

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

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CDBG-DR Management Memo #24-01

This management memo supersedes CDBG-DR Management Memo #23-01.

Date: May 15, 2024

To: Community Development Block Grant – Disaster Recovery (CDBG-DR) and Mitigation (MIT) Subrecipients

Subject: Grants Network Financial Reports

Attachments: Subrecipient Supporting Documents Reference Guide, CDBG-DR/MIT Financial Report Workbook

NOTE #1: This management memo includes the following updates:

- Updated supporting documentation guidance.
- Updated reporting period guidance.
- Updated overpayment guidance.

NOTE #2: This management memo contains information that will be integrated into the completed CDBG-DR/MIT Grant Administration Manual at a future date. At the point that this memo becomes outdated, it will be rescinded and superseded by the Grant Administration Manual.

Purpose

The purpose of this memo is to document the process and requirements for Grants Network Financial Reports for all CDBG-DR/MIT programs. This includes gathering and reviewing required supporting documentation, completing the Financial Report Workbook, and completing required Grants Network actions.

Documentation is a key part of complete reporting. The California Department of Housing and Community Development (Department) requires Subrecipients to maintain supporting documentation for all data entered and submitted on Grants Network Financial Reports, including direct and indirect costs, activity delivery expenditures, activity expenditures, overpayment reimbursement, and all expenditures of CDBG-DR/MIT Program Income. Subrecipients shall maintain in their records copies of all Financial Reports and full supporting documentation to substantiate each Financial Report.

However, only certain information and documents must be submitted to the Department in Grants Network.

Background Requirements

The U.S. Department of Housing and Urban Development's (HUD) recordkeeping requirements for CDBG-DR/MIT funds administered by the Department are contained in 24 CFR Part 570. Specifically, 24 CFR 570.490 (a) (1) states that "The State shall establish and maintain such records as may be necessary to facilitate review and audit by HUD of the state's administration of CDBG funds under Section 570.493." The state is required to have fiscal controls such that it can ensure the funds are used in "compliance with all applicable statutory and regulatory provisions," "only spent for reasonable and necessary costs," and "not used for general expenses required to carry out other responsibilities of state and local governments" as described in Section 570.489 (d).

The updated Excel-based Financial Report Workbook must be used no later than May 2023 for all CDBG-DR/MIT Subrecipients to submit Grants Network Financial Reports, monthly, beginning as soon as possible but no later than the April 2023 expenditures. This workbook will also serve as documentation that the authorized representative of the Subrecipient has approved all expenditures contained in the Financial Report Workbook and complied with all applicable requirements at 2 CFR Part 200 and other federal, state and local requirements.

Frequency

Grants Network Financial Reports must be submitted monthly. The only acceptable reason for not requesting reimbursement on a monthly Grants Network Financial Report is if costs incurred do not exceed \$1,000.00 since the last Financial Report was submitted, pursuant to Master/Standard Agreement Exhibit B – Method of Payment. If costs incurred are between \$0 and \$1,000.00, the Subrecipient must submit a Financial Report indicating that they are seeking a \$0 reimbursement.

Grants Network Financial Reports are due on the 10th of each month for the previous month's expenses (reporting period) for the available prior periods, unless prior written approval from the Department is requested to meet the subrecipient's legitimate business needs. The reporting period of the Financial Report and service period of costs in the report are defined as:

- **Reporting Period:** The dates of the Financial Report being submitted that spans one month, starting with the first day of the month and ending with the last day of the month, or by written request another alternative range of dates to align with the subrecipient's payroll performance periods. Costs included in the Financial Report were paid or expended by the subrecipient within the reporting period.
- **Service Period:** The dates or timeframe when work was incurred, or costs accrued. The service period dates *may fall outside the reporting period*, but *payment date for the costs* is within the reporting period.

Subrecipients may only include costs paid or expended within the reporting period. For example, the Grants Network Financial Report for expenses paid during the month of October will be due on November report. Costs incurred in a service period that differs from the reporting period should be included in a financial report with a reporting period that aligns with the date the expenses are paid. This is outlined on Page 11 of this memo, under Exhibit 3 – Expenditure Form.

HCD Program Representatives may grant an extension of the Grants Network Financial Report due date **up to 25 days from the end of the reporting period**. To request an extension, please email the request to your HCD Program Representative. The HCD Program Representative will extend the due date manually in Grants Network.

Process

The CDBG-DR/MIT Grants Network Financial Report process is comprised of three distinct activities:

- Step 1: Gathering and reviewing required supporting documentation.
- Step 2: Completing the Financial Report Workbook
- Step 3: Completing and submitting information and supporting documents in the Grants Network Financial Report

Step 1: Required Documentation

Subrecipients are required to submit supporting documentation for expenditures reported in the Financial Report Workbook as indicated in this memo. Timely review of supporting documentation allows the Department to determine that the Subrecipient is meeting all program requirements and will reduce instances that may require Subrecipients to re-pay the Department for funds spent on ineligible costs (as required by 2 CFR 200.339(b) and per each CDBG-DR/MIT program's policies). While proof of payment is not required with each expenditure reported in the Financial Report Workbook, Subrecipients must maintain **proof of payment** in their records and must be prepared to furnish records to the Department upon request for monitoring and audit purposes. Each expenditure included in financial reports must include the applicable payment date. The Department reserves the right to request additional documentation to support any expenditures reported in the Financial Report Workbook.

Acceptable documentation to support costs claimed in financial reports include, but are not limited to:

- **Payroll Costs:**
 - Payroll reports
 - Rate schedules
 - Salary certifications
 - Paystubs
 - Other supplemental documents that reflect the total employee cost for a given period.
- **Non-Personnel Costs:**
 - Invoices that provide project, cost, and task itemization.
 - Cancelled checks, ACH settlements, or other proof of payment documentation.

Additional examples of supporting documentation are described in the Supporting Documents Reference Guide, including the required Procurement Certification form, and new guidance for indirect costs. Additional acceptable documentation may be contained in each respective CDBG-DR/MIT program's policies and procedures manual.

Note: For projects funded with more than one CDBG-DR/MIT grant, Subrecipients must submit separate Financial Reports in Grants Network, one for each grant, inclusive of a separate Financial Report Workbook and supporting documentation. The purpose of this requirement is to comply with

federal requirements, primarily those at 2 CFR 200, that costs be tracked and attributable to a particular grant.

Step 2: Completing the Financial Report Workbook

Subrecipients will receive the updated Financial Report Workbook from their HCD Program

Representative. A sample workbook is available on the Department website at [Disaster Grant Administration & Reporting | California Department of Housing and Community Development](#). The workbook contains four worksheets: a coversheet, an expenditures worksheet that is linked to the coversheet, an employee timesheet template, and a payroll report form. Images of the four worksheets are shown in Exhibit 1. Instructions for each worksheet and samples of completed worksheets are shown in Exhibits 2-5.

The Coversheet (Exhibit 2), linked Expenditures worksheet (Exhibit 3), and Payroll Report Form (Exhibit 5) must be completed and submitted with each monthly Grants Network Financial Report.

The Employee Timesheet template form (Exhibit 4) must only be completed and submitted if the Subrecipient's local timesheet system/process, cannot produce a timesheet for each employee that worked on a CDBG-DR/MIT project or activity that (1) specifies the date range of the pay period, (2) reflects all hours worked during the pay period, (3) identifies the number of hours worked for each project / activity by funding source, and (4) can be signed and dated by the employee and supervisor or otherwise authorized electronically. Submissions must include either the Subrecipient's local timesheet that conforms with the employee timesheet template, or the employee timesheet template for each employee charged during the reporting period.

Exhibit 1 – Financial Report Workbook Coversheet

Community Development Block Grant - Disaster Recovery and Mitigation Financial Reporting Form

Subrecipient: _____	HCD Contract #: _____
Project Name: _____	Amendment #: _____
Subrecipient Address: _____	Agreement Start Date: _____
	Agreement End Date: _____
Subrecipient TIN: _____	Reporting Period Start Date: _____
Subrecipient Invoice #: _____	Reporting Period End Date: _____
Indirect Cost Method: _____	Indirect Cost Rate: _____
Reporting end before Agreement end? No	

Financial Activity Report

Category	Direct Cost Amount Reported This Period	Indirect Cost Amount Reported This Period	Total Amount Reported This Period
Activity	\$ -	\$ -	\$ -
General Administration	\$ -	\$ -	\$ -
Activity Delivery	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -
Is Program Income allocated to this project? <input type="radio"/> YES <input checked="" type="radio"/> NO			

Requests must:

- (a) be submitted in Grants Network;
- (b) be supported by documentation that fully substantiates costs;
- (c) include the service period of costs; and
- (d) be submitted monthly, even if zero expenditures are reported.

I certify that all costs contained in this report: are compliant with the Uniform Administrative Requirements at 2 CFR 200, and all other applicable federal, state and local requirements; and are necessary, reasonable, allowable, do not exceed budgets by type of cost in the Master/Standard Agreement, and have not already been reimbursed by CDBG-DR/MIT funds or another funding source. I certify that the information in this report and attachments accurately reflects the work performed in accordance with the associated Master/Standard Agreement, that costs have been incurred and/or paid, and that costs included are consistent with the Master/Standard Agreement and all associated Exhibits. I certify that all contractors or vendors that invoiced for costs contained in this report and that are subject to the Procurement Standards at 2 CFR 200 Subpart D were procured in accordance with this subpart, all contractors and subcontractors complied with the requirements of Davis Bacon and Related Acts (DBRA), and all other applicable federal, state and local requirements. By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Master/Standard Agreement. 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).

Name/Title of Authorized Certifying Official: _____	Phone Number: _____
Authorized Certifying Official Signature: _____	Date: _____

Instructions for Completing this Coversheet

Please use this coversheet for all Financial Activity Reports and ensure that you have followed these instructions:

- 1.) On this Coversheet Tab, (a) verify all subrecipient information at the top is accurate, and (b) enter the associated Reporting Period.
- 2.) Enter the expenditure details on the Expenditures tab. This will automatically populate your total expenditures on this Coversheet.
- 3.) Clearly print the name and title of the authorized signatory signing this report.
- 4.) Verify all information is correct, then print and sign this Coversheet.
- 5.) Submit the Financial Activity Report in Grants Network entering totals from the 'Amount Requested this Period' column provided on this Coversheet; and upload
 - (a) signed PDF copy of this Coversheet,
 - (b) this entire workbook, and
 - (c) the supporting documentation as listed on the Expenditures tab.

Expenditures Worksheet

Community Development Block Grant - Disaster Recovery and Mitigation Financial Report Workbook - Expenditures Form

Instructions for Completing this Expenditures Form

Please use this sheet to provide detail for all expenditures during the Reporting Period and ensure that you have followed these instructions.

Only enter expenditures for direct costs. Indirect costs will be auto-calculated on the Cover Page.

- 1.) Use the drop-down to select the **Category** (i.e. Activity, General Admin, Activity Delivery, Other);
- 2.) Enter the Service Period in which the costs were incurred, this could be a specific date or range;
- 3.) Use the drop-down menu to select whether the cost is a Modified Total Direct Cost (MTDC), If not billing for indirect costs, always select "No";
- 4.) Enter an Expenditure Name for this item that identifies the Service/Expenditure type;
- 5.) Provide a brief Service Description that directly relates to the approved (Master) Standard Agreement;
- 6.) Enter the applicable payment date for the expenditure.**
- 7.) Enter the Amount for that line item reported by this request;

** Ensure that documents are listed in the order in which they are provided in any attachments in Grants Network.

** If necessary, provide additional details in the Service Description to make clear what costs are being reported, which costs are allocated or prorated, the basis for such allocation or proration, and any additional guidance important for HCD's review.

Total \$ -

Description of Claims for Reimbursement:							
	Category	Service Period	MTDC	Expenditure Name	Service Description	Paid Date	Amount
1							
2							\$ -
3							\$ -
4							\$ -
5							\$ -
6							\$ -
7							\$ -
8							\$ -
9							\$ -
10							\$ -

Employee Timesheet Template

[illegible]

Payroll Report Form

PAYROLL REPORT FORM

Employee Name _____ Position/Title _____ Reporting Period _____

Pay Period Start and End Date	Total Employee Cost	HCD CDBG-DR/MIT	Other Funding	Total Hours Worked	Leave Hours	Total
				0.0		0.0
				0.0		0.0
				0.0		0.0
				0.0		0.0
Total	\$0.00	0.0	0.0	0.0	0.0	0.0
	% Non-Leave Hours	0%	0%	0%		
	Leave Hours	0.00	0.00	0.00		
	Total Hours	0.00	0.00	0.00		
	Total Cost	\$0.00	\$0.00	\$0.00		

Instructions:
 Prepare separate Payroll Report Forms for each employee.
 Each Payroll Report Form should include all pay periods during the Reporting Period.
 List each employee's total HCD CDBG-DR/MIT project costs (Cell E15) as a separate line item on the Expenditure Tab.
 Enter Paid Leave Hours used in Column H to allocate the prorate share of those costs to the HCD CDBG-DR/MIT project.
 Otherwise, enter Paid Leave Hours in Column F along with all "Other Funding" Hours.

Exhibit 2 – Coversheet Worksheet

The fields at the top of the coversheet are prepopulated by your HCD Program Representative. Subrecipients should verify that all information is accurate, current and complete. Subrecipients should fill in the Subrecipient Invoice #, if applicable, and the Reporting Period Start Date and Reporting Period End Date for each report submitted.

Subrecipients should **NOT** enter additional information on the coversheet, aside from entering County or Jurisdiction required information. All financial information contained on the coversheet is automatically generated as Subrecipients complete the expenditures worksheet. Subrecipient should also select Yes or No to indicate whether Program Income has been allocated for this project.

Note: The Reporting Period Start and End Date should always begin with the first day of the month and end with the last day of the month.

Community Development Block Grant - Disaster Recovery and Mitigation Financial Reporting Form

Subrecipient:		HCD Contract #:	
Project Name:		Amendment #:	
Subrecipient Address:		Agreement Start Date:	
		Agreement End Date:	
Subrecipient TIN:		Reporting Period Start Date:	
Subrecipient Invoice #:		Reporting Period End Date:	
Indirect Cost Method:		Indirect Cost Rate:	
Reporting end before Agreement end?			No

Two columns on the Financial Table account for indirect costs: 1.) Indirect Cost Amount Reported This Period; and 2.) Total Amount Reported This Period. All three columns are auto populated based on information entered on the Expenditures Worksheet.

Work with your HCD Program Representative to update the 1.) Indirect Cost Method; and 2.) Indirect Cost Rate fields after submitting the required documentation shown in the Supporting Documents Reference Guide. If a Subrecipient is not seeking reimbursement for indirect costs, the HCD Program Representative will enter “N/A” and “0” in the respective fields.

Financial Activity Report			
Category	Direct Cost Amount Reported This Period	Indirect Cost Amount Reported This Period	Total Amount Reported This Period
Activity	\$ -	\$ -	\$ -
General Administration	\$ -	\$ -	\$ -
Activity Delivery	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -
Is Program Income allocated to this project?	<input type="radio"/> YES <input checked="" type="radio"/> NO		

To finish the form, carefully read and agree to the certification statement, fill in the Name, Title, and Phone Number of the Authorized Certifying Official **indicated on the Resolution** on file with the Department and have that official electronically sign and date the form.

The following was added to the certification statement under Memo #23-01: “I certify all contractors and subcontractors complied with the requirements of Davis Bacon and Related Acts (DBRA).”

I certify that all costs contained in this report: are compliant with the Uniform Administrative Requirements at 2 CFR 200, and all other applicable federal, state and local requirements; and are necessary, reasonable, allowable, do not exceed budgets by type of cost in the Master/Standard Agreement, and have not already been reimbursed by CDBG-DR/MIT funds or another funding source. I certify that the information in this report and attachments accurately reflects the work performed in accordance with the associated Master/Standard Agreement, that costs have been incurred and/or paid, and that costs included are consistent with the Master/Standard Agreement and all associated Exhibits. I certify that all contractors or vendors that invoiced for costs contained in this report and that are subject to the Procurement Standards at 2 CFR 200 Subpart D were procured in accordance with this subpart, all contractors and subcontractors complied with the requirements of Davis Bacon and Related Acts (DBRA), and all other applicable federal, state and local requirements. By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Master/Standard Agreement. 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).

Name/Title of Authorized Certifying Official:

Phone Number:

Authorized Certifying Official Signature:

Date:

X

Authorized Certifying Official Signature
Certifying Official Title

Exhibit 3 – Expenditures Worksheet

Subrecipients should enter all project/program expenditures on the Expenditures Worksheet.

Subrecipients must identify whether each expenditure is an Activity or Activity Delivery expenditure.

Note that Subrecipients are required to provide supporting documentation for ALL reported expenses on the Expenditures Worksheet and the Grants Network Financial Report as outlined in this memo.

Subrecipients should list their expenditures in the **same order** that the supporting documentation is provided in the Grants Network Financial Report. Subrecipients must ensure that the information contained on the Expenditures Worksheet matches the supporting documentation provided.

Subrecipients should double check all information entered before submitting in Grants Network.

Community Development Block Grant - Disaster Recovery and Mitigation Financial Report Workbook - Expenditures Form

Instructions for Completing this Expenditures Form

Please use this sheet to provide detail for all expenditures during the Reporting Period and ensure that you have followed these instructions.

Only enter expenditures for direct costs. Indirect costs will be auto-calculated on the Cover Page.

1.) Use the drop-down to select the **Category** (i.e. Activity, General Admin, Activity Delivery, Other);

2.) Enter the Service Period in which the costs were incurred; this could be a specific date or range;

3.) Use the drop-down menu to select whether the cost is a Modified Total Direct Cost (MTDC), if not billing for indirect costs, always select "No";

4.) Enter an Expenditure Name for this item that identifies the Service/Expenditure type;

5.) Provide a brief Service Description that directly relates to the approved (Master) Standard Agreement;

6. Enter the applicable payment date for the expenditure.

7.) Enter the Amount for that line item reported by this request;

** Ensure that documents are listed in the order in which they are provided in any attachments in Grants Network.

** If necessary, provide additional details in the Service Description to make clear what costs are being reported, which costs are allocated or prorated, the basis for such allocation or proration, and any additional guidance important for HCD's review.

Total \$ 1,025,000.00						
Description of Claims for Reimbursement:						
	Category	Service Period	MTDC	Expenditure Name	Service Description	Paid Date Amount
1	Activity	11/15/23-1/31/24	No	Construction Invoice	(1) one developer invoice for project	2/22/2024 \$ 1,000,000.00
2	Activity Delivery	1/28/24-2/10/24	Yes	Staff timesheets	(3) staff timesheets	2/16/2024 \$ 10,000.00
3	Activity Delivery	12/1/23-12/31/23	Yes	Consultant Invoice	(1) CDBG-DR/MIT consultant invoice	2/9/2024 \$ 15,000.00

A column is provided for indirect costs. For each expenditure, Subrecipients must select whether or not the expenditure is a Modified Total Direct Cost (MTDC) subject to the indirect cost rate. In the example above, construction costs are not MTDCs when using the De Minimis indirect cost method, and therefore, Subrecipients cannot apply the 10% indirect cost rate to that expenditure. Staff costs and the Subrecipient's CDBG-DR/MIT consultant costs are MTDCs, however, and therefore, the Subrecipient can apply the 10% indirect cost rate to those expenditures.

UPDATE: A column has been added for "Paid Date" to help identify that expenditures were paid during the reporting period, while the service period may have occurred in a prior month. In the above example, the reporting period would be 2/1/2024 – 2/29/2024.

Completing the expenditures worksheet automatically populates the expenditures categories and amounts for direct and indirect costs on the coversheet. Subrecipients should confirm that amounts shown are the totals they are expecting to request for the reporting period. **Any adjustments to categories or amount MUST be made on the Expenditures Worksheet.**

Category	Direct Cost Amount Reported This Period	Indirect Cost Amount Reported This Period	Total Amount Reported This Period
Activity	\$ 1,000,000.00	\$ -	\$ 1,000,000.00
General Administration	\$ -	\$ -	\$ -
Activity Delivery	\$ 25,000.00	\$ 2,500.00	\$ 27,500.00
Total	\$ 1,025,000.00	\$ 2,500.00	\$ 1,027,500.00

UPDATE: If HCD discovers an overpayment was made to a Subrecipient on a prior Financial Report, whether through a monitoring event or other means, the Subrecipient will receive a letter indicating the overpayment amount, and if the overpayment can be applied to a future request for reimbursement. The reimbursement to HCD of an overpayment through a Financial Report must follow these standards and in alignment with 2 CFR 200.305:

- Align with the Grant that the overpayment occurred in.
- Occur within the next available Financial Report after the issuance of the overpayment letter.

A Subrecipient cannot arbitrarily delay the submission of financial reports when an overpayment is identified. Instead, subrecipients should continue to submit monthly financial reports and a prorated overpayment deduction equivalent to the total financial report will be applied, resulting in a \$0 net reimbursement. The prorated overpayment deduction will be applied to financial reports until the full amount of the overpayment is returned to the Department.

In cases where an underpayment has been identified by HCD, the Subrecipient will be notified and follow the same process as reporting an overpayment, where the full credit will be applied to the next Financial Report for the applicable project.

Example:

- **In July 2023**, a Subrecipient requested in its Financial Report due July 10, 2023, and subsequently received reimbursement for, \$1,000 in staff payroll costs from June 2023.
- **In November 2023**, the Subrecipient was monitoring by HCD, and HCD determined the actual amount eligible for reimbursement was \$685, resulting in an overpayment of \$315.
- **In February 2024**, the Subrecipient received a letter from HCD indicating that the \$315 overpayment can be applied to a future request for reimbursement.
- **In March 2024**, the Subrecipient has \$6,500 in new eligible payroll expenditures it planned to include on its Financial Report due March 10, 2024.

To report the overpayment on the Financial Report due on March 10, 2024, the Subrecipient should complete the Financial Report as normal, but with one exception: the Subrecipient should enter the overpayment amount as a negative number on the **Expenditures Worksheet**, as shown below:

							Total \$ 361,185.00
Description of Claims for Reimbursement:							
Category	Service Period	MTDC	Expenditure Name	Service Description	Paid Date	Amount	
1 Activity	12/1/23-1/31/24	No	Construction Invoice	ABC Contractor invoice for Project	2/16/2024	\$ 355,000.00	
2 Activity Delivery	1/28/24-2/10/24	Yes	Staff Payroll	(3) staff timesheets	2/16/2024	\$ 6,500.00	
3 Activity Delivery	6/1/23-6/30/23	No	Overpayment - Payroll	HCD Overpayment Letter, dated 2/24/24	2/24/2024	\$ (315.00)	
4						\$ -	
5						\$ -	
6						\$ -	
7						\$ -	
8						\$ -	

Instructions:

1. The overpayment line item must have the same “Category” as the overpayment itself. In the example, the overpayment was related to payroll costs, so the Category is “Activity Delivery”. If the HCD Overpayment Letter contained two or more “Categories”, enter separate line items for each “Category”. If the current Financial Report does not have sufficient new expenditures to cover the overpayment in each “Category”, contact your HCD Representative.
2. The “Service Period” should be the same period that was reported on the Financial Report Workbook for the cost that resulted in the overpayment. In the example, the Financial Report due July 10, 2023, contained the overpayment, so the Service Period is “June 1-30, 2023”.
3. Always select “No” for MTDC since the overpayment amount will already include indirect costs, if applicable.
4. The “Expenditure Name” should include the word “Overpayment” and should also include the type of expenditure; in this case, “Payroll”.
5. The “Service Description” should state “HCD Overpayment Letter dated XX/XX/XX” – insert the date of the Overpayment Letter received from HCD.
6. The “Paid Date” should be the date the letter was received.
7. The amount of the overpayment should be entered as a negative number. In the case of an underpayment, the amount would be entered as a positive number eligible for reimbursement.

The **Coversheet Worksheet** will automatically reduce the reimbursement request by the overpayment amount. In the example, the Subrecipient had \$6,500 in new payroll costs, and with the 10% MTDC plus-up for indirect costs, had \$7,150 in eligible Activity Delivery Costs for reimbursement. Due to the prior overpayment, however, \$315 was deducted from the Activity Delivery Cost line item, resulting in a new expenditure amount of \$6,835, or \$315 less than the \$7,150 in new expenditures.

Financial Activity Report

Category	Direct Cost Amount Reported This Period	Indirect Cost Amount Reported This Period	Total Amount Reported This Period
Activity	\$ 355,000.00	\$ -	\$ 355,000.00
General Administration	\$ -	\$ -	\$ -
Activity Delivery	\$ 6,185.00	\$ 650.00	\$ 6,835.00
Total	\$ 361,185.00	\$ 650.00	\$ 361,835.00
Is Program Income allocated to this project?	<input type="radio"/> YES <input checked="" type="radio"/> NO		

Note: The expenditure amounts on the Financial Activity Report table above cannot be negative. If any of the numbers are negative, the Financial Report will be rejected. You may contact your HCD Representative to discuss other options at any time, including returning the overpayment amount to HCD, instead of applying the overpayment to the Financial Report request for reimbursement or applying the remaining balance to the next Financial Report.

If a Subrecipient discovers that a prior Financial Report contained a cost reimbursed by HCD that resulted in an overpayment, contact your HCD Representative.

Exhibit 4 – Employee Timesheet Template

Timesheets should be submitted based on the payroll period(s) paid during the reporting period of the Financial Report.

Employee Timesheets must be submitted for each employee that worked on a CDBG-DR/MIT project or activity. The timesheet must:

- Specify the period (date range) of the pay period, and must correspond with the employee's paycheck for that pay period.
- Reflect all hours worked during the pay period, regardless of funding source.
- Identify the number of hours and percentage of total hours worked for each project / activity by funding source.
- Be signed and dated by the employee and supervisor or otherwise authorized electronically.

The employee timesheet template form included within the Financial Report Workbook includes all this information and is provided for your use. To add additional employee timesheets to the workbook, right-click the tab, select "move or copy", check the box for "Create a Copy" and click "OK". If you have a local timesheet that meets all these requirements, feel free to use that and upload it with your Financial Report instead of using the tabs on the workbook.

A column is provided for Subrecipients to enter the hours of paid leave used. Additionally, the last row that auto calculated the pro-rated percentages of total hours worked per project has been removed since pro-rated percentages are now calculated on the updated Payroll Report Form (Exhibit 5).

EMPLOYEE TIMESHEET

Employee: Jane Doe

Week ending: 10/09/22

Day	Date	DR-MHP activity 1	DR-MHP activity 2	MIT activity 1	INF activity 1	INF activity 2	PPS activity 1	PPS activity 2	Other local 1	Other local 2	Other local 3	Paid Leave	Total	Comments
Saturday	09/24/22													
Sunday	09/25/22													
Monday	09/26/22	2.00	2.00	1.00	1.00	1.00	1.00						8.00	
Tuesday	09/27/22	1.00	1.00	1.00	1.00	1.00			3.00				8.00	
Wednesday	09/28/22											8.00	8.00	
Thursday	09/29/22	1.00	1.00	1.00	1.00	1.00			3.00				8.00	
Friday	09/30/22								8.00				8.00	
Saturday	10/01/22													
Sunday	10/02/22													
Monday	10/03/22	1.00	1.00	1.00	1.00	1.00			3.00				8.00	
Tuesday	10/04/22	1.00	1.00	1.00	1.00	1.00			3.00				8.00	
Wednesday	10/05/22	1.00	1.00	1.00	1.00	1.00			3.00				8.00	
Thursday	10/06/22	4.00							4.00				8.00	
Friday	10/07/22	3.00							5.00				8.00	
Saturday	10/08/22													
Sunday	10/09/22													
Total hours:		14.00	7.00	6.00	6.00	6.00	1.00		32.00			8.00	80.00	

Employee signature: _____

Date: _____

Supervisor signature: _____

Date: _____

To use the employee timesheet template form included within the Financial Report Workbook:

- Enter the employee's name.
- Enter the week ending date to populate the Day and Date columns (Note: If your pay period includes fewer days than the number provided on this form, only fill in the days/dates where hours were worked; if your pay period is monthly, you may use a second timesheet or supply a local conforming timesheet).
- Adjust the funding source and activity descriptions across the top row to fit the employee's workload (activities they are working on).
- Fill in the daily hours worked by grant/activity.
- Insert any comments, if applicable.
- The employee must sign and date the form.
- The employee's supervisor must sign and date the form.

Exhibit 5 – Updated Payroll Report Form

UPDATE (23-01): The existing Payroll Report Form has been replaced by a new Payroll Report form shown below. Subrecipients must use this new form as of the effective date of this memorandum, and:

- Prepare a separate Payroll Report Form for each employee that worked on the CDBG-DR/MIT project during the Reporting Period. To add additional Payroll Report Forms to the workbook, right-click the tab, select “move or copy”, check the box for “Create a Copy” and click “OK”.
- Include all pay periods for which the employee received a paycheck during the Reporting Period.
- List each employee's total HCD CDBG-DR/MIT project costs for the Reporting Period as a separate line item on the Financial Report Workbook Expenditure Tab.
- Enter Paid Leave Hours in the “Leave Hours” column to allocate the pro-rata share of those costs to the HCD CDBG-DR/MIT project; or enter Paid Leave Hours in the “Other Funding” column to exclude the pro-rata share of paid leave from the employee’s cost allocated to the HCD CDBG-DR/MIT project.

PAYROLL REPORT FORM

Employee Name <u>Jane Doe</u>		Position/Title <u>Housing Technician</u>		Reporting Period <u>October 1-31, 2022</u>		
Pay Period Start and End Date	Total Employee Cost	HCD CDBG-DR/MIT	Other Funding	Total Hours Worked	Leave Hours	Total
September 26 - October 9, 2022	\$2,400.00	14.0	58.0	72.0	8.0	80.0
October 10 - October 23, 2022	\$2,400.00	8.0	72.0	80.0	0.0	80.0
				0.0		0.0
				0.0		0.0
Total	\$4,800.00	22.0	130.0	152.0	8.0	160.0
	% Non-Leave Hours	14%	86%	100%		
	Leave Hours	1.16	6.84	8.00		
	Total Hours	23.16	136.84	160.00		
	Total Cost	\$694.74	\$4,105.26	\$4,800.00		

To fill out the updated Payroll Report Form in the Financial Report Workbook:

1. Enter the employee’s name.
2. Enter the employee’s position/title.
3. Enter the Reporting Period start and end date.
4. Enter the start and end date of each pay period for which the employee received a paycheck during the Reporting Period
5. Enter the employee’s total wages for the pay period, including the cost of fringe benefits such as healthcare or pension, per pay period.
6. Enter the total hours worked on the CDBG-DR/MIT project/program per the pay period.
7. Enter the total hours worked on all other tasks per pay period, including hours worked on CDBG-DR/MIT funded programs reported on other Grants Network Financial Reports
8. Enter the total leave hours used during the pay period.
9. Enter the Total Cost of the employee for the Reporting Period as a separate line item on the Financial Report Workbook Expenditure Tab.

Step 3: Submitting the Grants Network Financial Report

Subrecipients should complete the following steps to complete and submit the Financial Report in Grants Network.

Step

Action

1

Log in to the portal with your credentials.

2

Scroll to **Program Solicitation** and click the link for the award that needs a Financial Report.


☐ Make sure to select the option that shows **Awarded** in the status column.

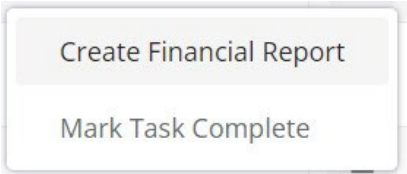
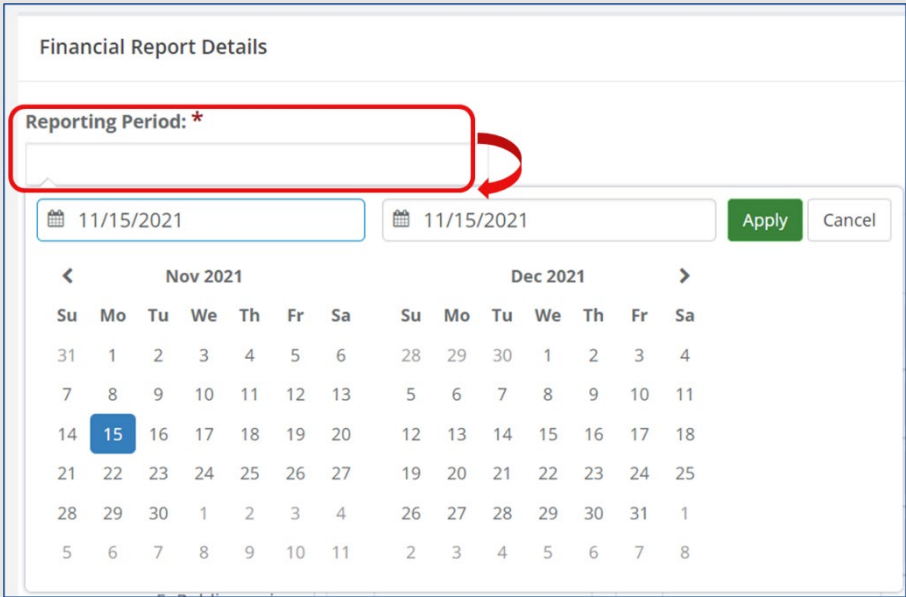
Program Solicitation	Due Date	Status	Actions
2020 ESG-CV N/A California Department of Housing and Community Development, ESG - CV	11/04/2020	Draft	
2021 - HOME Investment Partnerships Program (HOME) CA HCD DEMO, Home - Projects (Test Account)	07/31/2022	Draft	
2021 Housing for a Healthy California (HHC) Article I CA HCD DEMO, NHTF - (Test Account)	01/10/2022	Draft	
CDBG - Competitive Home Rehabilitation CA HCD DEMO, Community Development Block Grants - (Test Account)	10/15/2030	Draft	
CDBG - Competitive SCREEN SHOTS CA HCD DEMO, Community Development Block Grants - (Test Account)	10/15/2030	Awarded	

3

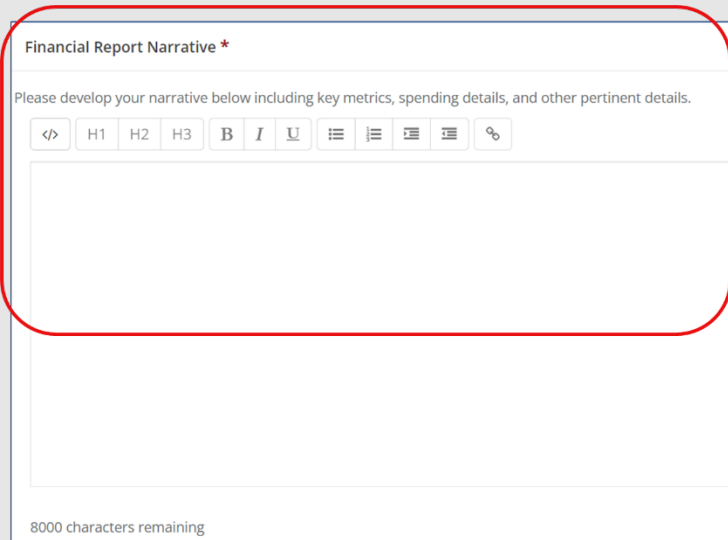
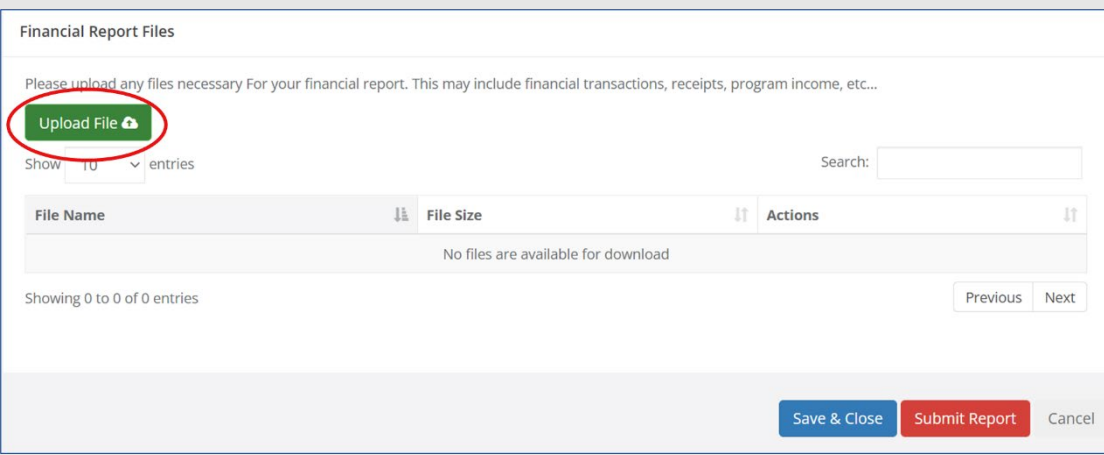
Scroll to **Pending Tasks** and look for the report you would like to complete.

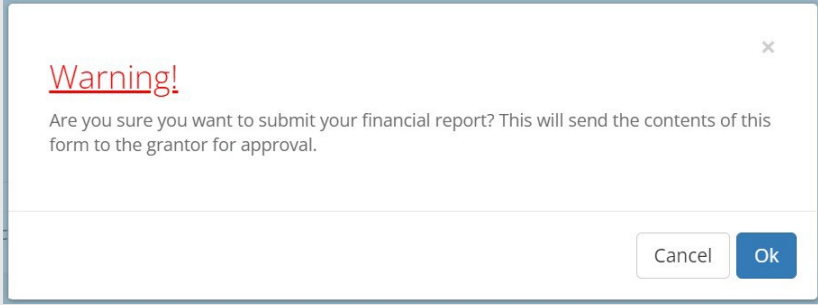
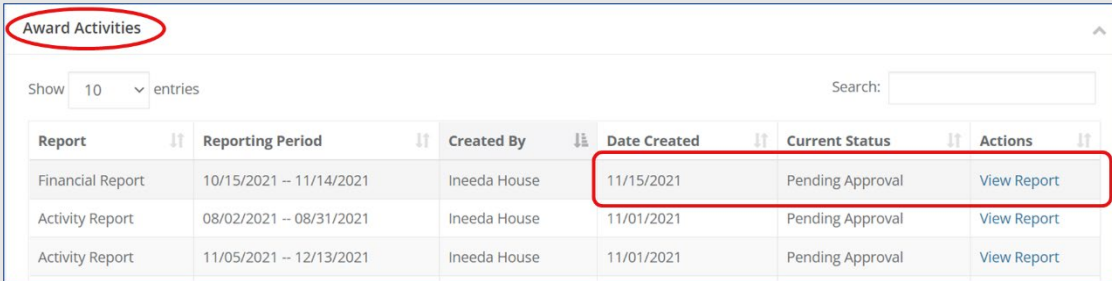
Task Type	Due Date	Actions
Financial Report Request	07/15/2021	
Activity Report Request	10/01/2021	
Financial Report Request	10/15/2021	
Activity Report Request	11/01/2021	
Activity Report Request	12/01/2021	
Activity Report Request	01/01/2022	
Financial Report Request	01/15/2022	

4	Click on the corresponding three lines  under Actions and select Create Financial Report in the pop-up window.
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Step	Action
	
5	<p>Under Financial Report Details, find the Reporting Period field. Click in the field and use the calendar to select the reporting period. The reporting period selected must match the reporting period inputted in the Financial Report Workbook coversheet. Click Apply.</p> 
6	Enter claim totals for Activity, Activity Delivery and/or Program Income as applicable, based on the approved budget. These entries must match the amounts inputted on the Financial Report Workbook expenditures worksheet, and are inclusive of direct costs and indirect costs.

Step	Action																																			
	<div><div>Financial Report Details</div><div><div>Reporting Period: 05/01/2021 - 07/31/2021</div><div>Invoice number: <div></div></div><div>Receiver ID: <div></div></div></div><table><thead><tr><th>Category</th><th>Spend</th><th>Match</th><th>Spend + Match</th><th>Award Remaining</th></tr></thead><tbody><tr><td>1. Activity</td><td>\$ 25,872.34</td><td>\$ 0.00</td><td>\$ 25,872.34</td><td>\$ 96,225.66</td></tr><tr><td>2. General Administration</td><td>\$ 4,897.00</td><td>\$ 0.00</td><td>\$ 4,897.00</td><td>\$ 20,111.00</td></tr><tr><td>3. Activity Delivery</td><td>\$ 0.00</td><td>\$ 0.00</td><td>\$ 0.00</td><td>\$ 0.00</td></tr></tbody></table><div><div>Program Income</div><table><thead><tr><th>Received</th><th>Expended</th><th>Balance</th></tr></thead><tbody><tr><td>\$ 13,444.00</td><td>\$ 127,573.65</td><td>\$</td></tr></tbody></table></div><div><div>Report Total</div><table><thead><tr><th>Spend</th><th>Match</th><th>Spend + Match</th></tr></thead><tbody><tr><td>\$ 30,769.34</td><td>\$ 0.00</td><td>\$ 30,769.34</td></tr><tr><td>100.00 %</td><td>0.00 %</td><td></td></tr></tbody></table></div></div>	Category	Spend	Match	Spend + Match	Award Remaining	1. Activity	\$ 25,872.34	\$ 0.00	\$ 25,872.34	\$ 96,225.66	2. General Administration	\$ 4,897.00	\$ 0.00	\$ 4,897.00	\$ 20,111.00	3. Activity Delivery	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	Received	Expended	Balance	\$ 13,444.00	\$ 127,573.65	\$	Spend	Match	Spend + Match	\$ 30,769.34	\$ 0.00	\$ 30,769.34	100.00 %	0.00 %	
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100.00 %	0.00 %																																			
7	<div><div>Check the Reimbursement Request box at the bottom of the Financial Report Details section if you are requesting reimbursement. The dollar value will auto-populate based on the expenditures entered.</div><div><div><input checked="" type="checkbox"/> Reimbursement Request*</div><div>\$ 6,700.00</div></div><div><div><input type="checkbox"/> Reimbursement Request</div></div><div><div><input type="checkbox"/> If this is a zero-dollar Financial Report without a reimbursement request, make sure that you DO NOT CHECK the Reimbursement Request box.</div></div></div>																																			
8	<div><div>Include a Financial Narrative that provides a detailed summary of expenditures and associated work completed. If no reimbursement is requested, this should include detailed information about why no eligible costs have been incurred, and when they will be making their next reimbursement request.</div></div>																																			

Step	Action
	
9	<p>Below the Narrative field, Subrecipient will find the Financial Report Files section. Subrecipient should use the Upload file function to upload the completed Financial Report Workbook with the signed coversheet.</p> 
10	<p>Subrecipient should also use this feature to attach required supporting documentation detailed in Step 1 above, in the same order as the expenses listed in the expenditures worksheet.</p>
11	<p>When the report is ready to submit, Subrecipient clicks the red Submit Report button at the bottom of the page.</p>
12	<p>A warning box will pop up. The Subrecipient should click OK if they are ready to submit the report.</p> <ul style="list-style-type: none"> Clicking Cancel will take the Subrecipient back to the reporting screen.

Step	Action
	
13	After selecting OK , the Subrecipient will be taken to the Award Dashboard .
14	<p>Check status before exiting. Scroll to Award Activities and your submitted report status should say Pending Approval.</p> 
15	<p>If Subrecipient needs to save the report before it is ready to submit, they can click Save and Close to return to the report later.</p> <ul style="list-style-type: none"> The Subrecipient can locate the unfinished report under Award Activities on the Award Dashboard. <p>The Current Status of the incomplete report should show as Draft, and Edit Report should appear in the Actions column.</p>

Subrecipient Financial Reports – Time and Material Contracts (UPDATE 23-01)

The Department is providing clarification on the required information that Subrecipients must submit with the Financial Report when the Subrecipient is seeking reimbursement for a Time and Material Contract. Sufficient supporting documentation must be provided. The Subrecipient is required to maintain more detailed information in their records and be prepared to provide that information to the Department upon request. This may include, but is not limited to, requests for information during the Department's monitoring and compliance events.

The information within a Contract must support any Financial Report submitted. Subrecipients must require that Contracts include specific information that helps support the Financial Report submittals.

This required information includes, but is not limited to, the name, position and rate of pay for staff working on the contract. In addition, Contracts should include the staff name associated with the detailed description of each task that includes the specific work to be performed and any deliverables. The Department recommends that the estimated total hour commitment for each staff for each task is in the contract either by the life of the contract or per the expected billing period.

The Time and Material Contract must be on file with the Department. The Subrecipient must submit this contract to the Department with the Subrecipient's application or with the first Financial Report. Any amendments or changes to the contract, including adding or changing staff and/or the associated rates must be provided with the next Financial Report submittal.

Time and Material Contract invoices submitted to the Subrecipient must include sufficient supporting documentation. Required supporting documentation includes, but is not limited to, the task name; staff name(s) that completed the task; total hours per staff for each task and billing period; and a description of the task. The description of the staff position, task and rate is not required to be included in the invoice if it is included in the Time and Material Contract Statement of Work ("SOW") and the SOW is cross-referenced in the invoice related to the task.

The Time and Material Contractor must provide the Subrecipient and/or HCD with any requested documentation showing hours worked per staff per day for each task in the form of a timesheet within 24-48 hours of the request. The Department recommends that this documentation be provided with the invoice submitted to the Subrecipient and included with the Financial Report submitted to the Department to help streamline the monitoring and audit process. Failure to provide timesheet detail upon request will automatically result in a monitoring or audit finding. If the Time and Material Contract vendor does not have the technical capacity to provide integrated time tracking with their regular invoices, they should use the Financial Report Workbook or an equivalent. Time reporting is only required for staff working on the Grant.

Effective Date

This memo is effective immediately and supersedes previous Management Memos and guidance related to Grants Network Financial Reports. This Management Memo applies to all active CDBGDR/MIT grants, program income, new CDBG-DR/MIT grant awards that have not yet been put into a Standard Agreement, and future CDBG-DR/MIT grant awards.

Questions

If you have general process questions, please contact your HCD Program Representative.