



# CDBG Grant Administration Wednesday, October 18, 2023



**Illinois**  
**Department of Commerce**  
& Economic Opportunity

JB Pritzker, Governor

# CDBG Grant Administration

Introductions & Reminders

Wendy Bell



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# Terrific Team

Administrative	Rebuild	Public Infrastructure	Housing Rehabilitation	Economic Development	CDBG-CV	Compliance
Wendy Bell	Peyton Bernot	Kirk Kumerow	Kara Cozadd	David Goben	Ed Cross	JoLaine Miner
Jaymesha Craig	Mandi Ferguson	Sean Dickerson	Jeff Davis		Melissa Kreis	Sameena Aghi
	Regina Watts	Cietta Gower	Stephanie Peters			
		Kristy Jones				
		Freyda Sprattling				
		Casey Sullivan				
		Lisa Thomas-Swaine				



# Special Program Reminder

## CDBG-CV Business Resiliency

- \$20,000 Reimbursement
- The business may be reimbursed for permanent or semi-permanent equipment or depreciable property (as defined by IRS rules) purchased or rented to prevent, prepare for, or respond to COVID-19 in order to open or remain open.

## Disaster Response

- \$250,000 Reimbursement
- Debris removal;
- Clearance of streets including snow removal and similar activities;
- Temporary or permanent street repair that does not alter environmental conditions and is limited to protection, repair, or restoration activities necessary only to control or arrest the effects from the disaster;
- Activity Delivery



# Reminders



# Reminders



- Please hold your questions until the presenter asks for questions.
- Raise your hand
- Don't shout it out
- We have microphones



# Reminders

- Have a specific question that you don't want to share with the group?
  - Ask during the break or lunch. DO NOT interrupt the class by pulling someone aside.
  - Restrooms are not a place for asking questions
- Some presentations have review questions.
  - Answer correctly and win a prize!



# Reminders

- Breaks are built into the Agenda
  - If you must take a break outside of the schedule, please leave quietly and return quickly.
- Breaks are in the Illinois Room next door
- Breaks are short in order to keep the Workshop to 2 days.
  - Please be back in your seat prior to the time the next segment starts.





# Purpose of this Workshop

- Provide Technical Assistance
- Teach requirements of the Program
- Ensure understanding of the various protocols at all levels of grant administration and project completion
  - Grantee
  - Grant Administrator
  - Project Engineer
  - Inspector
- Minimize Risk



# Credit for Completion of the Workshop

- Sign in at the Registration Table
- Sign out as you leave the session at the back of the room



# Door Prizes Provided by the Office of Tourism



- End of the Day
- Must be present to Win
- Enjoy Illinois Posters, Bags, and T-Shirts!



# CDBG Grant Administration

Award to Grant Agreement

Wendy Bell



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# Grant Accountability & Transparency Act

- The post-award process is driven by the Grant Accountability and Transparency Act (GATA)
  - Formulated in 2010
  - Based on 2 CFR 200 (same as CDBG/all federal funds)
  - The purpose of GATA is to provide for the development of a coordinated, non-redundant process for the provision of effective and efficient oversight of the selection and monitoring of grant recipients, ensuring quality programs, limiting fraud, waste and abuse, and defining the purpose, scope, applicability and responsibilities in the life cycle of a grant.



# Video Training & Resources

[Video Training & Resources \(illinois.gov\)](https://dceo.illinois.gov/aboutdceo/grantopportunities/learning-library.html)

<https://dceo.illinois.gov/aboutdceo/grantopportunities/learning-library.html>



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# Notice of State Award Finalist (NOSAF)

- PRA Programmatic Risk Assessment
  - Review by Program Manager of Grantee's financial and program performance requirements
- Environmental Review Requirements
- Confirmation of Competitive Procurement for Activity Delivery
- Copy of Executed Contract for Activity Delivery
- Letter to U.S. Representatives & Senators
- Other Special Grant Conditions



# Notice of State Award Finalist (NOSA)

- Issued AFTER all conditions of the NOSAF are met.
  - Created by grant manager and approved by Deputy Director
  - The Grantee will receive a system-generated email that the NOSA is ready for acceptance
  - The Administrator should be listed in the Grantee's record as a contact
  - The Grantee must accept the NOSA





# Indirect Cost Selection

- After acceptance of the NOSA
  - New Grantees will receive an email invitation to select an indirect cost rate.
  - Previous system, known as CARS, has been updated to the GATA Centralized Indirect Cost Rate System
  - Selection made once, not annually
  - Video for the process:
  - <https://illinois2.webex.com/recordingservice/sites/illinois2/recording/6ded53d0292b4a5cac585a00f0042353/playback>



# Grant Agreement

- After NOSA accepted
- After CARS submission
- Review the Grant Agreement
  - Exhibits
  - Budget Certification
- Signed by Authorized Official and designee, if applicable
- Return entire signed agreement and budget to grant manager



# CDBG Grant Administration

Post Grant Agreement – Housing Rehabilitation

Kara Cozadd



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# Housing Rehabilitation Specific

## After Executed Grant Agreement

### Potential applicant and contractor solicitation

An invitation to apply must be distributed. A notice in the local paper and letters to households in the project area must state the place and times staff will be available to assist with the application process.

Administrative staff should have a local presence and provide adequate time for all households in the project area to apply for assistance.

The contractor ad should specify pre-qualified requirements and contact information to obtain contract application



# Housing Rehabilitation Specific

## Eligibility Requirements for Housing Rehab Recipients

- Single-Family, Owner-Occupied-proof of ownership, homeowner insurance. Must be reverified prior to rehab construction.
- Income Eligible-verification of all persons in the household the age of 18 and older. Must be re-verified prior to rehab construction.  
Use form (update income chart annually)  
<https://www.hudexchange.info/incomecalculator>



# Housing Rehabilitation Specific

## Prioritization of Housing Applicants

- Once all households in the project area have had the opportunity to apply, prioritization must be given to:
  - Very Low income
  - Elderly and Handicapped Households
  - 51% of points must be given to the above criteria
- As soon as an applicant is eligible to participate in the program, take photos of home and send information to DNR/IHPA for clearance and start of Tier 2 process.



# CDBG Grant Administration

## Environmental Record Review Brief Refresher & Updates

Kirk Kumerow



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# DCEO OCD Environmental Materials Website

- <https://dceo.illinois.gov/communitydevelopment/environmentalmaterials.html>
- Your primary source for CDBG Environmental Record Review (ERR) guidance; forms; samples
- Is updated when HUD or DCEO changes ERR forms





# 24 CFR Part 58

## Entities Assuming HUD's Environmental Review Responsibilities

### DCEO's ERR Mission:

*To not return CDBG funds to HUD for lack of proper environmental review.*



# NEPA Assumption Authority under Part 58 [§58.4]

- Responsible Entities (REs) assume HUD's NEPA responsibilities
  - Unit of General Local Government (UGLG)
- Serve as the Federal Agency on behalf of HUD
- RE assumes responsibility for:
  - Environmental **Review**
  - Environmental **Decision-making**
  - Environmental **Action** that would apply to HUD under NEPA and related laws



# NEPA Assumption Authority under Part 58 [§58.4]

- Assumed by execution of grant agreement (as HUD subrecipient) and/or by certification of the RROF
- Responsibility cannot be delegated
- Responsibility to ensure mitigation is incorporated into project plans and contracts, and implemented



# Certifying Officer

- *Responsible Federal Official* under Section 102 of NEPA and related statutes
- Chief Elected Official of CDBG Grantee Community
- Authorized to execute the RROF
- Accepts jurisdiction of Federal Courts for RE
- Has the authority to enter into binding commitment in response to court judgements



## 58.22 Limitation of Action

Prior to environmental approval/clearance, the RE may not:

- Commit HUD funds
- Begin bid process, or
- Commit non-HUD funds where the activity would  
Have an adverse environmental impact or  
Limit the choice of reasonable alternatives

***Do not take action before environmental clearance!!***



# Levels of Environmental Record Review



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- EXEMPT



- CATEGORICALLY EXCLUDED **NOT** SUBJECT TO §58.5 (CENST)



- CATEGORICALLY EXCLUDED **SUBJECT TO** §58.5 (CEST)



- ENVIRONMENTAL ASSESSMENT (EA)



- ENVIRONMENTAL IMPACT STATEMENT (Rare for IL CDBG)

# Typical ERR Preparation and Approval Timelines

EIS – one to two years

EA – 45 to 100 days to complete depending on consultations required

CEST – 30 to 75 days depending on consultations required

CENST – less than an hour

Exempt & CoC – less than an hour



# Cat Ex SUBJECT to 58.5 [§58.35(a)]

Most Common For DCEO CDBG:

Acquisition, repair, improvement, reconstruction or rehabilitation of public facilities and improvements when the facilities and improvements are:

1. Already in place
2. Retained for the same use
3. Without change in size or capacity by more than 20%  
*(e.g., HR; Replacement of water or sewer lines or lift or pump stations in place; Sewer re-lining)*



# CEST converts to EXEMPT

- Complete Statutory Worksheet with all supporting documentation
  - “All No’s” for 16 bodies of law
  - No circumstances requiring formal compliance/mitigation
- Document the file and proceed with project once DCEO approves



# CEST cannot convert to EXEMPT

- Complete Statutory Worksheet with all supporting documentation  
Requires one or more formal mitigation(s) or further compliance action(s)
- Proceed with approval process  
NOI/RROF publication/posting  
RROF (HUD Form 7015.15)  
DCEO Env. Release Letter



# Environmental Assessment [§58.36]

Any project not Exempt or Categorically Excluded, and does not meet EIS thresholds. Some IL CDBG examples:

- Extension of water or sewer lines to an unserved area
- Water tower – additional or replacement



# Environmental Assessment [§58.36]

The purpose is to *evaluate the project as a whole*

- Determine existing conditions and trends
- Identify all impacts (direct, indirect, cumulative)
- Examine and recommend feasible ways to eliminate or minimize adverse environmental impacts
- Examine alternatives to project itself, if applicable



# Environmental Assessment [§58.36]

Use Environmental Assessment (EA) format provided on DCEO  
OCD Environmental Materials Website that follows §58.40

- Includes 16 Compliance Factors, 20 Environmental Assessment Factors and all supporting documentation indicating a Finding of No Significant Impact (FONSI)
- Sign and date (by preparer and CEO)



# Environmental Assessment [§58.36]

- FONSI and NOI/RROF publication/posting (& dissemination)
- RROF (HUD Form 7015.15)
- DCEO Env. Release Letter



# New Environmental Assessment (EA-ER) Form

Starting with Environmental Assessments (EA-ER) submitted on or after February 1<sup>st</sup>, 2023, formatting must use new version from HUD containing 20 (up from 18) Environmental Assessment Factors (EAF's),

New Environmental Assessment Factors (EAF's) are:

- **Climate Change Impacts**
- **Energy Efficiency**
- Required by Presidential Executive Order (E.O.) 14008 – “Tackling the Climate Crisis at Home and Abroad”





# Environmental Assessment (EA-ER) Form

The HUD Exchange Website for guidance in documenting Environmental Assessment Factors and their Categories is:

<https://www.hudexchange.info/programs/environmental-review/environmental-assessment/>



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# CDBG PI & ED-PI Highlights to Avoid ERR Cancellation

- US EPA EJScreen (<https://www.epa.gov/ejscreen>) to document “Environmental Justice” must not be researched and printed until all 15 other bodies of environmental law have been documented – That is a HUD OEE Mandate!!!!
- Chief Elected Official of CDBG Grantee Community is the RE signatory



# CDBG PI & ED-PI Highlights to Avoid ERR Cancellation

- Always allow at least one full calendar day between ERR prep activities (i.e., between FP &/or WL 8-Step publications; between last of 15 bodies of law & EJScreen; between EJScreen & CEST or EA signature; between CEST or EA signature & FONSI/NOI/RROF or NOI/RROF publication; between end of publication comment period & HUD 7015.15 RROF signature



# CDBG PI & ED-PI Highlights to Avoid ERR Cancellation

- The “On or about” date at the start of an NOI/RROF or FONSI/NOI/RROF publication must be dated at least one day later than the “comments received by” date stated in the publication.
- Don’t count either publication date or “comments received by” date for days of local public comment period.

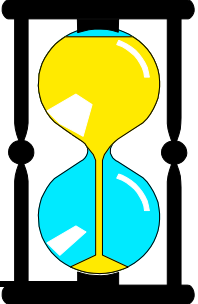


# CDBG PI & ED-PI Highlights to Avoid ERR Cancellation

- 8-Step Flood Plain and/or Wetlands “Early” and “Final” public comment periods must have at least one full day between end of “Early” comment period and publication date of “Final” FP/WL Notice.
- If 8-step is last supporting docs, wait one full day after “Final” comment period to research US EPA EJScreen for Environmental Justice.



# Example: 15-day Comment Period



S	M	T	W	T	F	S
			1 - <b>Pub</b>	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17 - <b>RRO</b> <b>F</b>	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

# Key Take-Aways

- ERR prep errors, most commonly “dating” or “timing” related. Of the 27 ERR’s received for 30 PY’**2021** CDBG PI Grant awards to date, 7 were cancelled and returned for correction and re-publication (**25.9%**). Remaining 3 are SHPO/THPO delayed.
- Of the 34 PY’**2020** CDBG PI ERR’s received, 4 were cancelled and returned for correction and re-publication (**11.7%**).



# Key Take-Aways

- Some of that 45% cancellation increase was granting more HUD OEE “teachable moments” to new ERR preparers in PY’2020 than PY’2021.
- Most CDBG PI ERR Preparers now experienced
- No HUD OEE “teachable moments” for PY’2022 CDBG PI ERR’s/ED-PI ERR’s.





# Environmental Review

## Housing Rehabilitation Specific

- An Early Start is Important! Kara Cozadd submits packet to DNR/HP for Tier One SHPO clearance letter!
- Avoids project delays and heads off potential conflicts
- Procedural reasons:
  - Grantee may not commit HUD funds on an activity prior to RROF approval and Grantee may not commit non-HUD funds prior to RROF approval if the activity or project would have an adverse enviro. impact or limit choice
  - ERR must be submitted to DCEO ERO within 90 days of date of NOSAF, like any other Special Grant Condition specified in NOSAF
  - Remember DNR/HP Tier One blanket clearance letter will only be found on their website! You must print and attach it to your Tier One packet that you send to Kara! She no longer receives a copy from DNR/HP!!



# State Historic Preservation Office Delays

- When SHPO/IDNR is taking over 30 days to process Section 106 clearance requests for our projects, we consulted several years ago with HUD, our General Counsel and the IDNR Agency Director and instituted our new policy:
  - ❖ If it has been 45 days since you have sent proper Section 106 information to the SHPO for their initial review and **have not received a response**, please notify Kirk, Kara or Dave.
  - ❖ Once DCEO is notified, we will provide a waiver from SHPO clearance.
  - ❖ This DCEO waiver letter will be utilized in the ERR in place of the SHPO's Section 106 clearance letter.
  - ❖ If the SHPO re-enters the review after DCEO's waiver letter, the community has no obligation to comply.
  - ❖ This policy does not eliminate the need for HUD Tribal consultation.



# State Historic Preservation Office (SHPO)

State Historic Preservation Office (SHPO)/IDNR

1 Old State Capitol Plaza, Springfield, IL 62702-1271

217-782-4836

<https://www2.Illinois.gov/dnrhistoric/pages/default.aspx>



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# Housing Rehabilitation Specific

- **Costs of Performing the Review [§58.23]**
  - If Activity Delivery (AD) is budgeted, Grantee may reimburse ERR prep costs from AD
  - If a formal mitigation cost is incurred during ERR prep (e.g., an IDNR Incidental Take Authorization for Illinois Chorus Frog or Franklin's Ground Squirrel, or a Phase I ASTM for ED project), Grantee may reimburse from Construction or Housing Rehab funds (as applicable)



# Housing Rehabilitation Specific

- Who Does What
  - Must use an experienced Environmental specialist (Guidebook, Section II)
  - Specialist may prepare supporting documentation
  - RE's must independently evaluate their work and prepare the environmental review itself (i.e., CEO signature on HUD/DCEO ERR forms)
  - Correspondence to interested tribes and public Notices must be sent under the RE's signature and on its letterhead
  - Specialist should never address Tribes directly (i.e., Grantee letterhead/CEO signature)
  - Specialist should not sign or address public Notices



# Housing Rehabilitation Specific

- Tiered Review [§58.15] CDBG HR
- Begin CDBG HR review when NOSAF issued
- Project area identified, but specific addresses unknown
- TWO STEP PROCESS
  - Tier 1: CEST project area-wide review
  - Tier 2: CEST home-specific review
- Best suited for CEST projects such as scattered site single family
- HR Tiered CEST projects CANNOT convert to exempt!
  - ❖ There will always be NOI/RROF publication/posting for Tier 1



# Housing Rehabilitation Specific

- Tiered Review

## Tier 1

- Area-wide (addresses unknown)
  - A **reasonable** geographic area (i.e., the application's project area)
- Answers as many factors in the environmental review as feasible (for CDBG HR, 12 of 16 bodies of Federal environmental law)

## Tier 2

- Site-specific (now know home address)
- This is separate ERR. Each home must have its own Tier 2 review complementing the Tier 1 review
- Will cite the Tier 1 for all previously answered factors (12 of 16)
- Will answer factors unanswered in Tier 1 requiring specific address (4 of 16)



# Housing Rehabilitation Specific

## Tier 1 12 Bodies of Law

Airport Hazards; Coastal Barriers, Flood Insurance; Clean Air; Coastal Zone; Endangered Species; Explosive & Flammable Hazards; Farmland Protection; Floodplain Management; Sole Source Aquifers; Wetlands Protection; & Wild and Scenic Rivers

## Tier 2 4 Bodies of Law

- Contamination & Toxic Substances
- Historic Preservation
- Noise Abatement & Control
- Environmental Justice





# Housing Rehabilitation Specific

- HR Tiered Review: Do I Submit a RROF?
- No! You cannot convert ANY tiered reviews to Exempt at the target area Tier 1 level!
- This means you must:
  - Publish/post NOI/RROF as appropriate, stating it is a tiered review and identifying what aspects of the review will be evaluated at each level (12 Tier 1 vs. 4 Tier 2)
  - Submit Tier 1 CEST ERR with RROF to DCEO HR ERO for review
  - Receive DCEO Tier 1 environmental release letter that will be *contingent on complete Tier 2 reviews for each home being completed/DCEO-approved prior to award of a home's housing rehab contract.*



# Housing Rehabilitation Draws

- HR Tiered Review: When Do I Draw Funds?
- For Activity Delivery and/or Rehabilitation Administration, you may draw AFTER DCEO approval of the target area Tier 1 CEST review and Grant Agreement is executed!
- For an individual home's Housing Rehabilitation, you may draw AFTER DCEO approval of that home's individual Tier 2 CEST review, without having to publish/post, submit a new RROF, or receive a new environmental release letter (only email approval from DCEO HR ERO)



# CDBG Environmental Review Officers (EROs)

For PI, ED-PI & ED:

Kirk Kumerow

217-558-4106

CEO.ERO@illinois.gov

For HR:

Kara Cozadd

217-558-2833

Kara.Cozadd@illinois.gov



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# CDBG Grant Administration

## 2 CFR 200 Procurement Standards

Covers Current CDBG-Eligible Activities (as of October 2023)

Kirk Kumerow



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## 2 Code of Federal Regulations (CFR) 200

- Subtitle A, “Office of Management and Budget Guidance for Grants and Agreements” became effective as uniform Federal guidance on 12/26/2014;
- Originally Called OMB “Super Circular” in 2011;
- Launched by Obama administration to streamline guidance for federal awards to ease the administrative burden and costs across Federal agencies’ funding programs.



## 2 CFR 200.317-.326 Procurement Standards

§200.317 Procurements by states

### §200.318 General procurement standards

§200.319 Competition

§200.320 Methods of procurement to be followed

§200.321 Contracting with MBE, et. al.

§200.322 Procurement of recovered materials

§200.323 Contract cost and price

§200.324 Federal agency or pass-through entity review

§200.325 Bonding requirements

§200.326 Contract provisions



# 2 CFR 200.318 General Procurement Standards

- a) Use local procedures if conform with federal law
- b) Maintain contractor oversight
- c) Maintain written standards of conduct for all employees
- d) Use most economical approach
- e) Use intergovernmental or inter-entity agreements
- f) Use federal excess/surplus property
- g) Use value engineering
- h) Use responsible contractors
- i) Maintain procurement records
- j) Use T&M contracts only if necessary
- k) Local grantee responsible for all aspects of contract



# 2 CFR 200.319 Competition

- a) Full, open and competitive procurement process
  - 1) No unreasonable requirements
  - 2) No unnecessary experience or bonding requirement
  - 3) No noncompetitive pricing among firms
  - 4) No noncompetitive retainer contracts
  - 5) No conflicts of interest
  - 6) No “brand name” requirement
  - 7) No arbitrary actions
- b) No geographic preference
- c) Must have written procedures
  - 1) Include technical description of work or product
  - 2) Include criteria for proposal evaluation
- d) If pre-qualified lists are used, they must be current





## 2 CFR 200.320 Methods of Competition - CDBG

- a) Procurement by micro-purchases – Rare for State CDBG
- b) Procurement by small purchase procedures – CDBG AD/HR  
Admin/Rehab Inspection/ED A/E
- c) Procurement by sealed bids (formal advertising) – All CDBG  
Construction
- d) Procurement by competitive proposals – Only for ED A/E
- e) *(intentionally left blank)*
- f) Procurement by noncompetitive proposals – Generally not for State  
CDBG



# Micro-Purchases & Small Purchase Procedures

- Procurement by micro-purchase (\$10,000 or less; \$2,000 or less for Construction)
- Procurement by small purchase procedures (Less than \$250,000 anticipated cost)
  - i. May be used for activity delivery, rehabilitation administration or inspection, or ED A/E services
  - ii. Phone, mail or e-mail solicitation acceptable (document efforts)
  - iii. Solicit at least three potential qualified bidders
  - iv. Make bid packet available for pick up, mailing or e-mailing
  - v. No less than two bidders (if one bidder; document reason)
  - vi. A/E services may include price as a factor, but not the sole factor



# Small Purchase Procedures (Cont.)

- 2 CFR 200 encourages use of shared resources:
  - State CDBG Activity Delivery/HR Administration/Rehab Inspection may be obtained from an Intergovernmental Agreement Agency or Inter-Entity Agreement Agency without SPP bidding process.



# Procurement by Sealed Bids (Formal Advertising)

Procurement of CDBG or “other-funded” construction above \$2000 listed in a Grant Agreement must be by sealed bids (formal advertising)



# Procurement by Sealed Bids (Formal Advertising)

## c) Procurement by sealed bids (formal advertising)

### 1) Proposals must have:

- i. Detailed description
- ii. Two or more responsible bidders
- iii. Require a firm, fixed price offer



# Procurement by Sealed Bids (Formal Advertising)

- 2) Bidding requirements:
  - i. Publicly advertised with sufficient notice
  - ii. Sufficient specifications
  - iii. Public bid opening
  - iv. Contract to lowest responsible qualified bidder
  - v. Reject bids only for sound reason



## **2 CFR §200.321 Contracting with MBE, et. al.**

- a) Must take steps to assure that MBE & WBE are used
- b) Affirmative steps must include:
  - 1) Placing qualified MBE and WBE on solicitation lists
  - 2) Assuring MBE and WBE are solicited
  - 3) Divide task to permit maximum participation
  - 4) Establish schedule to permit maximum participation
  - 5) Use SBA and MBDA of US Dept. of Commerce
  - 6) Require prime contractor to use items  
1 through 5



## 2 CFR §200.324 Contract Cost and Price

- a) Price analysis for contract and modifications
- b) Profit calculation for contracts with no price competition
- c) Estimated cost contract – Subpart E-Cost Principles
- d) Cost-plus contracts are not allowed





## 2 CFR §200.325 HUD or DCEO Review

- a) Must make specifications available to DCEO
- b) Must make RFP, invitation to bid, et. al. available when:
  - 1) Vary from 2 CFR 200 standards
  - 2) Only one bid/response
  - 3) “Brand name” product
  - 4) Award to non-low bidder
  - 5) Contract is above Simplified Acquisition Threshold (for non-construction contracts)
- c) Exemption from pre-procurement review



## 2 CFR §200.326 Bonding Requirements

Applies to construction or facility improvement contracts

- Bid bond of 5% of bid
- Performance bond of 100% of the contract price
- Payment bond of 100% of the contract price

Copies of bonds must be maintained in grant administrator's files, available to CDBG monitor before monitoring visit



# 2 CFR §200.326 Contract Provisions

State CDBG-specific language available on DCEO OCD Labor Standards Materials website:

<https://dceo.illinois.gov/communitydevelopment/davisbaconresources.html>



# 2 CFR 200 CDBG Procurement Questions

Contact your grant's assigned CDBG Grant Manager.

They'll ask Program Manager and/or Labor Standards Officer for assistance, if needed. Trust me. They will ask.



# Build America Buy America - BABA

BAP will apply to...	Iron and Steel	Specifically Listed Construction Materials	All Other Construction Materials	Manufactured Products
CDBG Formula Grants	All funds obligated on or after November 15, 2022	As of the date HUD obligates new FFA from FY24 appropriations	As of the date HUD obligates new FFA from FY25 appropriations	As of the date HUD obligates new FFA from FY25 appropriations
	Grants Awarded in 2024	Grants Awarded in 2024	Grants Awarded in 2025	Grants Awarded in 2025



# CDBG Grant Administration

**Compliance**

Federal Labor Standards

JoLaine Miner



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# Federal Labor Standards

Any construction contract over \$2,000, funded in whole or in part with CDBG funds, is subject to Federal Labor Standards

**Assign someone the responsibility for assuring compliance**

## What are the Federal Labor Standards?

- Copeland Anti-Kickback Act
- Contract Work Hours & Safety Standards Act (CWHSSA)
- Davis-Bacon Prevailing Wage Act



# Federal Labor Standards

## Copeland Anti-Kickback Act (40 USC 276c)

- Prohibits employers from forcing employees to give up any part of their wages, except for authorized payroll deductions
- Requires payrolls be certified





# Federal Labor Standards

## Contract Work Hours & Safety Standards Act (40 USC 327-330)

- Laborers and mechanics must be paid time and one half for hours worked over 40 hours in one work week
  - Contractor liable for unpaid wages and liquidated damages.
  - Violation Penalty = \$29 per day, per laborer/mechanic owed – issued by DOL.
- Assures no laborer or mechanic be made to work in surroundings that are unsanitary, hazardous, or dangerous



# Davis-Bacon Act Prevailing Wage Act

## (29 CFR Part 1, 3, 5)

The Davis-Bacon Act requires the payment of prevailing wage rates (which are determined by the U.S. Department of Labor) to all laborers and mechanics on federally funded or assisted construction projects in excess of \$2,000. Construction includes the alteration and/or repair, including painting and decorating of public buildings or public works.

**NEW RULE** - Building or Work includes a portion of a building or work, or the installation of equipment or components into the building or work, as well as modern activities such as solar panels, wind turbines, broadband installation, etc.



# Davis-Bacon Prevailing Wage Act (29 CFR Part 1, 3, 5)

- Laborers and mechanics must be paid at least once per work week
- All laborers and mechanics must be paid federal prevailing wages for the work they are performing on the project
- Only apprentices and trainees registered with the US Department of Labor may be paid less than the federal prevailing wage



# Davis-Bacon Act Prevailing Wage Act (29 CFR Part 1, 3, 5)

- Foremen/Supervisors are covered by Davis-Bacon (20% or more performing manual work)
- Exclusions: Project Superintendents, administrative staff, executives, clerical.
- Exemptions: Volunteers and Force Account Workers



# Force Account Labor

- Can be used on construction projects
  - Only employees of units of local government
  - Not employees of a water/sewer district
- Additional help can be hired for the project
  - Must be paid federal prevailing wage rates
- Detailed payroll/activity reports for the employees working on the project.
- Submit payrolls with the quarterly reports/cash requests to support the expenses.



# Force Account Labor

- Previous payrolls should be submitted to verify no changes have been made in the rate of pay for the subject workers.
- Document equipment used, including when, where, and by whom (employees) during the construction project.
- Construction management and employee supervision required.
- Forms available. Email [ceo.iso@illinois.gov](mailto:ceo.iso@illinois.gov)



# Labor Standards and Procurement

When is it acceptable to use the small purchase procedures for CDBG construction projects?

- A. When the total project is under \$250,000*
- B. With permission under special circumstances*
- C. Only if under \$2,000*
- D. None of the above*



# Labor Standards and Procurement

All CDBG construction projects must go through a formal bidding process

- *All projects subject to Davis Bacon must be competitively bid. Even if a construction contract is \$250,000 or less and is part of a federally-funded project subject to Davis Bacon, the small purchase procedures may not be used.*
- Bid packets must include:
  - Federal Prevailing Wage Rates
  - Federal Labor Standards Provision (HUD 4010)





# Labor Standards and Procurement

For projects with mixed sources of funding (utilizing both CDBG and state funding), HUD provided the following in its Handbook dated January 2023:

*“When a project has mixed sources of funding, the general rule is to follow the strictest of the regulations. Some states have laws that are similar to DBRA, which are sometimes referred to as ‘little Davis-Bacon’. In these situations, the strictest of the two regulations will typically apply. If state prevailing rates are higher than the federal prevailing rates, the state prevailing rates will apply, and vice versa.”*

- Rare with dual CDBG/IL State Funds
  - Verify “actual source” of State of IL funding
  - *Typically carry federal identity*



# Labor Standards and Procurement

Bid packets for mixed-source projects should include:

- “Highest” Prevailing Wage Rates
- Federal Labor Standards Provisions (HUD 4010)

*NOTE: Keep alternate prevailing wage rate in grant file*



# Prevailing Wage Rates

- *PWRs must ONLY be obtained through DCEO*
- *Complete the “Wage Rate Determination Request Form”*
- *Submit to DCEO Labor Standards Officer at [ceo.iso@illinois.gov](mailto:ceo.iso@illinois.gov)*



# Prevailing Wage Rates

PWRs should be the most current available.

- Initial Request – Minimum 14 days prior to **Bid Advertisement** – Include in bid packet
- **MUST** Request Updates:
  - 14 days prior to **Bid Opening** – Will be issued 10 days prior to bid opening. Notify all bid packet holders if there are changes in the WRD. **This is the lock-in WRD and must be made part of the Contract documents and posted at the work site.**
  - **Contract Award**, if not awarded within 90 days of bid opening. Becomes Lock-In and must be made part of the Contract documents and posted at the work site.
  - **Construction start date** (day payroll starts), if not started within 90 days of contract award. Contract documents must be amended to include the WRD.



# Prevailing Wage Rates

- **NEW RULE** – If the original Scope or Contract Term is amended/extended, a new Wage Rate Determination **MUST** be requested, and the contract amended to include the new rates.
  - When contract or order is changed to include additional, substantial construction.
  - When the contract or order is changed to add additional time not originally obligated, including when an option is exercised on a contract or order.



**Must not modify scope outside original environmentally cleared area  
Changes to Scope or Grant Term not allowed without prior approval.**



# Prevailing Wage Rates

Complete Form and Send to:  
 Department of Commerce and Economic Opportunity  
 Office of Community Development  
 Email: CEO.LSO@illinois.gov

## CDBG WAGE RATE DETERMINATION REQUEST

Date Submitted \_\_\_\_\_ CDBG Grant # \_\_\_\_\_  
 Grantee Name \_\_\_\_\_ Estimated Cost \$ \_\_\_\_\_  
 City \_\_\_\_\_ State of IL Funds Used w/ CDBG? YES  NO   
 County \_\_\_\_\_ State Amount/Source \$ \_\_\_\_\_ / IL \_\_\_\_\_  
 Type of Project:  Public Infrastructure  Economic Development  Other: \_\_\_\_\_  
 Description of work: \_\_\_\_\_

RATES FOR: DATE \_\_\_\_\_  
 Bid Advertisement \_\_\_\_\_  
 \*Bid Opening \_\_\_\_\_  
 \*\*Contract Award \_\_\_\_\_  
 \*\*\*Start of Construction \_\_\_\_\_

*Wage rates are deemed effective, per the "Lock-in date. The full WRD must be placed in all construction contracts with the Labor Standards Provisions (HUD 4010) and posted at the work site.*

\*Request Wage Rates 10 days prior to bid opening. If changes, notify all bid packet holders by addendum. Lock-in WRD.  
 \*\*Contract Award = Execution of the Contract. Must occur w/in 90 days of bid opening. If not, request new WRD.  
 \*\*\*Start of Construction = Start of first payroll. Must occur w/in 90 days of award. If not, request new WRD, and amend the contract.

**Check/fill where Applicable**

<input type="checkbox"/> Commercial	<input type="checkbox"/> Residential	<input type="checkbox"/> Hwy/Heavy	<input type="checkbox"/> Excavation
<input type="checkbox"/> Frame	<input type="checkbox"/> Masonry	<input type="checkbox"/> Demolition (Y/N)	<input type="checkbox"/> Land Clearing
<input type="checkbox"/> # Stories	<input type="checkbox"/> # Units	<input type="checkbox"/> Elevator	<input type="checkbox"/> Other _____
<input type="checkbox"/> Parking Area	<input type="checkbox"/> # Spaces	<input type="checkbox"/> Paving Required	

**Check/List Crafts Needed**

<input type="checkbox"/> Asbestos worker	<input type="checkbox"/> Boilermaker	<input type="checkbox"/> Bricklayer	<input type="checkbox"/> Carpenter	<input checked="" type="checkbox"/> Electrician
<input type="checkbox"/> Elevator Mechanic	<input type="checkbox"/> Ironworker	<input type="checkbox"/> Painter	<input type="checkbox"/> Glazier	<input type="checkbox"/> Cement Mason
<input type="checkbox"/> Plasterer	<input type="checkbox"/> Plumber	<input type="checkbox"/> Roofer	<input type="checkbox"/> Sheet Metal Worker	<input type="checkbox"/> Welder
<input type="checkbox"/> Truck Driver	<input type="checkbox"/> Marble/Tile setter, terrazzo worker	<input type="checkbox"/> Power Equipment Operator Type: _____		
<input type="checkbox"/> Laborer (class) _____	<input type="checkbox"/> Other Craft/s _____			

**SEND WAGE RATES TO:**

Name \_\_\_\_\_ Company \_\_\_\_\_  
 Email Address \_\_\_\_\_ Telephone \_\_\_\_\_

### CDBG PROGRAM COMPLIANCE STAFF USE ONLY

Wage Rate Activity	Date	Wage Rate Determination #	Date Sent
Bid Advertisement		IL202__00__ Mod __, __/__/__	
<i>Missing Classifications:</i>			
Bid Opening		IL202__00__ Mod __, __/__/__	
<i>Missing Classifications:</i>			
Contract Award		IL202__00__ Mod __, __/__/__	
*Start of Construction		IL202__00__ Mod __, __/__/__	

For mixed source projects ONLY, are IL Rates Higher? YES  NO   
 If YES, IL Rates Prevail. Enter County/Effective Date: \_\_\_\_\_

- General Information – Complete all fields. Check for accuracy.
- Is this a mixed-source project (CDBG/IL funds)? Information must be verifiable/documentated.
- Type of Project – Check the box
- Description of Work – Indicate a complete description
- Rates Requested for? Project Timeline – Pay attention to notes.
- Classifications of Work – HWY/Heavy - Public Infrastructure
- Classifications of Work – Building - Water/Sewage Treatment Plant (building only), Warehouses
- Crafts needed to complete project – be thorough. Water lines, connections? Plumber?
- Administrator’s Information

# Prevailing Wage Rates

- Initial WRD must be included in the bid packet
- Lock-In WRD (issued for bid opening) must be included in the contract documents, including subcontracts
- Lock-In WRD must be posted at the work site and where employees sign in for the day (in plain view and be easily accessible)
- WRD must be updated if the contract is not awarded w/in 90 days of the bid opening and made part of the contract.
- WRD must be updated if construction does not start w/in 90 days of contract award, and the contract must be amended to include new wages.
- Conformance Process must be used for missing classifications.
- Letter from US DOL with approved/prescribed rate must be posted with the WRD.



# CDBG Grant Administration

## Federal Labor Standards

- Conformance Process



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& Economic Opportunity

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# Conformance Process

## Additional Classifications [29 CFR 5.5(a)(1)(ii)(A)(3)]

- An Additional Classification may be requested only when:
  - The work to be performed by the classification is not performed by a classification in the wage determination; and
  - The classification is utilized in the area by the construction industry; and
  - The proposed wage rate, including fringe, \*bears a reasonable relationship to the wage rates contained in the wage determination.



# Conformance Process

\*If the Contractor needs to request an additional classification for a Plumber, you must propose a wage that is comparable to those listed in the WRD for other “Skilled Workers” – You cannot compare rates to Laborers, Truck Drivers, or Engineers, and you cannot request a wage lower than that of the lowest paid Skilled Worker. *This same process is used when a Classification within the WRD does not include the County in which the project is located. DOL will look at the wages of other skilled trades only in the county relative to the project location.*



# Conformance Process

## Forms Required

- US DOL Standard Form 1444 (SF1444)
- Written request from Contract on Contractor's letterhead and signed by Owner or authorized designee.
  - **See DCEO Labor Standards web page for instructions**

## Additional Classifications [29 CFR 5.5(a)(1)(ii)(A)(3)]

Conformance requests are not needed for bona fide:

- Apprentices;
- Trainees; or
- Welders (unless 100% welding)



# Conformance Process

- If a wage determination does not include a rate for certain classification, the contractor must seek a conformance using the procedure outlined in the contract clause at § 5.5(a)(1).

## **NEW RULE** – Supplemental Wage Rates

- Where WHD has received insufficient data through its wage survey process to publish a prevailing wage for a classification for which conformance requests are regularly submitted, WHD may list the classification, conformed wage and fringe benefit rates for the classifications (i.e., supplemental wage rates) on the wage determination.
- Supplemental wage rates may be listed on wage determinations only if they meet the basic criteria for conformed rates.



# Adopting State Rates

**NEW RULE** - The final rule amends the regulations to explicitly permit WHD to adopt State or local prevailing wage rates for both highway and nonhighway construction under certain circumstances where doing so would be consistent with the purpose of the DBA. In general, in order to adopt State or local rates, the Administrator must determine that the State or local government's method and criteria for setting prevailing wage rates are substantially similar to those the WHD uses in making wage determinations. § 1.3(g)-(j)

- DO NOT include the State Prevailing Wage Rates in your bidding/contract documents.
- DOL will issue the State PWR as part of the federal WRD upon its approval where circumstances warrant doing so.



# CDBG Grant Administration

## Federal Labor Standards

- Weekly Payroll



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# Weekly Payrolls

## Davis Bacon Act

- Requires laborers and mechanics be paid at least the federal prevailing wage for work performed (and tools used) at least once per work week.
  - ✓ WH 347 or equivalent – **MUST CONTAIN ALL INFORMATION**
  - ✓ Recommend numbering payrolls
- Only apprentices and trainees registered with the US Department of Labor may be paid less than the federal prevailing wage



# Weekly Payrolls

## Copeland Anti-Kickback Act

- Prohibits employers from forcing employees to give up any part of their wages, except for authorized payroll deductions.
  - ✓ Verify deductions.
- Requires payrolls be certified
  - ✓ Correct person signing the payrolls?





# Weekly Payrolls

- **Submit copy of first payroll with all documentation to DCEO for review**
  - Email to [ceo.iso@illinois.gov](mailto:ceo.iso@illinois.gov)
  - cc your Grant Manager
- **Submit copy of final payroll with all documentation to DCEO for review**
  - Email to [ceo.iso@illinois.gov](mailto:ceo.iso@illinois.gov)
  - cc your Grant Manager
- **May be asked to submit payrolls throughout the project for review**
- **Compliance staff may schedule a visit to review payroll documents and construction management files on site**



# Weekly Payrolls

- Payrolls submitted to Grant Administrator every week
- Signed Statement of Compliance certifying required information is...
  - Provided
  - Maintained
  - Correct
  - Each laborer/mechanic paid wages earned;
  - Laborer/mechanic paid not less than the determined wage



# Weekly Payrolls

U.S. Department of Labor  
Employment Standards Administration  
Wage and Hour Division

## PAYROLL

(For Contractor's Optional Use; See Instructions at [www.dol.gov/esa/whd/forms/wh347instr.htm](http://www.dol.gov/esa/whd/forms/wh347instr.htm))

Persons are not required to respond to the collection of information unless it displays a currently valid OMB control number.



Rev. Dec. 2008

NAME OF CONTRACTOR  OR SUBCONTRACTOR   
**Hale N. Hardee Construction Co., Inc.**

ADDRESS  
**1 Easy Street, New York, NY**

OMB No.: 1215-0146  
Expires: 12/31/2011

PAYROLL NO. **20** FOR WEEK ENDING **October 12, 2009** PROJECT AND LOCATION **Project #: ACE352 / 1250 5th Avenue** PROJECT OR CONTRACT NO. **ACE-GC-4561**

(1) NAME AND INDIVIDUAL IDENTIFYING NUMBER (e.g., LAST FOUR DIGITS OF SOCIAL SECURITY NUMBER) OF WORKER	(2) IND. OF EXCLUSIONS EXEMPTIONS	(3) WORK CLASSIFICATION	(4) DAY AND DATE							(5) TOTAL HOURS	(6) RATE OF PAY	(7) GROSS AMOUNT EARNED	(8) DEDUCTIONS					(9) NET WAGES PAID FOR WEEK		
			S	M	T	W	T	F	S				FICA	WITH- HOLDING TAX	OTHER	TOTAL DEDUCTIONS				
			6	7	8	9	10	11	12											
Anderson, Joseph		Carpenter	o		1	1	1	1	1		5	35.96	889.00	67.43	179.80	17.98			265.21	633.79
			a		8	8	8	8	8		40	17.98	889.00							
Bedwell, Thomas		Carpenter	o		1	1	1	1	1		5	20.03	819.25	61.45	163.87	16.39			341.71	477.64
			a		8	8	8	8	8		40	17.98	819.25							
Larson, Todd		Carpenter	o		1	1	1	1	1		5	20.03	634.15	47.56	126.83	12.69			187.08	447.07
			a		8	8	8	8	8		40	13.35	634.15							
O'Brian, Tom		Apprentice Carpenter	o										505.00	37.92	101.12	10.11			149.15	356.45
			a		8	8	8	8	8		40	12.64	505.00							
Roberts, Gordon		Apprentice Carpenter	o										505.00	37.92	101.12	10.11			149.15	356.45
			a		8	8	8	8	8		40	12.64	505.00							
Snyder, Hammond		Trainee Carpenter	o										505.00	37.92	101.12	10.11			149.15	356.45
			a		8	8	8	8	8		40	12.64	505.00							
Clements, Paul E.		Bricklayer	o										541.50	40.61	108.30	10.83	Repay Loan		259.24	282.29
			a		6	6	6	6	7		31	17.46	541.50							
Cunningham, Christopher		Bricklayer	o										588.10	42.60	113.60	11.36			210.16	357.54
			a		6	6 1/2	7	7	6		32 1/2	17.46	588.10							

Use US DOL WH347 or equivalent

- Must contain ALL information

- Number Payrolls (Initial / Final)
- List Grant Number
- Use Classifications in WRD (include Group #/Class employee being paid wage for)
- Column 7 – Only “Cash paid in lieu of fringe” may be added to the wage listed. Make note on back side.

# Weekly Payrolls

Date

I,    
 (Name of Signatory Party) (Title)

do hereby state:

(1) That I pay or supervise the payment of the persons employed by

on the  
 (Contractor or Subcontractor)

; that during the payroll period commencing on the  
 (Building or Work)

day of , , and ending the  day of , .

all persons employed on said project have been paid the full weekly wages earned, that no rebates have been or will be made either directly or indirectly to or on behalf of said

from the full  
 (Contractor or Subcontractor)

weekly wages earned by any person and that no deductions have been made either directly or indirectly from the full wages earned by any person, other than permissible deductions as defined in Regulations, Part 3 (29 C.F.R. Subtitle A), issued by the Secretary of Labor under the Copeland Act, as amended (48 Stat. 948 63 Stat. 108, 72 Stat. 967; 76 Stat. 357; 40 U.S.C. § 3145), and described below:

(2) That any payrolls otherwise under this contract required to be submitted for the above period are correct and complete; that the wage rates for laborers or mechanics contained therein are not less than the applicable wage rates contained in any wage determination incorporated into the contract; that the classification set forth therein for each laborer or mechanic conform with the work he performed.

(3) That any apprentices employed in the above period are duly registered in a bona fide apprenticeship program registered with a State apprenticeship agency recognized by the Bureau of Apprenticeship and Training, United States Department of Labor, or if no such recognized agency exists in a State, are registered with the Bureau of Apprenticeship and Training, United States Department of Labor.

(4) That:

(a) WHERE FRINGE BENEFITS ARE PAID TO APPROVED PLANS, FUNDS, OR PROGRAMS

- in addition to the basic hourly wage rates paid to each laborer or mechanic listed in the above referenced payroll, payments of fringe benefits as listed in the contract have been or will be made to appropriate programs for the benefit of such employees, except as noted in section 4(c) below.

**Must contain Statement of Compliance – verbatim.**



(b) WHERE FRINGE BENEFITS ARE PAID IN CASH

- Each laborer or mechanic listed in the above referenced payroll has been paid, as indicated on the payroll, an amount not less than the sum of the applicable basic hourly wage rate plus the amount of the required fringe benefits as listed in the contract, except as noted in section 4(c) below.

(c) EXCEPTIONS

EXCEPTION (CRAFT)	EXPLANATION

REMARKS:  
**Must be signed by person “Authorized to sign Payroll”**



NAME AND TITLE  SIGNATURE

THE WILLFUL FALSIFICATION OF ANY OF THE ABOVE STATEMENTS MAY SUBJECT THE CONTRACTOR OR SUBCONTRACTOR TO CIVIL OR CRIMINAL PROSECUTION. SEE SECTION 1001 OF TITLE 18 AND SECTION 3729 OF TITLE 31 OF THE UNITED STATES CODE.

# Weekly Payrolls

## Compare payroll to wage rate decision

- ✓ Total payroll amount (base + fringe) must equal or exceed federal prevailing wage rate
- ✓ Any underpayments found while reviewing payroll must be reported to the CDBG Labor Standards Officer
- ✓ Owner-operator subcontractor payrolls must be signed off by prime contractor



# Weekly Payrolls

- **Is an apprentice on the payroll?**
  - Must obtain a copy of the Department of Labor's Certification of Enrollment in an Apprenticeship Program.
  - Must obtain a copy of the Agreement to document the approved Apprenticeship to Journeymen ratio for the registered program.
  - **NEW RULE** –
    - If the contractor is working within the area the apprenticeship program is registered, it must follow that ratio.
    - If the contractor is working outside the area in which their apprenticeship program is registered they must follow the ratio and wage rate standards of the locality where the project is taking place.
    - If there is no registered program where the work is taking place, the contractor must follow the ratio of its registered program.
  - If an apprentice works alone or outside of the approved ratio, he must be paid the journeyman rate.



# Weekly Payrolls

## Employee working in more than one trade?

- If an employee performs work in more than one trade during a work week, they can be paid the wages specified for each classification if accurate time records showing the time spent in each classification are maintained.
- If accurate time records are not maintained, the employee must be paid the highest wage of all classifications of work performed.



# Weekly Payrolls - Wage Restitution

- Underpayment of Wages
  - Total wages (base + fringe) earned minus total wages paid
- Administrator notifies Prime Contractor in writing
  - Describe underpayments
  - Instructions for computing/documenting restitution to be paid
  - Prime Contractor is allowed 30 days to correct underpayments





# Weekly Payrolls - Wage Restitution

- Corrected Certified Payroll
  - Must reflect period of time restitution is due (Payroll #s)
  - Signed Statement of Compliance
  - Must be reviewed by Administrator
  - Proof of payment – Front and back of cancelled check, bank statement
  - Copy of payrolls and documentation to DCEO LSO



# Weekly Payrolls - Wage Restitution

- Corrected Certified Payroll, cont.
  - If discrepancies are found
    - Notify contractor of discrepancies in writing
    - Additional payments must be made w/in 30 days
  - Submit Corrected Certified Payroll (B)
    - Signed Statement of Compliance
    - Must be reviewed by Administrator
  - Proof of payment – Front and back of cancelled check, bank statement
  - Copy of payrolls and documentation to LSO



# Weekly Payrolls - Wage Restitution

- **Withholding**

- Against prime contractor to ensure the payment of wages due and unpaid
  - If wage underpayments are not corrected within 30 days after written notification
  - Only amounts needed to meet the contractor's liability



# Weekly Payrolls - Wage Restitution

- **NEW RULE** -

- Upper-tier subcontractors (in addition to prime contractors) may be liable for lower-tier subcontractors' violations.
- Both prime contractors and any responsible upper-tier subcontractors are required to pay back wages on behalf of their lower-tier subcontractors.
- Lower-tier subcontractors' violations may subject prime and upper-tier contractors to debarment in appropriate circumstances.



# Weekly Payrolls - Wage Restitution

- **NEW RULE** -
  - Prime Contractor is defined as any person or entity that enters into a contract with an agency, including:
    - Controlling shareholders or member of an entity holding a prime contract,
    - Joint venturers or partners in any joint venture or partnership holding a prime contract,
    - Any contractor (e.g., a general contractor) that has been delegated responsibility for overseeing all or substantially all of the construction anticipated by the prime contract.



# Weekly Payrolls - Recordkeeping

- **NEW RULE** – Clarifications made
  - The final rule adds requirements that contractors and subcontractors maintain DBRA contracts, subcontracts, and related documents, as well as worker telephone numbers and email addresses.
  - The final rule clarifies that the required records must be retained for at least 3 years after all the work on the prime contract is completed.



# CDBG Grant Administration

## Federal Labor Standards

- At the Work Site



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# Work Site Postings

Check that the following documents are posted at the work site

- ✓ Federal Prevailing Wage Rate Decision (Lock-in WRD)
- ✓ Notice to Employees (WH 1321)

Posters available  
in English and  
Spanish on  
DCEO's website.



To document  
compliance, take a  
picture of the postings  
and keep in the project  
file.



**Record of  
Employee Interview**

U.S. Department of Housing  
and Urban Development  
Office of Labor Relations

OMB Approval No. 2501-0009  
(exp.01/31/2021)

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. The information is collected to ensure compliance with the Federal labor standards by recording interviews with construction workers. The information collected will assist HUD in the conduct of compliance monitoring; the information will be used to test the veracity of certified payroll reports submitted by the employer. Sensitive Information. The information collected on this form is considered sensitive and is protected by the Privacy Act. The Privacy Act requires that these records be maintained with appropriate administrative, technical, and physical safeguards to ensure their security and confidentiality. In addition, these records should be protected against any anticipated threats or hazards to their security or integrity that could result in substantial harm, embarrassment, inconvenience, or unfairness to any individual on whom the information is maintained. The information collected herein is voluntary, and any information provided shall be kept confidential.

1a. Project Name		2a. Employee Name	
1b. Project Number		2b. Employee Phone Number (including area code)	
1c. Contractor or Subcontractor (Employer)		2c. Employee Home Address & Zip Code	
		2d. Verification of identification? Yes <input type="checkbox"/> No <input type="checkbox"/>	
3a. How long on this job?	3b. Last date on this job before today?	3c. No. of hours last day on this job?	4a. Hourly rate of pay?
			4b. Fringe Benefits? Vacation Yes <input type="checkbox"/> No <input type="checkbox"/> Medical Yes <input type="checkbox"/> No <input type="checkbox"/> Pension Yes <input type="checkbox"/> No <input type="checkbox"/>
4c. Pay stub? Yes <input type="checkbox"/> No <input type="checkbox"/>			
5. Your job classification(s) (list all) --- continue on a separate sheet if necessary			
6. Your duties			
7. Tools or equipment used			
8. Are you an apprentice or trainee? Y <input type="checkbox"/> N <input type="checkbox"/>			
10. Are you paid at least time and 1/5 for all hours worked in excess of 40 in a week? Y <input type="checkbox"/> N <input type="checkbox"/>			
9. Are you paid for all hours worked? Y <input type="checkbox"/> N <input type="checkbox"/>			
11. Have you ever been threatened or coerced into giving up any part of your pay? Y <input type="checkbox"/> N <input type="checkbox"/>			
12a. Employee Signature		12b. Date	
13. Duties observed by the Interviewer (Please be specific.)			
14. Remarks			
15a. Interviewer name (please print)		15b. Signature of Interviewer	15c. Date of interview

**Payroll Examination**

16. Remarks	
17a. Signature of Payroll Examiner	17b. Date

Previous editions are obsolete

Form HUD-11 (02/2019)

# Employee Interviews

## Conduct Employee Interviews

- HUD 11 form
- **Must be conducted in-person.**
- Conduct several interviews of at least each craft
- Minimum of one in each craft/ classification

# Employee Interviews

## Assigned Labor Standards Officer Conducts Interviews

1a-1b: Project Name and Number = CDBG Grantee and Grant Number

2a-2d: Enter employee's full name, phone #, and permanent home address.

- Ask for ID to verify name.

3a-4c: Job Facts - Enter employee's responses.

- Ask for pay stub to verify consistency with info provided by employer.

5-7: Classification Info - Responses should be specific.

- Trade; not journeyman or mechanic'

# Employee Interviews

8-12b: Compliance check for Davis Bacon/CWHSSA –

- Ask questions and take notes for “No” responses

13-14: Observations/Remarks – Take time to observe the work performed prior to interviewing the workers.

- What did you observe? Be specific.
- Working with a crew? How many?
- Was the interviewee forthcoming?

15a-c: Interview

- Signature Required.

16-17b: Verify interviews against certified payrolls.

- Must be signed by signed by designated LSO.
- If discrepancies found, must be resolved.

# CDBG Grant Administration

## Federal Labor Standards

- Definitions



**Illinois**  
**Department of Commerce**  
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# Definitions

## **NEW RULE** – Building or Work

- *Building or work* includes modern construction activities such as solar panels, wind turbines, broadband installation, and installation of electric car chargers to the non-exclusive list of examples of construction activities.
- Includes a portion of a building or work, or the installation (where appropriate) of equipment or components into a building or work.
  - Remember this for Economic Development Projects

# Definitions

## **NEW RULE** – Demolition clarified in construction

- The final rule adds a new subdefinition to the term construction, prosecution, completion, or repair in § 5.2, to codify the DOL's guidance that demolition work is covered under DBRA when the demolition itself constitutes construction, alteration, or repair, or when future construction that will be subject to the DBRA is contemplated on a demolition site.

# Definitions

## Site of the Work

- The physical place or places where the building or work called for in the contract will remain once the contract work has been completed and any other site where a significant portion of the building or work is constructed, provided that such site is established specifically for the performance of the contract or project.
- **NEW RULE** - Also includes any site where a significant portion of a building or work is constructed if the site is dedicated exclusively or nearly so to the performance of a single DBRA-covered project or contract for a specific period of time. The final rule also provides clarification on the meaning of “significant portion,” explaining that term encompasses one or more entire portion(s) or module(s) of the building or work, such as a completed room or structure, but does not include materials or prefabricated component parts such as prefabricated housing components.

# Definitions

## Site of the Work

### NEW RULE –

- *Flaggers* - The final rule clarifies that flaggers are working on the site of the work if they work at a location adjacent or virtually adjacent to the primary construction site, such as a few blocks away or a short distance down a highway.



# Definitions

## Site of the Work

### NEW RULE –

- ***Material Suppliers*** - The final rule excludes material suppliers from the definition of contractor. Material suppliers are entities whose only contractual responsibilities are the delivery of materials/supplies and activities incidental to those tasks.
- An entity that engages in other construction work at the site of the work is not a material supplier, but a ***contractor*** or ***subcontractor*** under the DBA.
  - Material suppliers may both deliver and pick up materials
  - An entity that is solely engaged in picking up and hauling away materials is not a material supplier.

# Definitions

## Site of the Work

### NEW RULE –

- ***Truck Drivers*** - Truck drivers employed by contractors or subcontractors must be paid applicable prevailing wage rates for:
  - All onsite driving time unrelated to offsite delivery (e.g., hauling materials from one location on the site of the work to another)
  - Any time spent transporting “significant portions” of public works from secondary construction sites
  - Any time spent transporting materials to or from adjacent or virtually adjacent dedicated support sites
  - Any onsite time related to offsite delivery if such time is not *de minimis*

# Definitions

## NEW RULE –

- ...if such time is not *de minimis* –
  - The final rule clarifies that where workers spend a significant portion of their day or week onsite, short periods of time that in isolation might be considered *de minimis* may be added together.
  - The total amount of time a driver spends on the site of the work during a typical day or workweek—not just the amount of time that each delivery takes—is relevant to a determination of whether the onsite time is *de minimis*.

# Definitions

## Laborer or Mechanic – Survey Worker clarified

### NEW RULE –

- Survey crew members working on a covered project are subject to DBLS as laborer/mechanic when:
  - Perform primarily physical and/or manual work; and
  - Spend most of their time taking or assisting in taking measurements
    - If not exempted as professional, executive, or administrative employees
    - If work is performed on the site of the work
    - If work is performed immediately prior to or during construction in direct support of construction crews
    - If survey crew members are employed by contractors or subcontractors

# CDBG Grant Administration

## Federal Labor Standards

- Economic Development Projects



**Illinois**  
**Department of Commerce**  
& Economic Opportunity

JB Pritzker, Governor

# CDBG Economic Development Projects

Davis Bacon Applies to all construction activities using CDBG funds whether on public or private property.

- Infrastructure improvements for the benefit of a business;
- Direct Capital investment to a business (building improvements, installation and purchase of equipment, construction costs, leased improvements).



Any construction contract over \$2,000 is subject to Federal Labor Standards – Davis Bacon and Related Acts (DBrA).

Construction includes alteration and/or repair, including painting and decorating, of public buildings or public works. **NEW RULE** - Includes **installation of equipment**.



# CDBG Grant Administration

## Section 3 Mandate: Employment & Training Requirements

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**Illinois**  
**Department of Commerce**  
& Economic Opportunity

JB Pritzker, Governor

# Section 3

- 24 CFR Part 75
- Applies to CDBG-assisted housing rehabilitation and public construction projects when the total amount of assistance to the project exceeds \$200,000.
- The project is the site or sites together with any buildings and improvements located on the site(s) that are under common ownership, management, and financing.
- Applies to CDBG Grantees, and Contractors and subcontractors working on CDBG-grant funded projects.





# Section 3

- Priority should be given to recipients of government assistance for housing and business concerns which provide economic opportunities to low- and very-low income persons.
- Requires economic opportunities be directed to low- and very low-income persons.



## Section 3

- To the greatest extent possible, businesses and employers working on CDBG-funded projects must make a good faith effort to:
- Train and employ low-income individuals living in the local area and,
- Contract with businesses owned by or that employ Section 3 workers.



# Section 3 Worker Comparison

## Section 3 Worker

Any worker who currently fits, or when hired within the past five years fit, at least one (documented):

- The worker's income for the previous or annualized calendar year is below the income limit established by HUD
- The worker is employed by a Section 3 business concern
- The worker is a YouthBuild participant.

## Targeted Section 3 Worker

Meets definition of a Section 3 Worker AND

- Currently employed by a Section 3 Worker business concern; or
- Currently fits or when hired in the past five years fit at least one of the following categories (must be documented):
  - Low- or very low-income workers residing within the service area, as defined; or
  - A YouthBuild participant



# Reporting of Labor Hours (HUD requirement)

When reporting Section 3 worker and Targeted Section 3 worker labor hours, it is important to note that the count of Targeted worker labor hours is contained within the count of the overall Section 3 worker labor hours as illustrated in the following chart. Therefore, the total percentage of total labor hours that need to be performed by a combination of Section 3 workers and Targeted Section 3 workers is 25 percent, with at least 5 percent of the total labor hours performed by Targeted Section 3 workers.



# Universe of Workers



The graphic above shows three concentric circles. The smallest internal circle illustrates Targeted Section 3 workers, the mid-sized circle illustrates all Section 3 workers, and the largest external circle illustrates all workers.



# What is a Section 3 Business Concern?

- A business that meets at least one of the following criteria within the last six (6) months (must be documented):
  - It is at least 51 percent owned and controlled by low- or very low-income persons;
  - Over 75 percent of the labor hours performed by the business are performed by low- or very low-income persons; or,
  - Is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8- assisted housing.



# Definition of Section 3 Project

**Section 3 Project:** A Section 3 covered project means housing rehabilitation, housing construction, and other public construction projects assisted under U.S. Department of Housing and Urban Development programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000. The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing. Section 3 requirements apply to an entire Section 3 covered project, regardless of whether the project is fully or partially assisted.



# Definition

- **Section 3 Worker:** any worker who currently fits or when hired within the past 5 years fit at least one of the following categories, as documented: (1) The worker's income for the previous or annualized calendar year is below the income limit established by HUD; (2) The worker is employed by a Section 3 business concern; or (3) The worker is a YouthBuild participant. Definition does not exclude an individual that has a prior arrest or conviction.
- **Targeted Section 3 Worker:** A targeted Section 3 worker for housing and community development financial assistance means a Section 3 worker who is: (1) A worker employed by a Section 3 business concern; or (2) A worker who currently fits or when hired fit at least one of the following categories, as documented within the past 5 years: (i) Living within the service area or the neighborhood of the project; or (ii) A YouthBuild





# Definition of Service Area

- An area within one mile of the Section 3 project
- If fewer than 5,000 people live within one mile of the project, within a circle centered on the project location that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.



# Section 3 GOALS and BENCHMARKS

Contractors and sub-contractors will be required, to the greatest extent feasible, meet both benchmarks.

25% Total Labor Hours = Section 3 Workers

5% Total Labor Hours = Targeted Section 3

If these benchmarks are not met, the Grantee and contractors must report on activities pursued in the absence of not meeting Section 3 benchmarks through Safe Harbor compliance.



# Grantee Requirements

A local government that receives CDBG funding has the responsibility to:

- Comply with Section 3 requirements in its own operations; and
- Ensure compliance in the operations of its contractors/subcontractors.

CDBG recipients must include Section 3 language and forms in all procurement and bid documents, including:

“Section 3 Clause”

“Intent to Comply with Section 3 form”

“Contractor’s Requirements form”



# SECTION 3

## GRANTEE REQUIREMENTS

1. Notify Section 3 Workers and business concerns about jobs and contracts generated by Section 3 covered assistance so that they may submit bids/proposals for available contracts and job openings with the grantee.
2. Notify potential contractors of their responsibilities under Section 3.
3. Include Section 3 language in all applicable contracts.
4. Require contractors and sub-contractors to meet the requirements of §75.19, regardless of whether Section 3 language is included in contracts.
5. Document action(s) taken to meet the HUD benchmarks.
6. Respond to Section 3 complaints.
7. Complete and submit the required Section 3 Forms to the Department.



# Contractor's Requirements

- The Prime Contractor must submit the “Intent to Comply with Section 3” form with the bid packet. Failure to do so shall result in the bid being incomplete.
- The Prime Contractor must notify all sub-contractors of their responsibilities under Section 3
- The Prime Contractor must provide a permanent workforce breakdown of all current employees and identify those Section 3 workers that were hired within the last five years.
- The Prime Contractor must provide an estimated breakdown of potential hires for the awarded project and timeline of anticipated hiring
- The Prime Contractor must refrain from contracting with sub-contractors as to whom they have received notice or have knowledge that the sub-contractors have been found in violation of the regulations in 24 CFR 75.



# Contractor's Requirements

- Maintain records that document a good faith effort to utilize Section 3 workers and Target Section 3 workers as trainees and employees and any other qualitative efforts to comply with Section 3. (Requirement applies to both contractors and sub-contractors.)
- *Recordkeeping requirements for recipients are found at 24 CFR § 75.31. The contractor is required to maintain documentation to demonstrate compliance with the regulations and is responsible for requiring their subcontractors to maintain or provide any documentation that will assist recipients in demonstrating compliance, including documentation that shows hours worked by Section 3 workers and Targeted Section 3 workers.*



# Penalties for Non-Compliance

- Failure to comply with the requirements of Section 3 may result in a monitoring finding or sanctions that may include:
- Debarment or suspension of funds
- Termination of Grant Agreement/Contract
- Limited denial of participation in State of Illinois CDBG programs



# Reporting Requirements

- Can be found on DCEO's website in the *Section 3 Plan*
- Forms are specifically located in the Appendix, of the Plan
- [https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/section3/section-3-plan-appendix\\_forms.pdf](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/communitydevelopment/section3/section-3-plan-appendix_forms.pdf)
- The requirements include certifications, Section 3 Contractor's report, safe harbor compliance (if goal not met), and utilization report





# KEEP RECORDS!

- DCEO is required to annually report to HUD Section 3 accomplishments including an aggregate of all labor hours worked, Section 3 labor hours, and Targeted Section 3 labor hours, as well as the efforts made to identify and engage Section Workers and businesses when the Section 3 benchmarks were not met under Safe Harbor compliance for all projects funded under its CDBG grant program, per program year.
- Grantees may be asked to provide these records.



# Examples of Safe Harbor Compliance

- Provided training or apprenticeship opportunities.
- Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers.
- Provided technical assistance to help workers compete for jobs (e.g., resume assistance, coaching)
- Provided or connected Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services. Held one or more job fairs.
- Promoted use of business registries designed to create opportunities for small businesses.
- Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.
- Provided or referred Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare).
- Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
- Assisted Section 3 workers to obtain financial literacy training and/or coaching.



# Steps for Section 3 Compliance Include:

- Include Section 3 language in all advertisements for RFQ/RFP and bid documents.
- Keep documentation of any correspondence with Section 3 businesses.
- Include the “Contractors Requirements” and “Intent to Comply with Section 3 Requirements” forms with all procurement documents.
- If a Section 3 business submits a bid for an opportunity associated with the CDBG project, the Grantee must give priority to the greatest extent feasible.
- Describe Section 3 requirements at pre-bid meeting and the pre-construction conference. Document through notes, official meeting minutes, etc. that this discussion took place and provide all required materials to the contractor/s.



# Steps for Section 3 Compliance Include:

- Collect Section 3 data on a per project basis from every contractor and subcontractor using the “Section 3 Contractor’s Report” submitted with weekly payrolls.
- Use data collected on the Contractor’s Report to report Section 3 efforts and accomplishments to DCEO.
- Maintain documentation of qualitative efforts by the Grantee and contractors and subcontractors to engage Section 3 workers in employment and training opportunities and to contract with Section 3 Business Concerns for reporting of Safe Harbor Compliance when the Section 3 Goals/Benchmarks are not met.
- Keep documentation of all Worker, Employer and Business Certifications, as well as outreach efforts to Section 3 Businesses and Section 3 Workers, on file for project monitoring.



# Compliance Reviews

## Business Concern Information

- Lists of Section 3 workers and Section 3 business concerns maintained by the recipient to determine the extent to which the recipient is attempting to provide economic opportunities to prospective beneficiaries
- Evidence of outreach efforts to determine how Section 3 workers or Section 3 business concerns were targeted or recruited for employment, training, or contracting opportunities
- Lists of Section 3 business concerns that received contracts/subcontracts. This information should include name of contractor; address; telephone number; email address; contract amount; date awarded; and services provided.

## Contract, Proposal, and Bid Information

- Preconstruction Conference Minutes/other evidence to determine if Section 3 requirements were discussed with contractors
- Plans for meeting/exceeding benchmarks by recipients/contractors (i.e., contractors' proposals or business utilization plan)
- Procurement records to identify the dollar amount of each covered contract awarded.
- Copies of bid solicitations to ensure that Section 3 applicability is referenced.
- Contract documents to ensure that they include provisions that apply Section 3 to the contracts, or subcontracts awarded

## Other Records

- Other relevant data that may demonstrate Section 3 compliance



# CDBG Grant Administration

**Compliance**  
Construction Management



**Illinois**  
**Department of Commerce**  
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JB Pritzker, Governor

# Construction Management Documents

- Bid/Contract Document Checklist
- Bid/Contract Documents
- Notice of Contract Award (DOL and DCEO)
- Preconstruction Conference Checklist
- CDBG Contractor Profile Form
- CDBG Construction Management Checklist
- Project Process Guide – Suggested to ensure compliance



# Construction Management

- All CDBG construction projects must be competitively bid using the sealed bid process.
- CDBG Bid/Contract documents must be used.
- The only exception is joint-funded *federal source* projects.
  - CDBG requirements and certifications must be included and appropriately identified.





# Construction Management

Bid documents must be submitted to Compliance staff to ensure all terms, conditions and certifications are included.

- Advertise a minimum of 30 days prior to bid opening
- Request Prevailing Wage Rates a minimum 14 days prior to bid advertisement
- Submit the bid advertisement for approval
  - Compliance staff will send approval or request changes
  - If approved, the WRD will be issued for the BA the Monday prior to the BA date (following the Friday the update was posted)
- Submit bid packet to compliance staff for review/approval
  - Can be sent with request for bid advertisement



# Construction Management

- Submit WRD update request for bid opening
  - If bid packet is approved, the WRD updated 10 days prior to the bid opening date will be issued the Monday following the Friday the update was posted
- If wages change between the bid advertisement and bid opening dates, you must send an addendum to all bid packet holders.
- WRD issued for the bid opening are the Lock-In rates and must be made part of the contract documents.



# Construction Management

- Publicly open all bids
- Choose lowest, responsible bidder
- Award within 30 days or reject all bids and readvertise
- Must receive DCEO approval if only one bid received – *retain copy in file*
- Eligibility must be verified prior to contract award – *retain documentation in file and include w/ NOCA*
- *Submit Contract documents to Compliance staff for approval*
- *Compliance staff will send notification of approval or request additional information*
- Once approval is received, Grantee issues Notice of Award to Contractor.  
This **IS NOT** the date used for the NOCA



# Construction Management



**MBE Notice** – Post and send to PTAC/APEX Center and [Darryl.Thomas@illinois.gov](mailto:Darryl.Thomas@illinois.gov)

- Now under the management of the Department of Defense (DoD) Office of Small Business Programs (OSBP), the Procurement Technical Assistance Centers (PTACs) are now referred to as the **APEX Accelerator Centers**.
- <https://dceo.illinois.gov/smallbizassistance/beginhere/ptac.html>
- Click on **Find a Local APEX**
- Center Type = “*Illinois APEX Accelerator Center – Government Contracting Specialty*”



# Construction Management

## MBE Notice

- *Send confirmation to grant manager and maintain in grant file*

### *Confirmation:*

- *Proof of Posting*
- *Proof email was sent and a copy of the completed MBE form*
- *This should be done when you advertise to allow for MBE participation*
- *New form available on OCD's reporting web page*



# Construction Management



- Section 3 Efforts – Grantee
  - *Maintain in file for Safe Harbor reporting*
- Section 3 Efforts – Contractor if seeking subcontracting by Section 3 Business Concerns to be included with the bid.
  - *Maintain in file for Safe Harbor reporting*



# Construction Management

- Contractor signs the Notice of Award and all certifications – Contract Agreement is executed.
- **This is the date used for the NOCA.**
- Hold preconstruction conference.
- Notice to Proceed issued after the Contractor certifies understanding of duties/responsibilities.
- One copy of the fully executed contract Agreement, including all certifications (bearing original signatures), must be retained by the grant administrator in the grant file.



# Construction Management

## Contractor's/Respondent's bid must include:

- Bid Price in the Format Requested (lump sum or unit price)
- Contractor's Bid Guaranty
- Certification of Bidder Regarding Equal Employment Opportunity
- Intent to Comply with Section 3
- Certification of Bidder Regarding Section 3 and Segregated Facilities
- Non-Collusion Affidavit of Prime Bidder
- Statement of Bidder's Qualifications





# Construction Management

*A Non-responsive bidder is one which fails to:*

- *Submit all of the required documentation with the bid*
- *Sign and submit all of the appropriate certifications, the Non-Collusion Affidavit(s), and/or bid bond requirements, etc.;*
- *Document that the individual/organization is experienced in the kinds of project construction required; or*
- *Is a contractor who is listed on the “List of Parties Excluded from Federal Procurement or Non-Procurement Programs”*

*NOTE: If a contractor fails to complete requirements for the Grantee to issue a Notice to Proceed within 45 days of the contract award, the grantee may determine that the bidder has become a non-responsive bidder.*



# Construction Management

## *NOTICE OF CONTRACT AWARD (NOCA) HUD 2516*

Must be submitted within 10 days of contract award (date executed)

1. DOL Notice of Contract Award – send to email address indicated on form
  - Submit Copy of DOL NOCA and proof of email submission to grant manager and DCEO Labor Standards Officer
2. DCEO Notice of Contract Award – must include:
  - Copy of Contractor Eligibility from sam.gov (No exclusions search results)
  - *Complete, certified “Contractor Profile Form”*
  - *Copy of Bid Tabulation*
  - *Send to: Grant Manager and DCEO Labor Standards Officer*

**Grant funds for Construction will NOT be released until the Contract Documents are approved; and the NOCA with all supporting documentation is submitted and approved.**



# Construction Management Preconstruction Conference

- Can the Contract Documents be executed at the preconstruction conference?

**No!**



# Construction Management Preconstruction Conference

The grantee's scheduling of the preconstruction conference should take place only after:

- (1) All contract documents have been fully executed by the grantee and contractor; and
- (2) All project funding resources are readily available for actual use.

# Construction Management Preconstruction Conference

- Can participants attend the precon conference via webex or phone?

**No!**



# Construction Management Preconstruction Conference

- HUD requires all parties register to verify their attendance at the preconstruction conference.
  - All public meetings must be held in person – no exceptions.

# Construction Management Preconstruction Conference

- *Can the necessary reference materials be distributed by email for the contractors to review and/or complete?*

**No!**

# Construction Management Preconstruction Conference

Before the preconstruction conference, the Labor Standards Officer must:

- Obtain from DCEO the applicable federal prevailing wage determination to distribute to the Prime and subcontractors for posting at the job site;
- Secure blank copies of payroll certification forms for use by the Prime and subcontractors when reporting the wages actually paid and number and classifications of employees working on the project;
- Secure a sufficient number of EEO and Labor Standards posters for the contractor and subcontractors to post at all job sites; and
- Carefully inspect the successful contractor's bid documents to make sure all the appropriate certifications have been completed not only by the general contractor but by subcontractors as well.



# Construction Management Preconstruction Conference

- *Does each item in the Checklist have to be discussed?*

**YES!**



# Construction Management Preconstruction Conference

Labor Standards is one of the most common problem areas in maintaining compliance within the CDBG grant-funded projects. The prime and subcontractors should be thoroughly instructed as to their specific duties and responsibilities for adhering to such federal standards.

# Construction Management Preconstruction Conference

- *Can the Notice to Proceed predate the Contract Execution date?*

**No!**



# Construction Management Preconstruction Conference

- The grantee's scheduling of the preconstruction conference should only take place after all contract documents have been fully executed by the grantee and contractor.
- The preconstruction conference can conclude with the issuance of the Notice to Proceed.

# Construction Management Preconstruction Conference

- *Can construction start prior to the date indicated on the Notice to Proceed?*

**No!**

# Construction Management Preconstruction Conference

*Only when the general contractor receives a Notice to Proceed is he/she authorized by the grantee to begin performing the previously agreed upon scope of work.*

The Notice to Proceed (part of the DCEO Contract Documents) must establish:

- The construction start date;
- The scheduled project completion date; and
- Describe the basis for assessing liquidated damages in the event of unsatisfactory performance by the general contractor or its subcontractors, etc.



# Construction Management Contractor Profile Form

## CONTRACTOR PROFILE FORM

Grantee Name:			Grant #:	
Contractor/Business Name:				
Contractor's Business Address:			Telephone:	
Federal Tax ID #:		State Tax ID #:		
Does this project include both CDBG and State of IL Funding? <input type="checkbox"/> YES <input type="checkbox"/> NO				
If YES, Source of IL Funding:			Amount:	
Which Prevailing Wage Rate Determination is Higher? <input type="checkbox"/> US DOL for CDBG <input type="checkbox"/> State of IL				

Our construction contract is with (Grantee Community) \_\_\_\_\_  
 In the amount of \$ \_\_\_\_\_ for (work to be completed) \_\_\_\_\_

Date Contract Awarded: \_\_\_\_\_ Will any work be subcontracted out? YES  NO   
 If yes, to whom? \_\_\_\_\_

### Person(s) Authorized to Sign (certify) Payroll Reports:

Name	Title

The Wage Rate Determination issued for this project is:

WRD #: \_\_\_\_\_ Mod #: \_\_\_\_\_ Published Date: \_\_\_\_\_

Identify work classification(s), base wage payment, fringe payment, and total wage for each individual performing work on the project site (attach additional sheets if necessary):

Work Classification from the Wage Rate Determination (WRD) (Include group number, if applicable)	Base Wage	Fringe	Total Wage

Identify those work classification(s) performing work on the project that are either not included in the WRD or do not include the county within the Classification:

--

\*The **Conformance** process must be used to add the above listed classification(s) to the WRD in effect for this project.

The fringe benefit payment will be (check A, B or C below):

(A) **Paid to a Union benefit plan (or plans). Complete chart below or attach a schedule of fringe benefits**

Benefit	Amount (hourly contribution)
Vacation and Holiday	
Union Dues	
Health and Welfare Benefits	
Pension	
Annuity	
Other (Identify)	

Benefit funds are deposited into accounts maintained by:	
Address:	Telephone: _____
	Account #: _____

## CONTRACTOR PROFILE FORM

(B) **Paid directly (with paycheck) to each worker in the amount of:** \$ \_\_\_\_\_

(C) **Paid to an unfunded benefit plan (or plans) in the amount indicated below:**

Benefit	Amount (hourly contribution)
Pension	
Medical	
Dental	
Other (Identify)	

Benefit funds are deposited into accounts maintained by:	
Address:	Telephone: _____
	Account #: _____

Is the business a  corporation a  sole proprietorship or a  partnership business? (Check applicable box)

Is the business a **Caucasian Woman Owned Business (WBE)?** YES  NO

Is the business a **Minority Owned Business (MBE)?** YES  NO

Is the business a **Section 3 Business Concern\*?** YES  NO

\*A Section 3 Business Concern is a business that meets one of the following within the last six-month period:

- At least 51% owned and controlled by low- or very low-income persons;
- Over 75% of labor hours performed by the businesses are performed by low- or very low-income persons; or
- Fifty-One percent (51%) owned, controlled by current public housing, Section 8-assisted housing residents.

If Section 3 Business Concern is marked "YES," complete the "Section 3 Business Concern Certification Form" in the [State of Illinois Community Development Block Grant \(CDBG\) Program Section 3 Plan](#).

### CONTRACTOR'S CERTIFICATION

I have received the following documents and fully understand my responsibilities in the payment of the prevailing wages contained in the WRD applicable to this project and reporting requirements under Davis Bacon and Related Acts, as well as my responsibilities to engage Sections 3 workers in employment, training, and subcontracting opportunities and to report on those opportunities, and labor hours worked per Section 3 requirements.

- Davis-Bacon and Labor Standards Agency/Contractor Guide  Section 3 Plan and Reporting Forms **and the Contractor Guide Addendum;** or  Payroll Form
- Making Davis-Bacon Work, A Contractor's Guide to Prevailing Wage  Federal Labor Standards Provisions (HUD 4010)

Owner/Principal Officer Name (Please Print) \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

This form must be completed in its entirety and submitted with the NOCA HUD 2516 along with a copy of the "No Exclusions" search from [sam.gov](#). Grant funds for construction will not be released until the NOCA and Contractor's Profile Form are reviewed and approved by DCEE.

Does this project include both CDBG and State of IL Funding?  YES  NO Amount/Source: \_\_\_\_\_

Which Prevailing Wage Rate Determination is Higher?  US DOL for CDBG  State of Illinois

Replaces the need for:

- Certification from Contractor Appointing Officer or Employee to Supervise Payment of Employees
- Contractor Fringe Benefit Statement



# Construction Management Contractor Profile Form

Grant administrator **MUST** complete with the Prime Contractor  
All areas must be completed

- Persons authorized to sign payroll reports
- Wage Rate Determination (Copy to be given to Contractor)
- Work Classifications from the WRD to be written in the chart with the appropriate wage to be paid
- Must identify classifications to work on the project that are not included in the WRD (for Conformance)
- Fringe Benefit payment information

# Construction Management Contractor Profile Form

## Contractor must certify receipt of:

- *Wage Rate Determination*
- *DBLS Contractor's Guide and Addendum (or Making Davis Bacon Work)*
- *Section 3 Plan and Reporting Forms*
- *Payroll Form*
- *Federal Labor Standards Provisions (HUD 4010)*

# Construction Management

## Construction Management Checklist

The CDBG Construction Management Checklist must be maintained as part of the Construction Contract File of the CDBG Grant Documents.

### *File Sections:*

1. Checklist
2. Bid Specs & Documents
3. Contract
  - WRDs
  - Provisions, Certifications, Bonding
  - Contractor Profile Form
  - Preconstruction Conference Minutes



# Construction Management Construction Management Checklist

## Construction Management Checklist...

### *File Sections:*

4. Payrolls

5. Section 3 Reporting

- Contractor's Report
- Safe Harbor Compliance – Grantee & Contractor(s)



# Construction Management Project Process Guide

- **Helpful Resource**
- ***From NOSAF to Closeout***

Project Activity	Date Complete
Notice of State Award Finalist (NOSAF)	
If Activity Delivery is awarded in grant funds: Procure Activity Delivery if not done by an IGA or IEI such as a Regional Planning Commission or an Economic Development Corporation	
If Activity Delivery is awarded in grant funds: Environmental Review for Activity/Project that is Exempt or Categorically Excluded Not Subject to Section 58.5.	
If Activity Delivery is awarded in grant funds: Activity Delivery Contract	
Special Grant Conditions - (Other than the Environmental) Cleared	
Special Grant Condition - Environmental Review Cleared	
Notice of State Award (NOSA) emailed by GATA to Grantee; Grantee read and accept	
Notice of Grant Agreement to sign (NOGA) - Signed and Returned to DCEO	
Executed Grant Agreement (GA) - Paper Copy Filed	
Fair Housing Poster Displayed - at Grantee community's location	
Fair Housing Complaint Forms Available - at Grantee community's location	
Section 504 Compliance Review - completed by Grantee	
CDBG Grant-specific Checking Account Opened	
Remind Grantee - Only CDBG grant funds in account (no comingling of funds) / non-interest bearing	
Remind Grantee - 2 signatures on all CDBG grant fund checks	
Remind Grantee - CDBG funds disbursed within 20 days after receipt from State Comptroller	
Remind Grantee - Audits due to External Audit Unit each fiscal year grant is open via GATA system	
Remind Grantee - to maintain SAM.gov registration and GATA fiscal year Internal Control Questionnaire (ICQ)	
Journal/Ledger established for CDBG and Other Funds listed in GA only	
Calendar set up for quarterly Periodic Financial and Performance Reports for DCEO	
Review Grantee Fidelity Bonds that they are sufficient to cover CDBG funds	
Submit Advertisement for Bid and Bid Packet to CEO.LSO@illinois.gov for review and approval - minimum 14 days prior to bid advertisement	
Request Prevailing Wage Rate - minimum of 14 days prior to advertisement	
Start "Construction Management Checklist"	
Review Bid Packet (Correct Prevailing Wage Rates)	
Review Bid Packet (EEO, Davis Bacon, and Section 3 Contractors Requirements and Intent to Comply included)	
Section 3 Efforts	
MBE Bid Notification to Grantee for posting, local PTAC, and Darryl Thomas (Copy DCEO Grant Manager) before or the day of the bid advertisement	
Advertise for Bids / Copy of Bid Advertisement and publisher certification in file	
Pre-Bid Conference Held - if applicable	
Prevailing Wage Rates - Confirm 10 days prior to bid opening	
Send notice to all bid holders if PWRs changed	

Bid Opening - Bid Tab sheet in file	
Contractor eligibility verified in sam.gov (No exclusions)	
Sub-contractor eligibility verified in sam.gov (No exclusions)	
Section 3 Intent to Comply submitted with bid? Must be obtained and submitted to CEO.LSO@illinois.gov	
Contract documents must be submitted to CEO.LSO@illinois.gov prior to award.	
Contract Executed (Within 90 days of bid opening). If not executed w/in 90 days, must request new WRD.	
Contract Agreement (All agreements must include the PWR and DB provisions, including subcontracts)	
Bid Guarantee, Performance Bond, Payment Bond, Certificate of Insurance	
Meet with Contractor. Complete Contractor Profile Form. Disseminate Documents.	
Create Notice of Contract Award - remember to include sub-contractors	
<b>Submit</b> Notice of Contract Award to DCEO Labor Standards Officer and a copy to Grant Manager - Within 10 days of Award - Must Include:	
Sam.gov "No Exclusions" Printout	
Bid Tabulation	
Contractor Profile Form	
First few pages of construction contract	
<b>Submit</b> Notice of Award to DOL - Within 10 days of Award (Send copy and proof of submission to grant manager)	
Pre-Construction Conference - identify all parties attending, minutes, certification	
<b>Submit</b> Pre-Con Conference Checklist (copy) to DCEO Labor Standards Officer and Grant Manager	
<b>Submit</b> Notice to Proceed (copy) to DCEO Labor Standards Officer and Grant Manager	
Missing Classifications in WRD? Conformance Request (letter & SF1444) to Labor Standards Officer	
<b>Submit</b> First Payroll Reviewed (copy) to DCEO Labor Standards Officer and Grant Manager with relevant documentation	
Section 3 Contractor's Report Submitted with Payrolls?	
Employee Interviews Conducted - verify against payroll	
Wage Restitution? - <b>Submit</b> original and corrected payroll, and proof of restitution to DCEO Labor Standards Officer	
Apprentice - Certificate of Enrollment from DOL; Agreement showing approved Apprentice to Journeyman ratio	
<b>Submit</b> Final Payroll Reviewed (copy) to DCEO Labor Standards Officer and Grant Manager with relevant documentation	
Section 3 - Cumulative Contractor's Report, Safe Harbor Compliance Forms and Documentation	
Finish "Construction Management Checklist"	
Close Out Public Hearing Advertised	
Close Out Public Hearing	
<b>Submit</b> Final Periodic Financial Report and Periodic Performance Report to Grant Manager	
<b>Submit</b> Grantee Evaluation Report (GER) and As-Built to DCEO Grant Manager (60 days after grant end or after all grant funds spent)	
<b>FG</b> Final <b>Certify</b> CDBG Costs on GRS 352. (If closing early, e-mail Grant Manager to request early Close Out set-up in Accounting system. Once notified set-up is complete, proceed with final certifying of costs on GRS 352.)	

# Compliance

## Web Pages for Forms and Resources

<https://dceo.illinois.gov/communitydevelopment.html>

Under “LIBRARY” on the left-hand side of the screen...

Click on **Labor Standards Materials** for:

- Wage Rates
- Conformance Information
- Bid Specifications & Contract Documents
- Required Postings & Documents
- Preconstruction Conference Forms
- Payroll
- HUD 11 Interview Forms
- Compliance Checklist

Click on **Reporting** for:

- MBE Form

Click on **Grantee Support** for:

- Project Process Guide





# Compliance – Construction Management

JoLaine Miner

Please contact me if you have any questions

IL Dept of Commerce & Economic Opportunity  
607 E. Adams, 3<sup>rd</sup> Floor  
Springfield, IL 62701  
Phone: 217.558.4222  
Email: [ceo.Iso@Illinois.gov](mailto:ceo.Iso@Illinois.gov)



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*Thank*

*You!*

**SIGN OUT at the BACK OF THE ROOM if  
YOU ARE LEAVING THE WORKSHOP!!!!**

**You will not receive credit for  
attendance if you do not sign out.**



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*Let there be lunch!*



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# CDBG Grant Administration

## Grantee Reporting System (GRS)

GRS Brief Refresher & Updates

Kirk Kumerow



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# Grantee Reporting System (GRS)

- Is DCEO's system for reporting costs and drawing funds;
- Was created in mid to late 1980's; Hewlett Packard based;
- DCEO's connection to State Comptroller's (IOC) financial system;



# Grantee Reporting System (GRS)

- Connection to IOC updated via SAP software in 2022;
- CDBG Grant Administrators can access through their “MHD #” (i.e., RACF ID); Rebuild Illinois administrators cannot.



# Grantee Reporting System (GRS)

- Normal Grant Administrator training and contact for GRS is Program Accountant/Acct Super in DCEO OFM;
- DCEO OFM temp short-staffed and learning SAP. Bring GRS concerns to Grants Manager for now;
- Request RACF ID password re-set to:  
**ceo.racfsecurity@illinois.gov**; provide RACF ID (i.e., MHD #) & organization name. No need to contact GM for re-set.



# NEW All CDBG GRS Thresholds

- New Grant Agreement. All Special Grant Conditions (SGC's) set to “No” on GRS;
- SGC's for Activity Delivery or Admin-Inspection will only be turned to “Yes” on GRS by assigned GM after receipt of respective AD or Admin-Inspection Contract(s) and 1<sup>st</sup> detailed invoice.



# NEW CDBG PI & ED-PI GRS Thresholds

- SGC's for Construction activities only turned to "Yes" by either Labor Standards Officer or PI Program Manager after proper labor standards docs submitted and approved for PI or ED-PI. If in doubt on new Labor Standards document processes, please ask LSO.



# NEW CDBG Draw Rates – AD or Admin-Inspection

- Since June 2023, all AD and/or HR Admin-Inspection to be billed on actual hours worked basis;
- Must include DCEO OCD-provided hours worked Excel;
- May also include your firm's invoice sheet;
- May report and draw on GRS as hours are earned, or report and draw proportionally during grant term, based on hours worked;
- Draw proportionate with underlying construction costs.





# NEW CDBG PI & ED-PI Construction Draw Rates

- Starting Fall 2023, for any CDBG PI or ED-PI grant with budgeted “Other Funds” for construction, those other funds must be spent and reported on a 1:1 ratio with CDBG construction funds until the Other construction funds are exhausted;
- Exhausted to lesser of 1:1 with CDBG funds or the (less than CDBG) Other construction funds stated in grant application/Grant Agreement are fully spent;
- All funders want timely expenditure of their funds, including DCEO for CDBG!!!



# GRS Entries

- Once an SGC has been turned to “Yes”, Grant Administrator may report and draw that line-item on GRS Screens 351-353.
- If unable to process a transaction, contact assigned CDBG Grants Manager.
- To reduce a reported cost, place “-” after amount to be reduced.



# GRS Entries

- “GRS Grantee Handbook” available at <https://dceo.illinois.gov/communitydevelopment/commgranteesupport.html>
- Your detailed reference for GRS use;
- Last updated January 2016. Administrators won’t see any internal SAP connection changes using GRS.



# CDBG Grant Administration

## Modifications and Waivers

Kirk Kumerow



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# Grant Modifications

Consult well ahead of time with your CDBG Grants Manager regarding proposed changes:

- Project Location(s)
- Project Beneficiaries (incl. Project area)
- Environmental Impact (i.e., changes from completed ERR)
- Scope of Work
- Budget
- Project End Date



# Grant Modifications

## Modifications Not Allowed For:

- Requests for activities outside the original project area
- Requests to decrease or increase Scope of Work/Budget due to greater or less than estimated project costs

## In addition:

- If proposal alters LMI benefit, the resulting LMI benefit must still be 51% or greater (a HUD and application threshold)



# Waivers

Cover modifications to an expired Grant Agreement

- Avoid if at all possible
- Causes extra work for Grantee, DCEO Grants Manager, Legal & Accounting (i.e., adds Notarized Contract Renewal Affidavits & other possible “paper” forms)
- Reminder that if a potential Modification arises, discuss it with your Grants Manager about 1 to 2 months prior to expiration; earlier if grant will expire in period from June 30<sup>th</sup> to August 31<sup>st</sup> (i.e., State Fiscal Year “rollover period”).



# Potential Pitfalls

- Unapproved changes can result in repayment of Grant funds;
- Modifications of an expired grant may not be allowed at DCEO discretion;
- Always contact your Grant Manager prior to changing a CDBG grant project in any way.





# Grant Modification/Waiver Request Process

- After an initial phone or e-mail consultation initiated by Grantee's grant administrator, the CDBG Grant Manager will determine if a written Modification or Waiver request is required and potentially acceptable;
- Grant Manager will consult internally with Program Manager and potentially Deputy Director regarding appropriateness of request;



# Grant Modification/Waiver Request Process

- If a request is deemed appropriate, Grant Manager will advise grant administrator to submit Modification or Waiver request forms via e-mailed PDFs;
- After receipt, Grant Manager will initiate Modification or Waiver request on DCEO eGrants & GRS & HUD IDIS (if applicable);



# Grant Modification/Waiver Request Process

- Once DCEO Legal Counsel has approved Mod request, Grants Manager will send grant administrator the new GATA-required Grant Modification Agreement for dated signature by Authorized Designee or Authorized Signatory listed in Grant Agreement;
- Signed and dated Grant Modification Agreement is returned to GM by Grant Administrator via e-mailed PDF;



# Grant Modification/Waiver Request Process

- Once Modification/Waiver is executed, Grant Manager will e-mail a PDF copy to Grant Administrator for filing and copying to Grantee;



# Modification/Waiver Request – Required Forms

Letter signed by the Grantee's Chief Elected Official on Grantee letterhead

- Detail why change(s) are necessary
- What exactly needs to be changed
- Include Grant #



# Modification/Waiver Request – Required Forms

## DCEO CDBG Modification/Waiver Information Sheet

- Fill-in header information fields;
- Check applicable “Purpose” boxes;
- Fill-in proposed new end date, if applicable;
- Fill-in DCEO Grants Manager’s name at bottom;
- Signature neither required nor desired.
- ❖ DO NOT use former DCEO CDBG  
Modification/Waiver Request Form



# Modification/Waiver Request – Required Forms

## Budget Modification Requests

- Completed GATA Uniform Grant Budget Modification Template - CDBG
- Grantee's Chief Elected Official and Treasurer or Clerk must sign and date on Certification page
- Member of Grantee's legislative body may co-sign if both Clerk and Treasurer are vacant and/or on LOA
- DO NOT use revision of original GATA Budget



# Modification/Waiver Request – Required Forms

## Scope of Work Modification Requests

- Grant Manager will determine if proposed change(s), including to “Project Activities” line-items in Grant Agreement Exhibit B, require a Scope Modification;
- If so, GM will prepare a revised Scope of Work to include in Mod packet; e-mail copy to Grant Administrator; and check Scope box on Mod/Waiver Info Sheet if not already checked by Administrator.





# Modification/Waiver Request – Required Forms

## Revised Project Location Map

- Required for changes of site location(s) within the approved project area;
- Must clearly indicate proposed location(s) to be added and proposed location(s) to be deleted.



# Modification/Waiver Request – Required Forms

For Unused CDBG PI LMI Connection Funds, include Form (Appendix 1-4-D) from the Grant Management Handbook

- Required when trying to move unused LMI Connection funds to the Construction line-item, because a documented insufficient number of LMI households did not income qualify;
- Rarely approved by DCEO, so budget initial LMI Connection funds carefully in grant application.



# CDBG Grant Administration

## Quarterly Reporting and Financial Monitoring

Jeff Davis, Cietta Gower



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# Quarterly Reporting / Financial Monitoring

## 2 CFR 200.302 – 200.332 / 24 CFR 570

State CDBG Programs are required to establish record keeping methods to review and monitor CDBG Federal funds and confirm that Grantees:

- Carry out community development program requirements and activities described in the Application and Grant Agreement;
- Carry out activities in a timely manner;
- Charge eligible costs to the project;
- Conduct program and financial responsibilities to minimize opportunities for waste, mismanagement, fraud and abuse.



# Quarterly Reporting / Financial Monitoring

The Department's Office of Community Development (OCD) requires that Grantees submit financial and performance reports quarterly to confirm their compliance with program regulations and performance goals.

Quarterly, Grantees will submit -

- “Periodic Financial Report” (PFR).
- “Periodic Performance Report” (PPR).

Two forms scanned for one combined quarterly report - PFPR.

Email to the Grant Manager: \***22-242999 Grantee PFPR 06-30-24.**

\*Grant #, Grantee Name, PFPR, End Date of the Reporting Quarter



# Quarterly Reporting / Financial Monitoring



STATE OF ILLINOIS  
**PERIODIC FINANCIAL REPORT**

(a) Grantee Name		(b) Grant Number	(c) CSFA	(d) CFDA(s)	(e) Appropriation Number(s) <b>(State Agency Use Only)</b>
(f) FEIN Number	(g) DUNS	(h) Program Name and/or Code			(i) Date Prepared
(j) Agreement Period thru		(k) Report Period thru		(l) Final Report for Award Period <input type="checkbox"/>	(m) No changes from prior reporting period and/or No new expenses <input type="checkbox"/>
(n) Indirect Cost Rate: %		(o) Approved Indirect Cost Base:			
(p) Program Restrictions: Yes <input type="checkbox"/> No <input type="checkbox"/>		(q) List of Restrictions:			
(r) Mandatory Match %: Yes <input type="checkbox"/> No <input type="checkbox"/>		(s) Specify Match:			
(t) Program Income (Award to Date)		(u) Program Income (In current reporting period)		(v) Interest earned (Award to Date)	(w) Interest earned (In current reporting period)

(x) Category/Program Expenses	(y) Current Approved Budget			(z) Grant Expenditures				(aa) Current Period Match			(bb) Total Match (Award to Date)	Add/ Delete Row
	Approved Budget	Remaining Balance Available	Expend %	Current Period Grant Expense	Prior Approved Grant Expenses	Grant Expense Adjustment	Post-Adjustment Grant Expenses (award to date)	Cash	In-kind	Total		
			0.00									ADD DEL
(cc) TOTAL DIRECT EXPENSES			0.00									
(dd) Indirect Costs			0.00									
(cc) TOTAL EXPENDITURES			0.00									



# Quarterly Reporting / Financial Monitoring

## Periodic Financial Report

- The (a) Grantee Name, (b) Grant Number, (c) CSFA, (d) CFDA, (f) FEIN, (g) DUNS or the UEI, (h) Program Name and/or Code, (i) Date Prepared, (j) Agreement Period and (k) Report Period can be found in the Grant Agreement.
- For CDBG, there is no (n) Indirect Cost Rate and no (p) Program Restrictions.
- If the project has Other funds committed to complete the project, listed in Exhibit B of the Grant Agreement, select Yes for (r) Mandatory Match, then in cell (s) Specify Match list the source of the Other funds.
- The (t) Program Income and (v) Interest Earned cells should be left blank.
- The (x) Category/Program Expenses, and (y) Current Approved Budget are filled in using the “Cost Category”, “Activity”, and “CDBG” grant funds listed in Exhibit B (e.g., 03JW Construction, 03JD Activity Delivery, 14A Rehab-Single Unit Residential, 14H Activity Delivery). Add lines if necessary.
- Cell (z) Grant Expenditures is to report the Current Period Grant Expenses and the Prior Approved Grant Expenses.
- Cell (aa) Current Period Match should contain Other funds spent, as part of a complete transaction, by the Grantee in the reporting period.
- Cell (bb) Total Match enter the Other funds spent to date.

\*To “Add” or “Delete” lines use the Add/Delete tab on the right end of page.



# Quarterly Reporting / Financial Monitoring



STATE OF ILLINOIS  
**PERIODIC FINANCIAL REPORT**

**GRANTEE CERTIFICATION (2CFR 200.415)**

By signing [authorizing] this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the [related] expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).

<b>(ff) Name and Title of Authorized Grantee Representative:</b>		<b>(gg) Date Submitted:</b>
<b>(hh) E-mail:</b>		<b>(ii) Telephone Number:</b>
<b>STATE AGENCY USE ONLY</b>		
<b>(jj) Name and Title of <u>State Agency</u> Individual Authorized to Approve Report:</b>	<b>(kk) Date Received:</b>	<b>(ll) Date Approved:</b>






# Quarterly Reporting / Financial Monitoring

## Periodic Financial Report – page 2

- The Authorized Signatory (listed in the Grant Agreement) or the Authorized Designee from Exhibit D, of the Grant Agreement, must sign the form. Please include the signature, typed name, title, phone number and date.

 **Reminder** - When reporting data in cell (z) Current Period Grant Expenses, supporting documentation must be attached that exactly matches the expenses being reported. Current Period Grant Expenses are reported in the quarter the Grantee has a complete transaction that demonstrates the expense, the payment verification of the expense, and the Grantee's deposit of grant funds covering the expense. Examples of supporting documentation may include contractor's pay estimates, invoices, cancelled checks, and bank statements. Supporting documentation for Activity Delivery expenses being reported must include the completed **Activity Delivery Invoice** (template) that details the work completed and the amount of time spent on the project. A financial ledger showing the receipts and payouts of grant and Other project funds is helpful.



# Quarterly Reporting / Financial Monitoring



STATE OF ILLINOIS  
**PERIODIC PERFORMANCE REPORT**

**Report Transmittal**

1. Grantee Name (per UGA):		2. Grant Number:		3. Grantee DUNS:			
		4. CSFA Number:		5. Grantee FEIN:			
6. Program Name (per UGA):				7. CFDA Number(s):			
8. State Agency (Grantor):							
9. Agreement Period:			10. Report Period End Date:				
Start Date (Month/Day/Year):		End Date (Month/Day/Year):		(Month/Day/Year):			
11. Final Report?		12. Report Frequency:			13. Prepared Date:		
<input type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-annually <input type="checkbox"/> Other (specify):					
Responses to Sections 14 - 22 may be provided in a separate format. All grantees must complete Section 23.							
<input type="checkbox"/> Alternative file or database used.							
File Name or Database Source:							
14. Deliverable (if applicable): (Separate line for each based on UGA)		15. Due Date (based on UGA)	16. Date Completed	17. Deliverable Explanation:		Add - Delete	
						ADD DEL	
18. Performance Measures: (Separate line for each based on UGA Exhibit E)		19. Performance Standard-Frequency (Based on UGA Exhibit F)		20. Results - Accomplishments in Reporting Period		21. Required (R) or Inform Only (IO)	Add - Delete
							ADD DEL



# Quarterly Reporting / Financial Monitoring

## Periodic Performance Report

- Cell (1) Grantee Name, (2) Grant Number, (3) DUNS or the UEI, (4) CSFA, (5) FEIN, (6) Program Name, (7) CFDA, (8) State Agency, and (9) Agreement Period can be found in the Grant Agreement.
- Cell (10) Report Period End Date, end of a reporting quarter, (11) Final Report, (12) Report Frequency and (13) Prepared Date.
- Cell (14) Deliverable include one line for each Cost Category/Activity listed in Exhibit B of the Grant Agreement (e.g., 03JW Construction, 03JD Activity Delivery, Other Funds – “Grantee Commits \$50,000 in Other funds”, 14A Rehab-Single Unit Residential, 14H Activity Delivery). Add lines if necessary.
- Cell (15) Due Date enter the date the Deliverable (cell 14) is due to be completed - the Grant Agreement end date.
- Cell (16) Date Completed enter the date the Deliverable (cell 14) is completed, should be blank until the final report when reporting that the project is complete.
- Cell (17) Deliverable Explanation blank until the final report.
- Cell (18) Performance Measures enter Performance Measures from Exhibit E of the Grant Agreement (e.g., Total persons served 500; Total LMI persons served 300 /60% LMI).
- Cell (19) Performance Standard Frequency enter Performance Standard from Exhibit F and when its due (e.g., Benefit 51% LMI/End of Project).
- Cell (20) Results – Accomplishments in Reporting Period - cell must be completed each quarter, **do not it leave blank**. Enter actual results (details about the progress) for each Deliverable (cell 14) and Performance Measure (cell 18) for the specific reporting period. Leaving this blank may cause the report to be rejected.



# Quarterly Reporting / Financial Monitoring



STATE OF ILLINOIS  
**PERIODIC PERFORMANCE REPORT**

<b>22. Performance Explanation - Award to Date:</b>		<b>Add - Delete</b>
<input type="checkbox"/> All performance accomplishments are on schedule with performance standards. <input type="checkbox"/> Not all performance accomplishments are on schedule with performance standards. Explanation(s) required below: (Separate lines as appropriate.)		
		ADD
		DEL
<b>23. Performance Accomplishments Correlated to Reported Expenses:</b>		<b>Add - Delete</b>
<input type="checkbox"/> Performance is consistent with grant-to-date expected services and expenditures/earnings. <input type="checkbox"/> Performance is not consistent with grant-to-date expected services and expenditures/earnings. Explanation(s) required below: (Separate lines as appropriate.)		
		ADD
		DEL

<b>GRANTEE CERTIFICATION (2 CFR 200.415)</b>		
By signing [authorizing] this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the [related] expenditures, disbursements, cash receipts and reported performance are for the purposes and objectives set forth in the terms and conditions of the award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).		
24. Name and Title of Authorized Individual from <u>Grantee Organization</u> :	25. Phone Number	
	26. Email Address:	
<b>STATE AGENCY USE ONLY</b>		
27. Name and Title of <u>State Agency</u> PPR Approver:	28. Date Received:	28. Date Approved:



# Quarterly Reporting / Financial Monitoring

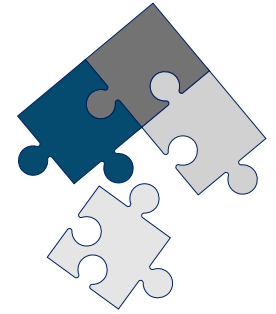
## Periodic Performance Report – Page 2

- Cell (22) Performance Explanation – Award to Date and cell (23) Performance Accomplishments Correlated to Reported Expenses – answer both questions.
- The PPR must be signed by the Authorized Signatory (from the Grant Agreement) or the Authorized Designee from Exhibit D of the Grant Agreement. There must be a signature, a typed name, title, phone number and date.

To “Add” or “Delete” lines use the Add/Delete tab on the right end of the page.



# Quarterly Reporting / Financial Monitoring

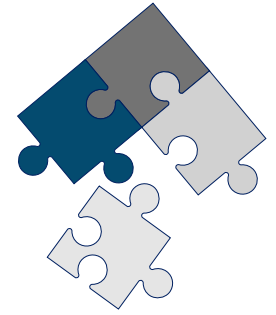


## Things to Remember

- When reporting data in cell (z) Current Period Grant Expenses, there must be supporting documentation that exactly matches the expenses being reported. Current Period Grant Expenses are reported in the quarter the Grantee has a complete transaction that demonstrates the **expense**, the **payment** verification of the expense, and the **Grantee's deposit** of grant funds covering the expense. Examples of supporting documentation may include pay estimates, invoices, cancelled checks, and bank statements. A complete **Activity Delivery Invoice** must be included to document Activity Delivery expenses.
- Other funds committed to a project must be drawn/spent at a ratio of no less than 1:1 until all Other funds are drawn or CDBG funds are exhausted.
- Both, CDBG and Other, funds being reported must be supported by source documentation.
- Two forms (PFR and PPR), with supporting documents, are scanned as one combined quarterly report - PFPR.
- Email to the Grant Manager: \***22-242999 Grantee PFPR 06-30-24**.
- Use the Grant Number, Grantee Name, End date of the Reporting Period to name the report.
- The PFR and the PPR forms are also the forms you will use at Closeout.
- The Report Schedule is in the Grant Agreement.



# Quarterly Reporting / Financial Monitoring



## More Things to Remember

- Do **NOT** reuse report forms. Start a new form for each grant each quarter.
- Activity Delivery invoices must include the Activity Delivery Invoice (template) or they will be returned
- A “Scheduled Report Item Due” notice will be sent out by eGrants one week before the report is due.
- A “Notification of Reporting Non-Compliance” will be sent out by eGrants when a required report is not received.
- Delinquent/late reports are subject to FEIN locks and the Illinois Stop Pay List.
- Reports initially submitted that are not correct or contain errors will be sent back to the grant administrator with notes on how to correct.
- Reports re-submitted that are still not correct will be rejected. An email notification of the rejection will be sent to the grant administrator **and the Grantee** indicating why the report is not correct.
- If correct reports are not received within 30 days of the notification of errors, then a FEIN lock will be placed on the grant/Grantee.
- If a correct report is not received within 30 days after a FEIN lock has been placed, then the Grantee may be placed on the Illinois Stop Pay List.

- The PFR and the PPR are on the website at:  
<https://dceo.illinois.gov/communitydevelopment/commgranteereport.html>



# Quarterly Reporting / Financial Monitoring



## *“A Few Notes for Financial Monitoring”*

- The Grant project file should include supporting documents with the names and titles of the Grantee’s representatives that have fiscal responsibility (signature authority/those who handle book entries, check preparation, bank reconciliations) for CDBG funds.
- The Grant project file should include a copy of the Grantee fidelity bond that covers the Grantee’s representatives, who have fiscal responsibility for CDBG funds. The bond amount should be at least equal to the amount of CDBG grant funds the Grantee may have custody of at one time.
- Information submitted must be accurate and include expenses for which there is a complete transaction.
- The Grant project file must include a financial ledger showing CDBG funds, and any Other funds, received and disbursed to complete the project.

### CDBG Grant Funds:

- Must be spent on allowable items and be approved by the responsible Grantee official;
- Are for eligible expenses actually incurred and are not to exceed actual cash requirements;
- Should be deposited into a separate (their own) non-interest-bearing bank account;
- Require two signatures for disbursement to a contractor; and
- Must be disbursed within 20 days of receipt by the Grantee.





# CDBG Grant Administration

## Other Required Reporting

Jeff Davis, Cietta Gower



**Illinois**  
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# Required Reporting

The following are Grantee requirements in addition to the quarterly reporting:

- Fair Housing Poster/Complaint Form
- Section 504 Grantee Self-Evaluation for Persons with Disabilities
- Grant Agreement Exhibit G
- Compliance Monitoring
- External Audit Reporting
- Grantee Evaluation Report (GER)
- As Built Map/Drawing (PI)

## Reminder - Construction (PI) Documents to be submitted

- Bid Advertisement/Packet
- Publisher Certification
- Minority Business Enterprise (MBE) Bid Notification with submission and posting verification
- Section 3 Contractor Intent to Comply
- Bid Tab
- Notice of (Bid) Award
- Contractor Profile Form
- Construction Contract
- Notice of Contract Award – HUD 2516 with contractor/sub eligibility verified
- Notice of Contract Award – DOL with submission verification
- Preconstruction Minutes
- Notice to Proceed
- Job Site EEO Documents/Wage Rates – Posting Verification
- Payroll – First/Last
- Section 3 Contractor’s Report and Safe Harbor Form



# Required Reporting – Fair Housing



## Grant Agreement - ARTICLE XXXVII, Grant Specific Terms and Conditions

- *Title VIII of the Civil Rights Act of 1968 (P.L. 90-283), as amended, administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing; and will take action to affirmatively further fair housing in the sale or rental of housing, the financing of housing, and the provision of brokerage services.*
- Grantees must post a Fair Housing Poster, where public notices are posted.
- Grantees must make Fair Housing Complaint forms available to the public.
- Verification of these postings are to be in your grant file.
- Fair Housing Poster:  
[https://www.hud.gov/sites/documents/FAIR\\_HOUSING\\_POSTER\\_ENG.PDF](https://www.hud.gov/sites/documents/FAIR_HOUSING_POSTER_ENG.PDF)
- Fair Housing Complaint form: [https://www.hud.gov/sites/documents/DOC\\_12150.PDF](https://www.hud.gov/sites/documents/DOC_12150.PDF)



# Required Reporting – Section 504/Exhibit G

## Grant Agreement Section 3.5 Specific Certifications

### Anti-Discrimination

- Grantee shall comply with applicable provisions of State and Federal laws and regulations.
- (p) Section 504 of the Rehabilitation Act of 1973 (29 USC 794)

A copy of a completed Section 504 Self-Evaluation Review Form must be in place and available for public review. A copy of the completed Section 504 Self-Evaluation form must be in the grant file.

## Grant Agreement Exhibit G – Fiscal and Administrative

- Additional documents may be requested based on the Grantees answers to the GATA Internal Control Questionnaire (ICQ).



# Required Reporting – Audit / Monitoring

## Grant Agreement Exhibit G – Programmatic On-Site Monitoring

- Grantees are initially selected for On-site Compliance Monitoring based on answers provided in the GATA Internal Control Questionnaire (ICQ). Grant Managers may conduct an on-site monitoring visit for other reasons.

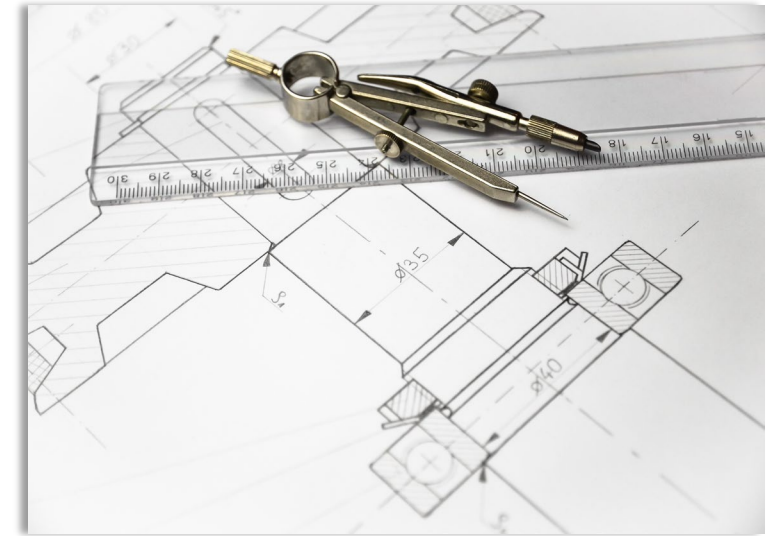
## Grant Agreement Article XII – Audit Requirements

- Grantees must adhere to applicable Audit Requirements. Deficient audit reports lead to Grantee FEIN locks and placement on the Illinois Stop Pay List.
- Audit Unit: [ceo.externalauditunit@illinois.gov](mailto:ceo.externalauditunit@illinois.gov)



# Required Reporting – GER / As-built

- Grantee Evaluation Report (GER) is the Grant Agreement programmatic closeout document. The GER is due to the Grant Manager either 60 days after the end date of the Grant Agreement or 60 days after all grant funds are spent.
- The As-built Map/Drawing (PI) is to describe/illustrate the project that was actually built. The As-built is due to the Grant Manager with the GER and other closeout documents.



# CDBG Grant Administration

## Grant Closeout

Jeff Davis, Cietta Gower



**Illinois**  
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JB Pritzker, Governor

# Grant Closeout

The Grantee should begin the closeout process when:

- The project in Exhibit A of the Grant Agreement is complete.
- All costs have been incurred.
- All contracts have been paid in full.
- Grant closeout documents are due sixty (60) days after the end date of the Grant Agreement or sixty (60) days after all grant funds have been spent; whichever is first.

Grantees have up to 45 days after the end date of the Grant Agreement to request grant funds.





# Grant Closeout

## Closeout Reports / Documents

- The Final Periodic Financial and Performance Report (Final PFPR)
- The Grantee Evaluation Report (GER)
- As-built Map/Plan (PI)
- Section 3 Contractor's Report / Safe Harbor Report – (PI)

\*\*Confirm that all quarterly reports, other reports and construction documents have been submitted to the Department and that the Grantee's grant file is complete.



# Grant Closeout

## The Final Periodic Financial and Performance Report

Periodic Financial Report (PFR), same form used for quarterly reporting.

- Cell (I) Final Report for Award Period, marked Yes.
- Submit any final source documents (pay estimates/invoices/change orders/cancelled checks/bank statements, etc.)



# Grant Closeout

Periodic Performance Report (PPR) same form used for quarterly reporting.

- Cell (11) Final Report, marked Yes.
- Cell (16) Date Completed, end date of Grant Agreement or project completion date.
- Cell (17) Deliverable Explanation, enter a brief description of the completed activity. Enter any Other funds listed in Exhibit B of the Grant Agreement that were spent to complete the project.
- Cell (20) Results – Accomplishments in Reporting Period include any activities completed in the reporting period.
- Remember two forms (PFR) (PPR) one report (PFPR)

22-242999 Grantee Final PFPR 6-30-2024



# Grant Closeout

## Grantee Evaluation Report (GER)

- The GER document requires that the Grantee hold, and facilitate, a closeout public hearing to review program performance and obtain citizens reviews regarding program activities and performance under the grant.
- A Notice of Public Hearing must be published in a newspaper of general circulation in the Grantee's community, at least seven days (excluding the date of publication and the date of the hearing) prior to the hearing; and the notice must state the purpose of the hearing.
- A public comment period must coincide with the time period between the Notice and the hearing, which will conclude after the hearing has been completed. The address to submit written comments must be in the public notice.



# Grant Closeout

## Grantee Evaluation Report (GER)

- The first page of the GER must be signed by the Grantee's authorized official. It must be signed and dated after the closeout public hearing.

## Submit with the Completed GER form:

- Newspaper Certification of Publication, with clipping of the Notice of Public Hearing.
- Certified minutes from the Public Hearing.
- Public Hearing sign-in sheet.
- Copy of any citizen's written comment regarding the Grantee's performance under the grant since the grant award date, along with the Grantee's written assessment of any citizen's comments and any action taken in response to the comments.
- The As-built map or drawing (PI).
- The Section 3 Contractor's Report and the Safe Harbor Compliance Form (PI)



# Grant Closeout

## Section 3 Contractor's Report and Safe Harbor Report

- Each contractor working on the project must complete the Contractor's Report to report all hours worked, all Section 3 hours worked, and all Target Section 3 hours worked.
- The Grant Administrator is responsible for maintaining a cumulative report for all contractors working on the CDBG funded project.
- The Grantee and each contractor working on the project must complete the Safe Harbor Compliance Form to document its efforts to train and employ Section 3 workers, and to contract with Section 3 businesses.
- The Contractor's Reports and the Safe Harbor Compliance Forms must be maintained in the project file and submitted with the grant closeout documents.
- The Qualitative efforts will be reported to HUD at the closeout of the grant-funded project.



# Grant Closeout



## Final Reminders –

- The Final PFPR and GER are subject to FEIN locks and the Illinois Stop Payment Lists the same as regular quarterly reporting.
  - The Department retains the right to disallow costs and/or recover funds on the basis of a later audit or other review.
  - The Grantee continues an obligation to return funds to the Department from subsequent refunds, corrections, or other transactions.
  - The Grantee continues responsibilities for records retention.
  - The Grantee continues Audit requirement obligations.
- 
- ❖ GRS – Screen 352 (F6) to approve the certified costs



# CDBG Grant Administration

## Grantee Files, Record Retention & Audit Requirements

Kristy Jones



**Illinois**  
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# Grantee Files, Record Retention & Audit Requirements

- Establish a Filing System
- Use the CDBG Grantee Records Retention Checklist
- Know your Record Retention Requirements (2 CFR 200.333)
- Comply with Audit Requirements



# Grantee Files, Record Retention & Audit Requirements

## CDBG Grantee Records Retention

Grantee Name \_\_\_\_\_ Start Date \_\_\_\_\_  
 Grant #1 \_\_\_\_\_ End Date \_\_\_\_\_  
 Grant #2 \_\_\_\_\_ Award Amount \$ \_\_\_\_\_

The department requires that a filing system be established that makes finding all of the necessary source documents readily accessible. The following is a suggested sample CDBG filing system. All grant records must be maintained for five years after the closeout of the federal grant year by HUD/DCEO. See 2 CFR 200.333 Retention requirements for records.

✓	Process/Required Documentation
	<b>GRANT APPLICATION</b>
	Copy of the complete CDBG Grant Application (must include all attachments and maps)
	GATA Registration Documentation/Verification
	<b>*ENVIRONMENTAL REVIEW / SPECIAL GRANT CONDITIONS</b>
	Entire Environmental Record Review
	Notice of State Award Finalist (NOSAF) w/ special grant conditions
	NOSAF/SSC clearance documentation
	Environmental Release Letter or Combined ER/ROF Letter
	Notice of State Award (NOSA)
	<b>GRANT AWARD / AGREEMENT / MODIFICATIONS</b>
	Fully Executed Grant Agreement with Welcome Package
	All Modification Requests and Approvals
	Fully Executed Modification Agreement
	<b>*PROCUREMENT OF CONSTRUCTION CONTRACTS (N/A for Housing)</b>
	MBE Form
	Advertisement for Bids / Bid Solicitation Documents
	Bid Packet – Must include Intent to Comply w/ Section 3
	Bid Tabulation
	Notice of Award
	Contract/Sub-Contract DOL Reporting Form
	Construction Contract with all signed certifications
	Notice of Contract Award (NOCA) HUD 2516
	Notice to Proceed
	Prevailing Wage Rates
	Copy of Contractor Review for Debarment
	Contractor Bonding, Insurance
	Change Orders
	<b>*CONSTRUCTION LABOR STANDARDS</b>
	Pre-Con Conference Checklist/Minutes/Sign-in w/ documentation
	Payroll Signature Authorization
	Employee Interviews (HUD 11)
	All Construction Payrolls, including Force Account Labor
	Apprentice Certifications
	Documentation of underpayment/proof of wage restitution
	Fringe Documentation
	<b>*FINANCIAL MANAGEMENT RECORDS</b>
	Bank Account Documentation (CDBG)
	Bank Account Documentation (Leverage)
	Bonding information of the Grantee (N/A for Housing)
	Signature Authority/Fiscal Responsibility Documentation
	Authorized Signatory Change Form
	Authorized Designee Signature Form(s)
	<b>*FINANCIAL EXPENDITURE RECORDS</b>
	CDBG Ledger
	CDBG checks with corresponding invoices
	Leverage Ledger
	Leverage checks with corresponding invoices
	Bank Statements
	Print-Out of GRS screens requesting CDBG funds
	Copies of Expenditure Summaries (if applicable)
	Copies of signed Quarterly Grantee Reports w/documentation

\*Federal Requirement

✓	Process/Required Documentation
	<b>*EQUAL OPPORTUNITY</b>
	Copy of Fair Housing Ordinance or Resolution
	<b>Section 3</b>
	Section 3 Compliance Report
	Section 3 Safe Harbor Compliance and Documentation
	<b>Section 504</b>
	Grantee Self Evaluation for Persons w/ Disabilities
	<b>*DIRECT BENEFIT/HOOK-UPS – PUBLIC INFRASTRUCTURE</b>
	Copy of Advertising(s) of availability of financial assistance
	Copy of Posting(s) of availability of financial assistance
	Application/Income Documentation for all eligible applicants
	Copies of 3 required bids per hh or hook-up contract documentation
	Copy of Invoices and checks paid per household
	Application/Income Documentation for all ineligible applicants
	<b>CLOSEOUT</b> *must include public hearing documents
	Completed, signed Final Grantee Report w/ documentation
	*Completed, signed Grantee Evaluation Report (GER) *
	Correspondence related to Closeout
	DCEO Financial Closeout Approval Letter
	Saved to P: Drive p (N/A for Housing)
	-----project map (for reference)
	<b>MONITORING</b>
	CDBG Monitoring Letter
	Response Documentation to Findings/Comments
	<b>MISCELLANEOUS</b>
	General Correspondence, News Articles
	*Income Surveys
	Audits (Email: ceo.externalauditunit@illinois.gov)
	*Public Comments
	<b>*HOUSING REHABILITATION PROGRAM SPECIFIC FILES (IF APPLICABLE)</b>
	See GMH Section 1.5 for Content
	Management Policy Manual
	Boilerplate rehab construction contract
	Copy of Advertising(s) of availability of financial assistance
	Copy of Posting(s) of availability of financial assistance
	Individual Case File – Application
	Individual Case File – Construction
	Application/Income Documentation for all ineligible applicants
	Miscellaneous Files
	Relative Correspondence
	<b>ADDITIONAL FILES (IF APPLICABLE) – See GMH 1.5 for Guidance</b>
	<b>*COMPLAINTS</b>
	<b>*ACQUISITION</b>
	<b>*RELOCATION</b>
	<b>*LMI INCOME BENEFIT</b>
	<b>OTHER COMPLIANCE REQUIREMENTS</b>
	<b>ADMINISTRATIVE COSTS</b>



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# Grantee Files, Record Retention & Audit Requirements

A complete file includes all records that must be maintained

- Grant Application
- Environmental Review / Special Grant Conditions
- Grant Award/Agreement/Modifications
- Procurement of Construction Contracts (N/A for Housing)
- Construction Labor Standards
- Financial Management Records
- Financial Expenditure Records
- Equal Opportunity
- Direct Benefit Connections (PI only)
- Close Out
- Monitoring
- Miscellaneous



# Grantee Files, Record Retention & Audit Requirements

## Grant Application

- Complete Grant Application
- GATA Registration Documentation/Verification



# Grantee Files, Record Retention & Audit Requirements

## Environmental Review / Special Grant Conditions

- Entire Environmental Review Record
- Notice of State Award Finalist Letter (NOSAF) with Special Grant Conditions (SGC)
- NOSAF / SGC clearance documentation
- Notice of State Award (NOSA)



# Grantee Files, Record Retention & Audit Requirements

## Grant Award / Agreement / Modifications

- Fully executed Grant Agreement and Welcome Package
- All Modification Requests and Approvals
- Fully Executed Modification Agreements



# Grantee Files, Record Retention & Audit Requirements

## Procurement of Construction Contracts (N/A for Housing)

- MBE Form
- Advertisement for Bids / Bid Solicitation Documents
- Bid Packet
- Bid Tabulation
- Notice of Award
- Contract/Sub-Contract DOL Reporting Forms
- Construction Contract with all signed certifications
- Notice of Contract Award (NOCA)
- Notice to Proceed
- Prevailing Wage Rates
- Contractor Review for Disbarment
- Contractor Bonding, Insurance
- Change Orders



# Grantee Files, Record Retention & Audit Requirements

## Construction Labor Standards

- Pre-Con Conference Checklist/Minutes/Sign-in
- Payroll Signature Authorization
- Employee Interviews
- Construction Payrolls
- Apprentice Certifications
- Documentation of Underpayment/Wage Restitution
- Fringe Documentation





# Grantee Files, Record Retention & Audit Requirements

## Financial Management Records

- Bank Account Documentation
- Bonding Information
- Signature Authority/Fiscal Responsibility Documentation
- Authorized Signatory Change Forms
- Authorized Designee Signature Forms



# Grantee Files, Record Retention & Audit Requirements

## Financial Expenditure Records

- General Ledgers
- Checks and Corresponding invoices
- Bank Statements
- Print outs of GRS screens requesting CDBG funds
- Copies of Expenditure Summaries
- Copies of Signed Quarterly Grantee Reports



# Grantee Files, Record Retention & Audit Requirements

## Equal Opportunity

- Fair Housing Ordinance or Resolution
- Section 3 Reports and Documentation
- Section 504 Grantee Self Evaluation for Persons with Disabilities



# Grantee Files, Record Retention & Audit Requirements

## Direct Benefit Connections (PI)

- Advertising of Availability of Financial Assistance
- Posting of Availability of Financial Assistance
- Application/Income Documentation of all eligible applicants
- Copies of 3 required bids per household or hook-up contract
- Invoices and checks paid per household
- Application/Income Documentation of all ineligible applicants



# Grantee Files, Record Retention & Audit Requirements

## Closeout

- Final Quarterly Grantee Reports
- Grantee Evaluation Report (GER)
- Correspondence related to Closeout
- DCEO Financial Closeout Letter
- As Built Project Map
- Proposed Project Map



# Grantee Files, Record Retention & Audit Requirements

## Monitoring

- CDBG Monitoring Letter
- Response Documentation



# Grantee Files, Record Retention & Audit Requirements

## Miscellaneous

- General Correspondence
- Income Surveys
- Public Comments
- Audits



# Grantee Files, Record Retention & Audit Requirements

## Audit Requirements

Total Expenditures of Federal Awards (direct or pass through)	Total Expenditures of Federal and State Awards	Not-For Profit and Governmental Grantees	For Profit Grantees	Deadline
During the grantee's Fiscal Year				
\$750,000 or more	N/A	Single Audit	Program-Specific Audit	9 months after grantee fiscal year end
Less than \$750,000	\$500,000 or more	Generally Accepted Governmental Auditing Standards Financial Statement Audit		6 months after grantee fiscal year end
	\$300,000 or more	Generally Accepted Auditing Standards Financial Statement Audit		6 months after grantee fiscal year end
	Less than \$300,000	Submit audit report if audit conducted due to other requirements		6 months after fiscal year end





# Grantee Files, Record Retention & Audit Requirements

## Audit Requirements

- The State of Illinois is required to obtain and review the audit of all entities that had any State or Federally participating funds pass through it.
- The appropriate audit reporting package must be submitted through the Grantee Portal at [grants.illinois.gov/portal](https://grants.illinois.gov/portal)
- Non-compliance with audit requirements could result in implementation of the Grantee Compliance Enforcement System (GCES) and may result in the inability to receive grant funds
- Helpful Resources
  - <https://dceo.illinois.gov/aboutdceo/grantopportunities.html>
  - DCEO Office of Accountability-[ceo.GrantHelp@illinois.gov](mailto:ceo.GrantHelp@illinois.gov)



# Grantee Files, Record Retention & Audit Requirements

## RECAP

- The CDBG Grantee Records Retention Checklist is a Useful Tool
- Be Knowledgeable of Specific CDBG Program Requirements
- When in Doubt....Don't Toss it Out!



# CDBG Grant Administration

**Monitoring**

Lisa Thomas Swaine



**Illinois**  
**Department of Commerce**  
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# Monitoring

## 2 CFR 570.501(b); 2 CFR 200.328 and 200.331

- DCEO is responsible for ensuring that CDBG funds are used in accordance with all program requirements and for determining the adequacy of performance under the Grant Agreement.



# Monitoring

## 2 CFR 570.501(b); 2 CFR 200.328 and 200.333

### Monitoring identifies:

- If Grantees are proceeding with the project in a timely manner.
- If Grantees are carrying out activities identified in the Grant Agreement
- Potential problem areas that Grantees may be experiencing
- Potential concerns and/or findings that require correction
- Opportunities for hands-on assistance



# Monitoring

## 2 CFR 570.501(b); 2 CFR 200.328 and 200.331

- DCEO's role is NOT to simply “catch” grantees making mistakes/errors.
- CDBG staff conduct oversight activities to ensure:
  - All funds are spent effectively and accomplish their intended purpose; and
  - Confirm compliance with Federal statutes, regulations and the terms of the Grant Agreement
    - This includes established timeframes and performance goals as they relate to the activities included in the Scope of Work.



# Monitoring

## 2 CFR 570.501(b); 2 CFR 200.328 and 200.331

- Required Grant Reporting and On-site Compliance Monitoring
  - Conducted to ensure compliance deficiencies are corrected.
  - Can also be utilized for the Grantee to obtain on-site technical assistance from their Grant Manager.



# Monitoring: How Grantees are selected

- Grantees are initially selected for On-site Compliance Monitoring based on answers provided in the GATA Internal Control Questionnaire (ICQ).
- Grant Managers may conduct an on-site monitoring visit for other reasons.





# Monitoring: What is Reviewed?

- On-site Compliance Monitoring of CDBG funded activities will review:
  - Timeliness
  - LMI Benefit
  - EEO/MBE
  - Fair Housing
  - Section 504
  - Financial Management
  - Project Construction



# Monitoring: Preparation for Grantee

- Prior to monitoring, your Grant Manager will reach out to you and select a mutually agreeable monitoring date.
- Your Grant Manager will follow up with an email (typically 15-30 days prior to monitoring) confirming the Grantee being monitored, the date(s) of monitoring, the monitoring location(s), and the description of the project to be monitored. The email will also contain 4 important attachments: Grantee Records Retention Checklist ,CDBG Monitoring Review Checklist, CDBG Monitoring Reference sheet, and HUD/CDBG Requirements.



# Monitoring: Preparation for Grantee

## CDBG Grantee Records Retention

Grantee Name \_\_\_\_\_ Start Date \_\_\_\_\_  
 Grant #1 \_\_\_\_\_ End Date \_\_\_\_\_  
 Grant #2 \_\_\_\_\_ Award Amount \$ \_\_\_\_\_

The department requires that a filing system be established that makes finding all of the necessary source documents readily accessible. The following is a suggested sample CDBG filing system. All grant records must be maintained for five years after the closeout of the federal grant year by HUD/DCEO. See 2 CFR 200.333 Retention requirements for records.

← The CDBG Grantee Records Retention Checklist is a document that is initially sent out with the Grant Agreement. This document is the guideline for organizing your file. It is re-sent with upcoming monitoring as a reminder to what documents are required for your files.

✓	Process/Required Documentation
<b>GRANT APPLICATION</b>	
	Copy of the complete CDBG Grant Application (must include all attachments and maps)
	GATA Registration Documentation/Verification
<b>*ENVIRONMENTAL REVIEW / SPECIAL GRANT CONDITIONS</b>	
	Entire Environmental Record Review
	Notice of State Award Finalist (NOSAF) w/ special grant conditions
	NOSAF/SGC clearance documentation
	Environmental Release Letter or Combined ER/ROF Letter
	Notice of State Award (NOSA)
<b>GRANT AWARD / AGREEMENT / MODIFICATIONS</b>	
	Fully Executed Grant Agreement with Welcome Package
	All Modification Requests and Approvals
	Fully Executed Modification Agreement
<b>*PROCUREMENT OF CONSTRUCTION CONTRACTS (N/A for Housing)</b>	
	MBE Form
	Advertisement for Bids / Bid Solicitation Documents
	Bid Packet – Must include Intent to Comply w/ Section 3
	Bid Tabulation
	Notice of Award
	Contract/Sub-Contract DOL Reporting Form
	Construction Contract with all signed certifications
	Notice of Contract Award (NOCA) HUD 2516
	Notice to Proceed
	Prevailing Wage Rates
	Copy of Contractor Review for Debarment
	Contractor Bonding, Insurance
	Change Orders
<b>*CONSTRUCTION LABOR STANDARDS</b>	
	Pre-Con Conference Checklist/Minutes/Sign-in w/ documentation
	Payroll Signature Authorization
	Employee Interviews (HUD 11)
	All Construction Payrolls, including Force Account Labor
	Apprentice Certifications
	Documentation of underpayment/proof of wage restitution
	Fringe Documentation
<b>*FINANCIAL MANAGEMENT RECORDS</b>	
	Bank Account Documentation (CDBG)
	Bank Account Documentation (Leverage)
	Bonding information of the Grantee (N/A for Housing)
	Signature Authority/Fiscal Responsibility Documentation
	Authorized Signatory Change Form
	Authorized Designee Signature Form(s)
<b>*EQUAL OPPORTUNITY</b>	
	Copy of Fair Housing Ordinance or Resolution
	Section 3
	Section 3 Compliance Report
	Section 3 Safe Harbor Compliance and Documentation
	Section 504
	Grantee Self Evaluation for Persons w/ Disabilities
<b>*DIRECT BENEFIT/HOOK-UPS – PUBLIC INFRASTRUCTURE</b>	
	Copy of Advertising(s) of availability of financial assistance
	Copy of Posting(s) of availability of financial assistance
	Application/Income Documentation for all eligible applicants
	Copies of 3 required bids per hb or hook-up contract documentation
	Copy of Invoices and checks paid per household
	Application/Income Documentation for all ineligible applicants
<b>CLOSEOUT *must include public hearing documents</b>	
	Completed, signed Final Grantee Report w/ documentation
	*Completed, signed Grantee Evaluation Report (GER)*
	Correspondence related to Closeout
	DCEO Financial Closeout Approval Letter
	Saved to P: Drive p (N/A for Housing)
	Project map (for reference)
<b>MONITORING</b>	
	CDBG Monitoring Letter
	Response Documentation to Findings/Comments
<b>MISCELLANEOUS</b>	
	General Correspondence, News Articles
	*Income Surveys
	Audits (Email: ceo.externalauditunit@illinois.gov)
	*Public Comments
<b>*HOUSING REHABILITATION PROGRAM SPECIFIC FILES (IF APPLICABLE)</b>	
	See GMH Section 1.5 for Content
	Management Policy Manual
	Boilerplate rehab construction contract
	Copy of Advertising(s) of availability of financial assistance
	Copy of Posting(s) of availability of financial assistance
	Individual Case File – Application
	Individual Case File – Construction
	Application/Income Documentation for all ineligible applicants
	Miscellaneous Files
	Relative Correspondence
<b>ADDITIONAL FILES (IF APPLICABLE) – See GMH 1.5 for Guidance</b>	
	*COMPLAINTS
	*ACQUISITION



# Monitoring: Preparation for Grantee

Grantee: \_\_\_\_\_ Grant Number: \_\_\_\_\_

**CDBG MONITORING REVIEW CHECKLIST**  
Revised 7/10/2023

GRANTEE \_\_\_\_\_ REVIEW DATE \_\_\_\_\_  
GRANT NUMBER \_\_\_\_\_ REVIEWED BY \_\_\_\_\_

Step 1: This project is in support of:

- Economic Development – Infrastructure
- Housing Rehabilitation
- Public Infrastructure
- Other: \_\_\_\_\_

Step 2: Identify Areas of Review

Areas of Review	Previously Monitored	Monitored This Visit	To Be Monitored	Does Not Pertain to This Project	Grant Monitor Initials
Timeliness					
LMI Benefit					
Environmental	Pre-Approved				
EEO/MBE					
Fair Housing					
Section 504					
Financial Management					
a. Remaining CDBG \$					
b. Remaining Leverage \$					
Construction					
Acquisition				X	
Relocation				X	
Economic Development					
a. Job creation/retention					
Housing Rehabilitation					
Individual Rehab Cases On-site Review					



The CDBG Review Monitoring Checklist is a 28-page document with questions specific to the type of CDBG Grant, and the project’s state of completion. Not all pages are applicable; however, your Grant Manager will identify areas to be addressed.



# Monitoring: Preparation for Grantee

## CDBG MONITORING – REFERENCE DOCUMENTATION

All documentation must be available for CDBG on-site monitoring review(s)

**Complete copy of the CDBG Grant Application**

### PROJECT TIMELINESS

#### Scope of Work

Executed Grant Agreement  
Executed Grant Modification(s), if applicable

#### Release of Funds

Notice of State Award Finalist (NOSAF)  
Environmental Clearance Letter  
Notice of State Award (NOSA) or Release of Funds letter  
Administrative Contract and related documentation, if applicable  
Engineering Contract and related documentation, if applicable  
CDBG Costs Ledger  
Leverage/Other Source Ledger

#### Project Progress and Management

Quarterly Performance/Financial Reports  
Grant Modifications (for reference, if applicable)

### VERIFICATION OF LOW-TO-MODERATE INCOME PERSONS

Scope of Work (from Executed GA, for reference)  
LMI Source Documentation

#### Direct Benefit (for LMI hookups)

Tap-On Fee and/or Service Connection Assistance Application of all applicants  
Individual household files MUST contain:  
Household names and address  
Number of persons in the household  
Proof of income  
Signed certification by head of household  
Total household income annualized  
Eligibility verification of Section 8 income limits  
(Signed, including name and title)

#### EEO/MBE

Minority Benefit/Affirmative Housing Statement (from Grant Application)  
Section 3 Reports

#### HOUSING REHABILITATION AND ECONOMIC DEVELOPMENT

**Analysis of Benefit to Minorities, Persons with Disabilities and Female Heads of Household**  
(To be completed for direct benefit activities for housing rehabilitation, and economic development)  
Direct Benefit documentation



- The CDBG Monitoring Reference Documentation is a 3-page document which specifically outlines documentation that should be made available for the on-site monitoring review(s).



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# Monitoring: Preparation for Grantee

## HUD/CDBG Requirements

Below you will find a list of some of the U.S. Department of Housing and Urban Development (HUD) requirements for the Community Development Block Grant program (CDBG) as contained in the Grants Management Handbook. This list is by no means inclusive of all requirements, but is simply a list of administrative problems frequently encountered by CDBG grantees. You should review the handbook to ensure that you are following all of the required federal and state rules and regulations.

- CDBG grant funds must be deposited in a non-interest bearing account. Should CDBG funds be placed in an interest bearing account, all interest in excess of \$100 (which may be used for project administration) must be returned to the department.
- DO NOT commingle CDBG funds with leverage funds, revolving funds, or any other community funds.
- All CDBG funds received must be disbursed within 20 days of receipt/deposit.
- Checks written using CDBG funds require the following:
  - Two signatures, it is recommended three persons be given signature authority.
  - Checks must have bank routing number and account number encoded at the bottom of the check. It is not permissible for this information to be handwritten on the check.
- Cash receipts, cash disbursements, and general ledgers document project funds must be recorded and accurately maintained. The department requires one set for the CDBG funds and a separate set for the leverage funds.
- The proposed and approved project area(s) in the CDBG grant application must not be modified without written consent by the department and through a formal Grant Modification process.
- The Grant Budget line items (Part I) and Scope of Work activities (Part II) contained in the Grant Agreement may not vary without first submitting a request for modification.
- The grantee and grant administrator must follow a project closely to ensure that the project is completed within the grant term. A modification request to extend the project end date will only be considered under extenuating circumstances. Grantees should inform the Grant Manager in writing of project delays.
- All grantees must have a copy of a completed Section 504 Grantee Self-Evaluation for Persons with Disabilities included in the project file.
- A Fair Housing poster must be displayed in the city, village or township hall or county courthouse and housing complaint forms must be on file. A Fair Housing Ordinance must be passed.
- Grantees must obtain Federal Prevailing Wage Rates (PWR) through the CDBG Labor Standards Officer. The most current PWR must be obtained prior to bid advertising and bid opening; and prior to contract award if not awarded within 90 days of bid opening. Contact [ceo.lso@illinois.gov](mailto:ceo.lso@illinois.gov) for additional information and to request a PWR.
- Grantees must post the MBE form at the community hall and a local procurement technical assistance center on or before the date of bid notification.

← The HUD/CDBG Requirements is a 3-page document that addresses administrative problems frequently encountered by CDBG grantees. This was initially sent out with the Executed Grant Agreement.



# Post-Monitoring

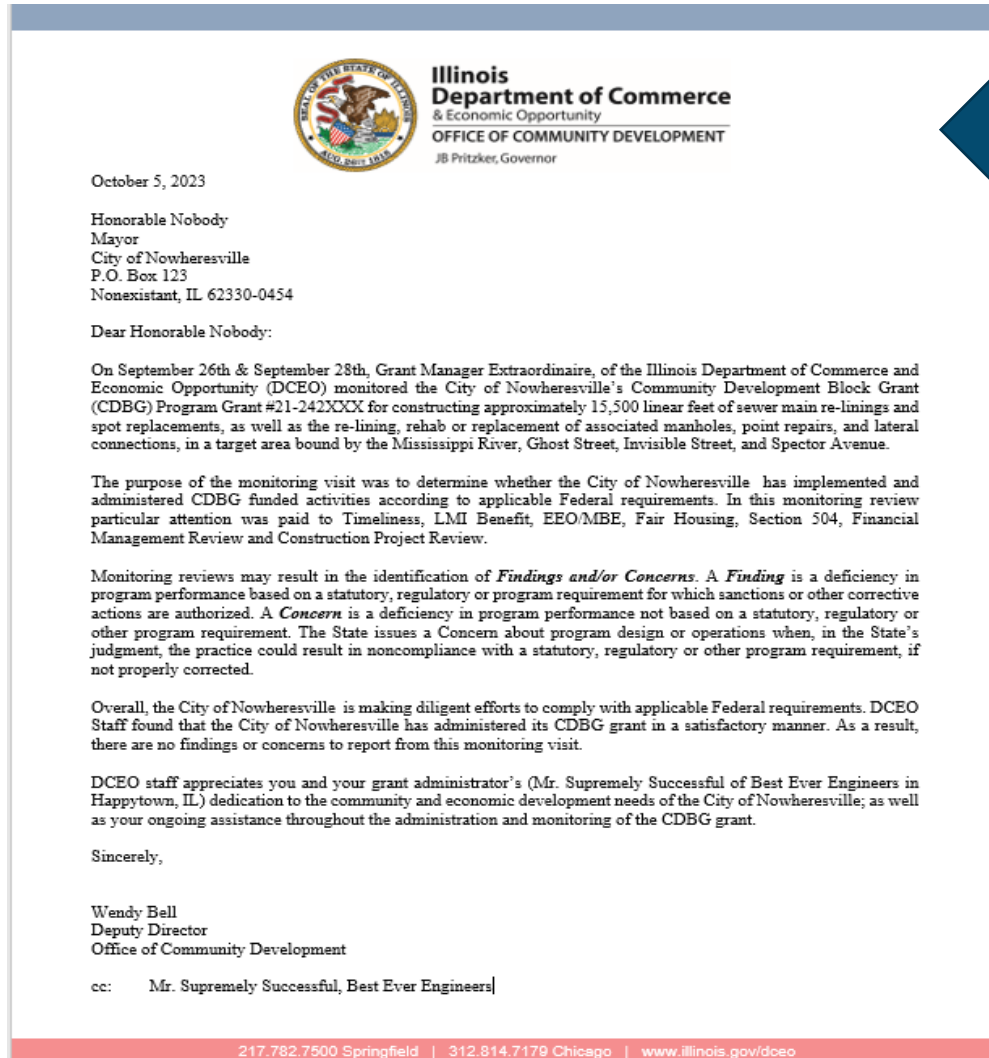
## 2 CFR 570.501(b); 2 CFR 200.328 and 200.33

- The results of the monitoring will be discussed with the Grantee/Grant Administrator at the end of the monitoring visit. A Monitoring Report Letter will then be issued to the Grantee with the results of the on-site monitoring visit. Deficiencies not corrected at the on-site visit will be identified in the letter, and the Grantee will be required to address them within the timeframe provided. This means, if any of those Findings call for Corrective Actions, the Grantee must put those in place, to resolve the issue and avoid any further measures taken by the Department.



# Monitoring: Potential Outcomes

## 2 CFR 570.501(b); 2 CFR 200.328 and 200.331



The Monitoring may find the Grantee fully in compliance with Federal requirements, with grant being administered in a satisfactory manner, and no issues to rectify. A letter will be issued to the Grantee, to this effect.



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# Monitoring: Potential Outcomes

## 2 CFR 570.501(b); 2 CFR 200.328 and 200.33

- Monitoring may result in the identification of “Findings” and/or “Concerns”:
  - A *Finding* is a deficiency in program performance based on a statutory, regulatory or program requirement for which sanctions or other corrective actions are authorized.
  - A *Concern* is a deficiency in program performance not based on a statutory, regulatory or other program requirement. A Concern about program design or operations is issued when, in DCEO’s judgment, the practice could result in noncompliance with a statutory, regulatory or other program requirement, if not properly corrected.



# Monitoring: Potential Outcomes If there are Findings or Concerns:



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**OFFICE OF COMMUNITY DEVELOPMENT**  
Bruce Rauner, Governor

October 5, 2023

Honorable Wrongly  
Village President  
Village of Straying  
P.O. Box 5678  
SoWrong, IL 61475

Re: Monitoring of Grant #21-242XXX, for \$256,813.00 in Illinois CDBG funding, to design and construct a new municipal water well and bio-retention basin, and replace approx. 2,500 lineal feet of 4-inch water main with 6-inch water main, from another, existing municipal water well on the east side of the corporate limits of the Village of Straying, Incorrect County, to its water tower adjacent to the newly constructed additional well.

Dear Honorable Wrongly:

On 09/27/23 and 09/28/23, Grant Manager Extraordinaire of the Illinois Department of Commerce and Economic Opportunity (DCEO) monitored the Village of Straying's Community Development Block Grant (CDBG) Program Grant(s) referenced above. The Department's CDBG program is a product of the Federal Community Development Block Grant (CDBG) program established by the United States Housing and Community Development Act of 1974, as amended.

The grant period under review was from 07/01/2020 to 06/30/22. In addition to examining relevant files during the review, the CDBG monitor met with the following grant administrative staff: Sally Sadness and David Despair of Not-a-Real Planning Commission, Offtrack, Illinois. Mr. Extraordinaire also visited the following Grant project site(s) in your community as part of the monitoring visit: the newly constructed well and traced the route of the newly installed water main from the eastern well to the water tower.

The purpose of the monitoring visit was to determine whether the Village of Straying has implemented and administered CDBG-funded activities according to applicable Federal and State requirements. During the monitoring visit, the following areas of review were covered: Timeliness, EEO/MBE, Fair Housing, Section 504, Financial Management, and Construction Project Review.

Following the Department's review, we are making one (1) Finding and one (1) Concern, as noted below, regarding the use of CDBG funds. A Finding is defined as a program element that does not comply with a Federal or State statute or regulation; whereas a Concern is either a potential Finding or a program weakness that should be improved to avoid future problems, including with any additional Illinois CDBG grants your community may subsequently receive. They are items which, if addressed, will help avoid potential future Findings. The Finding(s) and/or Concern(s) are as follows:

**Finding 1:** The project construction payrolls for Lazy-O Construction, Inc. were not signed by the same contractor's officer or employee authorized on the *Certificate from Contractor Appointing Officer or Employee to Supervise Payment of Employees*. The payrolls were signed by Ms. Substitute Signer, EEO Officer, while Ms. Financial Fitness was the Lazy-O official listed on the payroll supervision *Certificate*.

**Corrective Action:** Grantee will have NARPC staff request Lazy-O Construction to execute a new *Certificate from Contractor Appointing Officer or Employee to Supervise Payment of Employees*, containing the name and title of the officer or employee who signed the project construction payrolls (i.e., Ms. Substitute Signer). It should be backdated to the date when Ms. Signer assumed that role from the departed Ms. Fitness. NARPC has a blank *Certificate* form available for Lazy-O's Construction's use.

**Concern 1:** The Notice of Award and construction contract with Catch-Me Pump Service, Inc., and the Lazy-O Construction, Inc. contract, were undated.

The remaining Catch-Me Pump Service and Lazy-O Construction contract-related documents were signed and dated as required, and Mr. Despair believed each firm's construction contract was most likely dated on the same date as each firm's EEO and Section 3 forms, which are all typically signed on the same day as the construction contract. He believed the lack of relevant dates may owe to the project's then-engineer, which was not a firm that NARPC staff had previously worked with on CDBG-funded projects.

**Corrective Action:** For any future Illinois CDBG grants, Grantee and its grant administrative staff at NARPC must ensure that all construction contracts and related forms are signed and dated as required. No response is required.

**Statement Acknowledging Difference of Completed Project vs. Approved Project Scope of Work:** The Department has previously acknowledged to the Village and its grant administrative staff at NARPC that it was acceptable to close the grant without construction of the IEPA-previously suggested bio-retention basin, since the well newly constructed with CDBG funds was determined to be contaminated with the same matter that IEPA previously cited in one of the Village's other existing wells, and there appeared to be confusion between IEPA and an engineering firm it had recommended for designing the new well. The Department acknowledges that the newly constructed well may only serve non-potable water needs (e.g., for fire protection); that the newly replaced water main along East Whatchamacallit Street will convey water from a different well with no anticipated breaks for the foreseeable future; that the Village is working with a new engineering firm to design a connection to a neighboring water supply, per IEPA regulations; and that the Village may apply for competitive CDBG funding from DCEO to construct that connection.

**Requested Action:**

We request that the Village of Straying, within thirty (30) days of receipt of this letter, address the Findings and/or Concerns noted above. For Findings requiring the submission of documentation, that documentation must be submitted within the 30-day receipt date of this letter. For Concerns suggesting future CDBG operational changes by your community and/or its grant administrative staff, and a "no response" statement is not included above, it is strongly encouraged that you submit written assurance that the recommendations for those Concerns will be implemented, to reduce the likelihood that those Concerns will become Findings in the future, which may affect your community's ability to apply for CDBG funding in the future.

If a response is required, we look forward to receiving your response within thirty (30) days of receipt of this monitoring letter. Please send your response to Mr. Ernest Extraordinaire, CDBG Grants Manager, 807 E Adams St. 3<sup>rd</sup> Floor, Springfield, IL 62701. If there should be any reason why you would have difficulty responding by the deadline, please contact Ernest as soon as possible by calling him at 217-867-5309, or e-mailing him at [ernest.extraordinaire@illinois.gov](mailto:ernest.extraordinaire@illinois.gov). Once all Corrective Actions requiring a written response noted above have been submitted to and approved by the Department, you will be sent a confirmation letter closing the grant monitoring. If none of the Corrective Actions require a written response, and only offer suggestions for future grant administrative improvements, then please consider the monitoring to be closed.

Our monitoring staff appreciated the assistance of your community's grant administrative staff during the monitoring visit.

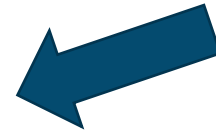


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# Monitoring: Future Impacts with Findings or Concerns

- Grantee may be assigned a higher level of risk, and additional conditions to mitigate that risk of non-compliance may be assigned for this and future grants.
- If a Grantee/Grant Administrator has repeated Findings/Concerns and has not implemented suggestions or utilized information provided via Technical Assistance, then DCEO can ban specific Grant Administrators or Grantees from applying for future funding; for a *minimum* of 1 year.
- HUD may consider taking enforcement action against non-compliant grantees as required by 2 C.F.R. 200.339 which speaks to remedies for non-compliance.

Types of outcomes resulting from a Monitoring Review or Visit .



# Monitoring: Future Impacts with Findings or Concerns

- Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity.
- Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the activity or action not in compliance.
- Wholly or partly suspend or terminate the Federal award.



Types of outcomes resulting from a Monitoring Review or Visit .



# Monitoring: Future Impacts with Findings or Concerns

- Initiate suspension or debarment proceedings as authorized under [2 CFR part 180](#) and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency).
- Withhold further Federal awards for the project or program.
- Take other remedies that may be legally available.



Types of outcomes resulting from a Monitoring Review or Visit .



# CDBG Grant Administration

## Common Mistakes

Lisa Thomas Swaine



**Illinois**  
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# Mistakes lead to policy changes

Due to some recent on-site monitoring, it has become apparent that there are some areas that seem to cause repeated issues for Grantees and therefore policy changes for DCEO. Let's discuss:



# Bid Packets

Project bid packets are missing the *signed* Equal Employment Opportunity Certification (EEO) form by Contractors and Sub-contractors.





# Contract Documents

Labor Standards and Prevailing Wage Requirements forms are missing from the Contract documents.



# Contracts

Once the Grantee receives the Executed Grant Agreement, provisions need to be made for bid advertisement and bid specifications to be sent to OCD's Compliance Unit for review, so that the project can be timely bid. We are seeing a number of projects delayed, which creates unnecessary end-date modifications.



# Wage Rate Determination Issues

- You ***must*** remember to update your Wage Rate Determination (WRD) if your contract is not awarded within 90 days after the bid opening.



- **If not completed, this may result in financial restitution being warranted.**



# Payroll

Apprentices are working alone. This should not be a common practice. If there is an unexpected event that necessitates this happening, then prevailing wage must be paid...NOT apprentice rates.



# Payroll

Employees are working under wrong job classifications. Please make sure to mark your payrolls according to the Classifications defined in your Wage Rate Determination (WRD).



# Payroll

Person(s) signing certified payroll reports has not always been the person(s) authorized on the Contractor Profile Form (previously the “Certificate from Contractor Appointing Officer or Employee to Supervise Payment of Employees”).



# Payroll-Fringe Benefits

- Fringe benefit information is missing from a number of grantee files.
- Fringe benefits are not being paid out correctly.



# Employee Interviews

- Employee interviews are not being conducted or are not including all job classifications/trades.
- Interview forms are not being reviewed and compared to the payroll by the Payroll Examiner/Project Labor Standards Officer.
- Employee interviews are not being conducted in the appropriate numbers.





# Grantee Accounts

CDBG funds should not be co-mingled with any other funds.

CDBG funds should not be deposited into interest bearing accounts.



# Grantee Accounts

The Grantee must sign its own checks paying out CDBG and other funds tied to its grant.

The Grantee's checks should not be signed by the CDBG Grant Administrator.



# Grantee Accounts

Not all Grantees are following the 20-day anticipated disbursement rule. When a check is received from DCEO, those funds should be paid out within 20 days and not remain in the Grantee's account for an extended period of time.





# Community Development Block Grant Program Monitoring Lisa Thomas-Swaine

Please contact me if you have any questions

IL Dept of Commerce & Economic Opportunity  
607 E. Adams, 3<sup>rd</sup> Floor  
Springfield, IL 62701  
Phone: 217.558.2840

Email: [Lisa.Thomas-Swaine2@Illinois.gov](mailto:Lisa.Thomas-Swaine2@Illinois.gov)



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*Thank*

*You!*

# Review and Prizes

- Why is it so important that check signatories have appropriate bonds?



# Review and Prizes

- Why is it so important that check signatories have appropriate bonds?
- To ensure that the funds are used appropriately, the check signers for CDBG funds are required to be bonded. The bond is a type of insurance that protects the organization against financial loss due to fraudulent or dishonest acts committed by its employees. The bond coverage amount is typically based on the amount of funds that the check signer has access to. The bond coverage amount must be sufficient to cover the maximum amount of funds that the check signer has access to at any given time.



# Review and Prizes

- What are the current Community Development requirements for those bond amounts?



# Review and Prizes

- What are the current Community Development requirements for those bond amounts?
- 20% of the grant total. Also, please note: EACH signer must be bonded for this amount, as this is not a cumulative number.





# Review and Prizes

- Can contracting with MBE/WBE businesses count towards Section 3 benchmarks?



# Review and Prizes

- Can contracting with MBE/WBE businesses count towards Section 3 benchmarks?
- It depends. Section 3 is race and gender neutral. Only MBEs/WBEs that meet the eligibility criteria as a Section 3 business concern set forth in the regulation can be counted towards the Section 3 labor hour calculation.



# Review and Prizes

- Should Current Period Grant Expenses be reported in the quarter they are spent or the quarter with a complete transaction?



# Review and Prizes

- Should Current Period Grant Expenses be reported in the quarter they are spent or the quarter with a complete transaction?
- They must be reported in the quarter you have a complete transaction (an invoice, verification the invoice is paid, verification of the Department's reimbursement for the invoice).



# Review and Prizes

- What's the level of environmental review for water tower replacement or a new water tower?



# Review and Prizes

- What's the level of environmental review for water tower replacement or a new water tower?
- Environmental Assessment



# Review and Prizes

- What should a grantee use to ensure that they maintain all necessary records within their grant file?



# Review and Prizes

- What should a grantee use to ensure that they maintain all necessary records within their grant file?
- **The Record Retention Checklist**





# Review and Prizes

- For Housing Rehabilitation: Is it necessary to include on your periodic performance quarterly report the Accomplishments (number of Homes completed this quarter) in box #20?



# Review and Prizes

- For Housing Rehabilitation: Is it necessary to include on your periodic performance quarterly report the Accomplishments (number of Homes completed this quarter) in box #20?
- Yes



# Review and Prizes

- When should the grant closeout documents be submitted to the grant manager?



# Review and Prizes

- When should the grant closeout documents be submitted to the grant manager?
- Either 60 days after the end date of the grant agreement or 60 days after the grant funds have been spent.



# Review and Prizes

- Is HUD tribal consultation required for a sewer relining project?



# Review and Prizes

- Is HUD tribal consultation required for a sewer relining project?
- No



# Review and Prizes

- True or False, an invoice from the grant administrator is sufficient documentation for reporting activity delivery expenses?



# Review and Prizes

- True or False, an invoice from the grant administrator is sufficient documentation for reporting activity delivery expenses?
- False, the Department's Activity Delivery Invoice form that details the grant administrators work completed must be included when you are reporting activity delivery expenses.





# Review and Prizes

- What can happen to a CDBG grant if the requirement audit is not conducted?



# Review and Prizes

- What can happen to a CDBG grant if the requirement audit is not conducted?
- The grant can be FEIN locked and funds will not be available





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**SIGN OUT at the BACK OF THE ROOM!**

**You will not receive credit for attendance if you do not sign out.**



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