

# STATE RECIPIENTS MANUAL

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## INTRODUCTION

This instruction guide is for use by the local Recipient in the day-to-day administration of the State (DCA) Award. Though not all-inclusive, it covers all the major areas of administration, provides both required and suggested forms and instructions, and it references applicable laws and regulations.

For more information or assistance, the Recipient is encouraged to contact DCA via telephone or email.

## Chapter 1: General Information and Requirements

### Section 1: Award and Acceptance of DCA Funds

#### **WHAT YOU SHOULD RECEIVE:**

Upon approval of your grant application, the Department of Community Affairs (DCA) will mail to the Recipient an original and two copies of the following **Grant Award Documents**:

- Statement of Grant Award
- Statement of General Conditions
- Statement of Special Conditions (if applicable)
- Statement of Revisions (if applicable)
- Approved Budget Breakdown

In this package, you will also receive the following **Financial/Administrative forms**:

- Authorized Signature Card
- Authorization Agreement for Automatic Deposits (ACH)
- Agreement to Provide Independent Audit Report
- Request for Drawdown of Funds
- Report Form

#### **IMPORTANT:**

The Recipient's certifying representative (Mayor, Chair of County Commission, Chair of Development Authority or other authorized official) should examine these documents closely and understand them before signing and dating all copies.

Once signed, the original and one copy of the Statement of REBA Award, Statement of General and Special Conditions, Statement of Revisions (if applicable), and Approved Budget must be returned to DCA within thirty (30) days of grant award as evidence of acceptance of the grant, along with two original signature copies of the ACH Agreement and Signature Card, and one original signature copy of the Audit Report Agreement.

The Recipient should retain the second copy of the Award documents listed above.

## **Section 2: Overview of Grant Award Documents**

1. **Statement of Award** should be signed by the Commissioner.

- Grant Number is an identification number unique to your project; it should be used on all correspondence.
- Grant Period is length of time recipient has to complete project. Extensions on this ending date can be granted if circumstances warrant such extension.

### **2. REBA Statement of General Conditions –**

Applicable to all REBA grants. General Conditions are mostly “common sense” but bear additional emphasis:

- No applicable state laws, rules or regulations or applicable local ordinances shall be violated in carrying out this project and expending REBA funds.
- Recipient’s internally adopted procurement procedures will be adhered to and proper documentation shall be maintained in the program file so as to document such adherence.
- Recipient’s accounting records shall be maintained in a manner consistent with generally accepted government accounting standards.
- The Recipient, by signing these Conditions, is certifying that it will comply with the requirements of O.C.G.A. § 50-36 entitled “Verification of Lawful Presence Within United States” and verify the lawful presence in the United States of any natural person 18 years of age who has applied for state or local public benefits, as defined in 8 U.S.C. Section 1621, or for federal public benefits, defined in U.S.C. Section 1611, that is administered by an agency or a political subdivision of this state.
- The Recipient, by signing these conditions, is certifying that it will comply with the requirements of O.C.G.A. § 13-10-91 of Article 3 entitled “Security and Immigration Compliance.” This requires, among other things, that every public employer, including, but not limited to, every municipality and county, will register and participate in the federal work authorization program to verify employment eligibility of all newly hired employees.
- If the Recipient is a development authority with powers set forth at Chapter 62 of Title 36 of the Official Code of Georgia Annotated, then the project financed in part by REBA funds shall only be leased or sold as provided by Section 36-62-7 of the Official Code of Georgia Annotated.

- Without limitation of any other condition, **no REBA funds** shall be used to pay the cost of **entertainment**. Entertainment costs are defined as: “Costs of amusements, social activities and incidental costs relating thereto, such as meals, beverages, lodgings, rentals, transportation, and gratuities.” This definition includes meal/beverage expenses incurred for meetings which could reasonably have been conducted at a place of business and which did not require the provision of a meal.

Please note that expenses for business meetings at which meals/beverages were necessary and reasonable for proper and efficient administration of the project are allowable.

- The recipient shall undergo an annual financial audit conducted in accordance with Generally Accepted Government Auditing Standards established by the comptroller general of the United States. A Source and Application of funds schedule and a Project Cost Schedule for all REBA funds must be included in the audit report.
- Upon approval of the department, up to \$10,000.00 may be drawn down as soon as the grant award document has been properly executed and the authorized signature card has been received by DCA. Up to 90% of the total award may be drawn down, on an as needed basis, preferably no more often than once a month. The final 10% will only be paid by DCA after completion of the project and satisfactory submission of all final reports.
- No real or apparent conflict of interest shall be engaged in by any person or party (or any person or party with whom they have family or business ties) who is involved in any aspect of the REBA project.
- Before engaging in any land disturbing activity and before acquiring real property, the Recipient must demonstrate to the satisfaction of DCA that it is in compliance with the Environmental Policies Act (O.C.G.A. § 12-16-1 *et seq.*)
- DCA shall have access to any pertinent records of the REBA recipient and any subrecipient and reserves the right to monitor compliance with all grant conditions and requirements. All records pertinent to the REBA program, whether financial or programmatic, shall be maintained for three years from the date of formal grant close out.
- Recipient acknowledges that any assistance authorized under this grant is contingent upon approval by the Governor’s Office of Planning and Budget of the Department of Community Affairs’ allotment request for said funds.

- The REBA program generally requires all Special Conditions to be cleared before funds can be drawn down. **Requests for drawdown of REBA funds must be accompanied by adequate supporting cost documentation (including approved pay request(s) and/or invoices), certified by the Authority to demonstrate local oversight, and copies provided of cancelled checks or EFT payment verification for the cost documentation being submitted. No funds will be paid without complete documentation to support the drawdown request.**
3. **Statement of Special Conditions**, if applicable, will vary from grant to grant and may address a number of different issues.
- *Generally, special conditions will restrict drawdown of funds until necessary clearances have been obtained.*
  - The recipient should be clearly aware of all Special Conditions attached to the award and should make every effort to clear them as promptly as possible.
  - Clearance of Special Conditions is given by DCA by issuance of a Grant Adjustment Notice after receipt and approval of evidence of compliance.
  - Official notification of clearance of a Special Condition will be mailed to the recipient and should be retained in the grant files.
  - Comments on specific Special Conditions:
    - Compliance with DRI regulations, if applicable
      - Should be addressed immediately due to time required to complete review process
    - Compliance with GEPA
    - Compliance with State Procurement procedures
4. **Statement of Revisions** will also vary from grant to grant and will list any changes made by DCA to the application.
5. **Approved Budget** will list each activity code, a description and an activity budget.
- The total of all line item activity budgets will equal the amount of the grant (or loan) on the grant award document.
  - You should review the budget breakdown by line item as compared to your request prior to execution and return to DCA.
  - These line items and corresponding amounts will be the maximum amount allowed for your project.

- In order for your drawdown request to be handled as expeditiously as possible, it is important that the activity codes and amount requested on each drawdown be within your approved budget.

### **Section 3: Overview of Administrative and Financial Forms**

#### **1. Authorized Signature Card**

- Must be signed by *at least* two signatories (one of which must be a local government employee) who are authorized to request payment of funds under the grant agreement.
- Check the box designating either one (1) or two (2) signatures as required.
- The Recipient's Tax Identification Number must be listed on the signature card. The grant funds can not be obligated without this number.
- The Recipient's certifying representative should sign the card to certify that the individuals named are indeed authorized to request payment and that the signatures on the card are theirs. No erasures or corrections may appear on this form.
- NOTE: The Recipient's certifying representative can be a signatory as well as certify the signatures. If so, the certifying representative must sign the card separately as a signatory and as the certifying official.

**2. Request for Drawdown of Funds** – see Chapter 3.

**3. Progress Report Form** – see Chapter 5, Section 1

**4. Independent Audit Review** – see Chapter 4, Section 2.

**Samples of all forms are included in Chapter 6.**

## Chapter 2: Major Applicable Laws and Regulations

### Section 1: Applicable Laws and Regulations

Certain State laws and regulations are applicable in part or in whole to the State program. To assist Recipients in meeting applicable requirements, the Department of Community Affairs provides guidance in the form of this manual, on-site technical assistance, and through the sponsorship of workshops and training conferences.

The applicable laws and regulations (classified in general by compliance area) include but are not limited to:

#### **General:**

- State of Georgia Department of Community Affairs Program Regulations.
- Title 50, Chapter 18, Article 4, Official Georgia Code, Georgia Open Records Act.

#### **Acquisition/Relocation:**

- Georgia Real Estate Appraiser Licensing and Certification Act (OCGA Section 43-39-A-1 thru 43-39 A-27).
- The Georgia Relocation Assistance and Land Acquisition Policy Act of 1973.
- The Georgia Urban Redevelopment Law (OCGA, Section 36-61-1, et. seq.).

#### **Environmental:**

- Georgia Air Quality Act of 1978 (OCGA Section 12-9-1, et. seq.) to regulate air pollution and protect air quality.
- Shore Assistance Act of 1977 (OCGA Section 12-5-230, et. seq.).
- Georgia Hazardous Waste Management Act (OCGA 12-8-60, et. seq.).
- Georgia Health Code (OCGA 31-3-1, et. seq.) regulates individual sewerage treatment systems.
- Georgia Coastal Marshlands Protection Act of 1970.
- Georgia Groundwater Use Act of 1972 (OCGA Section 12-5-170, et. seq.).
- Georgia Safe Drinking Water Act of 1977 (OCGA Section 12-7-1, et. seq.).
- Georgia Erosion and Sedimentation Act of 1975 (OCGA Section 12-7-1, et. seq.).
- Georgia Solid Waste Management Act (OCGA Section 12-8-20, et. seq.) for collecting garbage or operating a landfill.
- Georgia Water Quality Control Act (OCGA Section 12-5-20, et. seq.).
- Georgia Environmental Policies Act (LOCGA Section 12-16-1, et. seq.)

#### **Other:**

- Georgia Handicap Accessibility Law (OCGA, Title 30, Chapter 3).

## **Section 2: Employment Eligibility Verification**

### **USCIS Employment Eligibility Verification**

#### **Guidance for State Recipients on Employment Eligibility Verification**

**Forward:** Consult with your local attorney regarding both O.C.G.A. §13-10-91, “Verification of New Employee Eligibility” and O.C.G.A. §50-36 “Verification of Lawful Presence within U.S.” prior to undertaking a State project. As state laws, these apply to local governments regardless of whether or not a state project is being undertaken. As such, the laws have broad applicability to local government undertakings and reviewing these laws with your attorney is an appropriate first step in order to ensure compliance. Please note also that this information is current through the end of the 2012 legislative session.

**State Recipients and Employment Eligibility Verification:** O.C.G.A. § 13-10-91 and O.C.G.A. § 50-36 are state laws (summarized below) that may impact local government State projects. Because DCA is *not* the state agency charged with enforcement of these laws, we monitor for compliance on a limited basis and primarily to alert local governments to the implications of these laws on State projects. See the Sections below regarding monitoring. Note that the Georgia Department of Audits and Accounts (DOAA) is the primary enforcement agency for these laws and that DOAA has the responsibility for auditing compliance, regardless of whether or not the project or activity is funded with state dollars. In addition, because DCA has only a limited role in monitoring, DCA strongly encourages communities and development authorities to consult primary resources for addressing these laws’ requirements. Primary resources include: 1) local government attorney; 2) Department of Audits and Accounts; 3) Department of Law; 4) either the Georgia Municipal Association (GMA) or the Association of County Commissioners Georgia (ACCG).

#### **Summary of O.C.G.A. 13-10-91**

There are two parts of this law that impact State Recipients: (1) This law requires all public employers to participate in the federal work authorization program (E-verify) to verify the employment eligibility of all newly hired employees. (2) This law also requires local governments to obtain affidavits from their contractors and subcontractors to verify participation in the E-verify system for their newly hired employees.

Note that there are other parts of this law not described here and all local governments should consult their attorney for assistance. GMA and ACCG have also posted extensive compliance assistance on their websites.

The requirement to obtain the applicable affidavits is based on O.C.G.A. §13-10-91(b)(1), which states, in part, "A public employer shall not enter into a contract ... for the physical performance of services unless the contractor registers and participates in the federal work authorization program. Before a bid for any such service is considered by a public employer, the bid shall include a signed, notarized affidavit from the contractor...." The Department of Audits and Accounts requested the assistance of the Department of Law to draft the affidavits required by this Code section and these required affidavits are listed under the Section entitled *Links to Contractor and Subcontractor Affidavits*.

### **Monitoring of O.C.G.A. 13-10-91**

DCA has included the following General Condition in all State Grant Awards:

**General Condition:** The Recipient, by signing these conditions, is certifying that it will comply with the requirements of O.C.G.A. 13-10-90 entitled "Security and Immigration Compliance." This requires, among other things, that every public employer, including, but not limited to, every municipality and county, will register and participate in the federal work authorization program to verify employment eligibility of all newly hired employees. For more information, including a link to the Homeland Security website and the I-9 Form requirements for all new employees, see the DCA State Recipients Manual at <http://www.dca.ga.gov/economic/financing/programs/reba.asp>.

DCA also monitors State public works contracts to insure that the Prime Contractor Affidavit requirement is met. Grant recipients should obtain the affidavits from all contractors and subcontractors as required by law. ***Note that DCA's monitoring of its State or other Community Development and Finance Division (CDFD) grants is not intended to review compliance with all requirements of O.C.G.A. 13-10-91. Please contact your local attorney or GMA or ACCG for all compliance requirements. See the Section below entitled "Resources for State Recipients" for links to forms and additional information.***

### **Summary of O.C.G.A. 50-36**

One part of this law affecting State Recipients requires local governments to verify the lawful presence in the United States of any person making application for a state or local public benefit such as housing rehabilitation assistance or down payment assistance. For further information regarding the definition of a "public benefit", please review the Department of Law's website found under the Section entitled *Links to State of Georgia Agency Resources*

Note that there are other parts of this law not described here and all local governments should consult with their local attorney for assistance. GMA and ACCG have also posted extensive compliance assistance on their website.

Please note that the Systematic Alien Verification of Entitlement (SAVE) affidavit for public benefits must be obtained for each and every public benefit the city or county issues. See the following web page for the affidavit:

[http://www.audits.ga.gov/NALGAD/Files/OCGA\\_50-36-1xex2x.pdf](http://www.audits.ga.gov/NALGAD/Files/OCGA_50-36-1xex2x.pdf). Public benefits include things like occupational tax certificates (business licenses), alcohol licenses, city employee health benefits, and contracts. This is all contracts, not just public works contracts. Starting on January 1, 2012, all persons including U.S. citizens applying for public benefits with the city or county will also have to provide a *secure and verifiable document* (see link below under *Links to State of Georgia Agency Resources*) before they can receive the public benefit. Currently and moving forward, any person who fills out the SAVE affidavit who checks either the Legal Permanent Resident blank or the Authorized Alien blank must be run through the SAVE program. This has an annual report which is due by January 1 of each year to the [Department of Community Affairs](#).

### **Monitoring of O.C.G.A. 50-36**

DCA has included the following General Condition in all State Grant Awards. The General Condition is applicable to State public benefit activities, if any:

**General Condition:** The Recipient, by signing these Conditions, is certifying that it will comply with the requirements of O.C.G.A. 50-36-1 entitled "Verification of Lawful Presence Within United States" and verify the lawful presence in the United States of any natural person 18 years of age who has applied for state or local public benefits, as defined in 8 U.S.C. Section 1621, or for federal public benefits, defined in U.S.C. Section 1611, that is administered by an agency or a political subdivision of this state.

***Note that DCA's monitoring of its State or other grants is not intended to review compliance with all O.C.G.A. 50-36 requirements. Please contact your local attorney or GMA or ACCG for all compliance requirements. See the Section below entitled "Resources for State Recipient" for links to State Monitoring Forms that address O.C.G.A. 50-36. Note that it will be especially important for all State housing Recipients to include on their application intake form the affidavit for public benefits at the following link:***

[http://www.audits.ga.gov/NALGAD/Files/OCGA\\_50-36-1xex2x.pdf](http://www.audits.ga.gov/NALGAD/Files/OCGA_50-36-1xex2x.pdf).

### **Resources for State Recipients for O.C.G.A. §13-10-91 and O.C.G.A. §50-36 Links to State of Georgia Agency Resources**

DOAA Website: [http://www.audits.ga.gov/NALGAD/section\\_3\\_affidavits.html](http://www.audits.ga.gov/NALGAD/section_3_affidavits.html)

Department of Law Website:

[http://law.ga.gov/00/channel\\_title/0,2094,87670814\\_167693491,00.html](http://law.ga.gov/00/channel_title/0,2094,87670814_167693491,00.html)

Secure and Verifiable Documents:

[http://law.ga.gov/vgn/images/portal/cit\\_1210/63/43/173963603Secure\\_and\\_verifiable\\_document\\_list%208.5.11.pdf](http://law.ga.gov/vgn/images/portal/cit_1210/63/43/173963603Secure_and_verifiable_document_list%208.5.11.pdf)

DCA Public Benefits Reporting System:

<http://www.dca.ga.gov/PBRegistration/LocalPBReg/Index.aspx>

GMA Website: <http://www.gmanet.com/MDR.aspx?CNID=68046>

ACCG Website: <http://www.accg.org/content.asp?ContentId=1778>

### **Links to Contractor and Subcontractor Affidavits**

Contractor Affidavit under O.C.G.A. §13-10-91(b)(1):

[http://www.audits.ga.gov/NALGAD/Files/Section\\_3\\_-\\_Affidavit\\_-\\_OCGA\\_13-10-91xbx1x.pdf](http://www.audits.ga.gov/NALGAD/Files/Section_3_-_Affidavit_-_OCGA_13-10-91xbx1x.pdf)

Subcontractor Affidavit under O.C.G.A. §13-10-91(b)(3):

[http://www.audits.ga.gov/NALGAD/Files/AG-x654040-v1-Second\\_Subcontractor\\_Affidavit\\_under\\_O\\_C\\_G\\_A\\_247\\_13-10-91\\_b\\_3\\_.pdf](http://www.audits.ga.gov/NALGAD/Files/AG-x654040-v1-Second_Subcontractor_Affidavit_under_O_C_G_A_247_13-10-91_b_3_.pdf)

Sub-subcontractor Affidavit under O.C.G.A. §13-10-91(b)(4):

[http://www.audits.ga.gov/NALGAD/Files/Section\\_3\\_-\\_Affidavit\\_-\\_OCGA\\_13-10-91xbx4x.pdf](http://www.audits.ga.gov/NALGAD/Files/Section_3_-_Affidavit_-_OCGA_13-10-91xbx4x.pdf)

Public Benefits Affidavit: [http://www.audits.ga.gov/NALGAD/Files/OCGA\\_50-36-1xex2x.pdf](http://www.audits.ga.gov/NALGAD/Files/OCGA_50-36-1xex2x.pdf).

### **Links to Federal Agency Resources**

E-Verify Website:

<http://www.uscis.gov/portal/site/uscis/menuitem.eb1d4c2a3e5b9ac89243c6a7543f6d1a/?vgnextoid=75bce2e261405110VgnVCM1000004718190aRCRD&vgnnextchannel=75bce2e261405110VgnVCM1000004718190aRCRD>

SAVE Website:

<http://www.uscis.gov/portal/site/uscis/menuitem.eb1d4c2a3e5b9ac89243c6a7543f6d1a/?vgnextoid=1721c2ec0c7c8110VgnVCM1000004718190aRCRD&vgnnextchannel=1721c2ec0c7c8110VgnVCM1000004718190aRCRD>

## CHAPTER 3: Cash Management

### SECTION 1: Cash Depository

Funds advanced under DCA Programs must be deposited as follows:

- A separate ***non-interest-bearing*** bank account must be established for each grant.
- No other funds should be deposited into this account.
- The separate bank account must be established in a financial institution covered by FDIC with any balance exceeding the FDIC covered amounts, collaterally secured.

### SECTION 2: Prior to Drawdown of Funds

Recipient's administrative responsibilities *before submitting drawdown requests*:

- All grant award documents must be properly executed and returned to DCA prior to the Recipient's initial drawdown of funds request.
- In addition to the grant award documents, Recipient must complete and return to DCA the following financial/administrative account set-up forms.
  - Authorized Signature card including Tax Identification Number
- Any Special Conditions restricting drawdown of funds must have been satisfied by the Recipient and a Grant Adjustment Notice issued.

### SECTION 3: Drawdown Requests – What to Submit

- Upon completion and return of grant documents, administrative set-up forms and clearance of special conditions, recipient may submit to DCA a "Request for Drawdown of Funds" whenever necessary, but ordinarily not more frequently than weekly. (See Chapter 6 for example of Drawdown Request.)

- Each drawdown request **must** be accompanied by third-party cost documentation supporting the request for funds. Examples of cost documentation include:
  - Closing statements for real estate transactions
  - Purchase Orders, Contracts or Invoices for materials, equipment rental, professional services, etc.
  - Draw Requests for construction services or subcontractors, with certified signatures
  - Certified payrolls

DO NOT SUBMIT A DRAWDOWN WITHOUT COST DOCUMENTATION.

**IMPORTANT NOTE:**

All cost documentation submitted must be identified with project name, date and description of services rendered or materials provided. It is suggested that all cost documentation be reviewed and initialed as approved by the Recipient prior to submission to DCA for processing.

**SECTION 4: Timing The Drawdown Requests**

- Recipient should understand that once submitted a drawdown request may take up to ten working days depending on the level of review necessary. (Detailed cost documentation for construction projects, closing statements involving real estate transactions may require more review time.)
- The recipient must minimize the time elapsing between the receipt of funds and their disbursement. A period of 10 working days or less shall be considered acceptable for any sum of over \$5,000.
- It is the recipient's responsibility to anticipate cash needs and to submit draw requests to allow sufficient time for the receipt of funds.

## **IMPORTANT NOTE:**

When a recipient demonstrates an inability to establish procedures to minimize the time elapsing between cash advances and disbursements, cannot adhere to laws, regulations or special conditions, engages in the improper award and administration of contracts, or is unable to submit reliable and/or timely reports, DCA may terminate advance financing and/or require operation of the program on a reimbursement basis only as well as take additional actions as described elsewhere in this manual.

## **SECTION 5: Instructions for Preparing Drawdown Requests**

### ➤ **BLOCK 1:**

Enter the name of the Grant Recipient, and the name and telephone number of the person who prepares the Drawdown Request.

### ➤ **BLOCK 2:**

Enter the Grant Number as well as the drawdown request number.

- Drawdowns should be numbered consecutively, the first one being Number 1, the second one being Number 2, etc.
- The final drawdown should be indicated by checking the yes box when appropriate. *Check the no box for all other draws.*

### ➤ **BLOCK 3:**

- **Column A** Enter the number of each approved activity as shown on the approved Budget Summary.
- **Column B** The amount of drawdowns to date should be entered by activity and should reflect all funds previously drawndown.
- **Column C** This should reflect those funds previously drawndown but not yet received.
- **Column D** This should reflect, by activity, the funds actually spent and disbursed by the Recipient.

- **Column E** These amounts reflect actual cash on hand, plus “in transit” drawdowns, for each activity and are obtained by adding Columns B and C and subtracting from their total Columns D and E.
- **Column F** These amounts should reflect, by activity, the total amount of funds needed to meet upcoming expenditures. Do not include funds previously requested but not yet received.
- **Column G** These amounts are obtained by subtracting Column E from Column F and reflect the actual amount of cash needed to meet upcoming expenditures.
- **Remember** to Total each column.

➤ **BLOCK 4:**

- Signatures must be those listed on the signatory form
- Date drawdown request
- Submit original with cost documentation to:

Office of Economic Development  
Georgia Department of Community Affairs  
60 Executive Park Drive South, NE  
Atlanta, Georgia 30329

# CHAPTER 4: Accounting and Financial Management

## SECTION 1: Financial Management System

### A. General Requirements:

Recipients' financial management system must:

1. Provide accurate, current, and complete disclosure of the financial activities funded by the Department of Community Affairs. DCA approved budgets reflect costs by activity code, as do the requests for drawdown forms and the final report forms. Therefore, financial records should be established and maintained in such a manner as to facilitate the reporting and monitoring of expenditures and obligations by activity code.
2. Maintain accounting records that identify clearly and adequately the source and application of all funds committed to DCA supported activities. Local contributions to the program and income applied to the program should also be clearly identified.
3. Maintain sound internal accounting controls, effective control over, and accountability for all funds, property, and other assets, safeguarding these assets and insuring that they are used solely for authorized purposes.
4. Provide comparison of actual expenditures to budgeted expenditures.
5. Include procedures to minimize the time elapsing between the drawdown of funds from DCA and the disbursement of those funds by the Recipients. A period of ten working days or less shall be considered acceptable.
6. Provide for audits made by qualified and independent audit firms of management systems and internal control procedures that have been established.
7. Provide for source documents (appropriation ordinances, purchase orders, invoices, journal vouchers, cash receipts, bank deposit receipts, etc.) that support all financial transactions relating to DCA activities. These should be filed and maintained.
8. Ensure that costs incurred in DCA activities are reasonable and allowable only under the following conditions:
  - The award has been properly accepted as described in Chapter 1, Section A of this manual.
  - Costs are incurred on or after the date of the Grant Award by DCA (unless pre-agreement cost approval is requested and approved by DCA).
  - Costs for projects or activities are incurred only after all necessary conditions and required reviews have been completed and satisfied.
  - Costs are accounted for in accordance with generally accepted accounting

- principles and are not prohibited by Federal, State or local laws.
- Costs are authorized in the award made by DCA.
- Costs are incurred for activities eligible under the applicable DCA Program.

**In order to meet these requirements, the following procedures are suggested.**

## **B. Suggested Accounting Procedures, Records and Filing Format**

The accounting issues that your city or county should address to comply with the state requirements include:

- Organization of the accounting system
- Fund structure and double entry bookkeeping
- Uniform Chart of Accounts
- Coding the chart of accounts, and
- Accounting records and files.

### **Organization of the Accounting System**

One individual should be designated to oversee the financial transactions related to DCA program funding. This individual, who serves as fiscal coordinator, should approve all purchase documents, contract invoices, payroll actions, etc., that affect DCA funds; however, this person should not perform the disbursing and recording functions which are typically accomplished by the accounting department.

The DCA accounting system should be designed to maximize internal control. The concept of internal control refers to policies and procedures of your jurisdiction designed primarily to safeguard assets such as cash, inventory, and equipment.

The person designated as fiscal coordinator might be a member of the finance or accounting department or a member of the mayor's or city manager's staff. Where a community development department has been established, a fiscal coordinator may be designated within the department to perform these duties.

### **Fund Structure and Double Entry Bookkeeping**

A separate special revenue fund must be established in conformance with the Uniform Chart of Accounts (Code section § 36-81-3) requirements.

Records must also be available to allow for confirmation of required grant match amounts and to support leverage amounts.

A complete set of general ledger and subsidiary accounts should be maintained for the fund. Accounting within this fund should be conducted on the double entry basis where Debit (DR) and Credit (CR) balances are maintained for each general ledger account and the sum of all debits equals the sum of all credits.

Assistance is available from DCA as needed to help recipients comply with these requirements.

## Uniform Chart of Accounts

In 1997, the Georgia General Assembly passed the Local Government Uniform Chart of Accounts and Reporting Act (Code section § 36-81-3). Beginning in fiscal years ending in 2001, local governments must adopt and use a state published uniform chart in their accounting records; audited financial statements, including Comprehensive Annual Financial Reports (CAFRs), and reports to state agencies.

All transactions must be classified in conformity with the fund, balance sheet, revenue, and expenditure classification descriptions contained in the state publication: Uniform Chart of Accounts for Local Governments in Georgia.

## Accounting Records and Suggested Files

The first step in the accounting process is to establish the accounting records and files that should be maintained. These may include the following:

- Open Purchase Orders File
- Open Contracts File
- Pending Payments File
- Pending Receipts File
- Personnel Payroll File
- Cash Receipts Register
- Cash Disbursements Register
- General Journal
- General Ledger
- Fixed Assets Ledger
- Cash Control Ledger
- Expenditure Summary Report
- Receivable and Payable Subsidiary Ledgers, and
- Permanent Files

**In establishing the accounting records, the following steps are suggested:**

1. Establish the **Open Purchase Orders File**, which contains purchase orders that have been issued but not filled. These unfilled purchase orders should be filed in sequence according to purchase order number.
2. Establish the **Open Contracts File** with a section for each open contract. Contract summary forms, a copy of the contract, contract invoices, and related correspondence should be filed in each section.
3. Establish the **Pending Payments File**, which contains all invoices and payment vouchers that have been approved for payment. The supporting documentation should be filed by due date with periodic reviews of the file to ensure timely payment.
4. Establish the **Pending Receipts File**, which contains documents to identify payments expected to be received. When the amounts are received, supporting documentation should be attached to the invoice or other form, the transaction should be recorded on the Cash Control Ledger and posted to the Receivables Subsidiary Ledger, and the

funds should be deposited on a timely basis.

5. Establish the **Cash Receipts Register**. This register should be maintained to document all cash receipts.
6. Establish the **Cash Disbursements Register**. This register should be maintained to document cash disbursements.
7. **General Journal Entries** are prepared to record accounting transactions that do not involve cash receipts or disbursements. Journal entries should be prepared for adjustments and special actions such as DCA budget, year-end accruals, etc.
8. Establish a **General Ledger** account for each general ledger account in the chart of accounts.
9. Establish a **Fixed Asset Ledger**. This ledger should be maintained so as to record and control all fixed assets acquired in whole or in part using DCA funds.
10. Establish a **Cash Control Ledger**. Enter the fiscal year at the top. A Separate Cash Control Ledger should be maintained for each fiscal year.
11. Establish an **Expenditure Summary Report** page for each budget line item.
12. Establish a **Receivable and Payable Subsidiary Ledger** if advances or loans are made or goods and services are purchased on account. A separate record should be established for each person who has received a loan or advance, and for each individual vendor to whom money is owed.
13. Establish the **Permanent Files**, which should parallel the organization of the aforementioned accounting records, files and reports.

## **SAMPLE FILING FORMAT**

### **File No.    Content**

1.    **Grant Application File:**
  - Copy of Application
  - Correspondence about application
2.    **Grant Award File:**
  - Award Statement
  - Special Conditions
  - Revisions
  - Correspondence
  - Grant Adjustment Notices
3.    **Drawdown Information:**

- Authorization Agreement for Automatic Deposits
- Authorized Signature
- Certification
- Request for drawdowns

4. **Reports:**

- Progress Reports
- Final Report
- Other required reports

5. **Financial Expenditure Documentation:**

- Invoices, Time Sheets, Contract Draws, Subcontract Draws, etc.
- Approved payment forms

6. **Financial Statements & Supporting Documentation:**

- Monthly bank statements and bank reconciliations
- Monthly financial statements
- Close out documents

7. **Audit Records:**

- Independent Audit Report
- Adjusting/closing audit entries

## **SECTION 2: Audit Requirements**

Recipients must contract for annual independent audits of their financial operations, including compliance with local and state laws and regulations.

➤ This audit should also include a Project Cost Schedule and a Source and Application of Funds Schedule.

- A copy of all audit reports shall be provided by the Recipient to DCA no later than 30 days after issuance of the reports and no later than one year after the end of the audit period.

1. Audits must include an examination of internal control systems established to ensure compliance with laws and regulations affecting the expenditure of DCA funds, financial transactions, and accounts and financial statements, and reports of Recipient organizations. These examinations are to determine whether:

- There is effective control over and proper accounting for revenues, expenditures, assets and liabilities.
- The financial statements are presented fairly in accordance with generally accepted governmental accounting principles.
- The reports to DCA and claims for advances contain accurate and reliable financial data, and are presented in accordance with the terms of applicable

agreements.

- DCA funds are being expended in accordance with the terms of the grant award and those provisions of State law or DCA regulations that could have a material effect on the financial statements.
2. In order to accomplish the purposes set forth above, a representative number of charges to the DCA award shall be tested. The test shall be representative of all cost categories that materially affect the award. The test is to determine whether the charges:
    - Are necessary and reasonable for the proper administration of the program.
    - Conform to any limitations or exclusions of the DCA award itself.
    - Were given consistent accounting treatment and applied uniformly to both DCA assisted and other activities of the Recipient.
    - Were net of applicable credits.
    - Did not include costs properly chargeable to other programs.
    - Were properly recorded (i.e., correct amount and date) and supported by source documentation.
    - Were approved in advance if subject to prior approval.
    - Were incurred in accordance with competitive purchasing procedures, if applicable.
    - Were allocated equitably to benefiting activities.
  3. Audits should be made annually. If an acceptable annual audit is completed within a short period of time prior to close out of a DCA program, we will request payment documentation of the unaudited funds and then formally close the grant.
  4. If the auditor becomes aware of irregularities in the Recipient organization, the auditor shall promptly notify DCA and Recipient management officials above the level of involvement. Irregularities include such matters as conflicts of interest, falsification of records and reports, and misappropriation of funds or other assets.
  5. The annual audited financial statements shall include:
    - Financial statements, including the schedule of expenditures of awards, including footnotes, of the Recipient organization.
    - The auditor's report on the financial statement, which should:
      - Identify the statements examined and the period covered.
      - State that the audit was done in accordance with the Generally Accepted Government Auditing Standards.
      - Express an opinion as to whether the financial statements of the Department of Community Affairs program are presented fairly in all material respects in conformity with the stated accounting policies.
      - Report on internal control related to the program, which shall describe the scope of testing of internal control and the results of the test.
      - Report on compliance which includes an opinion as to whether the audit is in compliance with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on the program.
      - Include a schedule of findings and questioned costs for the program.

- State the dollar Threshold used to distinguish between Type A and B programs.
  - Determine whether the audit qualifies as a low-risk audit.
6. The auditor's reports on compliance and internal control should:
    - a. Include comments on weaknesses or noncompliance with the systems of internal control, separately identifying material weaknesses.
    - b. Report the scope of testing of internal control and the results of the tests, and where applicable, a separate schedule of findings and questioned cost.
    - c. Include statement that the audit is in compliance with laws, regulations, and the provisions of contracts or grant agreement that could have a direct and material effect on each major program according to State laws and where applicable, a separate schedule of findings and questioned cost.
    - d. Provide a summary schedule of prior audit findings that report the status of all audit findings included in the prior audit's schedule of findings and questioned costs relative to Federal awards. The summary schedule shall also include audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.
    - e. When audit findings were fully corrected, the summary schedule need only list the audit findings and state that corrective action was taken or,
    - f. A statement on planned actions taken by recipient.
    - g. A Source and Application of Funds schedule and a Project Cost schedule for all DCA funds. The appropriate grant numbers should also be shown.
    - h. Comments on the accuracy and completeness of financial reports and claims for advances or reimbursement to DCA.
    - i. Comments on corrective action taken or planned by the Recipient.
  7. Work papers and reports must be retained for a minimum of three years from the date of the audit report, unless the auditor is notified in writing by DCA of the need to extend the retention period. The audit work papers must be made available upon request of DCA or its designees.
  8. When an audit discloses significant findings, the Recipient will be called upon by DCA to take corrective action. Depending upon the nature of the inadequacies, drawdown of funds, final close out or subsequent award of a DCA program may be delayed or denied until corrective action has been taken.

### **SECTION 3: Procurement Standards**

The Recipient is the responsible authority under its contracts, and without recourse to DCA regarding the settlement and satisfaction of all contractual and administrative issues arising

out of procurements entered into, in connection with any State program. Matters concerning violation of law are to be referred to such local or state authority as may have proper jurisdiction. However, Recipients are encouraged to contact DCA for assistance in any procurement matter.

**A. Recipients may use their own procurement regulations that reflect applicable State and local laws, rules and regulations if **all procurements made with DCA funds meet the following standards:****

1. The Recipient must maintain written codes or standards of conduct to govern the performance of its officers, employees or agents in contracting with and expending DCA funds. Recipient's officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors or potential contractors. No employee, official or agent of the Recipient can participate in selection, or in the award of administration of a contract supported by DCA funds if a conflict of interest, real or apparent, would be involved. Such conflict would arise when:
  - a. The employee, officer or agent
  - b. Any member of the immediate family
  - c. His or her partner, or
  - d. Any organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award.

Recipients may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value.

To the extent permissible by State or local law, rules or regulations, the Recipient's standards must provide for penalties, sanctions, or other disciplinary actions to be applied for violations of such standards by either the Recipient's officers, employees, or agents, or by contractors or their agents.

2. **All Procurement transactions entered into by the Recipient** regardless of whether negotiated or advertised and without regard to dollar value **shall be conducted in a manner so as to provide maximum open and free competition.** The Recipient must be alert to organizational conflicts of interest or non-competitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade.

Examples of what is considered to be restrictive of competition include, but are not limited to:

- a. Placing unreasonable requirements on firms in order for them to qualify to do business;
  - b. Non-competitive practices between firms;
  - c. Organizational conflicts of interest; and
  - d. Unnecessary experience and bonding requirements.
3. Recipients must have **written** selection procedures that provide, as a minimum, the

following procedural requirements:

- a. Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features that unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, set forth minimum essential characteristics and standards to which it must conform to be satisfactory. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equal" description may be used as a means to define the performance or other important requirements of the procurement. The specific features of the named brand that must be met by offerors must be clearly stated.
- b. Clearly set forth all requirements which offerors must fulfill and all other factors to be used in evaluating bids or proposals.
- c. Awards shall be made only to responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement. Consideration must be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
- d. Proposed procurement actions must be reviewed by Recipient officials to avoid purchasing unnecessary or duplicative items. Where appropriate, an analysis must be made of lease and purchase alternatives to determine which would be the most economical practical procurement. Consideration should be given to consolidated or breaking out to obtain a more economical purchase. To foster greater economy and efficiency, Recipients are encouraged to enter into State and local intergovernmental agreements for procurement or use of common goals and services.
- e. Recipients must perform some type of cost or price analysis concerning every procurement action including contract modifications and must only permit allowable costs to be included.
- f. Recipients must maintain records sufficient to detail the significant history of the procurement. These records must include, but are not necessarily limited to, information pertinent to rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the cost or price.
- g. Recipients must maintain a contract administration system that ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase order.

## B. Methods of Procurement

There are four methods of procurement that can be used by Recipients, if authorized by locally adopted standards:

1. **Small purchase procedures** can be used for procurements under \$100,000 and require that price or rate quotations be obtained from an adequate number of qualified sources. Note that this method is not appropriate for procurement of administrative or professional services.
2. **Competitive sealed bids (formal advertising)** where sealed bids are publicly solicited and a firm-fixed-price contract (lump-sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is lower in price.
  - In order for formal advertising to be feasible, appropriate conditions must be present, including, as a minimum the following:
    - a. A complete, adequate and realistic specification or purchase description is available.
    - b. Two or more responsible suppliers are willing and able to compete effectively for the grantee's business.
    - c. The procurement lends itself to a firm-fixed-price contract, and selection of the successful bidder can appropriately be made principally based on price.
  - **If formal advertising is used for procurement under a grant, the following requirements apply:**
    - a. Allow sufficient time (generally 30 days) prior to the date set for opening of bids, bids must be solicited from an adequate number of known suppliers. In addition, the invitation must be publicly advertised.
    - b. The invitation for bids, including specifications and pertinent attachments, must clearly define the items or services needed in order for bidders to properly respond to the invitation.
    - c. All bids must be opened publicly at the time and place stated in the invitation for bids.
    - d. A firm-fixed-price contract award must be made by written notice to that responsible bidder whose bid, conforming to the invitation for bids, is lowest. Where specified in the bidding documents, factors such as discounts, transportation costs and life cycle costs must be considered in determining which bid is lowest.
    - e. Any or all bids may be rejected when there are sound documented business reasons that to do so would be in the best interest of the program.
3. **Competitive negotiation** is a method of procurement where proposals are requested

from a number of sources and the Request for Proposal (RFP) or Request for Qualifications (RFQ) is publicized. Negotiations must be conducted with more than one of the sources submitting offers, and either a fixed-price or cost-reimbursable type contract is awarded, as appropriate. Recipients should perform a systematic analysis of each contract item or task to assure adequate service and to offer reasonable opportunities for cost reductions. Competitive negotiation may be used if conditions are not appropriate for the use of formal advertising. If competitive negotiation is used for procurement under a grant, the following requirements apply:

- a. Proposals must be solicited from an adequate number of qualified sources to permit reasonable competition consistent with the nature and requirements of the procurement. The Request for Proposals must be publicized and reasonable requests by other sources to compete must be honored to the maximum extent practicable. "Solicitation" requests by the Recipient must be specifically addressed to a list of more than one potential proposer identified by the City/County. To "publicize" the RFP, the Recipient must also offer the RFP through publication in a newspaper with adequate circulation or publication by other means such that reasonable exposure to potential proposers can be expected.
  - b. The Request for Proposal must identify all significant evaluation factors, including price or cost where required and their relative importance.
  - c. The Recipient must have mechanisms for technical evaluation of proposals received, for determinations of responsible offerors for the purpose of written or oral discussions, and for selection for contract award.
  - d. Award may be made to the responsible offeror whose proposal will be most advantageous to the procuring party, price and other factors considered. Unsuccessful offerors should be notified promptly.
  - e. Recipients may use competitive negotiation procedures for procurement of Architectural/Engineering professional services, whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation.
  - f. If "competitive negotiation" is not successful, then the Recipient must receive "sole source" approval from DCA before contracting.
4. **Non-competitive** or "sole source" procurement requires prior DCA approval and may be used when:
- a. the item or service is available from only one source
  - b. urgent public need will not allow for the delay caused by advertising
  - c. although a number of bids were solicited, only one response was received.
5. All contracts must be made with responsible contractors who possess the potential

ability to perform successfully under the terms and conditions of a proposed procurement. Consideration may be given to such matters as contractor integrity, record of past performance, financial and other technical resources, or accessibility to other necessary resources.

6. Procurement records or files shall provide at least the following pertinent information: Justification for the use of negotiation instead of advertising, contractor selection, and the basis for the cost or price negotiated.
7. **A system for contract administration must be maintained by the Recipient to assure contractor conformance with terms, conditions, and specifications of the contract or order, and to assure adequate and timely follow-up of all purchases.**

### **C. CONTRACT REQUIREMENTS**

The Recipient must include, in addition to the provisions needed to define a sound and complete agreement, the following provisions in all contracts:

1. Contracts other than small purchases must contain such contractual provisions or conditions which will allow for administrative, contractual or legal remedies in instances where contractors violate or breach contract terms, and provide for appropriate sanctions and penalties.
2. All contracts in excess of \$10,000 must contain provisions for terminations "for convenience" by Recipient, including when and how termination may occur and the basis for settlement. In addition, all contracts must describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.

### **SECTION 4: Bonding and Insurance**

The minimum Bonding and Insurance requirements under state law are applicable to public works contracts valued over \$40,000 and require:

- a. A performance bond from contractors executed in connection with each contract.
- b. A payment bond on the part of the contractor for 100% of the contract price.

All bonds shall be obtained from companies holding certificates of authority as acceptable sureties under state requirements.

In addition, DCA requires that Recipients require adequate contractors liability insurance from all contractors. A minimum coverage of \$25,000 property and \$50,000 bodily injury coverage should be required.

## Chapter 5: Project Administration

### Section 1: Monitoring Program Performance and Compliance

1. Recipients must constantly monitor performance to ensure that *time schedules* are being met, *projected milestones* are being accomplished, and other *performance goals* are being achieved in accordance with the approved application.
2. All activities must be conducted in compliance with a host of state requirements.
3. Problems, delays, or adverse conditions that will affect the Recipient's ability to meet its program objectives or its time schedules should be reported to DCA.
4. The Authority will, at appropriate times during program activities, review Recipient's records to ensure that all applicable state requirements are being met. The Authority's emphasis will be on preventing and correcting problems before they develop into serious obstacles to program implementation.
5. Recipients must file a semi-annual Progress Report Form with DCA to provide updates on the project status and report any potential issues. The Report Form is also used to request any necessary extensions to the grant award period and to file a Final Report.

### Section 2: Implementation Timeframes

Completion of program activities within the timeframes established in the approved application is extremely important.

1. If program activities are significantly behind schedule and it appears recipient is unable to achieve program objectives, DCA may choose to exercise its right to recapture all unobligated REBA funds after eighteen (18) months of grant award or to take other sanctions described in this Manual.
2. However, if for reasons beyond the control of the Recipient, it appears that an extension beyond the approved grant period, as shown on the Statement of Award, will be necessary, a written request for extension should be sent to DCA.
3. The extension request should outline the reasons for delay and specify the projected completion date.
4. All approvals of extensions will be made in the form of a Grant Adjustment Notice from DCA. The recipient will receive an executed Grant Adjustment notice as confirmation.

### **Section 3: Public Records**

#### **Location of Program Records:**

1. Although recipients may designate the location of program records, DCA must be officially informed of their location if different from the recipient's normal place of business.
2. In order to ensure citizen access to program records and if the location of the records is different from the recipient's normal place of business, the following minimum information must be on file in a designated place within the locality and available for public inspection:
  - Application
  - Grant award documents including special/general conditions and budget
  - Standard performance/financial reports
  - Other pertinent information deemed appropriate by the Recipient, such as engineering plans, and
  - The environmental review record.

Public access to grant records shall not be restricted unless the Recipient can demonstrate exception from disclosure under the Georgia Open Records Act (Title 50, Chapter 1B, Article 4, Georgia Code).

### **Section 4: Retention Of Records**

Financial records, supporting documentation for all transactions required by law, whether financial or programmatic, and all other records pertinent to a DCA program must be kept for **3 years** from the date of issuance or notification by DCA that close out procedures are complete, except that:

1. If any litigation, claim or audit is started before the expiration of the 3 year period, the records must be kept until all litigation, claims or audit findings involving the records have been resolved.
2. Records for nonexpendable property (as defined in Chapter III, Section 5 - "Property Management Standards" - of this manual) must be kept for 3 years after final disposition of the property.

## **Section 5: Program Amendments, Budget Revisions or Other Adjustments**

**Recipients must request a program amendment and receive prior approval from DCA in the following instances:**

1. If the addition of a new activity or deletion of an approved activity is proposed.
2. If a decrease in excess of 10% in the scope of an approved activity is propose.
3. If a budget revision is proposed which will result in a transfer between approved activities, or in a change in any activity's allocation of an accumulative amount in excess of 10% of the grant award.

A request for program amendment must provide sufficient narrative information to adequately explain and justify the proposed amendment. A revised budget reflecting the proposed changes should be submitted, if applicable. DCA shall inform the Recipient of approval by using a Grant Adjustment Notice after review of the proposed changes. (All forms should reflect **all grant** funds, breakdown of funds and beneficiaries, rather than those subject only to the amendment request.)

## **Section 6: Conflict Of Interest Prohibition**

1. **Conflicts prohibited.** No persons described below who exercise or have exercised any functions or responsibilities with respect to activities assisted with DCA funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a DCA-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or in the proceeds there under, either for themselves or those with whom they have family or business ties, *during their tenure or for one year thereafter.*
2. **Persons Covered.** The conflict-of-interest provisions described in paragraph 1 above apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the state, or of a unit of general local government, or of any designated public agencies, or sub-recipients which are receiving or administering DCA funds.

3. **Definition of Family or Business Ties.** DCA defines the meaning of the term "family or business ties" as follows:

- Family: "A group of people related by ancestry or marriage; relatives."
- Business: "The buying & selling of commodities and services; commerce, trade."
- Ties: "Something that connects, binds or joins; bond; link."

4. **Exceptions:** Upon written request, DCA may grant an exception to the provisions of paragraph 1 above, on a case-by-case basis, **before state funds are expended.** Exceptions **can only be granted** when DCA determines that the exception will serve to further the purposes of a State Program and the effective and efficient administration of the program or project. To seek an exception, **a written request for an exception must be submitted** by the unit of local government to DCA which:

- Fully discloses the conflict or potential conflict of interest, prior to the unit of government undertaking any action which results or may result in a conflict of interest, real or apparent; and
- Describes how the conflict of interest was publicly disclosed; and
- Includes a written opinion of the local government's attorney that the interest for which the exception is sought would not violate state or local law.

5. **Factors to be considered for exceptions:** In determining whether to grant a requested exception after the Recipient has satisfactorily met the requirements of the paragraph above, DCA will consider the cumulative effect of the following factors, where applicable:

Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project that would otherwise not be available;

Whether the person affected is a member of a group intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provide to the group or class;

Whether the affected person has withdrawn from his or her function or responsibilities, or the decision making process with respect to the specific assisted activity in question;

Whether the interest or benefit was present before the affected person was in a position as described in paragraph (B) above;

Whether undue hardship will result either to the participating jurisdiction or the person

affected when weighed against the public interest served by avoiding the prohibited conflict; and

Any other relevant considerations presented to DCA.

**NOTE:** *If you have any questions regarding who may or may not be covered under the conflict of interest provisions above, please call DCA immediately to discuss such matters **prior to** entering into contracts or disbursing money.*

## **Section 7: Sanctions**

Whenever DCA determines that a unit of local government who is a recipient of any grant or loan funds has failed to comply with the requirements of the applicable program, including those requirements listed in this Manual, DCA shall notify the Chief Elected Official of the unit of local government of the noncompliance and shall request appropriate compliance action.

Noncompliance includes failure to implement the proposed project as described in the approved DCA application or violation of applicable laws or regulations. If within a reasonable period the local government fails or refuses to comply, then DCA may:

1. Terminate payments to the recipient
2. Require repayment of funds spent improperly
3. Reduce payments to the recipient by an amount equal to the amount of such payments which were not expended in accordance with the requirements of the REBA Program
4. Prohibit the city or county from participation in one or more future DCA competitions
5. Limit the availability of payments to programs or activities not affected by such failure to comply
6. Refer the matter to the Attorney General with a recommendation that an appropriate action be instituted or
7. Take such other action as may be provided by law or regulation.

Opportunity for a consultation: Prior to a reduction, withdrawal, or adjustment of a grant or other appropriate action, taken pursuant to this section, the recipient shall be notified of such proposed action and given an opportunity, within a reasonable, prescribed time period, for an informal consultation.

## **Section 8: Continued Use of Facilities**

Generally, facilities constructed with State program funds are to be used for the approved use throughout the life of the facility.

- DCA should be contacted immediately if there is a proposed change in use.
- DCA will require repayment of grant funds in the event a facility is converted to an ineligible use. The repayment will be based on 20-year straight-line depreciation, except 100% repayment of the grant funds will be required to be repaid during the first 5 years after the grant closeout date.
- Certain State leases may contain purchase options that will be exercised as a condition of the grant award. Under these conditions, the Authority, in conjunction with the local governmental entity, is providing assistance to a business in the form of a long term capital lease with a purchase option in lieu of a perpetually owned public facility.

## **Section 9: Close Out Procedures**

1. Within 30 days of project completion, the Recipient should file a Final Report Form with DCA stating that the grant is ready for close out and advise DCA when the next annual audit is scheduled.
2. DCA will conduct a review to ensure that any monitoring findings are resolved, and that any excess grant funds have been refunded.
3. After review and final resolution of any findings, DCA will notify the Recipient of conditional close-out pending receipt of an acceptable audit.
4. A final close out letter will be issued after the final audit accounting for all funds has been issued and accepted by DCA.