

## CHAPTER 1

# MIAMI-DADE COUNTY SUB-RECIPIENT POLICIES AND PROCEDURES

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### I. PURPOSE

- The attached Policies and Procedures establishes standards and provides administrative guidance to Sub-Recipients for the undertaking of authorized activities under the County's Consolidated Plan Programs--- CDBG, HOME, ESG, and other federally funded programs.

### II. APPLICABILITY

- These Policies and Procedures cover basic administrative requirements for sub-recipient performance under the programs and activities authorized under the Agreement with the County for Consolidated Plan Projects as well as other HUD programs.

### III. AUDIENCE

- These Policies and Procedures are for all Sub-Recipients as well as DHCD Project Managers and staff involved in the monitoring of the programs listed above as well as all participants in these programs. Key program areas incorporated in all the County's sub-recipient agreements that are monitored by DHCD are addressed in this manual, some of which include but not limited to Fair Housing and Equal Opportunity (FH&EO), Environmental, Housing, Labor Standards, and Lead Based Paint.

**MIAMI-DADE COUNTY  
SUBRECIPIENT  
POLICIES AND PROCEDURES**

# **SUBRECIPIENT POLICIES AND PROCEDURES MANUAL**

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## **INTRODUCTION**

This Policy and Procedure Manual contains information in a clear and concise manner to convey Federal regulations and local requirements of which all sub-recipients must comply. These Federal regulations and local requirements are generally referenced in Miami-Dade County's Department of Housing and Community Development (DHCD) Contracts and Agreements. However, this Policy and Procedure Manual is more specific and is to be used as an integral part of the HUD Contracts and Agreements. It is hoped that this Policy will prove to be a beneficial tool for sub-recipients and will provide guidance in meeting Federal regulations and local requirements.

The County sees all sub-recipients as partners for the day-to-day administration of the County's federally funded programs. All sub-recipients should keep in mind that periodic monitoring will be conducted by the County and/or HUD auditors. The goal is not only for sub-recipients to comply with regulations, and avoid audit findings, but also to improve management quality, improve communications, save time, and improve overall performance in delivering services to the community.

Whenever there is doubt about a requirement or procedure, sub-recipients are encouraged to seek clarification from the County for themselves or their subcontractors. When revisions are necessary, each sub-recipient will be provided with the appropriate revisions.



## DEFINITIONS

The following terms are used throughout this handbook:

- ❑ **24 CFR (Code of Federal Regulations)**. Title of Federal Regulations implementing Programs of the U.S. Department of Housing and Urban Development.
- ❑ **Budget**. A detailed record of all income earned and spent for a project during a specific period of time.
- ❑ **Community Based Development Organization (CBDO)**. A neighborhood-based organization (either for-profit or non-profit) created to carry out specific kinds of CDBG funded activities (required for Neighborhood Revitalization Strategy Areas to carry out certain incentive activities within the NRSA).
- ❑ **Community Development Corporation (CDC)**. Local agencies organized to meet community development needs, development services, equity investments of loans with particular emphasis on the economic development, housing and revitalization needs of low-and moderate-income area residents and which is receptive to the needs expressed by the community.
- ❑ **Community Development Financial Institution (CDFI)**. Community Development Financial Institutions (CDFIs) are specialized financial institutions that work in market niches that have not been adequately served by traditional financial institutions. CDFIs include community development banks, credit unions, loan funds, venture capital funds, and microenterprise loan funds. The CDFI Program represents a new type of community development initiative. The Fund invests in CDFIs using flexible tools such as equity investments, loans, grants, and deposits, depending upon market and institutional needs.
- ❑ **Community Housing Development Organization (CHDO)**. A federally defined type of nonprofit housing provider that must receive a minimum of 15 percent of all Federal HOME funds from a Participating Jurisdictions award. The primary difference between CHDO and other nonprofits is the level of low-income resident participation on the Board of Directors.
- ❑ **Concern**. A deficiency in program performance that is not based on a statutory or regulatory requirement and that may result in a finding if it remains unaddressed. While sanctions or corrective actions are not authorized for concerns, DHCD may call the concern to the sub-recipient's attention and, where appropriate, may recommend actions to address concerns and/or provide technical assistance.
- ❑ **Conclusion**. The determination reached as a result of monitoring regarding a sub-recipient's performance. Conclusions may be either positive or negative.
- ❑ **Contract Records**. Any and all books, records, documents, information, data, papers, letters, materials, electronic storage data and media (written, printed, electronic or electrical) in whatever means that it was collected, preserved, produced,

developed, maintained, completed, received or compiled by for or at the direction of the Contractor or any subcontractor in carrying out the duties and obligations required by the terms of this contract, including but not limited to financial books and records, ledgers, drawings, maps, pamphlets, designs, electronic tapes, computer drives and diskettes or surveys.

- Contractor**. An entity paid with CDBG, HOME, ESG, or other Federal funds from Miami-Dade County in return for a specific service.
- Davis-Bacon Wage Determination**. Issued by the US Department of Labor under the Davis-Bacon and related Acts, which determines the prevailing wage rates to be paid on federally funded or assisted construction projects.
- Department of Housing and Community Development (DHCD)**. This County Department, formally known as the Office of Community and Economic Development (OCED), is responsible for the administration Federal and State funding; e.g., Community Development Block Grant (CDBG), HOME Investment Partnership, Neighborhood Stabilization Program, Documentary Surtax Stamp Program, and the State Housing Initiatives Partnership (SHIP) Program; that supports the development of viable urban neighborhoods in Miami-Dade County, characterized by decent housing, expansion of economic development opportunities, and the preservation of historic properties.
- Direct Costs**. Costs that can be identified specifically with particular cost objectives such as a grant, contract, project, function, or activity. Direct costs generally include:
  1. Salaries and wages (including vacations, holidays, sick leave, and other excused absences of employees working specifically on objectives of a grant or contract direct-labor costs),
  2. Other employee fringe benefits allocable to direct-labor employees,
  3. Consultant services contracted to accomplish specific grant/contract objectives,
  4. Travel of (direct-Labor) employees,
  5. Materials, supplies, and equipment purchased directly for use on specific grant or contract,
  6. Communication costs such as long distance telephone calls or telegrams identifiable with a specific award or activity.
- Environmental Site Assessment**. The analysis, often called a Phase I ESA, typically addresses both the underlying land as well as physical improvements to the property; however, techniques applied in a Phase I ESA never include actual collection of physical samples or chemical analyses of any kind.
- Excluded Parties List System (EPLS)**. Includes information regarding entities debarred, suspended, proposed for debarment, excluded or disqualified under the non-procurement common rule, or

otherwise declared ineligible from receiving Federal contracts, certain subcontracts, and certain Federal assistance and benefits.

This information may include names, addresses, DUNS numbers, Social Security Numbers, Employer Identification Numbers, or other Taxpayer Identification Numbers.

- Federal Award.** Any Federal funds received by the sub-recipient/contractor from any source during the period of time in which the sub-recipient/contractor is performing the obligations set forth in this contract.
- Federal Funds.** Any funds from the U. S. Treasury that may consist of, but not limited to, HUD Community Development Block Grant (CDBG) funds; HUD Emergency Shelter Grants (ESG); and HUD HOME Investment Partnership funds.
- Finding.** A deficiency in program performance based on a statutory or regulatory requirement for which sanctions or other corrective actions are authorized. Such sanctions or actions may be subject to HUD.
- Grantee.** Miami-Dade County as the recipient of HUD Consolidated Plan Funds.
- Income Limits (Moderate, Low, and Very Low).** Annually, new guidelines are established by HUD. Sub-recipients will be notified by the County as adjustments are made to guidelines.
- Indirect Costs.** Costs not readily identifiable with a particular grant, contract, project, function, or activity but necessary to the general operation and the conduct of the activities it performs, The costs of operating and maintaining building and equipment, depreciation, administrative salaries, general telephone expenses, general travel, and supplies expenses usually are considered to be indirect costs.
- Intensive Monitoring.** An in-depth review of a sub-recipient's performance in meeting statutory and regulatory requirements.
- Limited Review.** A procedural review for compliance with applicable statutes and regulations.
- Low and Moderate Income Person.** A member of a low and moderate-income family (i.e., a family whose income is within specified income limits --- 80% or below the area median income or less than the Section 8 Low Income limit --- set forth by U.S. HUD).
- Monitoring.** An ongoing process of reviewing performance using available data to make judgments about and assist in improving that performance.
- Not-for-profit Corporation.** An incorporated organization created by statute, government, or judicial authority that is not intended to provide a profit to the owners or members. 501(c) is a provision of the United States Internal Revenue Code (26 U.S.C. § 501(c) some Federal income taxes. 501(c)(3) status after they file an application and supporting documentation to the IRS and have a certification letter issued.

- ❑ **Office of Management and Budget (OMB) Circulars.** Documents administered by the OMB that describe, explain, and define the regulatory requirements for all recipients of federally funded grant programs.
- ❑ **OMB Circular A-87.** Provides uniform rules for determining costs for governmental agencies. It defines allowable costs and sets forth the procedures to recover them.
- ❑ **OMB Circular A-122.** Provides uniform rules for determining costs applicable to grants, contracts, and other agreements (including sub-awards) with nonprofit organizations. It defines allowable costs and sets forth the procedures to recover them. The principles are designed to provide that federally assisted programs bear their fair share of costs.
- ❑ **OMB Circular A-133.** Establishes audit requirements and defines Federal responsibilities for implementing and monitoring such requirements for public agencies, institutions of higher education and other nonprofit institutions receiving Federal awards.
- ❑ **Participating Jurisdiction (PJ).** Any jurisdiction that has been so designated by HUD in accordance with the HOME Investment Partnership program (24 CFR 92.105).
- ❑ **Private For-Profit.** This sub-recipient type is limited to Small Business Investment Companies (SBICs) organized pursuant to Subsection 301 (d): of the Small Business Investment Act of 1958 (15 U.S. C. 681 (d)).
- ❑ **Private Non-profits.** Generally, but not always, corporations, associations, agencies, or religious organizations with nonprofit status under the Internal Revenue Code (Section 501(c) (3)), usually with a board of directors and an executive director in charge of daily administration. Examples include private social services agencies (such as job training, counseling, or daycare providers), community development corporations, church-related housing development groups, and operators of homeless shelters.
- ❑ **Program Income.** Program Income means gross income earned by the sub-recipient that is directly generated by a federally supported activity or earned as a result of Federal funding. Sub-recipients shall apply the standards set forth in this document to account for program income related to projects financed in whole or in part with Federal grant funds.
- ❑ **Non-profit Organization.** Any nonprofit organization (including a State or locally chartered, nonprofit organization) that:
  - is organized under State or local laws;
  - has no part of its net earnings benefiting any member, founder, contributor, or individual;
  - has a functioning accounting system that is operated in accordance with generally accepted accounting principles, or has designated an entity that will maintain such an accounting system; and

- has among its purposes significant activities related to providing services or housing to persons with acquired immunodeficiency syndrome or related diseases.

□ **Sub-recipient (also referred to as Sub-grantee).** An organization selected by the county to carry out agreed-upon eligible activities, or manage all or a portion of the County's federally funded programs (e.g., CDBG, HOME, ESG, etc), which are administered through DHCD.

## CONFLICT OF INTEREST

No person who is an employee, agent, board member, consultant, officer, elected or appointed official of a sub-grantee who exercises or has exercised any responsibilities with respect to administering Federal or State funded activities or who is in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a direct or indirect personal or financial Interest or benefit from the activity.

No person listed above shall have an interest in any contract, subcontract, or agreement of the sub-grantee or its proceeds. This applies to the persons' themselves, their families, dependents, or business associates during that person's tenure.

Sub-grantees are to maintain a written code of conduct or standards relative to conflict of interest governing the performance of officers, employees, and/or agents engaged in the programmatic, administrative, or financial aspects of the funding agreement. This written code shall include disciplinary actions to be applied for violation of such standards by the sub-grantee's officers, employees, or agents.

Sub-grantees must be vigilant not only to avoid any conflict of interest, but the appearance of conflict of interest. The perception by the public that an unfair advantage has been gained from the use of public funds reflects poorly on the sub-grantee and the County and could jeopardize the sub-grantee's funding.

Any possible conflict of interest of any party shall be disclosed in writing immediately upon knowledge of such possible conflict and forwarded to the County.

## **EQUAL OPPORTUNITY AND NONDISCRIMINATION**

In all hiring or employment made possible by or resulting from federally funded contracts, there will not be any discrimination against any employee, or applicant for employment because of race, color, religion, sex, handicap, age, or national origin and affirmative action will be taken to ensure that employees are treated during employment without regard to their race, color, religion, sex, handicap, age, or national origin. This requirement shall apply to but not be limited to the following: employment, upgrading, demotion or transfer; recruitment; rates of pay or other forms of compensation; any selection training, including apprenticeship. The sub-grantee shall post, in conspicuous places available to employees and applicants for employment notices provided by the government setting forth the provisions of this clause. All solicitations or advertisements for employees shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, handicap, age, or national origin.

No person shall, on the ground of race, color, religion, sex, handicap, age or national origin be excluded from participation, be denied the benefits of, or be subject to, discrimination under programs or activities made possible by or resulting from the contract. The sub-recipient and each employer will comply with all requirements imposed by, or pursuant to the regulations of HUD effectuating Title VI of the Civil Rights Act of 1964, Title VII of the Civil Rights Act of 1968, the Fair Housing Law, Executive Order 11246 as amended by Executive Order 11375, Section 3 of the Housing and Urban Development Act of 1968, Title I of the Housing and Community Development Act of 1974 which pertain to nondiscrimination.

# **OVERALL MANAGEMENT REVIEW**

## **PROJECT OBJECTIVES / ACTIVITIES**

Sub-recipients must maintain documentation to demonstrate that project objectives and activities have been achieved. This requirement includes the development of a clearly stated plan for carrying out and evaluating all activities, and must contain the following elements:

- (1) Documentation demonstrating proposed activities meets one or more of the three national objectives for CDBG:
  - a. Benefit to low or moderate income persons
  - b. Aid in the elimination of slum or blight, or
  - c. Meet an urgent need.
- (2) Documentation for housing program objectives to provide decent affordable housing to lower income households; expand the capacity of nonprofit housing providers; strengthen the ability of state and local governments to provide housing; and leverage private-sector participation.
- (3) Documentation regarding ESG that the activities carried out with funds provided under the Agreement will contribute to a program designed to be the first step in a continuum of assistance to enable homeless individuals and families to move toward independent living as well as prevent homelessness.
- (4) A project outline, including:
  - a. A detailed description of the activities proposed (expressed in quantifiable terms such as units of service)
  - b. The geographic area to be served
  - c. The steps necessary to carry out/complete each activity (including the parties involved, and time frames established)
  - d. A proposed and actual budget summary for each activity
- (5) A method for evaluating achievement, which must include procedures for defining, reviewing, and revising each activity on an ongoing basis.

Sub-recipients must continuously monitor performance of Federally supported activities to ensure that time schedules are being met, and project objectives and other performance goals are being accomplished. This ongoing review must be conducted for the projects/activities, as set forth in each signed funding agreement.

## **REPORTING**

Sub-recipients must submit expenditure and performance reports to the County for each project on a quarterly basis, within 10-days after

each performance period ends. These reports must be received before the County can honor requisitions for HUD funds. These reports must present the following, as applicable:

- (1) A comparison of actual accomplishment to the activities planned for the period. Overall status of sub-recipient Federal funds, showing cumulative amounts for:

- Federal funds received to date
- Program income received to date
- Actual disbursements to date
- Federal funds on hand at time of payment request

**For each activity or budget category:**

- Budgeted amount
- Federal funds drawn to date
- Program income expended to date
- Contract funds expended to date
- Current request for payment

The County will request source documentation (such as, invoices from contractors for rehabilitation work) to support the expenditures claimed by sub-recipients.

- (2) The number of completed units or service to date, or number of clients served for any item for which a drawdown is requested.
- (3) Reasons why established goals were not met, if applicable.

In the event of occurrences which have significant impact upon the project, the sub-recipient must immediately inform the County, in writing, as soon as the conditions become known.

Examples are:

- Problems, delays, or adverse conditions which will materially affect the sub-recipient's ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of units served within established time periods. This disclosure must be accompanied by a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.
- Favorable developments or events, which enable meeting time schedules and goals sooner than anticipated or producing more units of service than originally projected.

# **INTERNAL CONTROLS**

This section presents the underlying principles and reasons for internal control systems and reviews areas where internal controls should be present, as referenced in OMB Circular A-122 (Cost Principles for Non-Profit Organizations), and OMB Circular A-87 (Cost Principles for State and Local Governments).

## **POLICIES AND PROCEDURES**

All sub-recipients are required to establish appropriate internal control policies and procedures to ensure the fiscal integrity of the organization, and compliance with the terms and conditions of the funding agreement.

Internal controls are a set of written policies and procedures that define staff qualifications, duties, lines of authority, separation of functions, access to assets and sensitive documents. Having adequate internal controls provides safeguards against waste, fraud, and theft of agency's funds. Very simply, internal controls are designed to ensure accurate and reliable accounting information by providing procedures for administering the day-to-day handling of funds, in such areas as recording receipts, bank deposits, and disbursing funds.

Outlined in the remainder of this section is a recommended set of internal procedures specially suited for small and medium sized non-profit agencies. The following internal control mechanisms are generally accepted as being minimum requirements for an adequate system. It should be noted that the needs and characteristics of the Board of Directors/Trustees, or preferences of any particular agency may require additional or slightly altered procedures.

The following set of recommended internal control procedures are separated into areas covering:

1. General Procedures
2. Receipts
3. Bank Deposits
4. Disbursements
5. Petty Cash Fund
6. Other

One final note of utmost importance is that responsibility for each of the internal control procedures set forth below and on the following pages needs to be assigned and adequately explained to appropriate staff members or volunteers.

## **GENERAL PROCEDURES**

1. All staff members and Corporate officers who in any way manage, handle, or control agency funds should be bonded or covered by fidelity insurance in order to protect the agency against loss by larceny, theft, embezzlement, or forgery.

2. All accounting records, checkbooks, and files should be kept in a secure place where access is controlled. Additionally, all materials essential to financial record keeping must be kept in fireproof storage equipment.
3. An inventory of fixed assets (e.g. typewriters, computers, chairs, desks, etc.) should be conducted on a periodic basis (i.e. at least annually) and records maintained.

#### **RECEIPTS**

1. Pre-numbered receipts should be issued for all money, whether it be cash or check, at the time it is received. A duplicate copy should be kept and comparisons made between the aggregate of the receipts issued and the amount deposited in the bank on a monthly basis. This procedure is particularly important in situations where the agency receives fees for services rendered to clients.
2. One individual within the agency, other than the person responsible for preparing bank deposit forms, should be responsible for opening the mail and recording (i.e. Daily Cash Receipts Record) all funds received. If substantial amounts of money, either cash or checks, are received through the mail, then it is recommended that two (2) individuals be assigned the task of opening mail and completing the Daily Cash Receipts Record.
3. Upon receipt of funds, the individual(s) responsible for maintaining the Daily Cash Receipts Record must stamp all checks "**For Deposit Only.**"

#### **DEPOSITS**

1. The bank deposit forms should be prepared by an individual other than the person responsible for opening the mail and maintaining the Daily Cash Receipts Record.
2. The agency should instruct the bank with which it conducts business to accept all checks only for deposit.

#### **DISBURSEMENTS**

1. All disbursements of agency funds should be by check, with the exception of "Petty Cash Expenditures."
2. All checks issued by the agency should be to the company, business, organization, or individual for which the billing invoice, check request form or reimbursement form indicates.
3. All checks issued by the agency in excess of \$500 must have two signatures. At least one of these signatures must be that of an authorized member of the Board of Directors or Trustees.
4. It must be a policy of the agency that none of its checks will be pre-signed.

5. All checks issued by the agency should have supporting documentation in the form of a billing invoice, check request form, or in cases of reimbursement to a staff member or volunteer there should be adequate documentation or appropriate receipts.
6. All billing invoices check request forms, or reimbursement requests should be examined by the check writer and by those signing checks for reasonableness and appropriateness.
7. All transactions should be recorded when made. The general ledger must be reconciled to the financial statements on a monthly basis. All bank account activities should be reflected in the general ledger and recorded at the time the transaction occurs. Accounts receivable entries should be maintained in detail, particularly when this involves client accounts payable by a third party.
8. When checks are presented for signatures by authorized individuals, the supporting documentation must be attached to the check.
9. Check stubs must include date of check, recipient, amount, balance in account, and purpose of payment.

#### **PETTY CASH**

1. An agency must have an established policy concerning the maximum dollar amount that can be maintained in a petty cash fund.
2. A special Petty Cash Fund Record must be kept that shows expenditures, credits, and fund balance.
3. Authorization for petty cash disbursements should be limited to specific individuals within the agency.
4. All petty cash disbursements must be supported by receipts and an explanation of fund usage.

#### **OTHER**

1. Employee time records must be signed by the employee and approved by the employee's immediate supervisor. Employee files must contain all information references in the personnel policy manual.
2. Audits must be conducted in accordance with OMB Circular A-133. Agencies receiving less than \$500,000 of Federal funds annually will prepare an audit, as the County requires.
3. Internal controls should be present and evident throughout all areas of the organization including:
  - (1) Financial Management
    - financial management policy

- fund accounting system
  - annual/semiannual independent audits
- (2) Personnel Management
- personnel policy
  - affirmative action policy
  - drug free workplace policy
  - grievance policy
  - supervision policy/job descriptions
- (3) Inventory Management
- procurement policy
  - annual inventory
- (4) Project Management
- objective/activity plan
  - evaluation policy

The degree or extent of the internal controls appropriate to a given organization are determined by its size, the resources at its disposal, the level of risk involved in its operations, and the funding sources to which it must answer. Regardless of the mixture and complexity of these elements within the organization, no organization can afford to ignore the necessity of implementing internal control measures.

## **FINANCIAL MANAGEMENT**

This section presents financial management practices designed to ensure effective organization management of daily operations, and includes development of an accounting system to be utilized by sub-recipients.

### **ACCOUNTING SYSTEM**

The sub-recipient must be certain that its accounting system accounts for Federal funds adequately and separately (including program income) from its other funding sources. The separate accounting for Federal funds must be provided by the accounting system and either chart of accounts described below, or be a separate bank account and record keeping system.

A sub-recipient's accounting system should include at least the following elements:

- A general ledger double entry accrual system on a fund accounting basis is required for all sub-recipient accounting records.
- A chart of accounts - this is a list of name and the numbering system for the individual accounts that contains the basic information about particular classifications of financial transactions for the organization.

**NOTE: Reference County Required Accounting Records and Sub Object Codes**

### **ANNUAL BUDGET**

With this type of accounting system established, an organization can effectively administer small or large budgets on a daily basis. A budget is an action plan, expressed in figures, which indicates how financial resources will be utilized to accomplish the sub-recipient's objectives. The plan itself may be simple or complex based on the sub-recipient's size and organization structure. As the objectives or sources of funds change, budget revisions may be required. Therefore, it is essential to periodically review and evaluate the budget. Significant variations in budget items should be investigated and expenditure adjustments made regularly.

### **AMENDMENTS - PROGRAM / BUDGET REVISIONS**

Program and/or budget revisions may be necessary during the contract year to accommodate changes in anticipated revenues and/or organizational needs. **For ALL revisions, sub-recipients must submit to the County:**

- a written request to revise the program or budget, with complete justification for the changes necessary; and
- a revised budget that includes all projected costs for

the balance of the contract, and the specific cost categories to be increased, decreased or created.

All revisions will be approved in writing by the County and incorporated as a written amendment to the Agreement.

Any and all funds not obligated under the terms of the Agreement will be re-captured and re-appropriated for use as determined by the County.

#### **REPORTING REQUIREMENTS (Request for Draw-down of Funds)**

Sub-recipients must submit to the County an approved request for drawdown form of funds for reimbursement of Federal eligible expenses. Total expenses must be listed for each cost category, and must be supported with appropriate receipts, canceled checks, invoices or other documentation of payment. ALL PAYMENTS WILL BE REIMBURSEMENTS ONLY.

**THE COUNTY WILL REQUEST COPIES OF ALL CANCELED CHECKS AND BANK STATEMENTS TO SUBSTANTIATE COSTS CHARGED TO FEDERAL PROGRAMS.**

#### **COST CATEGORIES**

Listed below are common examples of cost items incurred by sub-recipients and some pertinent comments about their presentation in the detailed budget.

**Cost Allocation Plan (CAP):** If the cost of project administration will be shared by other funding sources, sub-recipients must report all additional funding sources and amounts, and must submit a prorated total organization budget.

This budget must identify the formula and procedure for accumulating and distributing allowable costs to the various funding sources. There are various cost distribution methods that can be used to determine the percentage share of costs between each funding source. The most rational and systematic method that will facilitate the project needs should be used.

**Payroll / Personnel:** Payroll/personnel expenses are reimbursed only for that portion of an employee's time spent directly on federally funded eligible activities. If employee time will be divided among a number of activities, some eligible (to be charged to the Federal program) and some not eligible, a prorated wage/salary will be required.

All sub-recipients must submit the following documentation for reimbursement of payroll/personnel costs:

- approved time sheet and
- payroll register

This documentation must be approved and signed by supervisor and submitted for each employee:

- Employee name,
- Staff position/title,
- Eligible activity,
- Payroll period,
- Number of hours worked per week, and
- Number of weeks worked.

Costs to be incurred for employer payroll taxes (i.e., FICA, Unemployment, and Worker's Compensation) must be itemized. Employer paid employee benefits for health insurance, life insurance, retirement programs, etc., are eligible for Federal reimbursement, and must also be itemized.

**Travel:** Any travel not itemized and approved in the sub-recipient's contract budget requires submission of a travel request form prior to the travel event. Travel costs and expenses will be paid in accordance with reasonable travel policies established by the County.

The business purpose and destination of each trip must be clearly defined. Travel costs are allowable for expenses incurred for travel, lodging, subsistence, and related items by employees or organization associates who are in travel status on official business to the Federal programs. Such costs will be charged on an actual basis. All reimbursable travel costs must be supported by appropriate invoices and receipts.

**Local Travel:** This includes only mileage within and within the recipient's service area. It should be identified by employee and show the:

- approved mileage rate (not to exceed IRS allowable rate); and
- other costs incidental to mileage (e.g., parking fees).

**Out-of-Town Travel (Requires County Approval):** This includes mileage and travel related expenses incurred outside the County. The information provided for each anticipated trip must include copies of invoices and receipts, and include the:

- purpose of each trip;
- means of travel;
- mileage per trip and rate per mile if automobile is used (not to exceed IRS allowable rate);
- coach fare per round trip if airplane is used; and
- other incidental costs (e.g., conference registration fees, highway tolls, parking, etc.).

**Communications:** Telephone and FAX costs should show the number of lines, number of instruments, and type of system used. Telephone costs should be subdivided to show:

- installation and other one-time costs;
- basic monthly service' cost; and
- itemized listing of long-distance calls

**Building:** This represents the cost of space used by the sub-recipient to administer its program. The following should be presented:

- site address and purpose;
- square feet (if the program is housed in a facility, calculate the program area used divided by the total square feet of the building); and
- monthly rental for the space used.

**Utilities:** The cost of utilities per site should be shown separately and unless circumstances to the contrary exist, should be allocated to other projects on the same basis as building space.

If building space and associated utilities are allocated to more than one project activity, a cost allocation plan must be developed and implemented. For example, assuming an eight-hour day, if building space and utilities are only used four hours per day for Federal activities, then the percentage of available time used would be fifty percent (50%).

**Other Costs:** A detailed description and explanation should be provided for other costs expected to be incurred. Sales tax charges, penalty charges (late fees, collection trip charges, etc.) are not allowable costs.

The preparation of the sub-recipient's monthly accounting report requires **METICULOUS** preparation if payment delays are to be avoided. The sub-recipient must be certain to provide the required documentation as indicated below.

#### **PAYROLL**

An itemized worksheet of Federal payroll costs must be prepared. The worksheet must be footed, cross-footed, and supported by copies of the sub-recipient's payroll journal and employee daily time records. Employee names check numbers, and dates must also be provided.

#### **TAXES**

The sub-recipient must remit the employer share of Federal payroll taxes either per pay period or monthly. Requests for reimbursement will not be processed unless documentation has been provided evidencing the payment or deposit of Federal payroll taxes.

#### **OTHER COSTS**

Other costs, such as fringe benefits, supplies, travel, insurance, etc., must be detailed on a worksheet and grouped by expense category. The vendor name, check number, date, and amount must be itemized. All expenditures require supporting documentation such as receipts, invoices, and canceled checks. The receipts and invoices should be grouped together according to the applicable expense category.

**ACCOUNTING REPORTS THAT ARE PREPARED INCORRECTLY OR INCOMPLETELY WILL BE RETURNED TO THE SUBRECIPIENT.**

All costs incurred, whether charged on a direct or an indirect basis must be in conformance with OMB Circular A-87, "Cost Principles Applicable to Grants and Contracts with State and Local Governments" or OMB Circular A-122, "Cost Principles for Non-Profit Organizations."

The sub-recipient will not be reimbursed for costs that are incurred either prior to the start of the grant period or after the grant period has ended. The sub-recipient is responsible for ensuring that only eligible costs are submitted for processing. The County reserves the right to disallow all ineligible costs.

## RECORD KEEPING

This section discusses necessary accounting and financial record keeping.

All sub-recipients are required to have adequate accounting and financial record keeping procedures. Developing adequate accounting and financial record keeping procedures falls into an area that requires the assistance of a qualified accountant.

Accounting and record keeping procedures include the bookkeeping system, maintaining the documentation necessary to justify and support all expenditures, and the capability to track all revenues. Sometimes an agency can recruit a volunteer with enough expertise to develop the entire system, but if that is not possible, it may be well worth the money to hire a qualified accountant to design and assist in setting up your accounting and record keeping system. Once developed, the system can be maintained by individuals with only limited accounting backgrounds.

### PURPOSE OF FINANCIAL RECORDS

An accounting and record keeping system in any non-profit agency is essential for several reasons, the most important of which are outlined below:

1. Current Financial Status. Most non-profits operate on very restricted budgets that barely cover the cost of the operation. Thus, it is imperative that those responsible for money management have the capability to assess the financial status of the agency on an ongoing basis.
2. Budgeting. It is extremely difficult to prepare accurate budgets for the agency without financial data that can be used as a basis for projections.
3. Public Relations. Inadequate accounting and financial record keeping can result in audit exceptions that may require an agency to forfeit funds or necessitate returning the funds to the County. A secondary effect of such a situation is that it will often be made public, which results in lessening public confidence and potential loss of future funds.
4. Tax and Government Reporting. In order to maintain an agency's non-profit status it is necessary to fulfill various requirements relating to audits and submission of governmental forms. Failure to maintain adequate accounting and record keeping procedures can potentially jeopardize an agency's non-profit status.
5. Reporting Requirements. Practically every source of funding requires detailed reports showing the use of the funds. Given that most non-profits have different funding sources, it is

vital that an accounting and record keeping system exist that allows retrieval of accurate fund usage data.

#### **BASIC RECORD KEEPING PROCEDURES**

As previously stated it is imperative that a qualified accountant be recruited to design the Agency's accounting and financial record keeping system. However, there are a number of basic principles that should be observed in the Agency's current operation.

##### Deposits

1. A duplicate copy of deposit slips must be maintained that shows the amount of the deposit and the source of the funds.
2. The amount of deposits must be recorded promptly in the agency checkbook.

##### Invoices

1. When a check is issued there must be an accompanying invoice or check request form.
2. When a check is issued to pay an invoice or in response to a check request form, the date and the number of the check must be recorded on the invoice or check request form.

##### Taxes

1. When making tax deposits a duplicate copy of the form must be maintained in the agency files.
2. A new employee must not receive a payroll check until appropriate State and Federal forms are completed that provide information concerning number of dependents, social security number, and marital status.

##### Chart of Accounts

- A current chart of accounts must be kept on file.

##### Minutes

- Minutes from executive committee and Board of Directors or Trustee meetings must be kept current and be available upon request.

##### Financial Notes

- Memos to the financial files must be completed to explain the rationale regarding expenditures that are not clearly covered under the list of eligible activities.

# PROGRAM INCOME

## **PROGRAM INCOME USE**

The funding agreement must specify whether any program income received by the sub-recipient is to be retained or returned to the County. If the sub-recipient is permitted to keep program income, the agreement must specify the eligible activity that will use the income. If not included in the written agreement, the sub-recipient must specify in a written request, with an accompanying revised budget, what eligible activities the income will be used for prior to its use.

Sub-recipient financial records must include complete information on the receipt and expenditure of all program income. Further, the program income must be disbursed before the County provides additional funds to the sub-recipient. If program income is in an approved revolving fund, it must be used for the specified purpose of the revolving fund before further funds will be made available. Program income on hand at the time of expiration of the agreement must be returned to the County along with a record of accounts receivable that are attributable to the use of Federal funds.

## **PROGRAM INCOME ACCOUNTING AND REPORTING REQUIREMENTS**

As noted above, the sub-recipient is required to have an appropriate financial management /accounting system in place to properly and completely record all information on the receipt and expenditure of program income.

The County requires that:

1. All program income must be documented and accounted for in the same manner as contract funds (i.e., sources, earnings, and uses).
2. Sources, earnings, and use of program income must be reported as part of the monthly performance reports and draw-down request forms, and should:
  - reflect monthly and cumulative information for the contract period, and
  - document benefit to one or more of the national objectives.
3. When program income is generated by an activity that is only partially assisted with Federal funds, the income must be prorated to reflect the percentage of Federal funds used.
4. Proceeds from the sale of real and personal property, either provided by the Federal government or purchased in whole or in part with Federal funds, shall be handled in accordance with 24 CFR Parts 84 and 85 as well as OMB Circulars A-87 and A-122.

5. The County and/or HUD reserves the right to royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use, the work for government purposes.
6. All income earned as a direct result of the activities funded by this contract must be reported as to the amount of earnings and source of income.

#### **OTHER INCOME**

Sub-recipients must report all sources of funding within 30 days of notification by the funding source when the funding is intended to support County programs.

This report must document:

- Funding source(s) and amount(s)
- Grant purpose/objectives
- Copy of contract or grant, if applicable
- Statement of how the additional funds will interface with the County's program
- Revised budget that reflects the new funding source(s) and appropriate cost allocation charges

## **TAXES**

This section identifies the various tax liabilities sub-recipients will incur. Sub-recipients are responsible for all taxes and tax related liabilities, and must remit such to the appropriate tax authority on a timely basis.

These responsibilities do not necessarily have to take endless hours. However, if poorly managed, the results can be devastating, such as, denial of request for draw-down for reimbursement, loss of non-profit status, late penalties that cost valuable dollars, legal repercussions, and great amounts of time and frustration.

Below are a number of suggestions that should be helpful in managing this crucial aspect of the sub-recipient's finances:

1. Obtain current tax tables and guidelines; this would involve calling State office to check if any changes are effective at the beginning of the new year.
2. At the start of the year each employee's withholding taxes should be recalculated and a new W-4 (i.e., Employee's Withholding Allowance Certificate) completed and filed for each employee:
3. Prepare a master calendar at the start of the year that indicates when various reports are due during the year.
4. Periodically, conduct an inventory of the supply of various forms to ensure, an adequate number is available.
5. Make sure the record keeping for various withholding taxes includes a cumulative record of deposits. For some taxes, such as FICA and unemployment compensation, there are limits on the deposit amounts necessary.

### **FEDERAL INCOME TAX**

Community development organizations may qualify as charitable organization, eligible for an exemption from Federal income taxes on net income under Section 501(c) (3) of the Internal Revenue Code. Specifically, Section 501(c) (3) exemptions may be appropriate for organizations whose activities benefit low and moderate-income members of the community.

### **PAYROLL TAXES**

Payroll taxes for salaries chargeable to the contract are allowable expenses. The sub-recipient, as an employer, is directly responsible for payment of the payroll taxes. The following payroll taxes must be paid:

- Withheld FICA and Federal income taxes
- Employer FICA
- Withheld State of Florida/Miami-Dade County taxes
- State unemployment taxes (remitted quarterly)
- Worker's Compensation Insurance (remitted semi-annually)

A sub-recipient's request for drawdown of funds will not be processed if there is evidence that employer payroll taxes have not been remitted on a timely\_ basis to the appropriate tax authority.

Fines and other costs arising from delinquent or non-payment of taxes are not allowable expenses; therefore, they are the sole responsibility of the sub-recipient.

# AUDITS

This section presents an overview of information relative to audits required by Federal program laws and regulations, County Code, and the written funding agreement, along with the necessary qualifications of independent auditors/audit organizations. Additional information and details are provided in Chapter 16 - Audits, of this manual and the County's written contract agreement.

## **AUTHORITY**

- **Single Audit Act of 1984** (31 U.S.C. 7501-7507) as amended by the Single Audit Act of 1996 (P.L. 104-156)
- **OMB Circular A-133**: Audits of States, Local Governments, and Non-Profits Organizations -and- Compliance Supplements
- **24 CFR Part 84**: Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
- **24 CFR Part 85**: Uniform Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments
- **Generally Accepted Government Auditing Standards (GAGAS)**: Generally referred to as Government Auditing Standards (GAS) or "Yellow Book" - issued by the Comptroller General of the United States Government Accountability Office (GAO). It contains the generally accepted government auditing standards applicable to HUD grantees - government entities, not-for-profit organizations, and non-governmental entities.
- **Consolidated Audit Guide for Audits of HUD Programs, HUD Handbook 2000.04 Rev-2 CHG-1**
- **Community Development Block Grant (CDBG)**: 24 CFR §570.502, 24 CFR §570.503(b)(4), and 24 CFR §570.610
- **HOME Investment Partnerships (HOME) Program**: 24 CFR §92.506
- **Miami-Dade County Code**: Chapter 2, Article LXXVIII, Section 2-1076, as amended by Ordinance Number 99-63.

NOTE: Each source depicted above is current as of December 2010. All listings are subject to official revisions that may be issued by the corresponding authority.

## **ANNUAL AUDIT**

Federal regulations regarding independent audit requirements for non-profit sub-recipients are covered in OMB Circular A-133, "Audits of States, Local Governments, and Non-Profits Organizations," revised June 26, 2007.

All non-profit sub-recipients that expend \$500,000 or more annually in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of OMB Circular A-133. The option of a program-specific audit is available to those non-profit organizations that expend \$500,000 or more annually in Federal

awards under only one Federal program, subject to the Federal program's laws and regulations.

Sub-recipients that expend less than \$500,000 in combined Federal awards annually are exempt from an audit as set forth in OMB A-133 for that year (except as noted), but records must be available for review, i.e., inspection, evaluation, on-site monitoring reviews, etc. The County, however, does require these sub-recipients to submit annual compilation reports that describe their performance as stipulated in the County's written agreements.

For-profit organizations are not subject to the audit submission requirements of OMB Circular A-133. However, Federal regulations require the County to ensure compliance with Federal awards made to for-profit sub-recipients as well. The County will advise these sub-recipients and all other sub-recipients regarding audit requirements, which may include but not limited to pre-award audits, monitoring during the contract period, and /or post-award audits.

Auditors must meet the auditor qualifications of Government Auditing Standards, including the qualifications relating to independence and continuing professional education. Likewise, audit organizations must meet the quality control standards of Government Auditing Standards (GAS) as well.

All audits must be performed by independent public accountants (IPAs) who are active certified public accounts or licensed public accountants, and licensed by the State of Florida. Audits may not be performed by otherwise qualified accountants if they have performed any other on-going accounting services for the organization.

Further, as stipulated in the terms of the County's written agreement, sub-recipients must:

- Ensure that a copy of the audit report in triplicate is received by DHCD no later than six-months following each audit period.
- Provide a written statement from its auditor/auditing firm that the audit complies with all applicable provisions of OMB A-133, 24 CFR Part 84.26, and Part 85.26.
- Submit a written statement from its auditor/auditing firm to confirm that it has cleared any non-compliance issues stated in the audit.

#### **OTHER AUDITS/REVIEWS/MONITORING**

At any time during normal business hours, the sub-recipient must make available for examination all of its records with respect to all matters covered by the grant agreement, and will permit the County or its representatives to audit, examine records, and review all contracts, invoices, materials, payrolls, records of personnel, conditions of employment, and other data relating to all matters funded by the grant.

County staff will make site visits as frequently as practicable to review program accomplishments and management control systems; and provide such technical assistance as required.

Sub-recipient monitoring by the County will include but not be limited to:

**Organization Structure**

- Organization background/history;
- Operating procedures;
- Organization chart; and
- Board of Director functioning

**Financial Management**

- Total funding sources;
- Accounting systems;
- Eligible costs;
- Revenues and cash receipt journals
- cash disbursements;
- Payroll and payroll taxes; and
- Bonding insurance

**Personnel Management**

- Affirmative action policy;
- Grievance policy;
- Job descriptions; and
- Drug free workplace policy

**Project Management**

- Project/activity need in the community
- Project/activity objectives and goals
- National Objectives
- Methods to achieve objectives and goals
- Methods for measuring project effectiveness and efficiency
- Coordination efforts with other agencies
- Coordination with other Department Divisions  
(Historical/Environmental, Real Estate, Relocation, etc.)

**Procurement Management**

- Purchase/bid policy
- Property/equipment inventory

## INSURANCE AND BONDING

The standards set forth below represent the County's minimum insurance and bonding requirements. Sub-recipients shall provide these requirements to their insurance and/or bonding agent. Please note that these requirements are subject to change depending on individual needs of a specific transaction, changes in Federal, State, or local laws, and/or policies established by the County. Any changes of these minimum standards shall be set forth in writing by the County in the terms of the funding agreement.

1. All policies shall be with financially responsible insurance companies with a Best Rating of "A" and shall be kept in force until all work under - the terms of the Contract are completed. Each policy shall contain a clause which shall provide the County with at least 30-days prior written notice of cancellation, non-renewal, or material modification in the policy.
2. Builder's Risk Insurance and/or Flood Insurance (if applicable) shall be provided to HCD upon the issuance of the Notice to Proceed with an effective date for coverage commencing on the Notice to Proceed date.
3. Any changes to the required insurance policies, including coverage renewals, must be submitted to DHCD through a formal notice immediately upon occurrence throughout the Agreement period.
4. If the insurance certificates are scheduled to expire during the contract period, the Contractor shall be responsible for submitting new or renewed insurance certificates to the County at a minimum of thirty (30) calendar days before such expiration
5. Sub-recipients shall provide a policy of insurance for comprehensive broad form general liability, insuring against any and all claims for personal injury, death or property damage occurring on, in or about the property, the improvements and the adjoining streets, sidewalks and passageways, subject to a combined single limit of not less than \$100,000 arising out of any one accident with an aggregate limit of not less than \$1,000,000.
6. Sub-recipients shall provide sufficient insurance coverage to protect contract assets from loss due to theft, fraud and/or undue physical damage and shall at a minimum provide a blanket fidelity bond covering all employees in an amount equal to the total amount of Contract funds received from Miami-Dade County.

Note that all sub-recipients shall comply with the bonding and insurance requirements of 24 CFR Part 84 and/or 85 - Bonding and Insurance.

**Activity Type**

	<b>Public Service and Economic Development</b>	<b>Emergency Shelter, Housing and Minor Rehab, Acquisition of Land And Commercial Revitalization</b>	<b>Construction and Major Rehabilitation</b>
<b>Insurance Coverage Requirements</b>			
<b>Worker's Compensation</b> for all employees of the Contractor as required by Florida Statute 440.	YES	YES	YES
<b>Public Liability</b> on a comprehensive basis in an amount not less than \$ <u>see chart</u> combined single limit per occurrence for bodily injury and property damage. Miami-Dade County must be shown as an additional insured with respect to this coverage. The mailing address of DHCD must appear on the certificate of insurance.	\$300,000	\$500,000	\$500,000
<b>Automobile Liability</b> covering all owned, non-owned and hired vehicles used in connection with the work, in an amount not less than \$ <u>see chart</u> combined single limit per occurrence for bodily injury and property damage.	\$300,000	\$500,000	\$500,000
<b>Completed Value Builder's Risk</b> on an "All Risk" basis in an amount not less than one hundred (100) percent of the insurable value of the building(s) or structure(s). The policy shall be in the name of the sub-recipient and the Contractor, and Miami-Dade County must be listed as a loss payee.	N/A	N/A	YES
<b>Professional Liability</b> in the name of the design professional for this project, in an amount not less than \$250,000 with the deductible per claim, if any, not to exceed 10% of the limit.	N/A	N/A	YES

## PERSONNEL MANAGEMENT

This section provides the minimum components for a personnel management system that ensures that employees paid with Federal funds enjoy equal employment opportunity, have a clear understanding of job requirements and personnel procedures, are treated with fairness and confidentiality, and meet minimum job qualifications.

The size and extent of personnel policies will vary with the size and nature of the organization, however, the following items must be included in any personnel policy manual:

1. Designation of a personnel officer.
2. Identification of person(s) authorized to develop, modify, and approve personnel policies.
3. Identification of person(s) authorized to approve personnel actions such as salary increases, hiring, disciplinary action, and termination as approved by the Board of Directors.
4. Affirmative Action and Equal Employment Opportunities, including handicapped opportunities.
5. Establishment and maintenance of personnel records/files, including:
  - a. starting date and rate of pay
  - b. job description
  - c. employment application or resume
  - d. performance evaluations
  - e. grievance and disciplinary actions
  - f. cumulative leave and attendance record
  - g. severance record, if applicable
6. Conditions of employment, including:
  - a. hours of operation
  - b. work schedules
  - c. attendance
  - d. overtime
  - e. probationary period
  - f. temporary/part time employment
7. Job descriptions for each position which reflect:
  - a. job title
  - b. primary responsibilities
  - c. minimum training, education, and experience
  - d. supervisor position to which this position reports
  - e. wage rate or salary range
8. Outside employment and conflict of interest

9. Leave accrual and use, including:
  - a. vacation
  - b. sick
  - c. maternity
  - d. compensatory/administrative/over-time
  - e. Leave without pay; other
  
10. Employment benefits, including:
  - a. insurance
  - b. retirement
  - c. other
  
11. Performance evaluations, including:
  - a. frequency
  - b. responsibilities for development and review
  - c. procedures for presentation to employee
  - d. signatures necessary to complete processes, i.e., employee, Executive Director, etc.
  
12. Promotions/pay increases, including:
  - a. additional responsibilities
  - b. types/ranges of allowable increases
  - c. frequency
  
13. Disciplinary action, including termination
  - a. grounds for disciplinary action
  - b. progressive discipline
  - c. documentation of disciplinary action
  - d. required reviews and authorizations
  - e. appeal procedures
  
14. Grievance procedure
  
15. Training opportunities

## PROCUREMENT

This section explains the procedures sub-recipients must follow for any purchase of materials, supplies, equipment, construction and other service and/or professional service with Federal funds. This section does not supersede 24 CFR Parts 84 and/or 85. The purpose of this section is to establish a purchasing and procurement system of quality and integrity that will maximize the purchasing value of public or Federal funds and provide fair and equitable treatment to all persons involved in public purchasing.

These procedures do not relieve the sub-recipient of the contractual responsibilities. The sub-recipient is responsible for the settlement and satisfaction of all contractual and administrative issues arising out of executed procurements.

A sub-recipient procurement policy must have provisions to ensure procurement transactions are contracted in an open and competitive manner. At a minimum, the procurement policy must ensure:

- A statement is included that can satisfy any claim of conflict of interest.
- A general description of all requirements.
- Utilization of procurement methods (i.e., fixed price, procurement orders, etc.) that are appropriate for the particular procurement involved.
- Utilization of MBE/WBE businesses as sources of supplies and services.
- Maintenance of a current inventory list (description, model-number, serial number, acquisition date, cost, etc.). See chapter on Property Management and Inventory.
- Contracts are made to responsible contractors who have demonstrated competence and ability to perform the required services competently and expeditiously in accordance with the terms and conditions of the proposed procurement.
- A comparison of price quotations, market prices, etc. is made to determine reasonableness.
- Where appropriate, an evaluation of contract services to determine compliance with the terms and conditions of the contract before any scheduled payment is made.
- Contracts are awarded to the lowest and/or best bidder.

### **SUBCONTRACTING**

Unless stated otherwise in the Agreement, none of the work or services covered by the Agreement shall be subcontracted without full

information about the subcontractor being furnished at least 30-days in advance to County and subsequent written approval by same.

#### METHODS OF PROCUREMENT

Small-purchases of goods and services less than \$100,000 for Federal purposes and \$10,000, under Miami-Dade County requirements, in the aggregate.

Price quotations should be made by telephone or fax from at least two qualified suppliers of the goods and/or services sought. It is important that a written, quotation be received in order to verify any deviation from a telephone quote.

Small purchases of goods and services more than \$10,000, but less than \$100,000.

Each supplier solicited should receive the same package of information that clearly states the specifications of the item(s) sought. Include in the request the date by which a response is desired, person-to, and place the response is to be sent. It is acceptable for the solicitation and response to be via fax or mail.

Purchases of goods and services greater than \$99,999.99

Purchases in equal to or greater than \$100,000 require a formal written and published bidding process.

1. Bids are publicly solicited through newspaper advertisement, and written sealed bid is the form of response.

The advertisement shall be published in at least two publications of general circulation in the area, and the advertisement must be published twice within a ten-day period at least five-days apart. Bidders should have a minimum of ten-days to respond to the advertisement after the second publication. All bids will be publicly opened at the time and place prescribed in the invitation for bids.

2. The bid documents shall be available to interested parties in at least two locations, one of which shall be the County's Department of Housing and Community Development.

The bid documents shall include complete, bidding specifications and drawings that include sufficient data about the project for a knowledgeable contractor to submit an accurate and timely bid.

The bid documents shall be prepared with the assistance of an Architectural/Engineering firm when one is engaged on a project.

3. Sealed Bids (Lump Sum Contracts). There must be at least a minimum of two responsible bidders for a contract to meet the HUD purchasing requirements. Three responsible bidders are preferred to ensure competitive bidding. (When only two bidders are used there is the possibility that two contractors could collude to rig their bids).

4. Bid Rejection (applied to all types of procurement). Any or all bids may be rejected if any of the following conditions apply:

- a. The bid is not received at the bid due time published.
- b. The bid is illegible.
- c. The bid is not signed.
- d. The bid is not properly notarized when required.
- e. Bid package forms are not used.
- f. Acceptable Bid Bond is not provided per bid specifications.
- g. The contractor has defaulted on a previous Consolidated Plan/County contract as either a prime (General contractor) or as a subcontractor.
- h. The contractor is not financially sound: Is unable to obtain construction financing or credit from suppliers, or unable to make payments to suppliers on a timely basis.
- i. The bid does not give adequate disclosure or fails to itemize requested items as specified.
- j. The bid amount exceeds the project or phase budget in excess of 10% (ten percent).
- k. The contractor does not have the capacity to pursue the work on a timely basis.
- l. The contractor does not have a valid business or contractors license.
- m. The contractor is not registered to do business in the State of Florida.
- n. Any other sound documented reason.

5. Subcontractor Use Rejection. Subcontractors may be rejected for any of the reason in section 4, above.

6. Contractor Award. The responsible contractor submitting the lowest complete acceptable bid shall be awarded the contract if after review of the bid documents appears to be fully qualified and capable of doing the work in accordance with all bid specifications.

7. Competitive Proposals. This procurement method is normally used when conditions are not appropriate for the use of sealed bids. At least two proposals must be received (three proposals are preferred) from responsible qualified bidders.

Requests for Proposals are publicly solicited through newspaper

advertisement, and a written proposal/offer is the form of response.

- a. The advertisement shall be published in at least two publications of general circulation in the area, and the advertisement must be published twice within a ten-day period at least five days apart. Interested parties should have a minimum of ten days to respond to the advertisement after the second publication.
- b. The bid/proposal documents shall be made available to interested parties in at least two locations, one of which shall be the DHCD office.
  - The bid/proposal documents shall include a complete bidding specification that includes sufficient data about the project for a knowledgeable contractor to submit an accurate and timely offer.
  - Bid/proposal documents shall be prepared by/with the assistance of a knowledgeable person or firm.
- c. There must be a method of technical evaluation of offer/proposal analysis utilized in evaluating all offers received.
- d. Awards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.
- e. Competitive proposal procedures for qualifications based procurement of architectural/engineering (A/E) professional services whereby competitors, qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services through A/E firms as a potential source to perform the proposed effort.

## PROPERTY MANAGEMENT AND INVENTORY

This section provides information on the proper method used to document the existence, use, and disposition of personal property purchased with Federal funds.

The management of property acquired with Federal funds must be in accordance with 24 CFR Part 84 or 85 and with the instructions provided herein.

### **INVENTORY REQUIREMENTS**

A property inventory record system must be established and maintained on all non-expendable personal property. For the purpose of this manual, such property shall be defined as capital equipment, i.e., tangible personal property of a non-consumable and non-expendable nature with a value of \$5,000 or more, with a normal expected life of one or more years, not fixed in place, and not an integral part of a structure, facility or other piece of equipment.

Property purchased with Federal funds provided under an Agreement with the County becomes the property of the County.

### **INVENTORY RECORDS**

The sub-recipient must maintain current records of all personal property purchased with Federal funds or on loan from the County. A County property tag number must be affixed to each item purchased with Federal funds. The inventory list shall provide the following information: Number, unit cost, the assigned County inventory number and location. A prior written request must be submitted when any change of status or condition is to occur or if the property is to be replaced, disposed of, or transferred. This request is also required when either of the following occurs:

- **Loss or theft:** In the event of loss due to theft, the sub-recipient must report immediately to the local police and provide the County with the investigation case number and the County's property identification tag number. Failure to report such a loss may result in the sub-recipient having to absorb the cost of the loss.
- **Damaged, destroyed, or no longer usable equipment:** All such Property may be removed from inventory upon authorization of the County.

### **DISPOSAL OF PROPERTY**

Only property that is damaged, broken, obsolete, inefficient or in otherwise unusable condition should be designated for disposal. Approval from the County is required prior to disposition.

Property that is usable but no longer required by the sub-recipient may be transferred as the County may direct.

**Procedure for disposal/transfer:** Sub-recipient must submit a written request prior to disposal or transfer of property. Special instructions will be provided upon termination of an Agreement, the County has the right to take possession of any and all property purchased with Federal funds, and the sub-recipient must cooperate fully in transferring such possessions to the County.

**TITLE OF PROPERTY**

Title of all property purchased with Federal funds must be in conformance with Federal regulations or the County policy, as applicable. In the event a sub-recipient ceases operations or the contract is not renewed, the sub-recipient shall dispose of property in accordance with instructions from the County.