proceeds.

2. Prior to award, CDBG-DR staff review application materials, including activity budgets, cost estimates, project descriptions (especially sections pertaining to scope of work and tie to disaster), duplication of benefits affidavits, photographs, commitment letters, etc. to assess unmet need, cost necessity, cost reasonableness, and duplication.

3. If costs associated with an activity are determined to be necessary and reasonable, CDBG-DR staff complete a duplication of benefits spreadsheet and conduct third party verification of disaster assistance and other sources. To complete the spreadsheet, staff:
   a. Identify proposed project scope and cost, and CDBG-DR amount requested
   b. Identify other sources of funds and purpose/limitations of other sources
c. Verify all other sources of funds (including FEMA, SBA, insurance, all other sources)
   i. Housing assistance: Confirm any/no other OHCD, RIH assistance
   ii. Small business assistance: Confirm any/no Commerce Corp. assistance
d. Calculate the total amount of potentially duplicative assistance
e. Subtract the sum of all potentially duplicative assistance from the total project cost
to determine the amount of unmet need and maximum CDBG-DR award
f. Complete DOB spreadsheet
g. Create activity DOB file with spreadsheet and all backup/source documentation

4. See Verification Documentation section below for a list of acceptable third party verification documents.

**Monitoring:** Prior to financial monitoring visits, the CDBG-DR Program Manager provides the current approved budget (Attachment B of the contract) for each activity to be monitored, to the State’s financial monitors. Non- CDBG-DR sources are listed in Attachment B. OHCD’s financial monitors review sub-grantees’ financial documents for duplications of benefits, as well as general financial management and activity specific expenditures. For activities with multiple funding sources, OHCD financial monitors review charges to CDBG-DR and other sources for consistency with the activity budget.

In addition, staff conduct programmatic monitoring visits and desk reviews of CDBG-DR activities. If potential duplication of benefits are identified, the duplication of benefits review is updated. Corrective actions, including de-obligation and recapture are required, if a duplication is confirmed.

**Final DOB Analysis:** Actual costs at project completion may vary from project budgets. Prior to closeout, OHCD shall update DOB documents to reflect actual expenditures overall, and by source.

For projects with multiple funding sources, duplication of benefits analyses are updated prior to closeout to ensure no duplication has occurred. Generally, these updates are conducted before dispersal of the final payment.

**Recapture:** When a possible duplication is identified, the Chief of OHCD shall send a notice to the sub-grantee, providing the sub-grantee an opportunity to demonstrate compliance, i.e. no duplication. If the sub-grantee does not demonstrate compliance within a specified timeframe, OHCD will issue a written notice of recapture to the sub-grantee, generally in a monitoring report. In the event the duplication assistance has not been drawn, OHCD will de-obligate and amend the contract accordingly.

The monitoring finding(s) associated with the recapture will remain open until funds are received by the State. OHCD will return any funds received to the appropriate state agency/office with deposit and transfer instructions. The State will then return the funds pursuant to federal instructions and credit the appropriate grant and activity in DRGR. Recaptured funds are not considered program income.

**Verification Documentation:** The following sources are generally considered acceptable backup documentation for duplication of benefits analyses:
1. Cost necessity and reasonableness
   a. Narrative description of scope of work
   b. Tie to disaster narrative and/or photographs and/or data
   c. Cost estimate by municipality, contractor
   d. Written quotes by contractors, vendors
   e. Appraisals by tax assessors or licensed appraisers (real property acquisition)

2. Unmet Need:
   a. Project budgets and/or cost estimates (including sources and uses of funds and estimates in application materials and contract amendment requests)
   b. Award and/or denial letters from SBA, FEMA, RIEMA and/or other sources
   c. Signed and notarized Duplication of Benefit Affidavits

3. FEMA: documented by data or correspondence provided by FEMA or RIEMA
   a. FEMA data sets, including FEMA Project Status Reports*
   b. FEMA Project Worksheets (Subgrant Application – Entire Application)
   c. FEMA/RIEMA award and/or denial letters
   d. Financial institution statements showing transfer/deposit amounts from FEMA

4. SBA: documented by data or correspondence provided by SBA, consistent with the MOU between SBA and the State of Rhode Island, dated 2/27/2015
   a. SBA data sets*
   b. SBA loan documents
   c. SBA award and/or denial letters
   d. Financial institution statements showing transfer/deposit amounts from SBA

5. Insurance: documented by letter/forms from insurance company, or data from NFIP program;
   a. Insurance proof of loss statements
   b. Insurance company correspondence
   c. Financial institution statements showing transfer/deposit amounts from insurer

6. Any Other Sources: documented by commitment letter or correspondence with other source
   a. Source data sets*
   b. Loan documents
   c. Award and/or denial letters
   d. Financial institution statements showing transfer/deposit amounts from source

7. Actual Costs:
   a. Contracts, invoices, and/or receipts, with evidence of payment
   b. Requests for payment showing actual project costs and actual amounts drawn

* Applicable data sets provided by a lender/grantor, including FEMA and SBA, that do not list the activity and/or location shall be considered sufficient documentation that no assistance was provided by the data set provider, as of the date on the data set.
Buyout & Acquisition Policies (CDBG-DR only)

CDBG-DR funds may be used for the purchase of properties physically impacted by the declared disaster(s) and either 1) located in a floodway or 100-year floodplain, or 2) located outside a floodway or 100-year floodplain. Properties purchased through the buyout program are subject to development restrictions, described below. Non-floodplain properties purchased through the acquisition program may be resold and/or redeveloped.

All types of properties may be considered for buyout and acquisition. Each buyout and acquisition must meet a CDBG National Objective. In addition to NEPA compliance (pursuant to 24 CFR 58 and/or other applicable HUD guidance), a Phase I environmental study must be completed prior to purchase for all properties purchased after July 1, 2015. The cost of any necessary environmental remediation must be estimated and disclosed to OHCD prior to purchase.

CDBG-assisted programs or projects are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) and the government-wide implementing regulations at 49 CFR part 24, absent explicit CDBG-DR waivers issued by HUD. The URA’s protection and assistance apply to acquisitions of real property as well as displacements resulting from the acquisition, rehabilitation, or demolition of real property. Residential and businesses occupants are encouraged to remain in the community. To date, OHCD has not provided resettlement incentives or requirements. OHCD retains the authority to establish resettlement incentives and/or requirements for future grant awards, based on the number of properties impacted, amount of assistance provided, size of business, household income, and other quantifiable measures.

**Buyout of properties located in a floodway or floodplain**

The purchase price shall be based upon pre-disaster fair market value for the acquisition of properties located in a floodway or floodplain.

Any such property acquired with CDBG-DR funds shall be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, or wetlands management practices. No new structure may be erected other than (a) a public facility that is open on all sides and functionally related to a designated open space (e.g., a park, campground, or outdoor recreation area); (b) a rest room; (c) a flood control structure; or (d) a structure that the local floodplain manager approves in writing before the commencement of the construction of the structure. In all cases, a permanent covenant or comparable restriction must be placed on the property’s continued use to preserve the floodplain or wetland from future development in perpetuity.

**Acquisition of non-floodplain properties physically impacted by the declared disaster(s)**

The purchase price shall be based upon post-disaster fair market value for the acquisition of properties not located in a floodway or floodplain. The reuse of the property after acquisition and
redevelopment must be a CDBG eligible activity and consistent with the State’s long-term redevelopment plans.

**Procedures to Determine Timely Expenditures**

The RIFANS System automatically tracks sub-recipient draws against purchase orders and the RIFANS account balance. In addition, OHCD tracks requests for payment and maintains electronic spreadsheets of expenditures. At a minimum, the CDBG-DR Program Manager updates a drawdown summary and a balance sheet monthly for each active CDBG-DR grant.

All Hurricane Sandy CDBG-DR activities will be required to complete within two years of obligation. OHCD will request applicants include detailed project timelines with measurable benchmarks in CDBG-DR applications. Benchmarks based on those proposed by applicants will be incorporated into the contract documents. OHCD will respond quickly to any failures to meet contractual benchmarks with written correspondence. Sub-recipients will be required to submit a corrective action plan. Failure to implement the corrective action plan within a prescribed schedule will result in de-obligation and/or recapture of CDBG-DR funds.

In the CDBG program, a percentage of prior allocations must be drawn down to qualify sub-recipients to apply for future CDBG assistance. In accordance with the State’s CDBG program guidelines, failure to expend CDBG-DR funds may disqualify UGLGs from regular CDBG assistance due to capacity concerns.

**Procedures to Maintain a Comprehensive Website**

OHCD maintains a website with a page dedicated to each program at [http://www.planning.ri.gov/community/development/index.php](http://www.planning.ri.gov/community/development/index.php). HUD’s website reporting requirements vary by program. OHCD program staff is responsible for providing content to the Information Services Technician in the Division of Planning, who maintains the website.

The CDBG webpage [http://www.planning.ri.gov/community/development/blockgrants/](http://www.planning.ri.gov/community/development/blockgrants/) includes links to the State’s Consolidated Plan, application materials, and reference materials for CDBG professionals. At a minimum, the CDBG webpage is updated annually.

The CDBG-DR webpage [http://www.planning.ri.gov/community/development/disaster/](http://www.planning.ri.gov/community/development/disaster/) includes information on each of Rhode Island’s CDBG-DR allocations. As required, the CDBG-DR materials for the 2010 Flood allocation include the Action Plan and recent quarterly performance reports (QPRs).

Any substantial amendments to the Hurricane Sandy CDBG-DR Action Plan will be posted for public comment for a period not less than thirty days. The Hurricane Sandy CDBG-DR materials will include the original Action Plan, all Action Plan amendments, and all QPRs. The CDBG-DR webpage is updated quarterly, on or around January 30, April 30, July 30, and October 30, and within five business days of each amendment to the Hurricane Sandy CDBG-DR Action Plan.
Procedures to Detect Fraud, Waste, and Abuse of Funds

On-site monitoring is scheduled based on the criteria identified in the Recipient Review/Monitoring section of the State of Rhode Island Consolidated Plan 2010-2015 (see Appendix E). Desk monitoring of specific areas, such as environmental review records and compliance with the Uniform Relocation Act, are scheduled based on communications with sub-recipients. Monitoring activities will attempt to identify instances of fraud, waste, and abuse of funds.

The Bureau of Audits performs the auditing function for the Executive Branch of State Government. The Bureau’s responsibilities include:

- Forensic audits
- Investigative reviews of suspected employee malfeasance
- State vendor and contractor audits
- Accounting assistance
- Fraud awareness and ethics training to state employees
- Audit resolution workgroup – to implement corrective action plans to Office of Auditor General single audit findings
- Auditing special purpose funds

The Bureau maintains a fraud hotline and makes Fraud Incident Forms available online at http://www.audits.ri.gov/Fraud.htm. Complaints may be submitted electronically to the Bureau of Audits at fraudline@doa.ri.gov or CDBG@doa.ri.gov. To the maximum extent feasible, OHCD will request that all complaints be submitted in writing. However, allegations of fraud can be reported to the Bureau Fraud Line at 401-574-8175. All complaints will be investigated, and a formal response from sub-recipients may be requested. OHCD will consult/advise its HUD field office and/or OIG, as appropriate.

Alternatively, allegations may be submitted to HUD Region 1 and/or the Office of the Inspector General directly.

Instructions for submitting complaints will be available on OHCD’s website, and HUD posters about reporting fraud, waste, and abuse may be placed at major project sites and sub-recipient offices.

Procedures for Infrastructure Maintenance (Sandy CDBG-DR only)

Pursuant to Federal Register Vol. 78, No. 222 [Docket No. FR-5696-N-06], OHCD must employ a risk analysis on Hurricane Sandy CDBG-DR infrastructure activities. Infrastructure activities supported in whole or in part by CDBG-DR funds shall be maintained by the sub-recipient, or its designee.
Recipients shall be contractually obligated to complete routine maintenance (see Appendix G), as well as additional maintenance associated with, or resulting from, natural hazards. Replacement, reconstruction, and substantial rehabilitation are not considered maintenance activities. CDBG-DR funds are not an eligible source of maintenance funding.

**Protection of Personally Identifiable Information (PII)**

In the normal course of grant administration, OHCD may receive personally identifiable information (PII), such as names, addresses, income verification documents, disability status, employment status, etc., from applicants and/or beneficiaries. CDBG and CDBG-DR activities most likely to result in OHCD’s receipt of PII include: housing assistance, small business assistance, and public services. OHCD will take the following steps to protect personally identifiable information:

- Maintain hard copies of PII records in locked filing cabinets
- Password protect electronic folders and/or files containing PII

Filing cabinet keys and electronic passwords are shared with OHCD staff only. OHCD releases records containing PII upon request, after verification, by the following entities:

- Federal and state auditors
- Other federal or state agencies for duplication of benefits analyses

If records containing PII are subject to Freedom of Information Act or Rhode Island Access to Public Records requests, such records shall only be released in accordance with state and federal law.

All active OHCD records are maintained in limited access areas. Employee keycard access is required to enter office areas containing paper records. Electronic records are stored on restricted access shared drives supported by state servers.

**CDBG-DR Contract Amendment Policy**

CDBG-DR award recipients may request contract amendments from OHCD. DR funds are considered committed when the contract is executed. Inclusion in a HUD-approved Action Plan is only a reservation, not a commitment of funds. The request process, described below, is determined by the type of amendment.

Be advised that any contract amendments that trigger a “substantial amendment” to the State’s CDBG-DR Action Plans will be subject to HUD’s review, if approved by OHCD. Refer to the 2010 Floods Action Plan or the Hurricane Sandy Action Plan for the respective definitions of an Action Plan substantial amendment at [http://www.planning.ri.gov/community/development/disaster/index.php](http://www.planning.ri.gov/community/development/disaster/index.php).

Amendments are categorized as follows:
1. **For budget amendments involving transfers of previously committed funds among line items within or among activities covered under a single contract.** The recipient shall send a memorandum to OHCD requesting the budget amendment. Attachments shall include documentation that costs are necessary and reasonable, and an updated budget. The Amendments which fall into this category do not require publication of the notice to amend.

2. **For budget amendments involving transfers of previously committed funds among activities covered under different contracts (same disaster).** The recipient shall send a memorandum to OHCD requesting the budget amendment. Attachments shall include a) documentation that costs are necessary and reasonable, b) updated schedules (benchmarks) for each activity, c) explanation of any delays, and d) updated budgets for each affected contract. The Amendments which fall into this category do not require publication of the notice to amend.

3. **For budget amendments involving requests for additional funds for activities already under contract with OHCD (or tentatively awarded via a HUD-approved Action Plan) for CDBG-DR assistance.** The recipient shall send a memorandum to OHCD requesting the budget increase, and include justification for the budget increase request with supporting documentation, and an updated budget. Examples of supporting documentation may include procurement records, change orders, detailed cost estimates, revised scopes of work, etc. The Amendments which fall into this category do not require publication of the notice to amend.

4. **For budget amendments involving transfers of previously committed funds to new activities (i.e. activities not currently supported with CDBG-DR funds).** The recipient shall send a memorandum to OHCD requesting the budget transfer, full application materials, and a copy of the public notice. The Amendments which fall into this category require publication of notice to amend, unless the new activities were previously included in a prior public notice of intent to apply for CDBG-DR funds. The notice of amendment shall be published in a newspaper of general circulation in the community, with a public comment period of at least seven days, not including the day of publication, prior to submittal of the request to OHCD.

5. **For contract extensions.** The recipient shall send a memorandum to OHCD, signed by the chief executive or chief elected official, requesting the extension. The request shall specify specific performance benchmarks tied to dates, to demonstrate that the project(s) can complete by applicable expenditure deadlines.

Category 1 amendments are routinely approved, when the recipient provides sufficient documentation that all costs are necessary and reasonable, and is in full compliance with the
contract terms. The above notwithstanding, all budget amendments are at the sole discretion of OHCD. OHCD may consult the review committee regarding category 3 and 4 amendments. Amendments shall only be granted via written approval by OHCD.

### Closeout of Grants

Closeout of CDBG-DR grants to sub-grantees involves a two-tiered process:

- **Tier 1:** Closeout of an individual activity
- **Tier 2:** Closeout of grant contract (containing one or more activities)

#### Tier 1: Closeout of an Individual Activity

A CDBG-DR Contract contains one or more individual activities. Within each CDBG-DR Sub-recipient Contract, Attachments A and B pertain to the specific activities covered by the contract. Attachment A contains detailed activity descriptions and performance projections; and B contains activity budgets and national objective information. An activity may be closed-out when all of the following conditions are met:

1. The final Request for Payment has been received/processed by OHCD;
2. The activity has been monitored by OHCD (on-site or remotely) and has no open findings;
3. The activity as described in the contract (or amended contract) is complete and meets one of the CDBG national objectives; and
4. All required documentation has been submitted to OHCD, as applicable.

To initiate closeout an activity, sub-recipients are required to provide the following documentation to OHCD:

- Closeout Certification Form signed by Chief Executive officer/Authorized Signatory
- Final Quarterly Report – all pages updated, including beneficiary and performance data
- Final Expenditure Report with documentation
- Section 3 Report form(s) HUD-60002, as applicable
- For all activities involving construction and/or physical improvements: color photographs of completed improvements, and “before” photographs if available.
- Fair Housing Report (all municipal grant recipients)
- Date of last OHCD CDBG-DR monitoring site visit and, if any open findings remain, a memo addressing the status of any open findings
- Copies of recorded liens, if applicable (housing assistance and assistance to businesses.)
- For all Hurricane Sandy public facilities and infrastructure projects: improvements must be maintained annually for a minimum of five years after completion of improvements. At closeout, sub-recipients must provide sufficient documentation to show that a maintenance plan/contract/budget is in place. Sub-recipients should be
prepared to provide documentation of maintenance actions and operational status upon request during the five year compliance period.

- MBE/WBE Report HUD-2516, as applicable
- When applicable, evidence that flood insurance will be maintained in perpetuity for CDBG-DR funded improvements. Copy of current insurance coverage required.
- Completed Green Building Retrofit Checklist (residential rehabilitation projects only)
- Most recent Single Audit report (If below single audit threshold, then audited financial statements for most recent three years)
- For all planning-only projects: Electronic files of final planning products (reports, studies, maps, shape files, etc.)

OHCD reviews the submitted documentation, and, if all is satisfactory, issues a close-out letter to the sub-grantee. OHCD then de-obligates any unspent budget balances, enters actual beneficiary and performance data in DRGR, and revises the activity status in DRGR.

**Tier 2: Closeout of a Grant Contract**

When all contract activities have been closed-out per the procedure outlined above, OHCD’s final close-out letter to the sub-recipient shall indicate that the contract is closed, and that the sub-recipient is required to observe Rhode Island and CDBG record-retention requirements for all documentation associated with closed grant contracts.
APPENDICES

A. Financial Requirements

B. Procedures for Budgeting, Obligating, and Disbursing Funds (Separation of Duties Supplement)

C. Organizational Charts

D. Job Descriptions

E. Monitoring Documents

F. Procurement Matrix

G. Infrastructure Maintenance Agreement
Appendix A

State of Rhode Island,
Community Development Block Grant Program Management Handbook
Section E. Financial Requirements
Financial Requirements
SECTION E

Regulations:

<table>
<thead>
<tr>
<th>Section</th>
<th>Topic</th>
<th>Page #</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1</td>
<td>Method of Payment</td>
<td>1</td>
</tr>
<tr>
<td>E2</td>
<td>Procedural Requirements</td>
<td>2</td>
</tr>
<tr>
<td>E3</td>
<td>Allowability of Costs</td>
<td>3</td>
</tr>
<tr>
<td>E4</td>
<td>Accounting Systems</td>
<td>4</td>
</tr>
<tr>
<td>E5</td>
<td>Record Keeping</td>
<td>5</td>
</tr>
<tr>
<td>E6</td>
<td>Administrative Costs</td>
<td>6</td>
</tr>
<tr>
<td>E7</td>
<td>Procurement Policies</td>
<td>7</td>
</tr>
<tr>
<td>E8</td>
<td>Required Contract Provisions</td>
<td>13</td>
</tr>
<tr>
<td>E9</td>
<td>Conflict of Interest</td>
<td>16</td>
</tr>
<tr>
<td>E10</td>
<td>Bonding and Insurance</td>
<td>18</td>
</tr>
<tr>
<td>E11</td>
<td>Property Management Disposition</td>
<td>19</td>
</tr>
<tr>
<td>E12</td>
<td>Program Income</td>
<td>23</td>
</tr>
<tr>
<td>E13</td>
<td>Preagreement Costs</td>
<td>30</td>
</tr>
</tbody>
</table>

Forms:

- Request for Payment (CDBG P1)
- Sample Request for Proposals
- Sample RFP (Professional Services)
- Monitoring Checklist - Procurement*
- Monitoring Checklist - Financial Management*

*For use by MA staff in the review of funded activities.
E: FINANCIAL MANAGEMENT

Each grantee is responsible for insuring that CDBG funds are expended and accounted for in a manner consistent with program objectives and in accordance with applicable federal and State laws and regulations.

MA has elected to adopt standards set forth in:

24 CFR Part 85 Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments.

OMB Circular A-87 Cost principles for State and local governments.

This section of the Handbook outlines, but is not intended to substitute, the financial requirements of those documents.

1. Method of Payment

Following approval of funding, a grant award will be announced and a contract signed between MA and the Grantee.

Grantees may request a drawdown of funds following completion of environmental review requirements (Section E of this handbook). Requests for payment shall be submitted on Form CDBG P1. Send requests for payment to:

Jeffrey A. Gofton, Chief
Municipal Affairs
Community Development Block Grant Program
One Capitol Hill, 3rd Floor
Providence, R.I. 02908-5873
Funds received under the CDBG Program shall be deposited as follows:

- A separate bank account must be established for the CDBG program.
- The separate bank account must be established in a financial institution with Federal Deposit Insurance coverage and the balance exceeding the coverage must be collaterally secured.
- These funds cannot accrue interest, except for lump sum drawdowns, in accordance with Section 5.6.

Drawdowns shall adhere to the following standards:

- Cash advances shall be limited to the minimum amounts. The timing and amount of cash advances shall be as close as is administratively feasible to actual disbursements. The time lapse between the actual receipt of funds by the grantee and their disbursement should not exceed (3) working days for any sum in excess of $5,000 (JG - remove?).
- Cash advances made by the grantee to sub-grantees shall conform to the same standards of time and amount.
- Requests for payments shall not ordinarily be more frequently than daily, or be in amounts of less than $5,000, if monthly.

2. **Procedural Requirements**

Each grantee must have a financial management system that provides accurate, current and complete disclosure of the financial status of each CDBG-supported activity. The financial system must be capable of generating regular financial status reports which indicate the dollar amount allocated for each activity (including any budget revision), the amount obligated (for which contracts exist), and the amount expended for each activity. The grantee's financial management system must:
a. Maintain records that identify clearly and adequately the source of funds for all CDBG-assisted activities. Each CDBG dollar must be able to be isolated and traced to a documented expenditure.

b. Maintain effective control over and accountability for all funds, property, and other assets, safeguarding these assets and insuring that they are used solely for authorized purposes.

c. Provide a comparison of actual expenditures and revenues to budgeted amounts.

d. Provide procedures to minimum the time elapsing between the U.S. Treasury and the disbursement by the grantee. Advances made by the grantee to subgrantees shall conform substantially to the same standards of timing and amount as apply to grantees.

e. Provide procedures for determining reasonableness, allowability and allocability of costs in accordance with the provision of OMB Circular A-87, also referred to as Federal Management Circular 74-4, and the approved CDBG application.

3. **Allowability of Costs**

Grantees may incur costs only if:

a. The CDBG award has been properly accepted.

b. All necessary environmental reviews have been completed (Section E of this Handbook)

c. Costs are accounted for in accordance with the Generally Accepted Accounting Principles and are not prohibited by federal, State and local laws.

d. Costs are consistent with approved CDBG award.

e. Costs are necessary and reasonable for the proper and efficient administration of the CDBG program.
4. **Accounting Systems**

Grantees must report all CDBG financial transactions on an accrual basis. If records are not normally kept on this basis, grantees must develop such information through an analysis of the documentation on hand.

To establish controls, the grantee should appoint one person as the Fiscal Coordinator. This person should approve all CDBG expenditures (e.g., purchase orders, invoices, payrolls...). To provide for internal safeguards, the Fiscal Coordinator should not perform both disbursing and recording functions.

The program staff should coordinate and reconcile their documentation with the Fiscal Coordinator to assure consistency in records.

a. **Accounting Records**

Grantees must establish a special revenue fund to account for all CDBG monies.

If an equivalent system does not already exists, grantees should establish a chart of accounts (a listing of accounting revenues and expenditures).

Grantees must maintain a complete set of general ledger and subsidiary accounts. Accounting should be conducted on a double entry basis.

To enhance accountability, accuracy and control, the following records should be maintained:

1) **Cash Receipts Journal** - records receipt of all funds (State and federal) used for program activities. This record must include the date funds were received, the amount of funds received, the source of funds and the accounts into which funds were assigned.

2) **Case Disbursements Journal** - records all checks issued for payment of program cash. This record must include the date of payment, check number, amount and the account from which the disbursement was made. Disbursement should be presented as per budgeted line items.
3) **Journal Entry Voucher** - records all accounting transactions that do not involve cash receipt or disbursements.

4) **General Ledger** - summarizes cash receipt and disbursements on a sub-account basis. All entries to the general ledger must be made from the Cash Receipt and Cash Disbursements journals in conference with budget line items.

5) **Fixed Assets Ledger** - lists all fixed assets acquired in whole or in part with CDBG funds.

6) **Federal Cash Control Register** - records drawdown requests, checks received and balance of federal funds.

7) **Project Summary Journal** - contains entries for each receipt and disbursement related to a particular activity. This Journal is maintained on a year-to-date basis as a subsidiary ledger and contains reference numbers to the Cash Receipt and Cash Disbursement Journals. A "cash balance" column is used to keep running total of the difference between receipt and disbursements. The "unused allocation" will show any budget amount remaining after the project is complete, and all disbursements have been made. This amount represents the difference between the budgeted amount and actual costs.

5. **Record-keeping Requirements**

   All accounting records must be supported by source documentation. Source documents (e.g. purchase orders, invoices, payrolls...) must be secured and retained for three years from the date of issuance of notification by MA that close-out procedures are complete. If any litigation, claim or audit is started before the expiration of the three-year period, the grantee must maintain all records until all litigations, claims or audit records involving the records have been resolved.
Payments should not be made without invoices and vouchers are physically in hand. All vouchers/invoices should be on vendor's letterhead. When invoices are paid, the check number and the date paid should be noted on them. The person approving the payment should initial the invoice. Check should also be marked with the invoice number or numbers. If more than one invoice is paid by a single check, either invoice number or journal entry number should be noted on a check, and a journal entry should be made to show the breakdown of the invoices. This process is necessary to allow an auditor to trace project activities and costs and payments.

All employees paid in whole or in part from CDBG funds should prepare a timesheet indicating the hours worked on CDBG projects for each pay period.

MA, HUD and the Comptroller General of the United States or any of their authorized representatives shall have access on request to any pertinent books, documents, papers and records of CDBG grantee's audits, examinations, excerpts and transcripts.

6. **Administrative Costs**

Grantees may use no more than 15% of the CDBG funds for general administrative purposes which are enumerated in the Application Handbook.

Those costs directly related to a specific activity are not part of general administrative costs. For example, the salary of a Housing Rehabilitation Specialist is a rehabilitation costs, not a general administrative costs. Legal costs related to property acquisition are acquisition costs.
There are two basic types of general administrative costs: Direct and Indirect Costs. Direct Costs are those costs required specifically for implementation of the CDBG program. Staff salaries for employee who spend full or part-time on CDBG are examples of direct costs. As long as there are records to document direct charges to the program, these direct costs are automatically eligible if they conform to OMB Circular A-87. For part-time staff involved in the CDBG program, the time sheets are acceptable documentation of those hours spent on CDBG. For example, daily log sheets kept for a copy machine could identify the number of copies made for the program. If direct costs for personnel, supplies etc. incurred outside the office administering the CDBG program are to be charged to the CDBG budget, the grantee should maintain an explanation on file of how these costs are being recorded, identified and charged as program-specific costs.

Indirect Costs include support costs associated with program implementation. Reimbursement of these costs is not automatic and is subject to the preparation of a Cost Allocation Plan in accordance with federal instructions.

7. **Procurement Policies**

The regulation, at 24 CFR Part 85.36 provides minimum standards for the procurement of supplies, equipment, construction and other services to ensure that materials and services are purchase in a cost efficient manner.

The grantee is the responsible authority under its contracts, and without recourse to MA regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurement entered into, in connection with a CDBG program. Matters concerning violation of law are to be referred to such local, State or federal authority as may have proper jurisdiction.
Grantees may use their own procurement regulations which reflect applicable State* and local laws, rules and regulations provided that procurements made with CDBG funds adhere to the minimum standards set forth as follows:

* The General Laws of the State of Rhode Island (45-55) established, effective January 1, 1993, a uniform system for the award of contracts by municipalities. This law generally complies with federal procurement requirements outlined herein.

a. Local officials, employees, or agents, shall neither solicit or accept gratuities, favors or anything of monetary value from contractors, potential contractors, or potential program beneficiaries. The grantee must maintain a written code or standard of conduct.

b. All procurement transactions regardless of whether negotiated or advertised and without regard to dollar value shall be done in a manner so as to provide maximum open and free competition.

c. Affirmative steps must be taken to assure that small and minority businesses, women's business enterprises, and labor surplus area firms are utilized whenever possible as sources of supplies, equipment, construction and services.

d. The grantee shall establish written procurement procedures that comply with the following:

1) Procurement by small purchase procedures. Small Purchase procedures are those relatively simple and informal procurement methods for securing services, supplies or other property that do not cost more than $100,000 in the aggregate. If small purchase procurements are used, price or rate quotations will be obtained from an adequate number of qualified sources to determine cost reasonableness.
2) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. A sample Request for Proposals follows this section. The sealed bid method is the preferred method for procuring construction, if the following conditions apply.

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

(a) A complete, adequate and realized specification or purchase description is available;

(b) Two or more responsible bidders are willing and able to compete effectively for the business; and

(c) 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.

(ii) If sealed bids are used, the following requirement apply:

(a) 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;

(b) The invitations for bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond;

(c) All bids will be publicly opened at the time and place prescribed in the invitation for bids;
(d) 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 costs, 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

(e) Any or all bids may be rejections if there is a sound documented reason.

(iii) 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:

(a) Requests for proposals will be publicized and identify all evaluation factors and their relative importance. Any response to publicized request for proposals shall be honored to the maximum extent practical;

(b) Proposals will be solicited from an adequate number of qualified sources;

(c) Grantees and subgrantees will have a method for conducting technical evaluations of the proposals received and for selecting awardees;

(d) Awards will be made to the responsible firm whose proposals is most advantageous to the program, with price and other factors considered; and
(e) 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. It cannot be used to purchase other types of services through A/E firms are a potential source to perform the proposed effort. A sample Request for Proposal for Professional Services follows this section.

(iv) 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.

(a) 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:

(i) The item is available only from a single source;

(ii) The public exigency or emergency for requirement will not permit a delay resulting from competitive solicitation;

(iii) The awarding agency authorizes noncompetitive proposals; or

(iv) After solicitation of a number of sources, competition is determined inadequate.
(b) Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profit, is a requirement.

(c) Contracting with small and minority firms, women's business enterprises and labor surplus area firms.

(i) The grantee and subgrantee will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible.

(ii) Affirmative steps shall include:

(a) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;

(b) Assuring that small and minority businesses, and women's business enterprise are solicited whenever they are potential sources;

(c) Dividing total requirement, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;

(d) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
(c) Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and

(f) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in this section.

8. **Required Contract Provisions**

The grantee shall include, in addition to provisions to define a sound and complete agreement, the following provisions in all contracts and subgrants:

a. Contracts shall contain such provisions which allow for administrative, contractual or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate.

b. All contracts, over $10,000 shall contain suitable provisions for the manner by which it will be effected and the basis for settlement. If addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.

c. All contracts awarding having a value of more than $10,000 shall contain a provision requiring compliance with Executive order 11246, entitled "Equal Employment Opportunity", as amended by Executive Order 11375, and supplemented in DOL regulations (41 CFR part 60).
d. All contracts for construction, or repairs shall include a provision of compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplement in DOL regulations (29 CFR Part 3). This Act provides that each contractor or subgrantee shall be prohibited from inducing by any means, any person employed in construction, completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled. (See Labor Standards Provisions following Section 5.2)

e. All construction contracts in excess of $2,000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by DOL regulations (24 CFR Part 5). Under this Act contractors shall be required to pay wages to laborers and mechanics at a rate no less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less often than once a week. The grantee shall place a copy of the current prevailing wage determination issued by DOL in each solicitation and the aware of contract shall be conditioned upon the acceptance of the wage determination. Contracts entered into for the residential rehabilitation of 7 or fewer units within one structure are exempt from compliance with the Davis-Bacon Act. (See Labor Standards Provisions following Section 5.2)

f. Where applicable, all contracts in excess of $2,000 for construction contracts and in excess of $2,500 for other contracts which involve the employment of mechanics or laborers shall include a provision for compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by DOL regulations (29 CFR part 5). Under Section 103 of the Act, each contractor shall be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standards work week is permissible provided the worker is compensated at a rate of not less than 1.5 times the basic rate of pay for hours worked in excess of 40 hours in the work week. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous to his health and safety as determined under Construction, Safety and Health Standards.
promulgated by the Secretary of Labor. These requirements do not apply to the purchase of supplies or material or articles ordinarily available on the open market. (See Labor Standards Provision following Section 5.2)

g. All negotiable contracts shall include a provision that MA/CP&D, HUD and the Comptroller General of the United State, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the contractor which are directly pertinent to a specific grant program for the purpose of making audits, examinations and transcriptions.

h. Contracts and subgrants of amounts in excess of $100,000 shall contain a provision which requires the recipient to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act of 1970.

i. All contracts shall stipulate that to the greatest extent feasible, training and employment opportunities shall be made available to lower income residents of the area and subcontracts will be awarded to small businesses located within the project area or owned in substantial part by project area residents in accordance with Section 3 of the Housing and Development Act of 1968.

j. All contracts shall require compliance with Title 6 of the Civil Rights Act of 1954, which stipulated that "no person shall be subject to discrimination on the basis of race, color, or national origin" under any activity being carried out or assisted.

k. The Contractor shall not (1) knowingly enter into any subcontract under this contract with a subcontractor of a foreign country (Japan) included on the list of countries that discriminate against U.S. firms published by the United States Trade Representative or (2) supply any product under this contract to a country (Japan) included on the list of foreign countries that discriminate against U.S. firms published by the USTR.
c. **Exceptions:** Threshold requirements: Upon written request by the State, an exception to the provisions of paragraph (A) of this section involving an employee, agent, consultant, officer, or elected official or appointed official of the State may be granted by HUD on a case-by-case basis. In all other cases, the State may grant such an exception upon written request of the unit of general local government provided the State shall fully document its determination in compliance with all requirements of this paragraph including the State's position with respect to each factor at paragraph (D) of this section and such documentation shall be available for review by the public and by HUD. An exception may be granted after it is determined that such an exception will serve to further the purpose of the Act and the effective and efficient administration of the program or project of the State or units of general local government as appropriate. An exception may be considered only after the State or unit of general local government, as appropriate, 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) An opinion of the attorney for the State or the unit of general local government, as appropriate, that the interest for which the exception is sought would not violate State or local law.

d. **Factors to be considered for exceptions.** In determining whether to grant a requested exception after requirements of paragraph (C) of this Section has been satisfactorily met, the cumulative effect of the following factors, where applicable, shall be considered:

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 interest 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 State or the unit of general local government or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

7) Any other relevant consideration.

10. Bonding and Insurance

Local procedures related to bonding and insurance must be following by grantees for all contracts of $100,000 or less.

For contracts over $100,000, the minimum federal requires as set for in 24 CFR 85.36 are:

a. A bid guarantee from each bidder equal to 5% of the bid price. The bid guarantee shall consist of a bid bond, certified check, or negotiable instrument accompanying the bid.

b. A performance bond from contractors for 100% of each contract shall be executed in connection with each contract.
c. A payment bond on the part of the contractor for 100% of the contract price.

d. All bonds shall be obtained for companies holding certificates of authorities as acceptable sureties.

11. **Property Management Disposition**

24 CFR Part 85.36 provides minimum standards for the utilization and disposition of property acquired in whole or in part with federal funds. These standards apply to all personal property acquired with CDBG funds for administrative purposes only. Property acquired in carrying out an approved community development activity must be used and disposed of in accordance with the terms and conditions of the subcontract itself.

a. The various kinds of property are defined as follows:

**Real property** - land, including land improvements, structures and appurtenances thereto, excluding movable machinery and equipment. In accordance with 24 CFR Part 570.489 (j), the standards described in Section B below apply to real property within the unit of general local government's control (including activities undertaken by subrecipients) which was acquired or improved in whole or in part using CDBG funds in excess of the threshold for small purchase procurement (presently set at $100,000). These standards shall apply from the date CDBG funds are first spent for the property until five years after closeout of the unit of general local government's grant.

**Personal Property** - property of any kind except real property. It may be tangible-having physical existence, or intangible-having no physical existence, such as patents, inventions and copyrights.

**Nonexpendable Personal Property** - tangible personal property having a useful life of more than one and an acquisition cost of $300 or more per unit.
Expandable Personal Property - all tangible personal property other than nonexpendable personal property.

b. Real Property

1) **Title.** Subjective to the obligations and conditions set for in this section, title to real property acquired under a grant or subgrant will vest upon acquisition in the grantee or subgrantee respectively.

2) **Use.** Except as otherwise provided by Federal statutes, real property will be used for the originally authorized purposes as long as needed for that purpose, and the grantee or subgrantee shall not dispose of or encumber its title or other interests.

3) **Disposition.** When real property is no longer needed for the originally authorized purpose, the grantee or subgrantee will request disposition instruction from the awarding agency. The instructions will provide for one of the following alternatives:

   (i) **Retention of title.** Retain title after compensating the awarding agency. The amount paid to the awarding agency will be computed by applying the awarding agency's percentage of participation in the cost of the original purchase to the fair market value of the property. However, in those situations where the grantee or subgrantee is disposing of real property acquired with grant funds and acquiring replacement real property under the same program, the net proceeds form the disposition may be used as an offset to the cost of the replacement property.
(ii) **Sale of Property.** Sell the property and compensate the awarding agency. The amount due to the awarding agency will be calculated by applying the awarding agency's percentage of participation in the cost of the original purchase to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the grant is still active, the net proceeds from the sale may be offset against the original cost of the property. When a grantee or subgrantee is directed to sell property, sales procedures shall be followed that provide for competitions to the extent practicable and result in the highest possible return.

(iii) **Transfer of Title.** Transfer title to the awarding agency or to a third party designated/approved by the awarding agency. The grantee or subgrantee shall be paid an amount calculated by applying the grantee or subgrantee's percentage of participation in the purchase of the real property to the current fair market value of the property.

4) **Change in Use.** The standards in this section apply to real property within the limit of the grantee's control (including activities undertaken by subrecipients) which was acquired or improved in whole or in part using CDBG funds in excess of $100,000. These standards shall apply from the date CDBG funds are first spent for the property until five years after close-out of the grant from which the funds were used.

(i) A grantee may not change the use of a planned use of property (including the beneficiaries of such use) from that for which the acquisition or improvement was made, unless the grantee provides affected citizens with reasonable public notice of and opportunity to comment on any proposed change, and either:

(a) The new use of the property qualifies as meeting one of the national objectives and is not a building for the general conduct of government; or
(b) The requirements of 4(ii) below are met.

(ii) If the grantee determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not qualify under 4(i) above of this section, it may retain or dispose of the property for the changed use if the grantee CDBG program is reimbursed or the State's CDBG program is reimbursed, at the discretion of the State. The reimbursement shall be in the amount of the current fair market value of the property, less any portion of the value attributable to expenditure of non-CDBG funds acquisition of, and improvements to, the property, except that if the change in use occurs after grant closeout but within 5 years of such closeout, the grantee shall make the reimbursement to the State's CDBG program account.

(iii) Following the reimbursement of the CDBG program in accordance with Section 4(ii) of this section, the property no longer will be subject to any CDBG requirements.

c. When the grantee no longer needs the property for any eligible community development activity, the following regulations apply:

1) The grantee shall request disposition instructions from MA for all non-expendable property with a cost of $1,000 or more, for all real property regardless of acquisition cost, and for all expendable personal property with an aggregate fair market value of $1,000 or more.

2) Non-expendable property with a unit acquisition cost of less than $1,000 and expendable personal property with an aggregate fair market value of less than $1,000 shall be retained by the grantee and used or disposed of at its discretion.
d. The grantee's property management standards for non-expendable personal property shall provide that:

1) Property records are maintained accurately and include a description of the property, a manufacturer's serial number or other identification number, the CDBG grant number with which it was acquired, the acquisition date and cost, the location, use and condition of the property and the date the information was reported, the units acquisition costs and the ultimate disposition date.

2) A physical inventory shall be taken and the results reconciled with the property records at least once every two years. Any difference shall be investigated to determine the cause.

e. A control system shall be in effect to insure adequate safeguards to prevent loss, damage or theft of property. Any loss, damage or theft shall be investigated and fully documented.

f. Adequate maintenance procedures shall be implemented to keep the property in good condition.

g. Where the grantee is authorized or required to sell the property, proper sales procedures shall be established which would provide for competition to the extent practicable and result in their highest possible return.

12. Program Income
   (This section is subject to change subsequent to HUD's release of revised regulations)

a. Definition - General

Program Income is defined as the gross income received by the grantee or a subrecipient of a grantee that was generated from the use of CDBG funds. When income is generated by an activity that is only partially assisted with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used.
Program income includes but is not limited to the following:

1) Proceeds from the disposition by sales or long term lease of real property purchase or improved with CDBG funds;

2) Proceeds from the disposition of equipment purchased with CDBG funds;

3) Gross income from the use of rental of real or personal property acquired by the unit of general local government or a subrecipient of a unit of general local government with CDBG funds, less the cost incidental to the generation of the income;

4) Gross income from the use of rental of real property owned by the unit of general local government or a government, that was constructed or improved with CDBG funds, less the costs incidental to the generation of the 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 sales of obligations secured by loans made with CDBG funds;

8) Interest earned on funds held in a revolving fund account;

9) Interest earned on program income pending disposition of the income;

10) Funds collected through special assessments made against properties owned and occupied by households not of low or moderate income, where the special assessments are used to recover all or part of the CDBG portion of a public improvement; and
11) Gross income paid to a unit of general local government or subrecipient form the ownership interest in a for-profit entity acquired in return for the provision of CDBG assistance.

b. Retention and Use of Program Income

Grantees may retain program income if the income will be used to continue the activity from which it was derived. MA will determine where an activity will be considered to be continued.

All program income is subject to the following requirements:

1) Program income, to the maximum extent feasible, must be utilized for the activity for which it was approved before new CDBG funds may be drawndown.

2) Upon request, MA may grant permission for the use of program income for other eligible activities that meet a national objective.

Requests to amend the use of program income must comply with the provision of Section 2.1 and 2.2 of the Management Handbook.

3) Program income expenditures are subject to the federal regulatory matters outlined in the Management Handbook, with the exception that interest on program income accounts may be accrued and retained by the grantee as program income.
4) Grantees must maintain detailed records sufficient to provide the following information:

(i) Activities that produce program income;

(ii) Schedule of payments and whether payments are occurring on schedule;

(iii) Amount collected to date and during the reporting period;

(iv) Proposed and actual use of income;

(v) To the extent feasible this information must be provided on a case-by-case basis. In certain cases, for example housing rehabilitation programs and revolving loan funds, grantees may report this information in the aggregate.

5) Grantee's must submit quarterly program income reports (CDBG Q2) to MA on the forms provided, on a calendar quarter basis, in accordance with Section R of the Management Handbook.

6) MA must review and approve each proposed assistance to private-for-profit activity before funds are obligated or expended by the grantee.

c. Income from Pre-FY'93 Programs

Program income received and retained by a community before the closeout of the grant that generated the income is to be viewed and treated as additional CDBG funds and is subject to all applicable CDBG program requirements. Use of income received and retained after closeout of the grant that generated the income is not subject to all applicable CDBG program requirements except under the following circumstances:

1) If the community has another open grant at the time of closeout, program income form the closed grant continued to be subject to CDBG program requirements as long as the community has an open grant.
2) When program income from a closed grant is used to continue the activity that generated the income, that income is subject to all applicable CDBG program requirements as long as the income is used to continue the activity.

d. **Income from FY’93 and Subsequent Programs**

1) Beginning with federal Fiscal Year 1993 funding, program income generated through CDBG-funded activities will always be subject to CDBG program requirements, and must be accounted for and reported to MA as long as program income continued to be generated.

2) Commencing with the FY’93 grant award, program income funds generated through CDBG activities will not be defined as program income when the amount of funds received in a calendar year (January 1 - December 31) total less than $25,000. When the amount of funds generated through the use of CDBG funds in a calendar year totals less than $25,000 the use of those funds are not subject to CDBG regulations. Grantees may combine program income funds generated from activities funded through pre-FY’93 CDBG program with income generated through activities funded with FY’93 and subsequent year funds, or they may elect to adopt a procedure to separately account for program income generated from the two categories. Grantees must notify MA of the program income tracking option it has selected.
e. **Revolving Funds**

Subject to approval by the State, grantees may establish revolving funds to carry out eligible activities. A revolving fund for this purpose is defined as being established to carry out specific activities which will generate repayments which will fund the continuation of that activity. These repayments to the revolving funds will be recognized as program income, and therefore, must be substantially expended before additional grant funds may be drawn down for that activity. Program income indentity of repayments in revolving funds is contingent upon the method in which they are distributed.

1) Program income must be expended for revolving fund activities.

2) A revolving fund may not be directly funded or capitalized with grant funds.

f. **Regional Revolving Funds**

The State may award funds to units of general local government. The unit of local government may give the CDBG funds to a regional loan fund administering entity, which would then lend the funds to a homeowner in the community. The homeowner would repay the loan back to the administering entity's regional loan funds. Per Section 570.489(c)(2)(ii), the income would then not be program income. The repayments would not be subject to CDBG program requirements. The regional loan fund entity can then re-lend these funds directly to homeowners anywhere in its service area.

For this scenario to work, the regional loan fund entity must qualify under Section 105(a)(15) of the Act. This means it must be a local development corporation, an entity organization under Section 301(d) of the Small Business Investment Act of 1958, or a "nonprofit organization serving the development needs of the communities of nonentitlement areas". In addition, the activity itself must also be eligible under Section 105(a)(15).
Assignment - The UGLG can, by mutual agreement, transfer all obligations and assets (existing Program Income) to the non-profit. If these loans originated at CCHC, they would not be restricted (except as noted above), however if they were considered UGLG originations, then the first time around with these funds must be in the subject UGLG, repayments would follow the above example.

By State regulation, all "Program Income" funds generated by the aforementioned non-profit must comply with all program requirements relative to Program Income. However, the funds may be distributed for eligible activities outside of the jurisdiction in which the income was generated.

This process has been developed to allow non-profit CDCs to better address the housing and community development needs of the areas they serve.

The non-profit Administrator of the regional revolving loan fund must agree to use monies to carry out a neighborhood revitalization, community economic development or energy conservation projects. Such a project may include activities listed as eligible under Section 570.204, and activities not otherwise listed as eligible under this subpart, except those described as ineligible in Section 570.207(a), when the State determines that such activities are necessary or appropriate to achieve its community development objectives. Notwithstanding that such recipients may carry out activities as part of such project that are not otherwise eligible under this subpart, this provision does not authorize:

1. Provision of public services that do not meet the requirements of Section 570.201(e)(1) and (2);
2. Provision of assistance of a for-profit business that does not comply with the requirements of Section 570.203(b); or
3. Carrying out activities that would otherwise be eligible under Section 570.205 or 570.206 but that would result in the recipient exceeding the limitation in Section 570.200(g).
The State of Rhode Island hereby certifies that housing rehabilitation is an eligible activity which is essential to achieve its community development objectives, in accordance with the above requirement.

Local contracts with subrecipients must detail all requirements placed on the use of Program Income generated by CDBG funded activities, including eligible reuse activities. Non-profit subrecipients taking advantage of this flexibility must still submit Quarterly Program Income reports on the provided forms.

Subrecipients are not permitted to employ this method of distribution unless explicitly agreed to by all affected municipalities.

13. Preagreement Costs

The State intends to utilize the provisions of 24 CFR Part 570.489(b) relating to Reimbursement of Pre-agreement Costs.

The State may permit a unit of general local government to incur costs for CDBG activities before the establishment of a formal grant relationship between the State and the unit of general local government and to charge these "preagreement costs" to the grant, provided that the activities are eligible and undertaken in accordance with environmental review requirements.

These provisions were adopted to assure that activities which are time-sensitive and were likely to receive favorable consideration, could begin implementation prior to the completion of the State's application review process.
Appendix B

Procedures for Budgeting, Obligating, and Disbursing Funds (Separation of Duties Supplement), CDBG Disaster Recovery Program
Procedures for Budgeting, Obligating, and Disbursing Funds

CDBG Disaster Recovery Program

State Budget Process

Approx. 18 month in advance, OHCD provides CBO with Budget Authority estimates that caps total FY grant expenditures for RIFANS Accounts 1166121 (Floods) and 1166124 (Sandy). The Budget Authority estimate should be reviewed by OHCD prior to Dec. 31st each year and revised if necessary. Revisions after December will require legislative approval.

Obligating Funds

Federal
1. Funds obligated to State under DR contract B-10-DF-44-0001 (Floods) and TBD (Sandy)
2. Program Manager confirms wire routing procedure.
3. Program Manager submits Action Plan with Budget in DRGR
4. Program Manager enters budget for each “Activity” in DRGR
5. Program Manager amends Action Plan and updates DRGR, as needed

State
1. Email request to Accountant to establish purchase order (PO) for each community w/RIFANS # and contract(s) attached
2. Accountant requests POs in RIFANS
3. POs progress through defined approval process in RIFANS
4. Division of Purchases creates POs
5. PO change order form required to adjust amount (w/hard copies of contracts)
6. POs must be updated each FY

Disbursing Funds

Minimize the time elapsing between federal disbursals and state dispersals to sub-recipients. Receive request for payment with backup. Check for release of funds, if applicable.

Federal
1. Program Manager reviews request for payment
2. OHCD Chief approves/denies hard copy request
3. Program Manager creates voucher in DRGR
   a. Writes voucher # on request for payment
   b. Saves electronic version
   c. Records in electronic voucher summary log and sub-grantee balance sheet, maintained by OHCD
4. Central Business Office (CBO) Analyst approves voucher in DRGR
5. HUD verifies, transfers funds to R.I. General Treasurer
6. CBO Analyst creates journal entry to transfer funds from general fund to proper DR Account

Revised 4/2/2015
Disbursing Funds (cont.)

In spring 2015, some communities began using I-Supplier (RIFANS add-on software) to request payments. The process for I-Supplier sub-grantees is slightly different, as noted below.

State

1. Program Manager submits original request and DRGR voucher # to Accountant
2. Accountant enters in RIFANS
3. OHCD Chief approves/denies payment in RIFANS
   a. Defined approval path moves voucher in RIFANS to CBO Analyst for approval
      (Note: I-Supplier requires input from sub-grantee, see #5)
4. Accountant sends to Accounts Payable for processing (AP)
   a. Returns request to Program Manager to file
   b. Updates records
5. I-Supplier sub-grantees only: Program Manager prepares I-Supplier cover memo, sends electronically with backup to I-Supplier sub-grantee. Sub-grantee must enter into I-Supplier.
6. CBO Analyst reviews and makes final approval for payment through RIFANS
7. AP processes and authorizes payment to sub-recipient
8. Funds disbursed through General Treasurer’s Office

Request for Payment Approval Hierarchy

Initial Request

1. Sub-recipient submits request signed by authorized representative
2. CDBG-DR Program Manager reviews
3. OHCD Chief approves hard copy

Federal Disbursement

4. DR Program Manager creates voucher in DRGR
5. CBO Analyst approves voucher
6. No HUD approval required under $500,000

State Disbursement

7. DR Program Manager transfers request to Principal Accountant
8. Principal Accountant submits request in RIFANS
9. OHCD Chief approves voucher
10. CBO Analyst approves voucher
11. Accounts Payable authorizes payment
12. Funds disbursed through General Treasurer’s Office

Revised 4/2/2015
In July 2013, the General Assembly created an Executive Office of Commerce, to include OHCD as of April 1, 2015 (RIGL Title 42 Chapter 64.19). Other units within the Executive Office of Commerce include R.I. Commerce Corp. and the Dept. of Business Regulation. Governor Raimondo appointed Stefan Pryor as Secretary of Commerce on December 16, 2014.

Prior to this transition, OHCD reported to the Division of Planning, under the Dept. of Administration. To date, OHCD offices remain physically at One Capitol Hill, 3rd Floor, Providence, R.I. OHCD’s financial accounts shall remain within the Dept. of Administration through the State’s fiscal year end on June 30, 2015. The Dept. of Administration continues to provide support services to OHCD through the Division of Planning and the Central Business Office.
Office of Housing and Community Development (OHCD)
Housing Resources Commission (HRC)

Organizational Chart
The Agency

Executive Office of Commerce (FY 2016)

- Secretary
  - Central Management
    - Housing and Community Development
      - Office of Housing and Community Development
        - Housing Resources Commission
    - RI Television & Film Office
    - Quasi-Public Appropriations
      - RI Commerce Corporation
        - I-195 Redevelopment District Commission
    - Department of Business Regulation
Appendix D

Job Descriptions (Four)

Job Descriptions Supplement,
CDBG Disaster Recovery Program
CLASS TITLE: CHIEF, OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

CLASS DEFINITION:

GENERAL STATEMENT OF DUTIES: To plan and direct the organization and operation of the Office of Housing & Community Development within the Division of Planning; to be responsible for establishing the programs, procedures and regulations required by statute in the operation of the office and to coordinate these activities and collaborate with interested parties, in the area of housing and community development, to include: property owners/operators, citizens in the effected areas, state department and agencies, local or regional development authorities and state and federal agencies; to be responsible for the development of required programs, establishment of office goals and objectives and the continuous administration of the programs; and to do related work as required.

SUPERVISION RECEIVED: Works under the general direction of the Associate Director, Division of Planning with wide latitude for the exercise of independent judgment within the procedures established in the department and the policies and plans adopted by the State Planning Council and the Housing Resources Commission.

SUPERVISION EXERCISED: Plans, coordinates, supervises, reviews the work of the sections that comprise the Office of Housing & Community Development (Community Development, Home Ownership, Homelessness and Emergency Services, and Performance and Evaluation); supervises the work of technical and clerical staff; coordinates the activities of the Office of Housing & Community Development with other units of the Division of Planning, the Housing Resources Commission and with other agencies as required.

ILLUSTRATIVE EXAMPLES OF WORK PERFORMED:

To plan and direct the organization and operation of the Office of Housing & Community Development within the Division of Planning.

To be responsible for establishing the programs, procedures and regulations required by statute in the operation of the office and to coordinate these activities and collaborate with interested parties in the area of housing and community development, to include: property owners/operators, citizens in the effected areas, state department and agencies, local or regional economic development authorities and state and federal agencies.

To be responsible for the development of required programs, establishment of office goals and objectives and the continuous administration of the programs.

To plan, assign, supervise and review the work of a staff engaged in administering housing and community development programs and conducting studies thereon.

To identify, analyze, and advise the Associate Director Division of Planning and the Housing Resource Commission in the development, promotion and implementation of housing and community development policies, plans and other recommendations through executive actions and orders, budgets, legislation and other means.

To prepare an annual work program and estimate of costs within guidance provided by the Associate Director, Division of Planning, and when approved, to execute the work program within the staff, time, and other constraints stated therein.

To identify, analyze, and advise the Associate Director, Division of Planning to determine operational, project and program goals and objectives to establish and administer the necessary scope of action,
general policies and work schedules for projects and programs, and to supervise the execution of assignments.

To analyze, evaluate and advise the Associate Director, Division of Planning of topics for which systems plans are required in order to address a matter of concern to the state or to comply with a federal requirement.

To prepare and provide status reports on the work of the Office of Housing & Community Development to the Associate Director, Division of Planning, the Housing Resource Commission, State Planning Council, and other individuals and groups as required, using text, statistical, graphic and other appropriate methods.

To serve on committees and task forces representing the Division of Planning and the Associate Director.

To do related work as required.

REQUIRED QUALIFICATIONS FOR APPOINTMENT:

KNOWLEDGES, SKILLS AND CAPACITIES: A thorough knowledge of the principles, methods, techniques, practices and policies of professional planning as it relates to housing and community development programs and ancillary research at the state level and the ability to apply this knowledge to the management of housing and community development policies and programs in, community development, homelessness, homeownership, and program performance and evaluation; a thorough knowledge of the current economic conditions affecting housing and community development programs; a thorough knowledge of state and federal housing and community development programs and regulations; the ability to oversee work in progress and on completion to insure that professional standards and statutory, regulatory and technical requirements are met; the ability to compile and analyze a variety of technical information relating to housing and community development and regional planning; the ability to present completed work in an understandable manner to diverse audiences; the ability to plan and organize work, utilize staff and other resources efficiently and effectively, coordinate operations, with interested parties, and achieve the intended results within time and budgetary limitations; and related capacities and abilities.

EDUCATION AND EXPERIENCE:

Education: Such as may have been gained through: possession of a Master's Degree in Planning, Public Administration, Business Administration or a closely related field; and

Experience: Such as may have been gained through: employment with supervisory and management responsibilities in planning or governmental administration, or project or program design and operation.

Or, any combination of education and experience that shall be substantially equivalent to the above education and experience.

Class Created: February 20, 2005
CLASS TITLE: SUPERVISOR,
LOCAL GOVERNMENT ASSISTANCE

CLASS DEFINITION:

GENERAL STATEMENT OF DUTIES: To plan, coordinate and review the work of all professional and technical staff engaged in a primary function of the Office of Municipal Affairs, specifically, property tax assistance, community development or general government assistance; and to do related work as required.

SUPERVISION RECEIVED: Works under the general direction of a superior with wide latitude for the exercise of initiative and independent judgement; work is subject to review for satisfactory results and conformance to applicable statutes and guidelines.

SUPERVISION EXERCISED: Supervises and reviews activities of professional, technical and clerical subordinates.

ILLUSTRATIVE EXAMPLES OF WORK PERFORMED:

To be responsible for assisting local governments in an assigned unit of functional expertise, such as property tax assistance, community development or general government assistance.

Within the property tax assistance function, to be responsible for the effective implementation of programs such as tax equalization, motor vehicle excise tax phaseout, public service corporation tax reimbursement, and related activities.

Within the community development function, to be responsible for logistical and administrative support in the screening, awarding and distribution of community block grants; to be responsible for monitoring the expenditure of fund allocations.

Within the general government assistance function, to be responsible for the compilation and distribution of a variety of resource materials, publications, fiscal notes, etc., and to communicate to the cities and towns pending legislation which would impact their community.

To provide technical assistance to local governments on day-to-day municipal problems.

To maintain an ongoing research program in order to provide fiscal and operational assistance to local governments.

To analyze municipal fiscal systems and business processes, and provide consultation and advice on sound fiscal management, including accounting, budgeting, purchasing, taxation, capital improvements, investments and reporting.

To advise local government officials of available resources, and to facilitate communities in accessing those funding sources and services.

To be responsible for the assessing of true market value of real estate in order to develop defensible equalized tax evaluation analysis.

To consult with local government officials, including tax assessors, to evaluate existing service delivery system and develop appropriate adjustments and improvements.

To develop technical procedures involving methods of data collection, interpretation, analysis and formulation of proposal; to set technical standards for all assigned activities.

To do related work as required.
REQUIRED QUALIFICATIONS FOR APPOINTMENT:

**KNOWLEDGES, SKILLS AND CAPACITIES:** A thorough knowledge of local governmental, fiscal operating and business systems; a through knowledge of the principals, practices and techniques of local governmental administration and municipal tax administration; the ability to communicate effectively; the ability to develop comprehensive written reports and analyses; the ability to plan, coordinate and review the work of subordinates; the ability to interact and consult with a variety of governmental officials; the ability to set technical standards; and related capacities and abilities.

**EDUCATION AND EXPERIENCE:**

Education: Such as may have been gained through: possession of a Bachelor’s Degree with specialization in Public Administration, Information Sciences, Business Administration or Political Science, or a closely related field; and

Experience: Such as may have been gained through: employment in a responsible professional position with supervisory responsibility within municipal or governmental fiscal operating, policy, and/or tax systems and processes.

Education: Such as may have been gained through: possession of a Master’s Degree with specialization in Public Administration, Information Sciences, Business Administration or Political Science, or a related field of study; and

Experience: Such as may have been gained through: employment in a professional position in municipal or governmental fiscal, operating, policy, and/or tax systems and processes.

Or, any combination of education and experience that shall be substantially equivalent to the above education and experience.

Class Revised: November 19, 2000
Editorial Review: 3/15/03
CLASS TITLE: PROGRAMMING SERVICES OFFICER

Class Code: 02590600
Pay Grade: 31A
EO: B

CLASS DEFINITION:

GENERAL STATEMENT OF DUTIES: To assist the head of a department, agency, or division by relieving such superior of complex duties involved in the development, management, reorganization, and/or operation of a departmental/divisional program which provides services to employees and/or the public; to act as program supervisor; and to do related work as required.

SUPERVISION RECEIVED: Works under the general supervision of a superior with considerable latitude for exercising initiative and independent judgement; work is subject to review for results obtained and conformance to established policies, rules, regulations and laws.

SUPERVISION EXERCISED: Plans, directs, coordinates, supervises and reviews the work of a professional, technical and clerical staff assigned to assist.

ILLUSTRATIVE EXAMPLES OF WORK PERFORMED:

To assist the head of a department, agency, or division by relieving such superior of complex duties involved in the development, management, reorganization, and/or operation of a departmental/divisional program which provides services to employees and/or the public.

To act as program supervisor, managing the services of the program, while monitoring those service for program effectiveness and efficiency.

To study and analyze operational procedures and prepare detailed and comprehensive reports of findings and recommendations.

To establish the scope and detail of the operation of such proposed programs, to document the need for such programs and to indicate the relative importance of such programs as they relate to existing and/or proposed programs.

To coordinate the flow of work among the various programs within the department/division, and to reassign space, equipment, supplies and personnel as necessary, to expedite the flow of work.

To review and evaluate state and federal laws, rules and regulations to ensure compliance with the provisions of these rules, laws and regulations in the plans and proposals.

To determine the effectiveness of policies, procedures and methods and to initiate alterations as determined by professional review.

To perform varied public relations duties such as preparing news releases and writing and delivering speeches, and meeting with community groups to explain program goals, services and objectives to engender public interest and participation.

To assist a superior by performing administrative tasks and research in preparation of the agency's annual budget.

To do related work as required.

REQUIRED QUALIFICATIONS FOR APPOINTMENT:

KNOWLEDGES, SKILLS AND CAPACITIES: A thorough knowledge of the principles, practices and techniques of program management as it relates to developing programs on a departmental/divisional basis for the purpose of providing new or improved services/programs; a working knowledge of the standard principles, practices and techniques of research as it applies to evaluating program planning and programming service; the ability to analyze data, draw conclusions and develop programs based upon
such data; the ability to forecast the need for such programs and the requirements of the programs for personnel, equipment and space; and related capacities and abilities.

**EDUCATION AND EXPERIENCE:**

**Education:** Such as may have been gained through: graduation from a college of recognized standing with specialization in business management, social sciences or a related field; and

**Experience:** Such as may have been gained through: employment in a supervisory position in a private or public agency involved in the development, management, reorganization, and/or operation of a service program.

Or, any combination of education and experience that shall be substantially equivalent to the above education and experience.

Class Created: September 19, 1993
Editorial Review: 3/15/03
CLASS TITLE: PRINCIPAL PLANNER

CLASS DEFINITION:

GENERAL STATEMENT OF DUTIES: To perform complex professional, community, regional and statewide planning functions and, as required, to supervise the work of other planners, technicians and other subordinates engaged in such functions; and to do related work as required.

SUPERVISION RECEIVED: Works under the general supervision of a superior from whom assignments are received in outline form.

SUPERVISION EXERCISED: As required, supervises and reviews the work of technical and clerical assistants.

ILLUSTRATIVE EXAMPLES OF WORK PERFORMED:

To perform complex professional planning work relative to a community assistance, a regional or a statewide planning program.

As assigned, to supervise studies and present findings and recommendations on a variety of planning activities that are phases of community assistance program and/or a statewide planning program.

To assist and advise city and town planning officials in the development of work programs designed to solve local planning, development or re-development problems.

To coordinate statewide planning programs with state agency or community programs.

To confer with state, community and agency officials on matters pertaining to community, regional and statewide planning activities.

When authorized, to draft and negotiate details of contract agreements to provide technical planning assistance.

To supervise and review the work of technical and clerical personnel engaged in the performance of work related to community, regional or statewide planning programs.

As required, to attend meetings, hearings and conferences.

To do related work as required.

REQUIRED QUALIFICATIONS FOR APPOINTMENT:

KNOWLEDGES, SKILLS AND Capacities: A thorough knowledge of the principles and practices of community and state planning; a thorough knowledge of the methods and techniques involved in the collection and organization of physical, social, economic, fiscal and other data used in community and state planning; the ability to make technical planning studies and surveys in such fields; the ability to analyze and evaluate data and make recommendations thereon; the ability to make varied types of planning designs, such as sketch plans and graphic presentations; the ability to plan, organize, supervise and review the work of other planners and clerical assistants; the ability to understand and carry out complex written or oral instructions; and related capacities and abilities.

EDUCATION AND EXPERIENCE:

Education: Such as may have been gained through: graduation from a recognized college with a Master's Degree in Urban or Regional Planning; and

Experience: Such as may have been gained through: employment involving the performance of responsible professional planning work in the field of local, regional or state planning.

Or, any combination of education and experience that shall be substantially equivalent to the above education and experience.

Class Revised: June 30, 1968
Four personnel share primary responsibilities for implementation of the State’s CDBG-DR grants, with assistance from CDBG staff and support staff. The CDBG-DR Compliance Officer (Principal Planner), June House, provides technical assistance to, and monitoring of, sub-recipients. The CDBG-DR Program Manager (Programming Services Officer), Laura Sullivan, handles daily program administration. The Local Government Assistance Supervisor, Melanie Army, provides technical expertise, as needed. The Chief of the Office of Housing and Community Development (OHCD), Michael Tondra, manages OHCD and establishes State policies pertaining to the CDBG Program, in accordance with federal laws and regulations. Support staff includes the Division of Planning’s Accountant, Paul Capotosto, and a Central Business Office Analyst, Thomas DeFazio.

The CDBG-DR Compliance Officer’s duties include:
- Maintaining technical expertise with CDBG-DR program
- Monitoring projects, sub-recipients, including monitoring of procurement actions
- Providing TA to sub-recipients
- Conducting duplication of benefits reviews
- Retaining records
- Maintaining project notes
- Reporting to federal agencies
- Providing website content
- Reviewing applications

The CDBG-DR Program Manager’s duties include:
- Developing/improving the CDBG/CDBG-DR program
- Maintaining technical expertise with CDBG-DR program
- Evaluating grant applications/letters of interest from sub-recipients
-Preparing contracts with sub-recipients
• Providing technical assistance to staff and sub-recipients, as needed
• Processing requests for payment
• Maintaining financial records to supplement RIFANS System
• Developing Action Plans and amendments
• Recommending corrective actions and/or penalties for non-performing grantees
• Handling direct procurement in conjunction with Division of Purchases, if applicable
• Overseeing directly administered state projects
• Assessing climate change and natural hazard risks to public facilities/infrastructure projects

The Local Government Assistance Supervisor’s duties include:
• Developing and leading sub-recipient workshops
• Coordinating with the CDBG-DR team to develop joint CDBG/CDBG-DR policies and procedures
• Providing technical assistance to staff and sub-recipients, as needed

The Office of Housing and Community Development Chief’s duties include:
• Overseeing CDBG/CDBG-DR program development
• Establishing State policies pertaining to the CDBG-DR program
• Supervising the CDBG and CDBG-DR teams
• Providing technical assistance to staff and sub-recipients, as needed
• Reviewing and authorizing grant and contract documents
• Evaluating grant applications/letters of interest from sub-recipients
• Authorizing corrective actions and/or penalties (including de-obligation/recapture of funds) for non-performing grantees
Appendix E

Excerpt from the CDBG Monitoring Handbook
Rhode Island CDBG Monitoring Handbook

OHCD Monitoring Policies and Procedures

Rhode Island Office of Housing and Community Development

The Rhode Island Office of Housing and Community Development pledges to foster the letter and spirit of the law for achieving equal housing opportunity in Rhode Island.
Introduction

The Rhode Island Office of Housing & Community Development (OHCD) will carry out the statutorily mandated responsibility to review Recipient performance as cited in CDBG regulations:

“Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.” 24 CFR 85.40(a)

“The state shall make reviews and audits including on-site reviews, of units of general local government as may be necessary or appropriate to meet the requirements of section 104(e)(2) of the Act… In the case of noncompliance with these requirements, the State shall take such actions as may be appropriate to prevent a continuance of the deficiency, mitigate any adverse effects or consequences and prevent a recurrence. The state shall establish remedies for units of general local government noncompliance.” 24 CFR 570.492(a)(b)

“The recipient is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, subrecipients, or contractors does not relieve the recipient of this responsibility. The recipient is also responsible for determining the adequacy of performance under subrecipient agreements and procurement contracts, and for taking appropriate action when performance problems arise…” 24 CFR 570.501(b)

The Monitoring Plan facilitates OHCD to make informed judgments about Recipients’ program effectiveness, efficiency, and their ability to prevent fraud, waste, and abuse of public funds. Monitoring allows OHCD to provide technical assistance to help Recipients comply with applicable laws and regulations, improve technical skills, increase capacity and stay updated on regulations relevant to CDBG, CDBG-DR, and NSP.

Monitoring also provides an opportunity to provide positive feedback to Recipients about what they have achieved well, and to identify successes and/or best practices that can be shared with others.
Summary of Monitoring Objectives

1. To determine if a Recipient is carrying out its community development program, and its individual activities, as described in the application for CDBG assistance and the Subrecipient Agreement, in accordance with rules and regulations relating to the program.

2. To determine if a Recipient is carrying out its activities in a timely manner.

3. To determine if a Recipient is charging costs to the project that are eligible under applicable laws and CDBG regulations, and reasonable in light of the services or products delivered.

4. To determine if a Recipient is conducting its activities with adequate control over program and financial performance, and in a way that minimizes opportunities for waste, mismanagement, fraud, and abuse.

5. To assess if the Recipient has a continuing capacity to carry out the approved project, as well as future grants for which it may apply.

6. To identify potential problem areas and to assist the Recipient in complying with applicable laws and regulations.

7. To assist Recipients in resolving compliance problems through discussion, negotiation, and the provision of technical assistance and training.

8. To provide adequate follow-up measures to ensure that performance and compliance deficiencies are corrected by Recipients, and not repeated.

9. To comply with the Federal monitoring requirements of 24 CFR 570.501(b) and with 24 CFR 84.51 and 85.40, as applicable.

10. To determine if any conflicts of interest exist in the operation of the CDBG program, per 24 CRF 570.611.

11. To ensure that required records are maintained to demonstrate compliance with applicable regulations.

Levels of Monitoring

OHCD monitors CDBG Recipients in two ways: in-house review and on-site review.

In-House Review. Also described as a Desk Review, the in-house review will be conducted a minimum of once a year for each open grant. OHCD staff reviews material on file at OHCD, and/or may request specific files from Recipients. Material reviewed may include:

- The Application for CDBG funding
- Environmental Review Record
Quarterly and semi-annual performance reports;
Budget or program amendment requests;
Drawdown requests;
Documentation of previous monitoring; and
Copies of audits whether by an Independent Public Accountant or the General Accounting Office

Review of this information allows staff to understand changes in the Recipients' activities, and to identify potential problem areas to examine during a site visit. An in-house monitoring checklist is used to provide a record of each review.

**Risk Analysis.** Risk Analysis enables OHCD to identify the Recipients to be monitored on-site and remotely, the program areas to be covered, and the depth of the review. Risk Analysis consists of two steps:

1. Rating: Assessing and recording risk for each grantee. This task will be performed annually in January.
2. Ranking: Ranking Recipients in three categories of risk: high, medium, and low.

The results of this two-step process provide the basis for developing an office work plan and individual Recipient monitoring strategies. This includes: identifying which Recipients will be monitored; method of monitoring (on-site or remote); programs and areas to be monitored; areas of technical assistance and training needed; resources needed; and projected timeframes.

OHCD will use the risk-assessment criteria, in addition to in-house review, to prioritize Recipients for monitoring on-site. Quantitative risk values will be assigned to each criteria to facilitate calculation of an overall risk score and ranking order. A Recipient determined to have high risk levels will require on-site monitoring. High-risk Recipients might include:

- Recipients new to the CDBG program;
- Recipients that have experienced turnover in key staff positions or a change in goals or direction;
- Recipients with previous compliance or performance problems including failure to meet schedules, submit timely reports or clear monitoring or audit findings;
- Recipients showing a pattern of errors or inaccuracies in submitted reports and draws;
- Recipients with higher funding allocation;
- Recipients with more complex programs and/or activities;
- Recipients carrying out high-risk activities such as economic development; and
- Recipients undertaking multiple CDBG activities for the first time.

**Interim Review.** This monitoring may be conducted in office or on-site, depending upon the selected activities or operating procedures to be examined. Recipients are selected for Interim Review based upon risk assessment as described above. An interim review might examine:

- Area(s) of the Recipient's operation where the regulations have changed or been clarified;
- New activities the Recipient is undertaking
- Activities administered by a sub-recipient
• Aspects of a Recipient’s operations that led to monitoring recommendations in the past
• Other issue areas as identified during in-house review and/or risk assessment

**On-Site Review.** It is OHCD policy to conduct a minimum of one on-site monitoring for each active CDBG contract prior to closeout. Monitoring visits throughout program implementation may be scheduled based on project and Recipient performance and risk. On-site technical assistance visits are performed as needed/requested. Prior to closing out a grant, on-site review will examine Recipients’ performance in the following CDBG compliance areas, as applicable:

- National Objective Compliance
- Eligibility
- Record-Keeping Systems
- Financial Management
- Non-Discriminations and Actions to Further Fair Housing
- Environment
- Labor Standards
- Citizen Participation
- Procurement
- EEO/Section 3
- Rehabilitation
- Economic Development
- Public Services
- Public Facilities and Improvements
- Acquisition, Disposition, Relocation
- Planning & Administration

Standardized monitoring checklists shall be used to ensure consistency and to provide a detailed record.

**The Steps in Conducting On-Site Monitoring**

All monitoring activities are required to observe the following process.

1. **Notification to the Recipient.** Approximately one month prior to the monitoring visit, OHCD staff will contact the Recipient to identify mutually agreeable date(s) for the monitoring. Upon the arrangement of mutual date and time with the Recipient, staff will confirm in writing (letter or email) at least three weeks in advance of the date the monitoring is to be held. The letter should confirm the need for any required services (e.g., conference room, copier) and indicate the compliance area(s) to be covered, with links to the appropriate monitoring checklists located on the OHCD website. Recipients will be encouraged to review the checklists to insure that sufficient material is available to review. Recipients may wish to complete checklists prior to the date of monitoring as additional preparation.

2. **Entrance Conference.** At the start of the site visit, the monitoring entrance conference will be scheduled with the Recipient’s CDBG administrator and, if applicable, fiscal staff.
It will provide a clear overview of the process and the general subject matter to be covered. OHCD staff will be provided a space to work.

3. **Data Collection and Review.** To insure comprehensiveness and uniformity in monitoring reviews, site monitoring checklists (located in the Appendix to this Plan document) shall be utilized to document material reviewed during the visit and any recommendations made during the visit. The OHCD monitor works independently to complete checklists, and shall have access to any file of record associated with the CDBG Program. Checklists must be completed on-site during the monitoring visit.

Because it is unlikely that the OHCD monitor will be able to monitor all of a Recipient’s activities, projects and/or functions, sampling is generally expected to form the basis for drawing conclusions about program performance. For nonrandom samples, the OHCD monitor should give consideration to unresolved problems remaining from previous monitoring, any new types of activities being undertaken, and/or the extent of any activities considered high-risk. Any sample review or spot-check of records that raises questions concerning the accuracy of the data indicates the need for further follow-up.

Throughout the monitoring, maintain an on-going dialogue with the Recipient. This communication keeps the Recipient informed as to how the monitoring is progressing, enables discussions of any problem-areas encountered, and provides the participant an opportunity to make “on-the-spot” adjustments or corrections or present additional information to help the OHCD reviewer. It also minimizes the potential for surprises to the Recipient when the exit conference is held as well as when the monitoring results are formally communicated in writing.

4. **Exit Conference.** At the end of the monitoring visit, the monitoring staff will meet with the same individual(s) as the entrance conference and present tentative (informal) conclusions from the overall monitoring. This conference is not intended to cover every item or issue identified in the monitoring visit but only to address any major issues of concern. The exit conference has four objectives:

- Present preliminary results of the monitoring visit;
- Provide an opportunity for the Recipient to address or correct any perceived misconceptions or misunderstandings on the part of the monitoring staff;
- Secure additional information from the Recipient staff to clarify or support their position
- In any deficiency that the Recipient may agree with, to provide an opportunity for the Recipient staff to report on steps they are already taking to address or correct the issue.

The OHCD monitor is required to use the “Monitoring Summary Form” to prepare for the exit conference by clearly and concisely summarizing the conclusions, but also to document the issues discussed at the exit conference, the date and time of the meeting, and the names and titles of the attendees. Attendees shall sign/initial this form to show that they have participated in the meeting and received the information. To the extent that a Recipient signifies disagreement, the basis for any objections should be noted. These summarizations are used to develop the monitoring letter.
Digital copies of all checklists and Monitoring Summary forms shall be saved to the shared drive within one week of completion of the monitoring visit.

5. **Monitoring letter.** A formal monitoring letter shall be mailed to the Recipient **within 30 days of the visit.** Its purpose is to provide formal feedback on successes and/or issues of concern, and identify areas where corrective action is necessary or improvement is required. In the letter, any deficiencies should be identified and discussed, along with formal recommendations or requirements for improvement of program functioning. The monitoring letter also provides a permanent written record of the monitoring review. If the letter requires follow up by the Recipient, the Recipient response is due within 30 days. OHCD may extend the response due date provided the Recipient has requested it in writing and explained the reason for the delay.

**Follow-Up Considerations**

The following definitions apply in staff observations during a monitoring review and follow up monitoring letter:

- **Finding:** a violation of law or regulation that can result in a State sanction.
- **Concern:** a matter that, if not properly addressed, can become a finding and can result in a sanction. Concerns are not explicitly statutory, regulatory, or other program violations.

**Monitoring Findings.** Where an identified deficiency results in a finding of non-compliance with CDBG rules, the finding must include the condition, criteria, cause, and required corrective action.

- The condition describes what was wrong or what the problem was.
- The criteria cite the regulatory or statutory requirements that were not met.
- The cause explains why the condition occurred
- The effect describes what happened because of the condition
- The corrective action identifies the action(s) needed to resolve the problem and, unless inapplicable or there are extenuating circumstances, should include the time frame by which the Recipient is to respond to the finding.

**Monitoring Concerns.** Monitoring concerns brought to the Recipient’s attention should include the condition, cause, and effect. For each concern, a specific recommendation for improvement should be identified, along with recommend actions that the Recipient may take to address a concern. It should be noted that corrective actions are not required for concerns.

**Responding to the monitoring letter.** The monitoring letter will identify a deadline for the Recipient to provide a written response. The Recipient’s response should describe how the Recipient will resolve any findings; and how each deficiency or concern is corrected. Recipients who are found to be in non-compliance and receive a finding as a result of their monitoring will be provided with technical assistance towards resolution.
**Not Responding to a Monitoring Visit Letter.** If the monitoring letter outlines any findings and concerns, the grantee is required to respond or it will be considered non-compliant. If no response is received by the due date:

- The contact person will receive a follow up communication
- If no response is received, OHCD will send another letter to the contact person
- If no response is received, the local government’s CDBG program shall be suspended, and the chief elected official and the chief administrative officer will be notified. No funds will be released and no other documents or actions will be approved until a satisfactory response to the monitoring letter is received.

Extensions to the reply due date are allowed if requested in writing and a valid reason is provided. An outstanding concern or finding is evidence of noncompliance and could therefore be a threshold issue making a community ineligible to apply for future funds.

**Regulatory Citations.** Corrective and remedial actions are authorized at 24 CFR 570.910, and other remedies for noncompliance may be found at 24 CFR 570.913.

**Subrecipient Monitoring**

Recipients are responsible for ensuring that CDBG funds are used by the sub-recipient in a manner compliant with CDBG Program requirements. Recipients shall periodically visit the sub-recipients’ offices and conduct a formal on-site monitoring visit. Recipients are encouraged to use this Plan as a reference and resource.

**Monitoring Recordkeeping - OHCD**

All materials created and utilized for monitoring purposes (both drafts in progress and final copies) shall be stored in digital format in the CDBG Subrecipient Monitoring folder in the Shared Drive, where they will be available to all CDBG staff.

Excel files to be maintained and kept up to date in the Shared Drive Monitoring folder are as follows:

- Site visits: date(s) of site visit, date of monitoring letter, date(s) follow-up materials due from grantee (if applicable), date of OHCD letter indicating findings are resolved (if applicable)
- Close-outs. For each municipality/grant: Date of last drawdown, date of completion report, date of closeout site-visit (if applicable); date of OHCD Closeout letter.

Before mailing, all signed monitoring letters with attachments must be scanned and saved to the hard drive, as indicated above.

Within one week of on-site monitoring, digital copies of all monitoring documentation (forms, checklists, and materials copied on-site) shall be saved on the shared drive. Files may be Word documents or pdfs.
Appendix F

Procurement Matrix
## State of Rhode Island

### Matrix of Federal and State Procurement Requirements

<table>
<thead>
<tr>
<th>Regulatory Reference</th>
<th>Regulatory Reference</th>
<th>Federal</th>
<th>Summary of Requirement</th>
<th>Regulatory Reference</th>
<th>Rhode Island</th>
<th>Summary of Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>200.317</td>
<td>85.36(a)</td>
<td>Direct procurement by State must conform with State's procurement policies</td>
<td>State of Rhode Island Procurement Regulations (Amended 6/20/11)</td>
<td>5.4 Standards &amp; Specifications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.318</td>
<td>85.36(b)(1)</td>
<td>Procurement standards required for all grant recipients</td>
<td>Procurement Regs. 5.6</td>
<td>Rules for Solicitation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.318</td>
<td>85.36(b)(2)</td>
<td>Maintain contract administration system</td>
<td>Procurement Regs. 1.4</td>
<td>Documentation and Reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.318</td>
<td>85.36(c)(1)</td>
<td>Full and open competition</td>
<td>R.I.G.L. 37-2-2(2)(f); PR 5.2 Competition</td>
<td>&quot;all State agency procurement activities foster effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.320(a)</td>
<td>85.36(d)(1)</td>
<td>Procurement by micro purchase procedures (≤ $3,000, or $2,000 for Davis Bacon)</td>
<td>R.I.G.L. 37-2-17(4); PR 5.5.1.4/9.4 Small purchase procedures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.320(b)</td>
<td>85.36(d)(2)</td>
<td>Procurement by small purchase procedures (≤ $150,000 under 2 CFR 200)</td>
<td>R.I.G.L. 37-2-17(4); PR 5.5.1.4/9.4 Small purchase procedures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.320(c)</td>
<td>85.36(d)(3)</td>
<td>Procurement by competitive proposals</td>
<td>R.I.G.L. 37-2-17(2); PR 5.5.1.2/6.3 competitive negotiation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.320(f)</td>
<td>85.36(d)(4)</td>
<td>Procurement by noncompetitive proposals</td>
<td>R.I.G.L. 37-2-17(3); PR 5.5.1.3/6.5 non-competitive negotiation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.321</td>
<td>85.36(e)</td>
<td>MBE/WBE contracting</td>
<td>Procurement Regs. 5.6.22</td>
<td>Encourage use of small, disadvantaged businesses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.323</td>
<td>85.36(f)</td>
<td>Cost/price analysis (reasonableness standard)</td>
<td>Procurement Regs. 5.12</td>
<td>&quot;Lowest responsive bidder&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.324</td>
<td>85.36(g)</td>
<td>Awarding agency review</td>
<td>R.I.G.L. 37-2-40(1); PR 2.3</td>
<td>Roles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.325</td>
<td>85.36(h)</td>
<td>Bonding requirements</td>
<td>Procurement Regs. 5.7</td>
<td>Bidder Security, &quot;bond provided by surety company to the State&quot;</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In general, State rules are more stringent than 2 CFR 200. The State requires minimum procurement standards of 2 CFR 200 and/or 24 CFR 85.36 of all sub-recipient.
Appendix G

Infrastructure Maintenance Agreement
The Contractor has been awarded a Community Development Block Grant, Disaster Recovery Program (CDBG-DR) grant, pursuant to which the Contractor or a sub-recipient of the Contractor will use all or a portion of the grant funds for public facility and/or infrastructure improvements.

All Contractors receiving Hurricane Sandy CDBG-DR Program funds for public facilities and/or infrastructure activities are required to execute a maintenance agreement, pursuant to which the recipient of grant funds agrees to maintain, in good working order, the public facilities and/or infrastructure improvements completed in accordance with the CDBG-DR Program grant.

NOW, THEREFORE, in consideration of the foregoing, and subject to the conditions contained herein, the parties hereto intending to be legally bound hereby, do covenant and agree for themselves, their respective successors and assignees as follows:

1. Upon completion of the grant activities involving public facilities and infrastructure improvements, the Contractor, at its own expense, shall operate and maintain or cause the Contractor’s sub-recipient or designee to operate and maintain the public facilities or infrastructure.

2. The Contractor shall annually provide the OHCD with demonstrative evidence that such maintenance has occurred for a minimum period of five (5) years after grant closeout with OHCD. The evidence shall include, but is not limited to:
   a. photographs,
   b. scopes of work,
   c. summary reports,
   d. invoices, and
   e. cancelled checks.

3. OHCD may disqualify the Contractor from future disaster assistance through the CDBG-DR Grant program if:
   a. The Contractor fails to submit sufficient evidence of maintenance, or
   b. OHCD can reasonably conclude, based on information available to OHCD, that the Contractor has failed to maintain the funded public facilities or infrastructure.

4. Upon completion of any grant activities involving flood drainage improvements, the Contractor, sub-recipient, or the designee of the Contractor or sub-recipient shall inspect the flood drainage improvements on a biannual (two times per year) basis and immediately after heavy rain flows for a minimum period of five (5) years after grant closeout with OHCD. The entity conducting the inspection shall:
a. Complete an Inspection and Maintenance Checklist,
b. Report the condition in which the flood drainage improvements were found,
c. Recommend necessary repairs, if applicable, and
d. Provide the Contractor with all of the information gathered and prepared in connection with the inspection.

5. Upon completion of any grant activities involving **generator installations or related electrical improvements**, the Contractor, sub-recipient, or the designee of the Contractor or sub-recipient shall inspect and service the generator on an annual basis for a minimum period of five (5) years after grant closeout with OHCD. The entity conducting the inspection and service shall:

   a. Report the condition of the generator,
   b. Recommend necessary repairs, if applicable, and
   c. Provide the Contractor with documentation of the inspection/service.

6. Upon completion of any grant activities involving **other public facilities or infrastructure improvements**, the Contractor, sub-recipient, or the designee of the Contractor or sub-recipient shall maintain the public facilities or infrastructure in safe, functional condition for a minimum period of five (5) years after grant closeout with OHCD. The entity responsible for maintenance shall:

   a. Complete routine repairs,
   b. Recommend capital improvements, if applicable, and
   c. Provide the Contractor with an annual summary report of maintenance activities, including details on maintenance staffing, costs, and sub-contracts.

7. In those situations in which the Contractor passes grant funds to a sub-recipient to carry out the grant activities for public facilities and infrastructure improvements, the Contractor shall require the sub-recipient to execute a maintenance agreement with the Contractor, which agreement should be in substantially the same format as the maintenance agreement executed by the Contractor.

Date: ________________  Contractor Signature: ________________________________

Title: ________________________________