

CHAPTER 2

Financial Management

Financial Management – 2 CFR 200

- 2 CFR 200 promulgated by the Office of Management & Budget
- Replaces and consolidates eight OMB Circulars
- HUD amended parts 84 and 85 by taking out all of the substantive parts and putting them into 2 CFR 200
 - 24 CFR parts 84 & 85 are still effective for all federal awards made on or before December 26, 2014
 - TDA has adopted the majority of 2 CFR 200
 - Effective date – October 1, 2015

Financial Management: Financial Capacity

- Establish internal controls/Maintain files
 - Separation of duties
 - 2 Signatures on Checks
- Recommend Separate, No Interest Bearing Account
- Annual Audit Requirements vs. Single Audit

Financial Management: Application

- Organizational-Wide Financial Audit - Cannot be a Partial audit
- Applications with Financial audits with adverse opinions will be highly scrutinized; Applications that have Financial audits with disclaimer opinions will not be accepted

Financial Management: Signatories & Direct Deposit

- Authorized Signatories Designation Form A202:
 - Designate 2 responsible persons to sign contracts, requests for payments, etc.
 - Authorize designations through Resolution passed by City Council/County Commissioners
- Direct Deposit (highly recommended):
 - Complete the Direct Deposit Authorization Form 74-176
<http://www.window.state.tx.us/directdep/>

Financial Management: Release of Funds

Submit within 12 Months:

- Group A Documents:
 - Basic Start-up & Federal Requirement Designate Documentation
- Group B Documents:
 - Construction Documentation

For Final Construction Funding, Submit:

- Group C Documents:
 - Closeout Documentation

Financial Management

Threshold	Budget Available
General Administration Budget Line Item	
Acceptance of all Group A Documents	0 to 50%*
Acceptance of all Group A and Group B Documents	51 to 90%
Issuance of Administratively Complete letter by TDA	91 to 100%
Engineering Budget Line Items (multiple line items may be considered cumulatively to determine thresholds)	
Acceptance of all Group A Documents	0 to 50%
Acceptance of all Group A and Group B Documents	51 to 90%
Acceptance of all related Certificate(s) of Construction Completion	91 to 100%
Construction Budget Line Items	
Acceptance of all Group A and Group B Documents	0 to 95%
Acceptance of all Group A, Group B, and Group C Documents	96% to 100%

*Previously 35%

Financial Management: Drawdown

- Drawdown at least once every 9 months
- For each budget line item
- Minimum Drawdown \$2.5K or greater
- Exceptions:
 - Exceeds 25% of budgeted line item and Grant Recipient only requesting for that line item
 - Final Retainage of construction contract
 - **Ok'd by TDA**
 - Final drawdown of one or more line items

Financial Management: Denial of Payment

Reasons for Delay / Denial of Payment:

- Insufficient Backup
- Grant Recipient out of compliance
- Ineligible expenses
- For Projects Involving First-Time Water or Sewer Services Beneficiaries, re-survey prior to Bidding Construction

Unusual or Special Costs, seek written TDA's approval

Financial Management: Retainage

- 5% retainage from all Construction Contracts until the following:

COCC (Certificate of Construction) Form A710 received and approved

Final Wage Compliance Report – Form A709 received and approved

All programmatic requirements, claims, and disputes have been met

Financial Management

Accounting Adjustments

- Drawing Funds from Incorrect Budget Line Item
 - If discover that there is an error, contact TDA contract specialist
 - Unusual and Should Not Occur Frequently

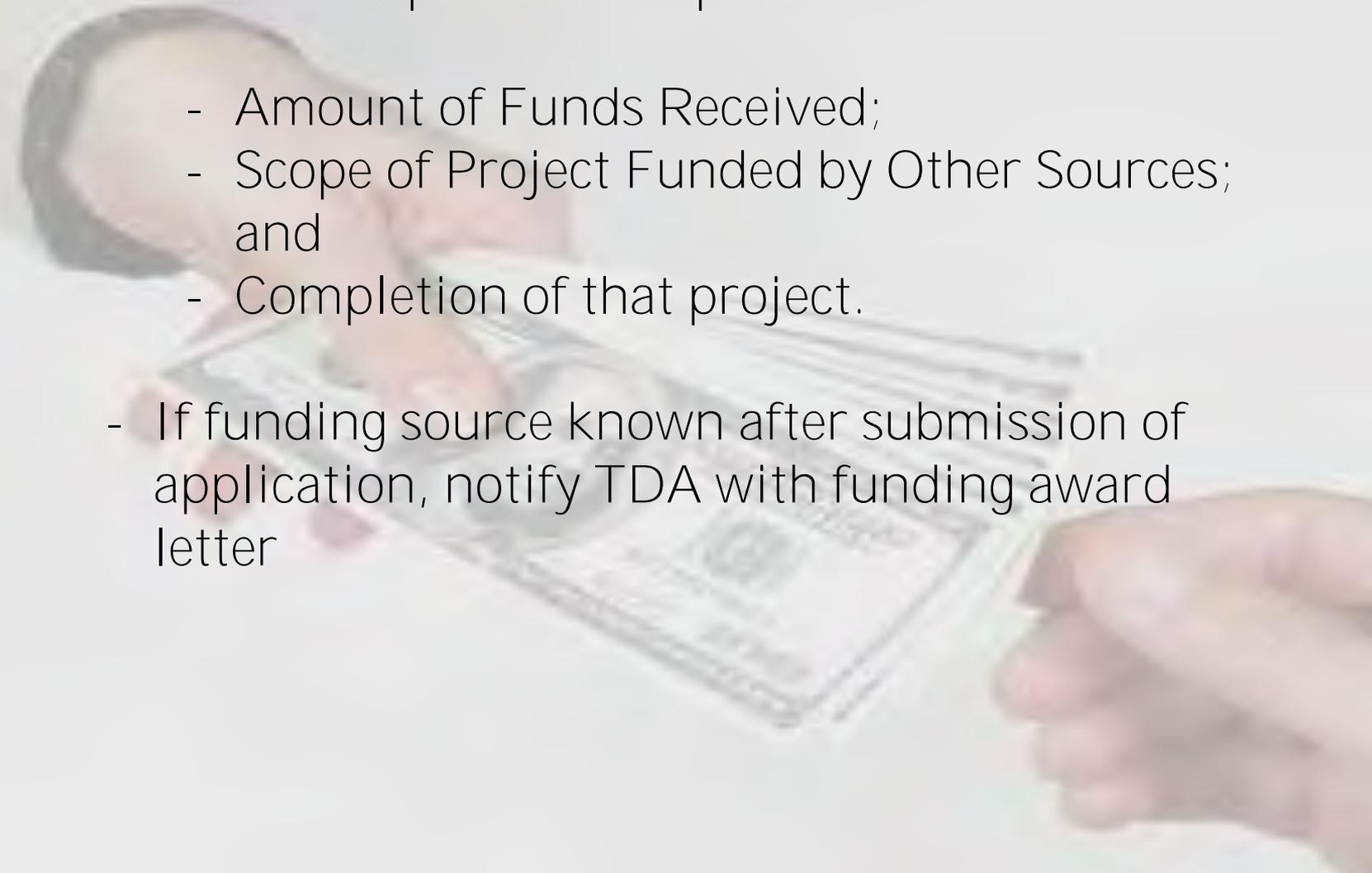
Financial Management: Matching Funds

- TxCDBG projects require Matching Funds
 - Matching funds should be for eligible project related costs
- Match can consist of the following examples:
 - Cash (\$);
 - Waived Fees (require TDA approval); and/or
 - Donated property
 - Exclusions: easements, rights-of-way, existing locations for the same infrastructure
- Subject to TxCDBG Program Requirements
 - Some exceptions:
 - Construction Contract funded with non-CDBG \$
 - May be exempted from Davis Bacon
 - Private funds used for Econ. Development

Financial Management: Reducing Match Commitment

- Ratio of Local Funds to TxCDBG Funds Must be expended
- If Project Costs are Less (Deobligated), Grant and Matching Funding Proportionally Reduced
- **Use Match Calculator on TDA's Website**

Financial Management: Match Funding from Other Sources

- Grant Recipients must provide:
 - Amount of Funds Received;
 - Scope of Project Funded by Other Sources;
and
 - Completion of that project.
 - If funding source known after submission of application, notify TDA with funding award letter
- 

What's New!

- Adoption of several sections of 2 CFR 200; replaces 8 OMB Circulars
- Increases Threshold for Distribution of Admin Funds from 35% to 50% after Group A
- Deletes the requirement that construction contracts in excess of \$400,000 enter any retainage in excess of five percent into an interest bearing account
- Revises Donated Property for Match (ex: Easements)
- Eliminates Form A205 – If additional funding is obtained, grant recipient must notify TDA of award along with documentation



Questions

?

CHAPTER 3

Environmental



**U.S. Department of Housing and Urban Development
Region VI – Fort Worth Regional Office
801 Cherry Street, Unit #45, Suite 2500
Fort Worth, TX 76102**

**24 CFR PART 58
COMPLIANCE GUIDEBOOK**



July 2014

The Region VI Guidebook

Please use this to include the Worksheets in the guidebook. There is helpful information and even information that may help you eliminate unnecessary work.

For example: **Central Data File – for source documentation**

- A central data file is useful for managing statutory and environmental issues that are common to many projects and programs. Source documentation is the documentation and reference material that supports determinations made for the statutory authorities (§58.5) and other requirements (§58.6).
- Locating source documentation in a central file allows the responsible entity to:
 - Collect in one place material that is common to a wide-range of activities or recurs among more than one activity; and,
 - Easily update information on an annual, periodic or as-needed basis.

Overview

- As of the new Implementation Manual and with changes as directed by HUD.
- **Process of reviewing a project and it's potential on the Human Environment** (i.e. everything)
- CDBG projects are required to undergo an environmental review (ER)
- Analysis includes:
 - ✓ How the project affects the environment
 - ✓ How the environment can affect the project, site and end users
- ER must be performed before funds are obligated
- Documentation of the ER must be maintained in the environmental review record (ERR) at the Locality
- ERR **must be available for public review**

Timing of the Review

Environmental Review **must** be performed before committing or spending funds on any HUD funded activity to include:

- Acquisition
 - Rehabilitation
 - Construction
 - Contracting or committing to any of these actions
 - TDA uses the date of the resolution as the earliest date it is known that HUD funds will be used.
- 24CFR58.30(b): The environmental review process should begin as soon as a recipient determines the projected use of HUD assistance.

Environmental Review - 9 Step Process

- Step 1 – Project Description
- Step 2 – Determine Level of Review
- Step 3 – Complete Checklists and **worksheets**
- Step 4 - Publish Notice of Intent to Request Release of Funds, and FONSI if applicable (Local Comment period)
- Step 5 – Prepare RROF and Certifications
- Step 6 – Submit Clearance to TDA
- Step 7 – State Objection Period (15 days)
- Step 8 – **State's Post**-Release Review
- Step 9 – Re-Evaluation of the Environmental Determination

Project Description

Project Description must:

- Be complete and clear
- Capture maximum possible scope
- Provide location specific information
- Geographical boundaries
- Existing conditions of the site
- What will be on site when project is completed
- How project will be accomplished
- The Environmental Project Description will be more detailed than the Performance Statement.