



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

# CHAPTER 2—ADMINISTRATION

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## CHAPTER 2—ADMINISTRATION

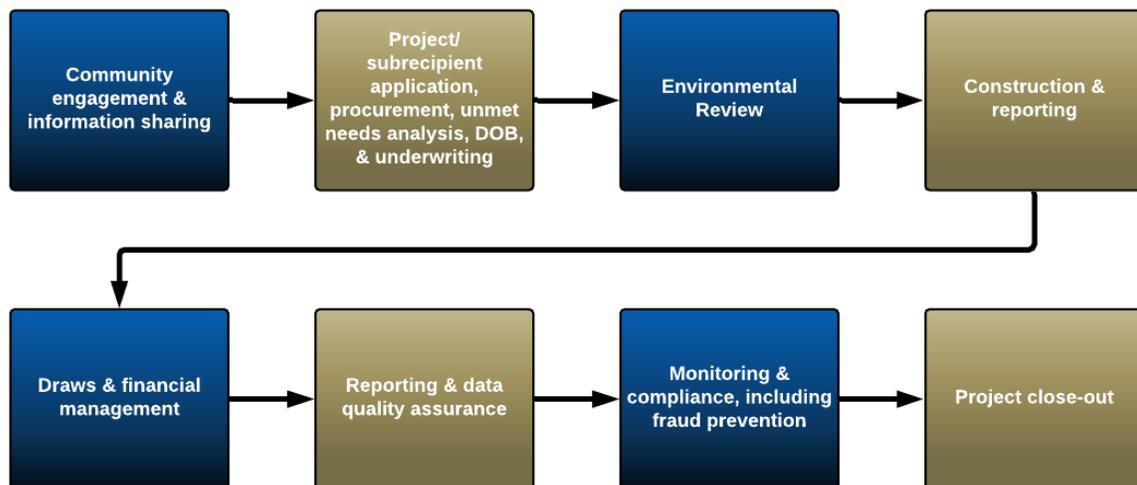
### 2.1 Introduction

This chapter introduces steps for implementing successfully managed CDBG-DR and/or CDBG-MIT programs. Prior to implementing a program, subrecipients should put systems in place that will allow them to track and report on the activities required within their contract with the GLO. While the subrecipients are 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 and CDBG-MIT programs.

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

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

### Subrecipient Timeline





## **2.2 GLO Responsibilities**

The GLO is responsible for, at a minimum, the following tasks related to the administration of CDBG-DR funds:

- Pre-Award Technical Assistance for subrecipients;
- Application for Funding Review;
- Subrecipient Agreement development and execution;
- Day-to-day program management;
- Subrecipients monitoring;
- Vendor/contractor management;
- Disaster Recovery Grant Reporting (DRGR) reporting;
- Beneficiary data documentation and accuracy;
- GLO's internal audit function;
- Record keeping:
  - Document day-to-day management;
  - 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, and the Federal Register may require, the following actions be taken to ensure successful program administration:

- Policy and procedures must be in writing and followed (any deviation from the procedures must be documented);
- 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, approved Action Plan Amendments, and applicable statutes and regulations. Implementing the HUD guidance above will ensure efficient program operation and less disruptive monitoring sessions for the GLO and subrecipients. More information about the GLO's responsibilities can be found in the link to the CDBG-DR Toolkit Program Launch guide (see



[Resources](#)—Resource 2.1). Tools and information related to subrecipients responsibilities can be found in the CDBG-DR Toolkit Program Implementation guide in [Resources](#)—Resource 2.2 at the end of the chapter.

### **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 possibly other activities such as 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, at a minimum, the following components:

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

In addition, citizen participation requirements as outlined in 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 use 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, with any amendments, 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 and/or CDBG-MIT funding prior to Subrecipient Agreement execution. Application forms may be found on the GLO-CDR website and in [Resources](#)—Resource 2.3 at the end of the chapter. GLO-CDR reviews the application to ensure CDBG-DR and/or CDBG-MIT eligibility, that it meets a national objective, the budget is cost reasonable, and the scope of work encompasses eligible activities. 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 subrecipients must, at minimum, have an executed Subrecipient Agreement with the GLO before funds can be drawn.

In addition to the contractual obligations between the GLO and the subrecipients, the agreement may, depending on the contract structure, specify the following as Exhibits:

- Exhibit A—the Performance Statement—Outlines the scope of the work to be performed under the Subrecipient Agreement by activity including total beneficiaries and percentage of LMI;
- 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 and completion.

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.



HUD provides CDBG-DR AND CDBG-MIT 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](#)—Resource 2.4 below.

## **2.8 Establish a Local Administrative Structure**

Subrecipients 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.

Subrecipients must, at a minimum, ensure the performance of the following tasks:

- 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. The 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 and CDBG-MIT 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 subrecipients review this Manual item-by-item and clearly identify the activities that will be performed by subrecipient's 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 and CDBG-MIT program requirements.

### 2.8.1 Documentation Required at Project Start Up

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

- Comprehensive Annual Financial Report/Independent Auditor's Report;
- 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 of this Manual); and
- Fair Housing activity documentation – Ideally there will be at least two (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.

Forms may be found on the GLO-CDR website or in [Resources](#) at the bottom of each chapter (see [Resources](#)—Resource 2.5).

## **2.9 Needs Assessment**

Subrecipients 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 (see Chapter 17, Section 17.6.3 of this Manual). 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 (see Chapter 11, Section 11.3.4). Regional or area NA will be conducted and followed to ensure project eligibility. The NA will be retained in the subrecipients 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, subrecipients 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. Samples of marketing and outreach plan documents 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. HUD Affirmative Fair



Housing Marketing Plan (AFHMP) forms can be found on the HUD website at <https://www.hudexchange.info/resource/4716/affirmative-fair-housing-marketing-plan-form/>.

## **2.11 Program Guidelines**

The GLO publishes Program Guidelines which provide a blueprint for designing, implementing, and final monitoring of CDBG-DR and/or CDBG-MIT programs. 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](#)—Resource 2.6 at the end of the chapter.

## **2.12 Conflicts of Interest**

The state and subrecipients of CDBG-DR and/or CDBG-MIT programs 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.

Subrecipients 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 and/or CDBG-MIT assistance, or the management of federally-assisted or purchased property. Subrecipients 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 subrecipients 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 that might potentially receive benefits from CDBG-DR and/or CDBG-MIT 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 and/or CDBG-MIT 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 and/or CDBG-MIT-assisted activity, or have a financial interest in any vendor contract, subcontract, or agreement with respect to a CDBG-DR and/or CDBG-MIT-assisted activity, or with respect to the proceeds of the CDBG-DR and/or CDBG-MIT-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 the 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's 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 the GLO or to the HUD Office of the Inspector General. All allegations of fraud involving any CDBG-DR and/or CDBG-MIT fund will be investigated immediately after being brought to the attention of the GLO, through whatever source.

An investigation will be conducted if the allegations are made in connection with the services provided by subrecipients using CDBG-DR and/or CDBG-MIT funds. The GLO will immediately:

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



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, the 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 the GLO will, at a minimum, complete the following tasks:

- Prepare an Incident Report that includes all findings and any initial corrective action taken to date by the 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 and/or CDBG-MIT funds, the GLO will immediately place the individual application on “hold” until an investigation is completed.



## 2.14 Resources

GLO-CDR has created a comprehensive website which contains necessary forms, checklists, detailed guidance documents, and additional resources to supplement this Implementation Manual. Please see [www.recovery.texas.gov](http://www.recovery.texas.gov) for more information. The following resources are referenced within this chapter and will be updated as new forms and documents are developed.

| Resource Number | Topic                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Resource 2.1    | <a href="#">CDBG-DR Toolkit Program Launch Guide (HUD)</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Resource 2.2    | <a href="#">CDBG-DR Toolkit Program Implementation Guide (HUD)</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Resource 2.3    | Program Application Forms: <ul style="list-style-type: none"> <li>▪ <a href="#">CDBG Mitigation (CDBG-MIT) Funding Application</a></li> <li>▪ Hurricane Harvey Competition Applications: <ul style="list-style-type: none"> <li><a href="#">Harvey Housing Application</a></li> <li><a href="#">Homeowner Reimbursement Program (HRP) Homeowner Application</a></li> <li><a href="#">Infrastructure Application</a></li> <li><a href="#">Local Buyout or Acquisition Subrecipient Application</a></li> </ul> </li> <li>▪ <a href="#">2015/2016 Floods Housing Application</a></li> <li>▪ <a href="#">2016 Floods HUD MID Application</a></li> </ul> |
| Resource 2.4    | <a href="#">HUD Exchange Resources</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Resource 2.5    | <a href="#">GLO-CDR Program Resources (Forms)</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Resource 2.6    | <a href="#">GLO Housing Program Guidelines</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

**Note:** Individuals have reported a better experience when using **Internet Explorer or Safari** to view files.

Please direct all questions regarding your specific program or project to your assigned GLO Grant Manager. Send comments related to the GLO-CDR Implementation Manual to [ImplementationManual.glo@recovery.texas.gov](mailto:ImplementationManual.glo@recovery.texas.gov).