

CDBG Subrecipient Management: Training for Practitioners Primer - Part 1

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CDBG Subrecipient Management Training

- ▶ Primer – a short introduction to a subject.
- ▶ Primer – first coat used to prepare a surface for additional application

CDBG Subrecipient Management Training

Agenda – Day 1

1. Introduction and Course Objectives
2. Starting at the beginning
3. The Super Circular – 2 CFR 200
4. The Application Process
5. The Subrecipient Agreement

CDBG Subrecipient Management Training

Agenda – Day 2

6. Subrecipient Training – Preparing for success
7. Setting Up The Files
8. Tracking Subrecipients
9. Monitoring
10. Problem Solving

CDBG Subrecipient Management Training

Your HUD field rep is coming to monitor your subrecipient management system.

CDBG Subrecipient Management Training

The first question:

“Describe the program participant’s management system for the oversight of its subrecipients. (If the program participant has described its subrecipient management policies/processes/systems in writing, attach a copy ...)”

CDBG Subrecipient Management Training

Training Objectives

- Provide the information you need to formulate the policies and establish the procedures and systems needed to successfully manage CDBG subrecipients
- Improve your understanding of your role and responsibilities as a CDBG grantee
- Provide resources and tools for successful problem solving
- Answer as many questions as we can

CDBG Subrecipient Management Training

Training Objectives

And –

b. Describe the program participant's management system for the oversight of its subrecipients. (If the program participant has described its subrecipient management policies/processes/systems in writing, attach a copy, if practical.) [24 CFR 570.502; 2 CFR 200.228; 2 CFR 200.331]	<input checked="checked" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
Describe Basis for Conclusion: 	

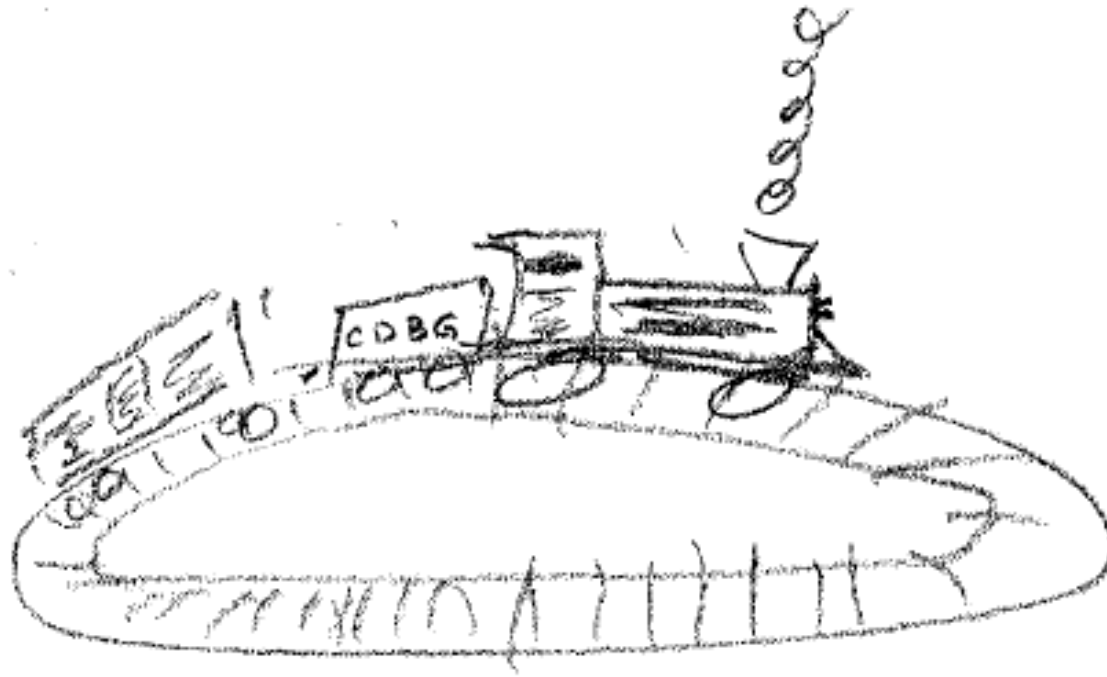
CDBG Subrecipient Management Training

In this class we will concentrate on CDBG Public Service subrecipients.

The management and oversight principles for public service subrecipients are applicable for all subrecipient activities.

CDBG Subrecipient Management Training

10



CDBG Subrecipient Management Training

11





Starting at the beginning

CDBG SUBRECIPIENT MANAGEMENT

Starting at the beginning

“It is the policy of this jurisdiction ...”

Starting at the beginning

“It is the policy of this jurisdiction to administer its federally funded programs, projects and activities in a manner consistent with all Federal, state and local laws, regulations, and ordinances...”

“Furthermore, it is the policy of this jurisdiction to oversee the work done on its behalf by all contractors and subrecipients in a manner consistent with the requirements of 24 CFR 570, 24 CFR 91, 2 CFR 200 and all other Federal regulations governing its programs...”

Starting at the beginning

24 CFR 91

Starting at the beginning

(1) The overall goal of the community planning and development programs covered by this part is to **develop viable urban communities by providing decent housing and a suitable living environment** and expanding economic opportunities principally for low- and moderate-income persons.

Starting at the beginning

“A suitable living environment includes improving the safety and livability of neighborhoods; increasing access to quality public and private facilities and services; reducing the isolation of income groups within a community or geographical ...”

24 CFR 91.1(a)(1)(ii)

Starting at the beginning

“The primary means towards this end is to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and non-profit organizations ...”

Starting at the beginning

Which potential partners:

- ✓ can deliver the projects you need?
- ✓ where you need them?
- ✓ delivered in a way that increases access to quality facilities and services?
- ✓ and can do it while playing by the rules?

Starting at the beginning

The Consolidated Planning/Grant Management Process

1. Determining Needs
2. Setting Priorities
3. Determining Resources
4. Setting Goals

Starting at the beginning

Public Participation is not an
optional exercise

§91.105

Starting at the beginning

HUD wants you to reach out to a broad cross-section of your community's residents, including:

- ❖ Low- and moderate-income persons
- ❖ Minorities
- ❖ Non-English speaking persons
- ❖ Residents of the areas targeted for CDBG projects
- ❖ Public housing residents
- ❖ Nonprofit organizations
- ❖ Community-based organizations
- ❖ Faith-based organizations

Starting at the beginning

Done correctly, the process will produce the data you need to determine your needs and establish priorities

Starting at the beginning

SETTING PRIORITIES

“The level of need in a community will always be greater than the limited resources available to meet the need.”

Our friends at HUD

Starting at the beginning

CDBG grantees are given a lot of flexibility for

- 1) determining needs and
- 2) assigning a priority to them.

Starting at the beginning

Priorities



Goals



Projects



Activities

Starting at the beginning

Only goals listed in SP-45 will appear in Section AP-20 of the Annual Action Plan.

Starting at the beginning

Paint with a broad brush.



Starting at the beginning

"So this year council decided they want to fund a community clinic under health services and an at-risk youth activity as public services. Problem is these were not entered as one of our goals in IDIS eCon Planning Suite when we did our Consolidated Plan.

"The only ones I can select are Meals on Wheels, after-school tutoring, food pantry, CASA and housing assistance.

"How can I enter health services and the youth activity as public services? Or do I have to amend the Con Plan?"

The plan will have to be amended.

Starting at the beginning

(e) *Public services.* Provision of public services (including labor, supplies, and materials) including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare (but excluding the provision of income payments identified under §570.207(b)(4)), homebuyer downpayment assistance, or recreational needs.

Starting at the beginning

- ❑ Public safety services
- ❑ Services for senior citizens
- ❑ Services for homeless persons
- ❑ Paying cost of operating and maintaining that portion of a facility in which the service is located – even if that's the only CDBG money in the project
- ❑ Purchasing or leasing furnishings, equipment or personal property for an eligible public service

Starting at the beginning

What are the two things all public service activities have in common?

They all have to be eligible and meet a national objective.

Starting at the beginning

The Public Service Cap

Starting at the beginning

The Public Service Cap

The regulation is pretty clear, but mistakes – expensive mistakes – can happen

Starting at the beginning

$$\begin{array}{r} \text{Current grant} \\ + \text{Previous Year's Program Income} \\ \hline \text{Total} \\ \\ \text{Total} \\ \times .15 \\ \hline \text{Public Service Cap} \end{array}$$

Starting at the beginning

Public services not subject to the cap:

- homeownership assistance
- special economic development activities
- microenterprise assistance
- special activities performed by CBDOs

Starting at the beginning

Check yourself throughout the year:

- Log into IDIS
- Pull the PR26 report
- Line 36 (Section IV) displays the percent of funding currently being charged against the cap.



The Super Circular

2 CFR 200 - WHAT YOU - AND YOUR
SUBRECIPIENTS - NEED TO KNOW

The Super Circular



OMB's 2014 Christmas Gift

The Super Circular

Prior to December 26, 2014, OMB had three different sets of accounting standards that applied to CDBG-funded activities:

- ▶ OMB Circular A-87 for governmental subrecipients
- ▶ OMB Circular A-122 for nonprofit subrecipients
- ▶ OMB Circular A-21 for educational institutions

The Super Circular

The Super Circular replaced all three – and four more that did not come into play with CDBG.

The rule applies to all awards made since 2015.

The Super Circular

Whether an OMB circular or the Super Circular, three basic factors determine whether the grantee needs to be cutting a check:

- ✓ Is the expense necessary?
- ✓ Is the expense reasonable?
- ✓ Is the expense directly related to the activity?

The Super Circular

2 CFR 200 - UNIFORM ADMINISTRATIVE REQUIREMENTS,
COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR
FEDERAL AWARDS

The Super Circular

For most non-accountant types in the Community Development world, the new rule was not something we knew much about.

Five years on, we are still trying to get our arms wrapped around it.

The Super Circular

24 CFR 2400.101 Applicable regulations.

Unless excepted under 24 CFR chapters I through IX, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth in 2 CFR part 200, shall apply to Federal Awards made by the Department of Housing and Urban Development to non-Federal entities.

The Super Circular

It took several years – 2017 - but HUD finally released its revised Monitoring Handbook that includes Super Circular-specific questions.

HUD is looking through a different lens at how grantees manage their programs.



The Super Circular

So what's different?

Lots!

Starting with a heavy dose of
expectations.

The Super Circular

§ 200.400 Policy guide.

The application of these cost principles is based on the fundamental premises that:

- (a) The non-Federal entity is responsible for the efficient and effective administration of the Federal award through the application of sound management practices.
- (b) The non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
- (c) The non-Federal entity, in recognition of its own unique combination of staff, facilities, and experience, has the responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.

The Super Circular

§ 200.400 Policy guide.

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- (c) **The non-Federal entity**, in recognition of its own unique combination of staff, facilities, and experience, **has the responsibility** for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.

The Super Circular

§200 Subpart A - Definitions

The Super Circular

The Super Circular does not use the term “Grantee,” even though you are a grantee since HUD says you are – it’s right there on your Funding Approval/Agreement.

The Super Circular

§200.1 Definitions.

These are the definitions for terms used in this part. Different definitions may be found in Federal statutes or regulations that apply more specifically to particular programs or activities. These definitions could be supplemented by additional instructional information provided in government-wide standard information collections.

The Super Circular

Three Important Terms for Subrecipient Management

Non-Federal Entity

Recipient

Pass-Through Entity

The Super Circular

Which is which?

All are defined in Subpart A

The Super Circular

§200.69 Non-Federal Entity.

Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

The Super Circular

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The Super Circular

§200.86 Recipient.

Recipient means a non-Federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program. The term recipient does not include subrecipients. See also §200.69 Non-Federal entity.

The Super Circular

§200.74 Pass-through entity.

Pass-through entity means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

The Super Circular

§200.92 Subaward.

Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

The Super Circular

§200.93 Subrecipient.

Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

The Super Circular

“Subrecipient” is also defined in the CDBG and HOME regulations. HUD monitors have been instructed to use those definitions in most circumstances.

The Super Circular

Vendor vs. Contractor?

~~Vendor~~

The Super Circular

§200.23 Contractor.

Contractor means an entity that receives a contract as defined in §200.22 Contract.

The Super Circular

200.22 Contract.

Contract means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in this part does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward (see §200.92 Subaward).

The Super Circular

§570.500 (c) Subrecipient.

Subrecipient means a public or private nonprofit agency, authority, or organization, or a for-profit entity authorized under §570.201(o), receiving CDBG funds from the recipient or another subrecipient to undertake activities eligible for such assistance under subpart C of this part. ...

§200.23 Contractor.

Contractor means an entity that receives a contract as defined in §200.22 Contract.

The Super Circular

Why are we getting
so deep in the
weeds about
definitions?



The Super Circular

HUD expects you to know the difference.

“a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.”

The Super Circular

Contractor or Subrecipient?

The grantee's call

The Super Circular

Characteristics indicative of a contractor relationship:

1. Provides goods and services within normal business operations;
2. Provides similar goods and services to many different purchasers;
3. Normally operates in a competitive environment;
4. Provides goods and services that are ancillary to the operation of the federal program;
5. Is not subject to compliance requirements of the Federal program as a result of the agreement.

The Super Circular

Typically what will exist between the recipient and the contractor is a procurement relationship:

buyer/seller

The Super Circular

Characteristics of a CDBG subrecipient:

1. Determines who is eligible to receive what Federal assistance
2. Has its performance measured in relation to whether a national objective was met;
3. Has responsibility for programmatic decision making;
4. Is responsible for adherence to applicable Federal program requirements specified in the Federal award;
5. Uses Federal funds to carry out a program for a public purpose specified in the authorizing statute; and
6. Does not provide goods or services for the benefit of the pass-through entity.

The Super Circular

- The pass-through entity is providing financial assistance to a non-federal entity to run an eligible program for it.
- The pass-through entity is **not** required to select subrecipients through a competitive procurement process.

The Super Circular

Polling Question# 1

You determine:

Contractor or Subrecipient?

The Super Circular

What are the two items common to all CDBG subawards?

The activity must be eligible and meet a national objective.

The Super Circular

§200.331(b) [All pass-through entities must] Evaluate each subrecipient's risk of non-compliance with Federal statutes, regulations, and the terms of the subaward ...

The Super Circular

This requirement will affect

- a. who your subrecipients will be;
- b. what your subrecipient agreement will look like;
- c. how you will manage the subaward;
- d. how you will monitor the activity; and
- e. how you will close out the activity.

The Super Circular

These are the factors the regulation instructs us to consider:

- ▶ Prior award experience
- ▶ Prior audit experience
- ▶ Staffing and internal systems
- ▶ The extent of any prior federal (or pass-through entity) monitoring
- ▶ Is the subrecipient listed in any of the Federal data bases? (e.g. SAM.gov)

The Super Circular

The Pre-Award Risk Assessment

The “how” and “when” are up to the grantee but each factor has to be documented.



The Super Circular

Choose partners “that share a common vision with the grantee.”

Our friends from HUD

The Super Circular

“The non-Federal entity, **in recognition of its own unique combination of staff, facilities, and experience**, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.”

§200.400(c)

The Super Circular

A pre-award assessment can “reduce the risk of major problems later on, and increase the chances for success.”

Managing Subrecipients

The Super Circular

§200 – Subpart D – Post Federal Award Requirements

- ▶ Standards for Financial and Program Management (§200.300-309)
- ▶ Property Standards (§200.310-316)
- ▶ Procurement Standards (§200.317-326)
- ▶ Performance and Financial Monitoring and Reporting (§200.327-329)
- ▶ Subrecipient Monitoring Management (§200.330-332)

The Super Circular

§200.303 Internal controls. The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Super Circular

“Consider imposing specific subaward conditions if appropriate ...” [§200.331(c)]

The Super Circular

§200 – Subpart D – Post Federal Award Requirements

- ▶ Record Retention and Access (§200.333-337)
- ▶ Remedies for Noncompliance (§200.338-342)
- ▶ Closeout (§200.343)
- ▶ Post-Closeout Adjustments and Continuing Responsibilities (§200.344)
- ▶ Collection of Amounts Due (§200.345)

The Super Circular

§200 – Subpart E – Cost Principles

- ▶ General Provisions (§200.400-401)
- ▶ Basic Considerations (§200.402-411)
- ▶ Direct and Indirect (F&A) Costs (§200.412-415)

The Super Circular

Direct and Indirect (F&A) Costs (§200.412-415)

F&A?

Facilities and Administration

The Super Circular

§200.412 Classification of costs.

There is no universal rule for classifying certain costs as either direct or indirect (F&A) under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective.

The Super Circular

§200.56 Indirect (facilities & administrative (F&A)) costs.

Indirect (F&A) costs means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. ...

The Super Circular

§200.57 Indirect cost rate proposal. *Indirect cost rate proposal* means the documentation prepared by a non-Federal entity to substantiate its request for the establishment of an indirect cost rate ...

The Super Circular

Direct Costs – “Those costs that can be identified specifically with particular final cost objective, such as a Federal award... or that can be directly assigned to such activities relatively easily with a high degree of accuracy.” (§200.413)

The Super Circular

The activity: Counseling for victims of domestic violence

The expense: Salary and benefits for the social worker providing the counseling services.

Direct or Indirect?

That portion of salary and benefits covering time for counseling services is an eligible direct cost.

The Super Circular

The activity: Counseling for victims of domestic violence

The expense: Salary and benefits for the administrative assistant who from time-to-time provides clerical services to social worker providing the counseling services.

Direct or Indirect?

That portion of salary and benefits covering time assisting the social worker is an indirect cost.

Tracking Subrecipients

When submitting its final invoice, the subrecipient must also comply with §200.415(a).

Tracking Subrecipients

§200.415 Required certifications.

Required certifications include:

(a) To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which reads as follows)."

Tracking Subrecipients

"By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812)."

The Super Circular

The CDBG exceptions are found in §570.502.

Exceptions most likely to affect CDBG subrecipients:

- ❑ Program Income
- ❑ Record Retention



The Application Process

The Application Process

Submitting the application

Hard copy(ies)?

or

Electronically?

The Application Process

Factors to consider when evaluating software or on-line system:

- ☐ Will an electronic option be welcomed by applicants and subrecipients?
- ☐ How secure is the software or the on-line system?
- ☐ What is the base cost of the software or system?
- ☐ Are there recurring annual costs?
- ☐ Cost-Benefit – Will the software/system reduce grantee expenses including staff time committed to the process enough to justify the cost?

The Application Process

Who controls the data?

The Application Process

The evaluation criteria should be:

- ✓ Objective
- ✓ Clearly spelled out – in writing
- ✓ Available to potential applicants

The Application Process

The application itself is a measure of the applicant's capacity.

If the applicant can't follow instructions or submits an application that ignores the criteria you've made available for them, whether it can successfully administer a activity is a huge question mark.

The Application Process

Faith-based Organizations

Is your organization faith-based?

☐ Yes ☐ No

If you checked "Yes", briefly explain how your agency will demonstrate compliance with 24 CFR 570.200(j) which prohibits inherently religious activities.

The Application Process

§570.200(j) prohibits inherently religious activities

...

BUT

The Application Process

2002 - Executive Order 13279 revised the rules for faith-based organizations.

2003 – HUD issued final rule requiring equal treatment of faith-based organizations for eight HUD programs administered CDP, including CDBG.

2004 – HUD issues CPD Notice providing additional guidance

The Application Process

- FBOs are eligible for CDBG funds on an equal footing with any other organization.
- CDBG funds may not be used to support worship, religious instruction, or proselytizing.
- An organization may still engage in religious activities during the provision of public services, as long as those activities are voluntary for participants and occur separately from the HUD-funded activity.
- No one applying for CDBG-funded services from the FBO can be discriminated against or given preferential treatment on the basis of religion.
- FBO receiving HUD money are responsible for complying with HUD regulations and are subject to monitoring by grantees.

The Application Process

“Project Transformation’s mission is to engage young adults in purposeful leadership and ministry, support underserved children and families, and connect churches to communities in need.”

9:00-9:20	Harambe
9:20-9:35	Breakfast
9:35-10:00	Bible Lesson/Character Building Young Artists Book Worms Movement Minutes
10:00-10:40	Group 1 Group 2 Group 3
10:40-11:20	Group 2 Group 3 Group 1
11:20-12:00	Group 3 Group 1 Group 2
12:00-12:30	Lunch
12:30-2:40	Afternoon Adventures Activities
2:45-3:00	Snack /Team Time

The Application Process

“Through partnership, Project Transformation is able to provide healthy meals to students through programs with City Schools (a value of \$8,000). Additional partners include United Way, Greenhouse Ministries, Interfaith Dental Clinic and St. Thomas Hospital.”

The Application Process

"While priority is given to children who qualify for government assistance, our programs are provided to all children in the neighborhoods served, regardless of religious affiliation, and children are not required to participate in any religious programs or adhere to any beliefs. Project Transformation offers Bible Time at the beginning of each program day. During the parent orientation, parents are informed that is an optional part of programming, and parents may drop their children off at 10 am if they would not like their children to participate in Bible Time."

The Application Process

Polling Question #2

Fund or decline?



The Subrecipient Agreement

The Subrecipient Agreement

§570.303(a) Before disbursing any CDBG funds to a subrecipient, the recipient shall sign a written agreement with the subrecipient. The agreement shall remain in effect during any period that the subrecipient has control over CDBG funds, including program income.

The Subrecipient Agreement

- *Statement of work*
- *Records and reports*
- *Program income*
- *Uniform requirements*
- *Other program requirements*
- *Reversion of assets*
- *Suspension and termination*

The Subrecipient Agreement

Statement of work – “The agreement shall include a description of the work to be performed, a schedule for completing the work, and a budget.”

The Subrecipient Agreement

“... sufficient detail to provide a sound basis for the recipient effectively to monitor performance under the agreement.”

- Does the agreement include a statement of work and corresponding budget?
- Does the statement of Work provided sufficient detail for the program participant to monitor performance against the agreement as well as report on performance measurement progress?

The Subrecipient Agreement

Records and reports – “The recipient shall specify in the agreement the particular records the subrecipient must maintain and the particular reports the subrecipient must submit in order to assist the recipient in meeting its recordkeeping and reporting requirements.”

The Subrecipient Agreement

Are the reports producing the information needed to document the project in IDIS?

The Subrecipient Agreement

(a) Records providing a full description of each activity assisted (or being assisted) with CDBG funds, including its location (if the activity has a geographical locus), the amount of CDBG funds budgeted, obligated and expended for the activity, and the provision in subpart C under which it is eligible

(b) Records demonstrating that each activity undertaken meets one of the criteria set forth in §570.208. (Where information on income by family size is required, the recipient may substitute evidence establishing that the person assisted qualifies under another program having income qualification criteria at least as restrictive as that used in the definitions of “low and moderate income person” and “low and moderate income household” ...

The Subrecipient Agreement

Program income – “The agreement shall include the program income requirements set forth in §570.504(c). The agreement shall also specify that, at the end of the program year, the grantee may require remittance of all or part of any program income balances ... held by the subrecipient...”

§570.504(c) *Disposition of program income received by subrecipients.*

“The written agreement between the recipient and the subrecipient, as required by §570.503, shall specify whether program income received is to be returned to the recipient or retained by the subrecipient.”

The Subrecipient Agreement

- ▶ Uniform Requirements – “The agreement shall require the subrecipient to comply with applicable uniform requirements, as described in §570.502.”
- ▶ §570.502(a) Grantees and subrecipients shall comply with 2 CFR part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” ...

The Subrecipient Agreement

The Super Circular rule on program income, §200.307,
does not apply to CDBG.

The Subrecipient Agreement

Other Program Requirements – “The agreement shall require the subrecipient to carry out each activity in compliance with all Federal laws and regulations described in subpart K of these regulations.”

The Subrecipient Agreement

Suspension and termination – “The agreement shall set forth remedies for noncompliance and provisions on termination in accordance with 2 CFR part 200, subpart D.”

The Subrecipient Agreement

Reversion of assets – “The agreement shall specify that upon its expiration the subrecipient shall transfer to the recipient any CDBG funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds.”

The Subrecipient Agreement

“This subpart K enumerates laws ... applicable to grants made under section 106 of the Act, ... including statutes expressly made applicable by the Act and certain other statutes and Executive Orders for which the Secretary has enforcement responsibility.”
(§570.600)

The Subrecipient Agreement

§200.331 Requirements for pass-through entities. All pass-through entities must: (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.

The Subrecipient Agreement

Federal Award Identification Worksheet

FEDERAL AWARD IDENTIFICATION WORKSHEET
(as required by 2 CFR 200.331(a)(1)(i-xiii))

i. Subrecipient		ii. DUNS #	
iii. FAIN		iv. Federal Award Date	
v. Subward Period of Performance			
Start Date:		End Date:	
vi. Amount of Federal Funds Obligated to the Subrecipient by this action:			
vii. Total Amount of Federal Funds Obligated to the Subrecipient:		\$ -	
viii. Total Amount of the Federal Award:		\$ -	
ix. Federal Award Project Description		N/A - Not a first-tier subaward	
x. Federal Awarding Agency:			
U.S. Department of Housing and Urban Development			
Grantee:			
Awarding Official:			
U.S. Department of Housing and Urban Development			
710 Locust Street, 3rd Floor			
Knoxville, TN 37902-2526			
xi. CDFA Number and Name			
14.231 Community Development Block Grant (CDBG)			
xii. Is award for Research and Development? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			
xiii. Indirect Cost Rates:			
Indirect costs are not a billable expense for this project			

The Subrecipient Agreement

The subrecipient's name must match the name listed in DUNS. The subrecipient supplied its DUNS number in the application.

The Subrecipient Agreement

The Federal Award Identification Number is on your jurisdiction's Grant Agreement

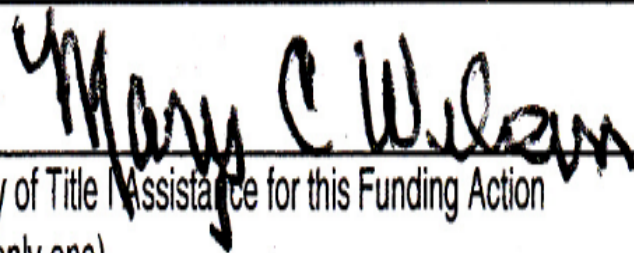
U.S. Department of Housing & Urban Development
Office of Community Planning and Development
Community Development Block Grant Program

OMB Approval No.
2506-0193 (exp 5/31/2018)

	3a. Grantee's 9-digit Tax ID Number 626000374	3b. Grantee's 9-digit DUNS Number 089553861
	4. Date use of funds may begin (mm/dd/yyyy) 07/01/2016	
	5a. Project/Grant No. 1 B-16-MC-47-0009	6a. Amount Approved \$719,401.00
	5b. Project/Grant No. 2	6b. Amount Approved

The Subrecipient Agreement

The award date is on your Grant Agreement:

U.S. Department of Housing and Urban Development (By Name)	
Mary C. Wilson	
Title	
Director, Office of Community Planning and Development	
Signature	Date (mm/dd/yyyy)
	07/14/2016
7. Category of Title Assistance for this Funding Action (check only one)	8. Special Conditions (check one)

The Subrecipient Agreement

Start and stop dates come from the agreed-upon timeline.

7. Attach a detailed description of your proposed project. Describe the work to be performed, including the activities to be undertaken or the services to be provided, the goals and objectives of the project and the method of approach.

(Be specific about the days/times of services and the frequency and duration of services received by the average client or participant. A timeline/schedule including project start date and completion date must be submitted with the application.)

The Subrecipient Agreement

Start Date:		End Date:	
vi. Amount of Federal Funds Obligated to the Subrecipient by this action:		\$	
vii. Total Amount of Federal Funds Obligated to the Subrecipient:		\$	
viii. Total Amount of the Federal Award:		\$	

The Subrecipient Agreement

xi. CDFA Number and Name				
14.218 Community Development Block Grant (CDBG)				
xii. Is award for Research and Development?	Yes	X No		

The Subrecipient Agreement

xiii. Indirect Cost Rates –

§200.331(a)(4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in § 200.414 Indirect (F&A) costs, paragraph (b) of this part.

The Subrecipient Agreement

- (b) If Funding Assistance will be used for payment of indirect costs pursuant to 2 CFR 200, Subpart E - Cost Principles, attach a schedule in the format set forth below to the executed Grant Agreement that is returned to HUD. The schedule shall identify each department/agency that will carry out activities with the Funding Assistance, the indirect cost rate applicable to each department/agency (including if the de minimis rate is charged per 2 CFR §200.414), and the direct cost base to which the rate will be applied. Do not include indirect cost rates for subrecipients.

Murfreesboro CDBG Funding Assistance will not be used for the payment of indirect costs pursuant to 2 CFR 200, Subpart E - Cost Principles.

*Specify the type of cost base utilized - e.g., Modified Total Direct Costs (MTDC). Do not include amounts.

The Subrecipient Agreement

A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of §200 and §570.

The Subrecipient Agreement

Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to HUD including identification of any required financial and performance reports...

The Subrecipient Agreement

Appropriate terms and conditions concerning
Termination and Closeout of the subaward.

The Subrecipient Agreement

A description of how any notices and reports required by the agreement are to be delivered, as well as the contact persons for both the grantee and the subrecipient.

The Subrecipient Agreement

If the subrecipient is a faith-based organization, include language prohibiting the use of CDBG for inherently religious activities. Refer to 24 CFR 5.109 for a full discussion. You might want to include a specific reference to **§5.109(d) *Separation of explicitly religious activities from direct Federal financial assistance*** in your agreement.

The Subrecipient Agreement

“Grant recipients are encouraged to be explicit with respect to including the new requirements in order to promote a clear understanding and enhanced compliance by sub-awardees. For example, instead of simply stating that a subrecipient must comply with the requirements of 2 CFR 200, the agreement should list the specific provisions (and the regulatory citations) that apply to the entity.”

The Subrecipient Agreement

Exhibit 3-16 Section C, Review of Subrecipient Written Agreements lists all the required Subrecipient Agreement components.

If you can answer *Yes to all the questions in Section C*, your HUD monitor should be able to answer *Yes*.

The Subrecipient Agreement

Things change, stuff happens

"If an entity is in the midst of implementing activities under an existing agreement which only cites part 84 or part 85 requirements, the agreement must be amended ..."

The Subrecipient Agreement

Amendments must be mutually agreeable.

The Subrecipient Agreement

- ▶ The regulations change
- ▶ The scope of work changes
- ▶ The location of the project changes – especially if you are using *area benefit* to meet a national objective
- ▶ The timeline changes
- ▶ The subrecipient has changes to key personnel
- ▶ The subrecipient needs more funding and you're willing and able to provide it
- ▶ The subrecipient needs to move funds between line items

The Subrecipient Agreement

Put it in writing.

CDBG Subrecipient Management Training

Agenda – Day 2

6. Subrecipient Training – Preparing for success
7. Setting Up The Files
8. Tracking Subrecipients
9. Monitoring
10. Problem Solving

CDBG Subrecipient Management Training

149

DAY 2

Thursday, June 18

2 pm – 4 pm (EDT)

1 pm – 3pm (CDT)

Noon – 2 pm (MDT)

11am – 1 pm (PDT)

CDBG Subrecipient Management Training

150

Questions?

Send me an email:

johnncallow@bellsouth.net