The GLO-CDR Implementation Manual provides guidance for CDBG-DR Subrecipients and should not be construed as exhaustive instructions.

CHAPTER 2 – ADMINISTRATION

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CHAPTER 2 - ADMINISTRATION

2.1 Introduction

This chapter introduces steps for implementing a successfully managed CDBG-DR program. Prior to implementing a program, Subrecipients should put systems in place that will allow them to track and report on the activities required by their agreement with GLO. While the Subrecipient is ultimately responsible for each project, they may choose to administer their program in-house or use an outside consultant. Ultimately, coordination is very important to ensure that all aspects of the Subrecipient Agreement remain compliant with all applicable regulations of the CDBG-DR program.

CDBG-DR grants differ from regular CDBG programs. The purpose of this section is to provide an overview of grant administration and reporting requirements to be used by CDBG-DR Subrecipients. These requirements may vary from those applied to local governments, the state or other state agencies also involved in administering CDBG-DR programs.

The requirements for citizen participation, waivers, alternate requirements, and eligible activities are provided to the Subrecipient through the approved Action Plan and in the program Application Guide, in accordance with the applicable program. Further guidance is available through the assigned GLO-CDR Grant Manager.

Subrecipient Timeline

![Subrecipient Timeline Diagram]

2.2 GLO Responsibilities

GLO is responsible for:

- Pre-Award Technical Assistance for Subrecipients;
- Application for Funding Review;
- Subrecipient Agreement development and execution;
• Day-to-day program management;
• Subrecipient monitoring;
• Vendor/contractor management;
• Disaster Recovery Grant Reporting (DRGR) reporting;
• Beneficiary data documentation and accuracy;
• GLO’s internal audit function;
• Record keeping:
  o Document day-to-day management;
  o Retain all records for three years after closeout of the State’s Disaster
    Recovery grant by HUD;
• Privacy Act related to submitted required documents;
• Freedom of Information Act (FOIA) Requests;
• Public Information Act (PIA) Requests; and
• Ongoing Technical Assistance and Training

HUD recommends the following guidance for successful program administration:

• Policy and procedures must be in writing and followed (or documented if not
  followed) in certain circumstances;
• Build performance milestones into contracts and include detailed scopes of work.
• Make the files/project records tell the story of the funds/projects;
• Build compliance into day-to-day management. Project completion can be undone
  by noncompliance;
• Have a designated signatory to sign off on work progression;
• Catch problems early and take action; and
• Maintain open communication at all times

The GLO and HUD will monitor Subrecipient program activities for compliance with program
requirements, approved Action Plans and Amendments, and applicable statutes and
regulations. Implementing the HUD guidance above will ensure efficient program operation
and less disruptive monitoring sessions for GLO and Subrecipient. More information about
GLO’s responsibilities can be found in the link to the CDBG-DR Toolkit Program Launch guide.
Tools and information related to Subrecipient responsibilities can be found in the CDBG-DR
Toolkit Program Implementation guide in Resources at the end of the chapter.

HUD provides CDBG-DR Program information, training, guidebooks, toolkits, and other
resources on their website for grantees and Subrecipients to implement programs.

GLO strongly suggests all Subrecipients, grant administrators, vendors, and contractors
read and become familiar with HUD’s resources which may be found at the link included
within Resources, below.
2.3 Action Plans

The Action Plan includes requirements for eligibility and how the use of these funds will address long-term recovery and restoration of housing, infrastructure, planning, and economic development in areas affected by the disaster. The development criteria are defined under the Federal Register and will detail the proposed use of all funds. As the state receives additional funding, allocates funds, or changes activities, amendments to the Action Plan are submitted for public comment and HUD approval. Subrecipients must become familiar with the HUD approved Action Plan and all applicable amendments.

Action Plans consist of the following components:

- Disaster impact and unmet needs;
- Eligible activities, applicants, and allocations;
- Information regarding funding Method of Distribution (MOD);
- Public comments and responses

In addition, citizen participation and engagement requirements as outlined the applicable Federal Register and action plan(s) must be followed and complied with for approval of long-term disaster recovery plans.

2.4 Methods of Distribution

The GLO will collaborate with local governments to account for many variables in the local recovery process which will be reflected in the distribution models. There may be different methodologies for the distribution of those funds. For instance, the GLO may distribute funding directly, may utilize a competitive process, may employ the assistance of Council of Governments or Counties to develop distribution models, or other means. The approved Action Plan will detail how the GLO will allocate funds to carry out projects. Subrecipients must maintain familiarity with the method of distribution and all applicable amendments used to provide funding to their jurisdiction. The approved Action Plan will detail how the GLO will allocate funds.

2.5 Grant Administrators

Subrecipients may directly administer projects or procure and use the support of outside parties (vendors and grant administrators) to serve their needs.

Subrecipients are ultimately responsible for the implementation of programs and ensuring expenditure of funding adheres to all applicable federal and state requirements. Vendors and contractors employed by the state and Subrecipients will be required to comply with federal and state provisions in executed contracts and work orders.

2.6 Application

Subrecipients are required to submit an application to GLO-CDR for CDBG-DR funding prior to Subrecipient Agreement execution. Application forms may be found at the program links.
below in Resources. GLO-CDR reviews the application for CDBG-DR eligibility, meets a national objective, budget, and scope of work. Please note that applications are specific to the disaster event and associated activities. As such, application requirements may be tailored to meet a specific need and the GLO-CDR Grant Manager may request additional information after application review. Subrecipients may request GLO assistance when preparing an application.

2.7 Subrecipient Agreement Execution

The Subrecipient must, at minimum, have an executed Subrecipient Agreement with GLO before funds can be drawn.

In addition to the contractual obligations between the GLO and the Subrecipient, the agreement may specify the following as Exhibits:

- Exhibit A - the Performance Statement - Outlines the scope of the work to be performed under this Subrecipient Agreement by activity;
- Exhibit B - the Budget – Specifies the Subrecipient Agreement budget by line item, which is used in the drawdown process. This Exhibit also includes all “Other” funds involved that are necessary to complete the Performance Statement specifics of this Subrecipient Agreement;
- Exhibit C – Project Implementation Schedule – Specifies a timetable for milestones in project implementation

The chief local elected official or designee for the Subrecipient and the GLO Chief Clerk/Deputy Commissioner both must sign the Subrecipient Agreement before the Subrecipient Agreement is considered fully executed.

Please contact your GLO-CDR Grant Manager for signature procedures.

2.8 Establish a Local Administrative Structure

Each Subrecipient must establish a local administrative structure to administer the grant. The eligible activity and National Objective requirements are not met until the project(s) is/are complete, fully compliant, and there is sufficient documentation to ensure that the project has met the designated National Objective.

The Subrecipient must:

- Establish or update and adopt local charters, resolutions, ordinances, procedures, and policies that may be relevant to the project;
- Establish a record-keeping system to document compliance with all federal, state, local, and program requirements
- Submit all necessary documents in the GLO system of record, if applicable. The GLO system of record may be an electronic file keeping system or software system such as TrecS or TIGR;
Subrecipient Agreement files must be kept at city or county offices or buildings in which government records are maintained. These must be accessible to the public throughout the Subrecipient Agreement period;

- Records shall be retained for the greater of three years from closeout of the grant between the state and HUD, or the period required by other applicable federal and state laws and regulations. GLO will notify the Subrecipient via U.S. mail when file records can be destroyed;

- Establish whether day-to-day administration of the project will be conducted by local staff or by third-party grant administrator, and which party will conduct each administrative activity and ensure compliance throughout the Subrecipient Agreement period

CDBG-DR Subrecipients have the final legal responsibility for the locally managed and maintained Subrecipient Agreement files, the timely submission of reports, and compliance with program requirements.

Best Practice: GLO-CDR recommends that the Subrecipient review this Manual item-by-item and clearly identify the activities that will be performed by Subrecipient staff and those that will require outside assistance. Each staff member or vendor must fully understand their responsibilities in implementing the Subrecipient Agreement. Training and information are available on the HUD and GLO websites regarding CDBG-DR program requirements.

2.8.1 Documentation Required at Project Start Up

Prior to releasing any funds, the GLO-CDR must receive the following documentation at project start up:

- Environmental Exemption Form for Professional Services;
- Depository/Authorized Signatories Designation Form;
- Resolution authorizing signatories;
- Proof of Coverage - Fidelity Bonding, if applicable;
- Direct Deposit Authorization;
- Application for Texas Identification Number (TIN), if needed;
- Local Financial Policies and Procedures, adopted;
- Local Procurement Policies and Procedures, adopted;
- Financial Interest Report for Engineering services, if applicable;
- Financial Interest Report for Project Delivery services, if applicable;
- Financial Interest Report for Environmental services, if applicable;
- Executed contract for Engineering services, if applicable;
- Executed contract for Project Delivery services, if applicable;
- Executed contract for Environmental services, if applicable;
- Initial Real Property Acquisition Report;
- Appointment of Labor Standards Officer;
- Appointment of Civil Rights Officer (EEO/FH/Section 504);
- Appointment of Section 3 Coordinator;
• Citizen Participation Plan including complaint and grievance procedures;
• Nondiscrimination/Equal Employment Opportunity Policy;
• Policy and notice of nondiscrimination on basis of handicapped status. Subrecipients may combine this policy with their Nondiscrimination/Equal Employment Opportunity policy;
• Excessive Force Policy;
• Section 3 Policy;
• Section 504 Self-Evaluation Review;
• Section 504 Grievance Procedures;
• Civil Rights Resolution regarding Citizen Participation, Section 3, Excessive Force, Section 504 Policy and Grievance Procedures, and Fair Housing Policy;
• Public Notices regarding Civil Rights (see Chapter 11, Section 11.3.4); and
• Fair Housing activity documentation - Ideally there will be at least (2) fair housing activities adopted by the entity. The most common are adoption of a Fair Housing Month by Proclamation signed and dated by entity official and adoption of a Fair Housing Policy signed and dated by entity official.

2.9 Needs Assessment

The Subrecipient may be required to determine the unmet needs of the disaster-affected population prior to implementation of the program. The Subrecipient’s Needs Assessment (NA) will be described more fully in the Housing Guidelines section and supporting documents in Resources. The needs assessment will inform Subrecipients on how they are to offer activities to meet the types of needs experienced by the affected population and their demographics in order to maximize recovery efforts.

Housing and infrastructure projects Needs Assessments vary:

Housing
The Subrecipient’s Needs Assessment will be described more fully in the Housing Guidelines section and supporting documents in Resources. Regional or area NA will be conducted and followed to ensure project eligibility. The NA will be retained in the Subrecipient files and GLO’s system of record.

Infrastructure
The unmet needs assessment of the project or service area is required as part of the project application.

2.10 Marketing and Outreach Plan

For housing programs, the Subrecipient will be required to provide outreach and marketing of the program for maximum participation. The Subrecipient’s Marketing and Outreach Plan development will be in addition to the Program Guidelines. There are samples of marketing and outreach plan documents located in Resources and will advise Subrecipients on how they are to offer activities to meet the types of needs experienced by the affected population and their demographics to maximize recovery efforts.
2.11 Program Guidelines

The GLO publishes Program Guidelines which provide a blueprint for designing, implementing, and final monitoring of a CDBG-DR Program. For certain programs Subrecipients may be required to develop their own local program guidelines and will be responsible for the implementation of their programs in their jurisdictions. General guidelines are found in Chapters 16-18 of this Manual, and a link to the GLO Housing Program Guidelines may be found in Resources at the end of the chapter.

2.12 Conflicts of Interest

The state and Subrecipients of a CDBG-DR program must avoid, neutralize or mitigate actual or potential conflicts of interest to prevent an unfair competitive advantage or the existence of conflicting roles that might impair the performance of the Subrecipient agreement or impact the integrity of the procurement process.

Every Subrecipient must maintain written procedures covering conflicts of interest and governing the actions of its employees, agents, consultants, and elected officials engaged in the selection, award and administration of vendor contracts, the award of CDBG-DR assistance, or the management of Federally-assisted or purchased property. The Subrecipient must design a policy that is at least as restrictive as prescribed in 24 CFR Part 570.489 and Texas Local Government Code Chapter 171.

For the procurement of goods and services, no employee, officer, or agent of the Subrecipient may participate in the selection, award, or administration of a vendor contract supported by a federal award if he/she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, agent, any member of his/her immediate family, his/her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in a tangible personal benefit from a firm considered for a vendor contract. (24 CFR 570.489(g), Uniform Grant Management Standards (UGMS) of the Texas Comptroller, 2 CFR 200.318(c)(1)).

For all other cases, other than the procurement of goods and services, non-procurement conflict of interest provisions are applicable to any person or entity including any benefitting business, utility provider, or other third party entity that is receiving assistance, directly or indirectly, under a Subrecipient agreement might potentially receive benefits from CDBG-DR awards.

In such instances (non-procurement), the general rule is that no person/entity described above whom:

- Exercise or have exercised any functions or responsibilities with respect to CDBG-DR activities;
- Are in a position to participate in a decision-making process; or
- Are in a position to gain inside information with regard to such activities may obtain a financial interest or benefit from a CDBG-DR-assisted activity, or have a financial
interest in any vendor contract, subcontract, or agreement with respect to a CDBG-DR-assisted activity, or with respect to the proceeds of the CDBG-DR-assisted activity, either for themselves or those with whom they have family or business ties.

**Example:** Central City, Texas applied for CDBG-DR funds for a street repair project in the West Addition neighborhood. One of the residents included in the project is the mother-in-law of City Council member Bob Thompson. Councilman Thompson does not have a financial interest in the project; however, there is a conflict of interest due to the CDBG-DR-funded benefit to be provided to his family member. The City must disclose this conflict and request an exception to the prohibition on such conflicts from GLO before proceeding with the project.

The GLO will evaluate persons in similar roles from benefiting organizations, such as utilities providing service through the project or businesses creating jobs as a result of the project, in determining a conflict of interest.

In addition, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements (See 2 CFR 200.319). For example, an administrative consulting firm that participates in developing or distributing the request for proposals (RFP) may not then submit a proposal in response to that RFP. Some examples of conflicts of interest:

- The same individual or firm has an interest in both a benefitting business identified in the Subrecipient agreement Performance Statement and any consultant or construction contracts required to complete the project;
- Elected officials voting on awarding of funds to organizations where a family member is on the staff or where the elected official is on the Subrecipient’s board;
- Local officials entering into vendor contracts with companies they are affiliated with through employment of, or ownership by, themselves or their relatives;
- Subrecipient officials or staff who have relatives who may benefit from a Subrecipient’s programmatic activities.

*Questions regarding Conflicts of Interest:* If there is any question regarding a potential conflict of interest the Subrecipient should contact the GLO-CDR Grant Manager.

### 2.13 Fraud Reporting and Investigation of Fraud Allegations

Allegations of fraud may be reported to GLO or to the HUD Office of the Inspector General. All allegations of fraud involving any CDBG-DR fund will be investigated immediately after being brought to the attention of GLO, through whatever source.

An investigation will be conducted if the allegations are made in connection with the services provided by a Subrecipient using CDBG-DR funds. GLO will immediately:

- Notify the Subrecipient of the allegation and advise that GLO will conduct an investigation; or
• Advise the Subrecipient that it must conduct a preliminary investigation and submit a written report within 7 working days from the date of notification. The report must include:
  o Nature of the allegation, dollar amount involved, whether a fidelity bond exists and its dollar coverage;
  o Who is involved (i.e., individual(s) accused of fraud), Subrecipient's name, names of the Subrecipient's council/commission, and the Subrecipient's chief elected officer;
  o When the allegations were made;
  o Time period involved;
  o Where the incident occurred; and
  o How the alleged incident occurred

Contact information to report FRAUD or WASTE in HUD-funded Programs and Operations:

HUD Inspector General Hotline (GFI)
451 Seventh Street, SW
Washington, D.C. 20410

HUD-OIG Hotline Toll-Free 1-800-347-3735
FAX: 202-708-4829
EMAIL: hotline@hudoig.gov

State Auditor's Office (SAO) investigates allegations of fraud, waste, or abuse relating to state funds associated with state agencies and institutions of higher education. The SAO will review all reports submitted. [https://sao.fraud.texas.gov/ReportFraud/](https://sao.fraud.texas.gov/ReportFraud/)

The GLO-CDR compliance staff will review the report and make a determination as to whether further investigation is warranted:

• If further investigation is not warranted, the file is closed and/or the Subrecipient is directed to conclude the issue administratively;
• If it is determined that further investigation is warranted, GLO will conduct a full investigation of the allegations and may recommend withholding payments to the Subrecipient, pending completion of the investigation. The scope of the investigation will be determined by the facts surrounding the incident.

Upon completion of the investigation GLO will:

• Prepare an Incident Report that includes all findings and any initial corrective action taken to date by GLO;
• Prepare a plan for corrective action, debt collection, and a plan for prosecution, if applicable;
• Cause a claim against the fidelity bond to be filed, if applicable;
• Proceed with the resolution process on any costs which are questioned as a result of the investigation;
• Conduct a follow-up visit to ensure that corrective action has been implemented; and
• Initiate debt collection procedures with the Subrecipient, as applicable

If allegations arise in connection with statements provided by an applicant homeowner using CDBG-DR funds, GLO will immediately place the individual application on “hold” until an investigation is completed.
2.14 Resources

The GLO has created a comprehensive website which contains necessary forms, checklists, detailed guidance documents, and additional resources to supplement this Implementation Manual. Please see [http://recovery.texas.gov/](http://recovery.texas.gov/) for more information.

Please direct all questions regarding your specific program or project to your assigned GLO-CDR Grant Manager.

The resources below will be updated as new forms and documents are developed and come online.

**Note:** Internet Explorer may work best for some forms found on the website.

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