

City of Tuscaloosa, Alabama



CDBG-DR CONTROLS

Community Development Block Grant Disaster Recovery funds

Authorized by the Disaster Relief Appropriations Act, 2013

Public Law 113-2

U.S. Department of Housing and Urban Development

Docket No. FR-5696-N-03

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Preventing Fraud, Abuse of Funds, and Duplication of Benefits

In order to ensure the proper disbursement of grant funds, the City of Tuscaloosa plans to remain in compliance with applicable CDBG rules and regulations, as well as other applicable federal regulations such as Office of Management and Budget Circulars A-87, A-133 and 24 Code of Federal Regulations Part 85 (Uniform Administrative Requirements). The City of Tuscaloosa will particularly emphasize mitigation of fraud, abuse and mismanagement related to accounting, procurement and accountability which may also be investigated. In addition, the City will adhere to the conflict of interest provisions reference at 24 CFR 570.611. In order to mitigate these issues, the City of Tuscaloosa will perform routine reviews by independent City staff members with the review team consisting of employees from the finance department, police department, and revenue department. In regard to Part VI. Question 3 of the enclosed Certification Checklist, please see the attached documentation from JamisonMoneyFarmer to further clarify our internal auditing procedures as well as the City's procedures to amend any deficiencies reported. The City of Tuscaloosa will monitor the compliance of applicants and HUD will monitor the Disaster Recovery Division of the Office of the Mayor's compliance.

Monitoring Standards and Procedures

The City of Tuscaloosa through the Disaster Recovery Division of the Office of the Mayor is committed to a comprehensive program of monitoring and evaluating the process of disaster recovery activities and will oversee all activities and expenditures of the CDBG Disaster Recovery Program. The goal is to ensure long-term compliance with the applicable regulations and standards such as OMB Circular A-122, and particularly those requirements of the CDBG Disaster Recovery Program. The City of Tuscaloosa, or other entity as assigned by the City of Tuscaloosa, will review expenditures, while independent auditors will audit activities for program and financial compliance (see Independent Internal Audit below). The City of Tuscaloosa's procedures will ensure that there is no duplication of benefits that have otherwise been covered by FEMA, private insurance, any other federal assistance, or any other funding source whether it is local or state funding. Only expenditures that are eligible CDBG activities, address disaster-related needs directly related to the approved natural disaster and meet at least one of the national CDBG objectives will be funded. At a minimum, the City will monitor to ensure that nondiscrimination, fair housing, environmental regulations, procurement regulation at Part 85 and labor standards are met internally and by each subrecipient. If a contract has been funded but is determined to not meet the previously listed criteria or any other applicable criteria per HUD guidelines or agreement provisions, the contract awardees shall be required to refund the amount of the grant that was awarded to said awardee. The City of Tuscaloosa reserves the right to take appropriate action in instances of noncompliance, fraud and mismanagement including, but not limited to, disallowing ineligible costs, terminating contracts/agreements and requiring repayment of funds.

The City of Tuscaloosa will determine the areas to be monitored, the number of monitoring visits and their frequency based on a number of factors including, but not limited to, previous performance, the

scope and complexity of the project, and previous audit findings. To ensure all aspects of the project are being properly executed, the City will employ a variety of methods to monitor each project including desk reviews and on-site visits. A checklist, using HUD's Disaster Recovery Monitoring Checklist as a template, will be developed with a specific emphasis on certain criteria depending on the project being monitored. In order to demonstrate the capacity of the City of Tuscaloosa as well as ensure that each aspect of each funded project is being properly executed and monitored the City of Tuscaloosa will add several staff members including a Public Outreach Coordinator, Compliance Officer, Attorney, and Secretary. As previously stated, monitoring will address subjects such as environmental regulations, equal opportunity standards, fair housing, labor standards, Davis-Bacon Act, procurement standards, program income, and any other applicable HUD and contract provisions.

Prevention of Duplication of Benefits

As stated in the Stafford Act, duplication of benefits is strictly prohibited. The City of Tuscaloosa will continuously monitor program applicants for compliance in this matter; CDBG-DR funds will be used only to supplement other forms of assistance and not supplant it. Benefits from FEMA, SBA, private insurers, any other federal assistance, and other agencies will be assessed and weighed against their unmet needs prior to the applicant's approval for CDBG-DR program funds as well as throughout the duration of the applicant's agreement with the City of Tuscaloosa. The City of Tuscaloosa has a bank of FEMA information that lists each awardee of assistance, award amount, and type of award from the April 2011 tornado. A direct line with a SBA representative has been established for information concerning applicants' SBA application and assistance. A duplication of benefits analysis will be specific to each applicant and these agencies will be contacted to ensure that there is no duplication of benefits occurring within the various programs. If a duplication of benefits arises in the duration of the agreement, the City of Tuscaloosa will adhere to the guidelines set forth in OMB Circular A-87 and the Stafford Act (chapter 37 of title 31) for the recapturing of funds. Beneficiaries of CDBG-DR program funds will be informed of the recapturing of funds in an agreement executed by the City. Members of the City of Tuscaloosa Recovery Operations department, largely the Compliance Officer, will be responsible for ensuring no duplication of benefits.

Quality Assurance

The City of Tuscaloosa will continuously monitor awardees which will provide quality assurance. The City will determine the areas to be monitored, the number of monitoring visits, and their frequency. Any entity administering CDBG Disaster Recovery funding will be monitored not less than once during the contract period. The monitoring will address program compliance with contract provisions, including national objectives, financial management, and the requirements of 24 CFR Part 58.

Investigation

The City of Tuscaloosa reserves the right to launch an investigation through a third party if the administrative head of the Disaster Recovery Division of the Office of the Mayor has reasonable cause to believe that money received through the CDBG Disaster Recovery Grant has been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the contract awardee.

Independent Internal Audit

The City of Tuscaloosa and contract awardee are subject to the Single Audit Act. A “Single Audit” encompasses the review of compliance with program requirements and the proper expenditure of funds by an independent Certified Public Accountant. All findings and associated evidence will be reported directly from the independent Certified Public Accountant to the Mayor and City Council.

Increasing Capacity of Implementation and Compliance

The City of Tuscaloosa’s Disaster Recovery Division staff will be provided with all training necessary to ensure that activities funded under this Action Plan are correctly administered. As contracts are executed, necessary efforts to increase the capacity of applicants, sub recipients, contractors and any other entity responsible for administering funding under this Action Plan will be implemented to ensure they have the specific skills needed to successfully oversee the activity. As mentioned before, the City will increase its capacity to manage the CDBG-DR funds through the hiring of a Public Outreach Coordinator, Compliance Officer, Secretary, and Attorney.

Documentation and Reporting

As required by HUD and outlined in the Federal Register notice, the City of Tuscaloosa will enter its Action Plan for Disaster Recovery, including performance measures, into HUD’s DRGR system. As more detailed information about uses of funds is identified by the City, it will enter such detail into DRGR, sufficient detail to serve as the basis for acceptable performance reports.

A quarterly performance report will be submitted to HUD no later than 30 days following the end of each quarter after grant award and continuing until all funds have been expended and all expenditures have been reported. Each quarterly report will include information about the uses of funds during the

applicable quarter including (but not limited to) the project name, activity, location, and national objective; funds budgeted obligated, drawn down and expended; the funding source and total amount of any non-CDBG Disaster Recovery funds to be expended on each activity; beginning and completion dates of activities; achieved performance outcomes; and the race and ethnic status of persons assisted under direct-benefit activities. Quarterly reports to HUD will be submitted using the DRGR system and within 3 days the City of Tuscaloosa will post the submitted report to its official website.

The City of Tuscaloosa will maintain a dedicated disaster recovery web page to inform the public and any other interested parties on how the City is managing all CDBG-DR funds. This page will contain links to all action plans, action plan amendments, performance reports, citizen participation requirements, notices of public meetings, activity/program information for activities described in the action plan and other information relevant to the CDBG-DR program funds. The City intends to hire a public outreach coordinator to manage the website as well as all other forms of media to inform the public. Updates to the dedicated disaster recovery website will be made in conjunction with any new activity associated with the CDBG-DR program action plan and funds.

Expenditure of Funds

Per the notice published in Federal Register notice FR-5696-N-03, CDBG-DR funds must be expended in a two-year time frame beginning on the date the grant agreement is signed by HUD. The City of Tuscaloosa, or other entity as assigned by the City of Tuscaloosa, will review in-house expenditures and beneficiary expenditures to ensure that funds are spent on eligible costs and in a timely manner. Project funds and schedules will be monitored by the City of Tuscaloosa's recovery operations department, finance department, planning consultant for all CDBG-DR projects, and compliance officers. With its current allocation of CDBG-DR funds, the City of Tuscaloosa's Recovery Operations department keeps detailed spreadsheets monitoring the expenditure of funds and project schedules; this method will be implemented with the City's second allocation of CDBG-DR funds as well. Program beneficiaries and contractors will be required to provide detailed reports concerning expenditure of funds and project progress to the City upon its request. Most likely these materials will be requested monthly but due to the varying nature of each project, specific projects may be asked to provide those materials more frequently. When contracting with a subrecipient, contractor, etc., the City will establish certain benchmarks that the subrecipients, contractors, etc. are required to meet. Awardees will be required to present the City with a plan on how they will implement procedures to reach the determined benchmarks. Each contract with awardees will require that penalties will be implemented for failure to reach benchmarks. In addition to ensuring that awardees are meeting project timelines, these benchmarks will allow the City to project expenditures for each individual project.

The City of Tuscaloosa has developed the Tuscaloosa Forward Generational Plan, a comprehensive plan developed with citizen input, which outlines the citizen's vision for a revitalized community. Many of the projects in Tuscaloosa Forward Generational Plan have been implemented using funds from the City's

2012 CDBG-DR allocation. In order to expedite projects funded through the 2013 CDBG-DR allocation, the City intends to fund projects in areas where environmental reviews are currently underway, and in some instances engineering and architectural services have already been procured and in progress. Should funded activities become stalled; the City will reprogram funds to another eligible activity (most likely a project outlined in the Tuscaloosa Forward Generational Plan).

To satisfy HUD guidance (FR 78 32264 and FR 78 14337) on performance metrics, the City of Tuscaloosa will amend its Action Plan within 90 days using the guidelines provided at HUD's CPD Disaster Recovery website. The performance metrics will be based on expected quarterly outcomes and expenditures. Factors that may affect performance measures such as weather, completion of federally required environmental reviews, etc. will be considered in the construction of the performance metrics.

Procurement

The City of Tuscaloosa has adopted specific procurement standards to adhere to the guidelines in 24 CFR 85.36. For each service and project funded by CDBG-DR funds, the City will adhere to either the State of Alabama or federal procurement regulations, whichever is stricter, while staying in compliance with the procurement standards identified in 24 CFR 85.36. Procurement standards for the City of Tuscaloosa are attached.