

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

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**CDBG
Community Development Block Grant Program****MANAGEMENT MEMORANDUM
Memorandum Number 09-01**

Date: January 30, 2009
To: All Eligible Grantees and Interested Parties
Subject: Revisions to the Funds Request Form

This memorandum provides an overview of revisions made to the procedures used by city and county governments to request funds from the State Community Development Block Grant (CDBG) Program. These revisions include a requirement for a signature card and supporting documentation for funds requests, as well as the establishment of a minimum threshold for these requests. The following sections describe these revisions.

Use the Revised Form for Funds Requests

Effective immediately, all local grantees are to use the attached Funds Request Form (FRF) to request a reimbursement of funds, or an advance or lump sum draw on any open CDBG grant. By February 9, 2009, the Department of Housing and Community Development ("The Department") will post on its website the FRF and instructions for its use. The Department's website is located at <http://www.hcd.ca.gov/fa/cdbg/>.

Two Signatures Required for Each FRF

The Department will now require that grantees have two individuals sign each FRF—one of whom must be the preparer. The purpose for this new requirement is to expand at the local level the scope of control over the approval process. With the implementation of this requirement, no one individual shall have complete control over all phases of any transaction. In other words, the same person cannot authorize payment, record transactions and assign checks.

To reinforce the requirement for two signatures, the Department will require each grantee to prepare and submit an Authorized Signature Card for Request for Funds (card), which is attached. The grantee is to use this card to identify the individuals who are authorized or designated to sign on behalf of the grantee. No erasures or corrections may appear on the card. We recommend that grantees authorize up to four individuals to sign on their behalf. This authorization will allow the grantee to exercise flexibility whenever it needs signatures on any funds request.

We are requesting grantees submit a completed signature card to CDBG by February 27, 2009, if they have not already submitted one with a recently executed contract. Grantees must submit a new signature card whenever there is a change in the individuals who are authorized to sign the FRF.

Supporting Documentation Required for Funds Requests

Federal regulations require grantees to maintain evidence to support how they expended their CDBG funds. To enforce this requirement, the Department is requesting that grantees include with their funds requests back-up documentation that justifies payment for each budgeted line-item from which the CDBG funds will be drawn. For example, if a request for reimbursement includes payment under the General Administration and the Water and Sewer Improvement activities, the grantee must include documentation for both activities. The Department will not process requests for reimbursement unless the grantee provides acceptable supporting documentation. The Department will accept documentation that includes at a minimum any of the following:

- The Summary of Expenditures Form (see attachment);
- Cost allocation plans;
- Copies of billings/invoices from the construction contractor and canceled checks made out to the construction contractor;
- Heavy-equipment logs (when city/county employees do construction projects);
- Billings/invoices from professional service providers;
- Purchase orders (with supporting invoices or receipts);
- Project timesheets signed by a supervisor that justify the amount requested for labor and equipment; or
- Billings/invoices for materials.

In addition to the above documentation, grantees must ensure that they retain records that adequately identify the source and application of funds provided for financially-assisted activities.

Funds Requests Must Meet a Minimum Threshold

In order to reduce the high costs associated with processing a FRF while also providing the most efficient service to grantees, the Department is requiring grantees to submit FRFs in the amount of \$1,000 or more. Exceptions will be made for the Final Funds Request.

The "0" Funds Request Is No Longer Required

Effective immediately, the Department will no longer require grantees to submit a blank FRF when not requesting funds, otherwise known as the "0" Funds Request.

Additional information about the FRF is available in Chapter 9 of the CDBG Grant Management Manual, which is available at the Department's web address noted above.

Please contact the CDBG Fiscal Representative assigned to your jurisdiction to obtain more information on the new procedures regarding the FRF. A list of the CDBG Fiscal Representatives can be found on the Department's website at http://www.hcd.ca.gov/fa/cdbg/State_CDBG_Rep_list.html or by calling (916) 552-9398.

Attachments