

City of Santa Maria

Special Projects Division

Community Development Block Grant (CDBG) Record Keeping Policies and Procedure

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Special Projects Division

Part 1: General Record Keeping Policies and Procedures

A. Program Record Keeping

The following items must be included in each activity file:

- CDBG application
- Contract/agreement with the City
- Exhibit A – Statement of Work (includes location, clients served, budget)
- Exhibit B – Quarterly Reports (progress report)
- Exhibit C – Summary of Work (includes accomplishments)
- National objective documentation
- Contracts with vendors
- Up to date budget (including copies of budget change requests)
- Expenditure and Requests for Payments, including supporting documentation
- Environmental review
- Monitoring reports
- Relevant correspondence
- Audits

B. Financial Record Keeping

The following documentation is needed to administer CDBG funds:

1. Record of CDBG funds received
 2. Record of CDBG funds disbursed
 3. Documentation of CDBG expenditures
 4. Accrued expenditures
 5. Review of expenditures
 6. Other files
-
1. **Record of CDBG funds received:** The CDBG funds received must be accounted for separately by grant and maintained so that the total CDBG funds received can be verified for any given period of time. Accounting records must record the date the funds were received and be traceable to the bank account used. If account numbers are used, a separate account number should be set up for each grant.
 2. **Record of CDBG funds disbursed:** Disbursement of CDBG funds must be accounted for separately by grant and grant activity. For example, if there are two current grants, one general grant for housing rehabilitation and public works, and one economic development planning and technical assistance grant, Staff will

keep separate expenditure accounts for each of the activities under each separate grant. The date payment must be recorded, as well as the name of payee and the warrant number and amount, and establish audit trails to the supporting source document.

3. **Documentation of CDBG expenditures:** All CDBG expenditures must be supported by source documentation such as invoices, timesheets, and travel claims. If the contract cost for a consultant, a CPA firm, engineering firm, or other organization is charged to the grant, keep with your financial files a copy of the contract, procurement procedures followed, and paid invoices (with supporting documentation for cost-reimbursement contracts).
4. **Accrued expenditures:** Staff is required to report and document accrued expenditures. Basically, accrued expenditures include bills paid as well as invoices that are not yet paid.
5. **Review of expenditures:** Staff must review and approve vouchers and invoices to make sure the items are eligible costs pursuant to the contract and program regulations and that the cost is charged to the correct grant and program activity.
6. **Other files:** Besides the books listed above, the City's Finance Department should include correspondence between Special Projects and the Finance Department regarding budget changes or authorizing any contract amendments, and the results and response to any fiscal monitoring findings.

C. Request for Payment / Supporting Documentation

Supporting documentation is necessary to show that the CDBG costs:

- were incurred during the effective period of the subrecipient's agreement with the grantee
 - were actually paid off (or properly accrued)
 - were expended on allowable items
 - were approved by the responsible official(s) in the subrecipient organization
- ✓ The City of Santa Maria's CDBG program operates on a reimbursement basis, which means that subrecipients must submit requests for payments along with source documentation in order to be reimbursed by the City. Once the City processes the Request for Payment, a drawdown can be made by the City through IDIS.
- ✓ The source documentation must explain the basis of the costs incurred as well as show the actual dates and amount of expenditures. For example:
- ✓ With respect to payrolls, source documentation should include employment letters and all authorizations for rates of pay, benefits, and employee withholdings. Such documentation might include union agreements or minutes from board of directors'

meetings where salary schedules and benefit packages are established, copies of written personnel policies, W-4 forms, etc.

- ✓ For staff time charged to the CDBG program activity, time and attendance records should be available. If an employee's time is split between CDBG and another funding source, there must be time distribution records supporting the allocation of charges among the sources. Canceled checks from the employees, insurance provider, etc., or evidence of direct deposits will document the actual funds.
- ✓ With respect to the cost of space and utilities, space costs must be supported by documentation such as rental or lease agreements. Utility costs will be supported by bills from the utility companies. Both types of expenses will be supported by canceled checks. If the cost of space or utilities is split between the CDBG program and other sources, there must be a reasonable method in place to allocate the charges fairly among the sources.
- ✓ With respect to supplies, documentation would include purchase orders or requisition forms initiated by an authorized representative of the subrecipient, an invoice from the vendor (which has been signed-off by the subrecipient to indicate the goods were received), the canceled check from the vendor demonstrating payment was made, and information regarding where the supplies are being stored and for what cost objective(s) they are being used.
- ✓ Staff must maintain a financial management system that provides accurate, current, and complete disclosure of the financial status of each grant-supported activity. The system must be capable of generating any financial status reports required and includes procedures for determining whether charges to the grant are reasonable, allowable, and allocable.

D. Record Retention Policy

- ✓ All records pertaining to CDBG grants must be retained for five years from the date the final expenditure report is submitted by the grantee to HUD (CAPER) or completion and resolution of the audit and/or any litigation; whichever is last.
- ✓ If there are any litigation, claim, or audit findings that extend beyond this five-year period, you must retain the records until all litigations, claims, or audit findings involving the records have been resolved.
- ✓ Records for most Capital projects (ex. rehabilitation of a facility or park) shall be retained for five years after final closeout. The closeout will begin once the grant is forgiven. For rehabilitation projects, a grant is forgiven after 10 years.
- ✓ Records for property acquired with grant funds shall be retained for five years after final closeout. The closeout will begin once the grant is forgiven. For acquisition, a grant is forgiven after 15 years.

E. Access to Records

- ✓ HUD and authorized representatives have the right to access subrecipient agency program records.
- ✓ All CDBG grantees are required to provide citizens with reasonable access to records regarding the current funded programs and past, consistent with applicable State and local laws regarding privacy and confidentiality.

F. Common Record Keeping Problems

- Disorganized or missing files
- Inadequate accounting source documentation (invoices, timesheets, etc.)
- Inadequate accounting of receipts and disbursement of grant funds
- Indirect costs charged to grant without an approved indirect cost rate plan
- Inadequate procedures for verification of allowable costs
- Inadequate procedures for certifying sub-grantee financial systems
- Inadequate separation of duties

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Part 2: Retention Schedule

Citations

GC	=	Government Code
CFR	=	Code of Federal Regulations
HUD	=	Housing and Urban Development
OMB	=	Federal Office of Management and Budget

Record Series Title	Retention Schedule	Citation	Description
Block Grants Advisory Committee (BGAC) Meeting Minutes	Permanent	GC 34090(e)	The approved, monthly meeting minutes as well as the minutes taken during special BGAC meetings such as deliberations and joint study sessions.
Agendas	Current year, plus 2 years	GC 34090	All BGAC meeting agendas and CDBG-related meeting agendas.
Staff Reports	Current year, plus 2 years	GC 34090	All City Council Staff Reports and Notes.
Resolutions	Permanent	GC 34090(e)	All City Council-approved resolutions related to Special Projects activities.
Federal and State	When activity is closed and reported, plus 5 years	GC 34090	Refer to grant application (ex. CDBG and HOME) close-out procedure.
Financial Records	When activity is closed and reported, plus 5 years	GC 34090	Refer to grant application (ex. CDBG and HOME) close-out procedure.

Record Series Title	Retention Schedule	Citation	Description
General Subject Files	Current year, plus 2 years	GC 34090	Any files pertaining to Special Projects, but not associated with a federal or state grant.
Grants, American Recovery and Reinvestment Act of 2009 (ARRA)	When activity is closed and reported, plus 10 years*	Title XII of the ARRA of 2009, Public Law 111-5; 24 CFR Part 570; 2 CFR Part 176	Applications, grant award documents/agreements, purchase orders, invoices, expenditures, drawdowns, project files, contracts, proposals and reports. *OR as required by granting agency and grant close-out procedures.
Grants, Private Foundations	When activity is closed and reported, plus 5 years*	As specified in Grant	Applications, grant award documents/agreements, purchase orders, invoices, expenditures, drawdowns, project files, contracts, proposals and reports. *OR as required by granting agency and grant close-out procedures.
Programs	When activity is closed and reported, plus 10 years	24 CFR 570.502(b)(3),	Includes comprehensive Housing Authority Strategy, Meeting Credit Certificate, Housing bond advisory, HOME, In-Lieu Housing Mitigation, Low/Moderate Housing, Tenant-Based Rental Assistance (TBRA) Program, Homebuyer Assistance Program, and Housing Trust Fund.

Record Series Title	Retention Schedule	Citation	Description
Unsuccessful	When activity is closed and reported, plus 2 years	GC 34090	Applications not entitled, such as loans and grants
STATE MANDATES			
Claims Reimbursement	Permanent	GC 34090	Consultant requests for proposal, consultant contracts, claims for payment and documentation, correspondence, information and instructions on various State mandate programs and reimbursements.
LOANS			
Community Development Block Grant (CDBG) Program	When the loan has been paid off or fully amortized or forgiven, plus 5 years.	24 CFR 570.502(a)(16); 24 CFR Part 85.42 (b) & (c); OMB Cir. A-102, 133 and HUD regulations	Includes borrower files, project files, loan agreements and documents, and payment information.
HOME Investment Partnerships Program	When the loan has been paid off or fully amortized or forgiven, plus 5 years.	24 CFR Part 92.508	Includes borrower files, project files, loan agreements and documents, and payment information.
General Fund	When activity is closed, plus 10 years.	GC 34090	Includes borrower files, project files, loan agreements and documents, and payment information.

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Part 3: Record Keeping Checklist

- This form should be completed for each activity, printed, and filed.
- The date at the top should indicate the last time the checklist was updated.

Documents to be Maintained	Document Source		Status	
	Source	Date	Complete	Location
Project Application			Y N	
<input type="checkbox"/> Original Application	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Amendments to Application	<input type="checkbox"/> Subrecipient/Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Approval of Amendments	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Notice of Award	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Correspondence	<input type="checkbox"/> Subrecipient/Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
Pre-Award Documentation			Y N	
<input type="checkbox"/> Articles of Incorporation/Bylaws	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Non-profit Determination	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> List of Board of Directors	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Authorization to Request Funds	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Authorized Official	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Organizational Chart	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Financial Statement and Audit	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Conflict of Interest Statement	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> National Objective Compliance	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
Subrecipient Agreement			Y N	
<input type="checkbox"/> Subgrant/Subaward Amount	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Date of Subgrant/Subaward	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Exhibit A - Statement of Work	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Budget by Task/Activity	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Schedule by Task/Activity	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Standard Provisions Included?	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Amendments (Dates)	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
Financial Records			Y N	
<input type="checkbox"/> Current Approved Budget	<input type="checkbox"/> Subrecipient/Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Authorization Letter/Signatures	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Financial Management Systems (accounting books, software, reporting systems)	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____

Documents to be Maintained	Document Source		Status	
	Source	Date	Complete	Location
<input type="checkbox"/> Chart of Accounts	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> List of Source Documents to be Maintained	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Financial Status Report (total budget, amount expended, unliquidated obligations, unobligated balance)	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Drawdown Request Forms	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Drawdown Request Reports	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Executed Contracts/Bid Docs	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Board Minutes for Approval of Contracts or Bids	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Copy of Most Recent Audit Report	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Certification of Insurance Coverage/Bonding	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> CDBG Payroll Records	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Certified Construction Payroll Records (Davis-Bacon applicable)	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Approved Cost Allocation Plan	<input type="checkbox"/> Subrecipient/Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Relevant Financial Correspondence	<input type="checkbox"/> Subrecipient/Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
Project Monitoring and Control			Y N	
<input type="checkbox"/> Completed Monitoring Reports	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> National Objectives Documentation	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Eligible Activities Documentation	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Activity Status Report (scope, cost, schedule/actual vs. agreement)	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Drawdown Requests/Reports	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Subrecipient Staffing	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Meeting Minutes	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Telephone Log/Notes	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Correspondence	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
Regulatory Compliance File			Y N	
<input type="checkbox"/> HUD Monitoring Results	<input type="checkbox"/> HUD/Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Real Property Inventory, Management and Change of Use	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____

Documents to be Maintained		Document Source		Status	
		Source	Date	Complete	Location
<input type="checkbox"/>	Anti-discrimination, Fair Housing, EEO, ADA/504 Certifications	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Procurement, Bonding, Insurance	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Labor Standards	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Acquisition, Displacement, Relocation, Replacement Housing	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Environmental Review	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Loan Status Reports (Economic Development, Rehabilitation)	<input type="checkbox"/> Subrecipient/Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Administrative Activities	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Flood Insurance Purchase	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
Other Project/Activity Files				Y N	
<input type="checkbox"/>	Plans and Specs (rehabilitation, historic preservation)	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Orientation and Training	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Special Case Records	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____