

# **RC/EEP Implementation Workshop**

**August 17, 2007**

**Louisiana Board of Regents  
Office of Community Development**

# RC/EEP Foundation

- Program established with disaster recovery funding provided through U.S. HUD's Community Development Block Grants (CDBG) Program
- Waiver establishing the program published March 6, 2007

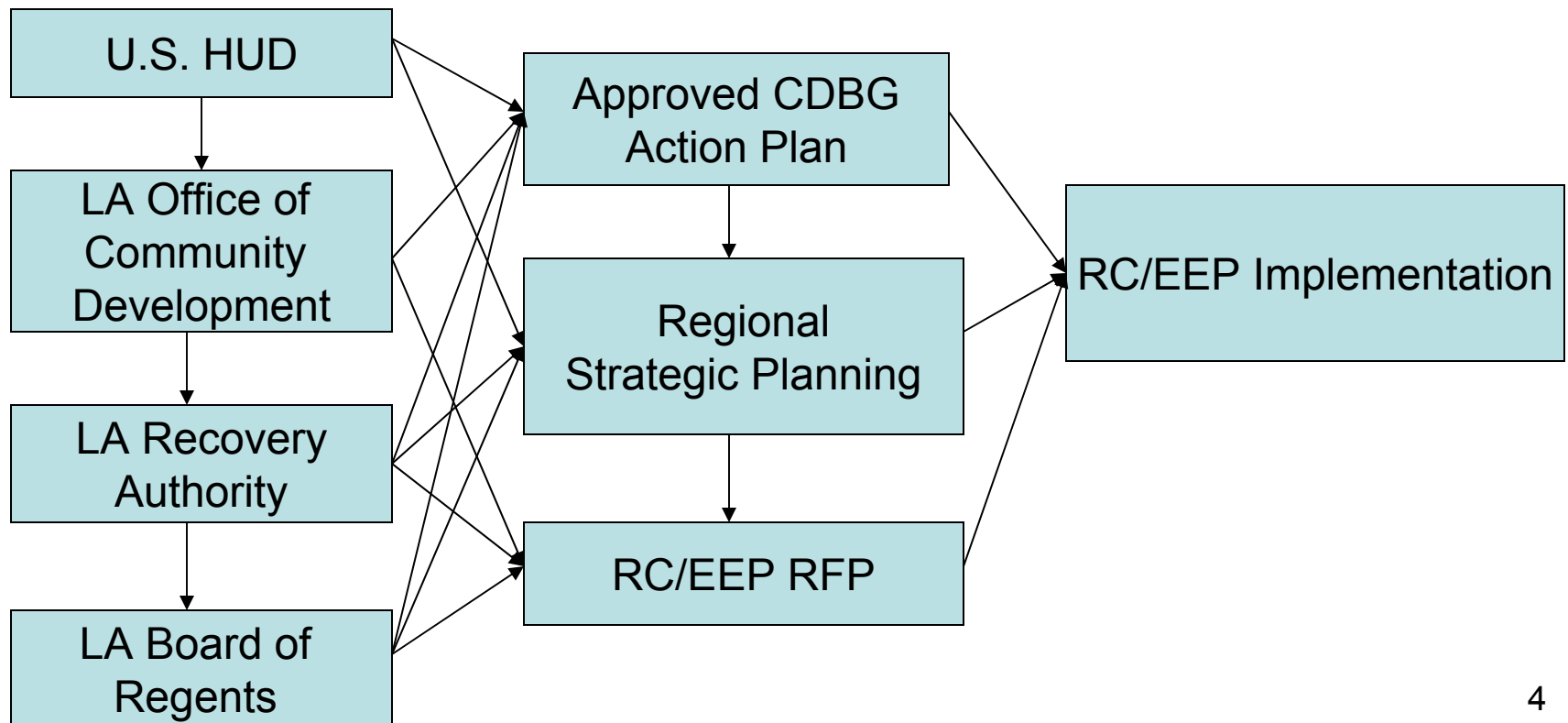
# March 6 Waiver

- Establishes the RC/EEP as described in the Action Plan developed by the Board of Regents and Louisiana Recovery Authority
- Waives requirements that projects undertake only traditional CDBG eligible activities
- Describes alternative eligible activities related to post-secondary research commercialization and educational enhancement, including support for student training, research professionals, and equipment purchases

# Agency Involvement in Program Design & Implementation

Agencies

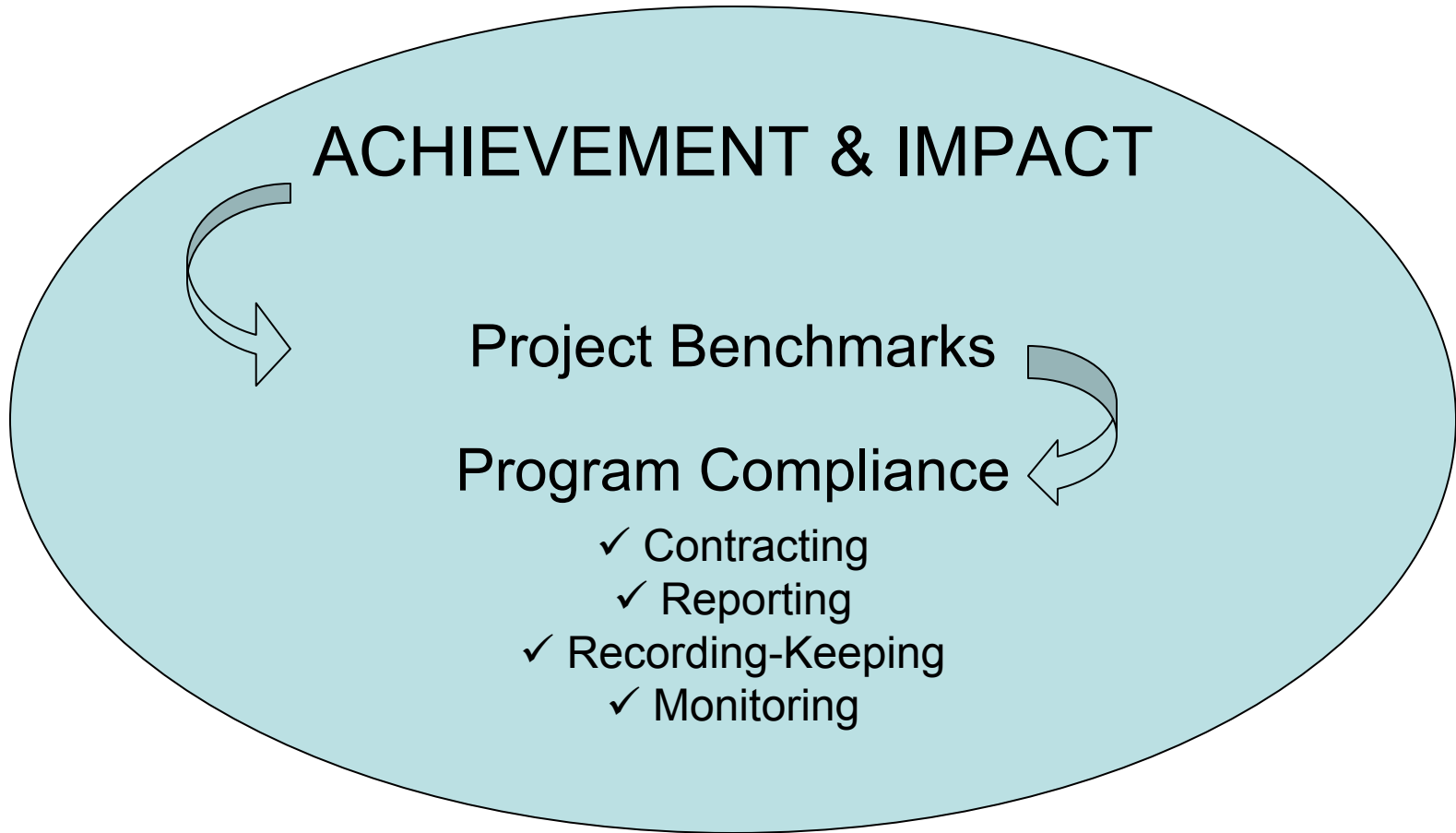
Design Activity



# RC/EEP Performance Requirements

- Programmatic achievements
  - Quality of research/educational enhancement activities
  - Impact (economic and social) of research/educational enhancement activities
  - Meeting of qualitative/quantitative benchmarks established in contract
- Long-range performance
  - Sustainability
  - Expansion of program activities
  - Commercialization of research
  - Significant contribution to Louisiana's economy

# RC/EEP Project Foci



# **RC/EEP Compliance**

# RC/EEP Compliance

- Contracting
- Reporting – BoR, OCD & Federal Levels
- Data Collection and Record-Keeping
- Monitoring

# General RC/EEP Regulations

A series of statutes, regulations and guidelines:

- Federal statutory restrictions and requirements (CDBG statute, Davis-Bacon, Environmental Review, Procurement, and other relevant laws)
- HUD guidelines and regulations
- OMB circulars (A-21 and A-110, and others as noted in both sub-recipient contracts and OCD/BoR Memorandum of Understanding)
- Approved and pending waivers for use of disaster recovery funds

# Applicable References

- CDBG Statute: 42 USC 5301 et seq.
- HUD Regulations: 24 CFR Part 570
- Uniform Administrative Requirements: 24 CFR Part 84
- Procurement: 24 CFR Part 84.40-48 & appropriate State laws
- Section 3 of the HUD Act of 1968
- Disclosure of funding sources (aka Section 102): 42 USC Title 42 Chapter 44 §3545
- Cost Principles: OMB Circulars A-21/A-110
- Program Accessibility to Individuals with Disabilities: Section 504 (24 CFR Part 8)

# For Projects Involving Any Construction, Renovation, or Physical Repurposing of Facilities

- Prevailing Wages: Davis-Bacon Act
- Environmental Review: 24 CFR Part 58\*
- State Historic Preservation Office approval (if required): 24 CFR Part 58.5

\* Environmental review must be complete before any funds are expended on construction or renovation activities. Expending funds prior to completion of the review could jeopardize eligibility for reimbursement.

In all cases in which multiple regulations (e.g., State and federal laws with differing restrictions) apply, the more restrictive takes precedence

# **Highlights of CDBG Statutory & Regulatory Requirements**

# CDBG & HUD Statutes

All regulations and statutes are in force, except those covered by waivers:

- Eligible Activities
- Disposition of equipment
- Expenditure and reporting of program income after grant close-out

# Uniform Administrative Requirements (24 CFR Part 84)

Covers key topics:

- Financial Management Systems
- Procurement
- Property and Equipment
- Records
- Grant Close-out

# Procurement

- Projects must adopt and follow written procurement procedures
- Procedures designed to achieve maximum open competition
- Procurement regulations only apply to CDBG monies, not to match
- Regulations only apply when external agents, rather than institutional resources, are used

# Types of Procurement

- Small purchase procedures ( $\leq \$100,000$ )
- Competitive proposals
- Competitive sealed bids
- Non-competitive negotiation

# Section 3 Compliance

- Employment, job training and contracts created through CDBG projects should be available to low and very low income persons
- Must document good-faith efforts to create opportunities for low-income persons
- LA Department of Labor's list of available employees may be consulted
- Awardees must take affirmative steps to ensure women- and minority-owned businesses are used when possible
- Monitoring & auditing of these requirements are common

# Additional Procurement Issues

All projects must screen and keep records of compliance for:

- Conflict of interest

- » May not have any interest in a CDBG contract or subcontract
- » Obtain a financial benefit from CDBG activity

- Debarred contractors

- » Federally debarred or suspended contractors may not be used
- » Search database online: [www.epis.gov](http://www.epis.gov)
- » Be aware of debarred contractors doing business in different names

# Disclosure of Funding Sources

Grantees are required to disclose for the duration of the award:

- Other governmental assistance
- Interested parties
- Sources and uses of all funds available for program activities

# Environmental Review

- Assure projects are in compliance with the National Environmental Protection Act (NEPA)
- All projects must complete environmental review or file as exempt
- Required for all projects before any funds are expended (except funds used for review)
- Exemptions and exclusions defined by HUD:
  - <http://www.hud.gov/offices/cpd/environment/review>

# Environmental Review cont'd

If the project is not exempt:

- Series of regulatory checklists to be completed by an environmental officer qualified to perform the review
- Must publish findings and permit time for public comment (30-45 days)
- Must submit all documentation related to compliance with Environmental Review regulations to the BoR/OCD prior to request for reimbursement for affected activities
- HUD forms must be used:  
<http://www.hud.gov/offices/cpd/environment/review>

# Labor Standards

- Davis-Bacon Act applies to all construction (including renovation and installation performed by external employees) involving CDBG funds over \$2,000
- Requires workers to be paid at least minimum wages provided by the U.S. Dept. of Labor

# Summary of Davis-Bacon Implementation

- Pre-construction conferences with contractors
- Prevailing wage decisions for all classifications of employees
- Submission of weekly payrolls, including hours, rate of pay, wages, deductions, etc.
- Review of payrolls, including on-site reviews and regular interviews of all worker classifications
- Restitution if underpayments
- Dept. of Labor review of disputes
- Use HUD forms: <http://www.hud.gov/offices/olr/olrform.cfm>
- See “Making Davis-Bacon Work” (<http://www.hud.gov/offices/olr>)

# Davis-Bacon Contracting

All agreements with external contractors, including for construction, renovation, repurposing, or installation, which might be subject to the Davis-Bacon Act must be submitted to the Board of Regents for approval prior to execution.

# Completion of Contracts

# Contract Timeline

- Work plan, scope of services, budget, & budget justification due to BoR August 27
- Contract document released to campuses ASAP after August 27
- Start date of September 1
- First quarterly report due October 1
- End date of July 31, 2010
- No-cost extensions not permitted

# Contract Document

- Standard contract language, with special CDBG inclusions and references
  - Environmental Review requirements
  - Davis-Bacon compliance
  - Program income must be expended before draw-down of federal funds
  - Requirement to solicit women- and minority-owned businesses when appropriate
  - Requirement to make efforts to hire low- and moderate-income individuals (per HUD's definition)
  - More stringent contract monitoring and record-keeping
  - More extensive reporting (quarterly and annual)
  - Exhibit B provides CDBG program administration & compliance requirements

# Budgeting and Payment

- Cost-reimbursable, with quarterly payments
- A single composite budget, rather than annual budgets, is required
- Payments linked to required reporting, with invoices due 15 days after quarterly reports
- Some rebudgeting without prior approval, following standard BoR contracts with federal funding

# Pending Waiver

A waiver has been requested from HUD of restrictions governing program income and disposition of equipment, requesting:

1. Ownership of equipment be fully vested with the sub-recipient in perpetuity
2. Program income be used at the discretion of the sub-recipient and not reported to HUD after the grant period

# Contract Exhibits Provided by Sub-recipient

- Documentation of the project's adherence to CDBG National Objective
- Work plan & scope of services
- Certification that no other sources of funding exist for specific project activities
- Documentation of all sources of funds available for project-related work
- Composite budget and budget justification

# National Objective

Each CDBG-funded project must meet one of three national objectives

- Benefit to low- to moderate-income persons
- Remediation of slum and blight
- Urgent need

\* Most projects will qualify under “urgent need” \*

# Urgent Need as Defined for CDBG

To qualify as “urgent need”, a project must demonstrate all of the following:

- Existing conditions pose a serious and immediate threat to the health and welfare of the community
- Existing conditions are recent
- The sub-recipient cannot finance on its own
- Other funding sources are not available

# Documenting Urgent Need

- Documentation on the nature and degree of the condition
- Evidence that RC/EEP funding addresses this condition
- Information on the timing of the problem
- Evidence that other financial resources are not available

# Work Plan

## Required Elements:

- Project timeline
- Narrative plan of work
- Scope of services (required by OCR)
  - Goals and objectives
  - Deliverables
  - Performance measures
  - Monitoring plan
  - Utility of final product

# Work Plan cont'd

Explicitly describe the links between activities and measurable outcomes identified for the specific project and for the overall RC/EEP (see the RFP and approved Action Plan).

# Certification of Funding

- RC/EEP funding may not supplant or duplicate existing funding streams
- Signed certification required from all participating institutions

# Documentation of Existing Funding Sources

Documentation of all active funding sources, including pledged cost sharing (per Section 102), must be provided for:

- Affected department(s) and/or unit(s)
- Participating faculty and staff

This requirement is high priority for the BoR Audit Department.

# Budgets & Budget Justifications

- RFP's list of eligible activities provides guidance
- Consultant recommendations will be stipulations for the contract
- Budget justifications must be detailed and specific
- All charges must be aligned explicitly with the purpose of the program
- Travel requests will be approved by OCD during contract negotiations, and should be as specific as possible

# Reporting

# Required Reporting

- Data showing progress toward measurable outcomes provided in individual project work plans (annual)
- Data showing progress toward projected outcomes listed in the BoR/OCD MOU (quarterly)
- All reporting done on LOGAN (modules for quarterly reporting available Sept. 15)

# Quarterly Reports

- Quarterly reports to the BoR on identified common performance measures
- Due 1 day after the close of the quarter (first report due October 1, 2007)
- BoR will compile into a program report to be submitted to OCD
- OCD will compile all Disaster Recovery programs into one quarterly report to Congress
- Congressional report due 30 days after the close of the quarter
- Reporting dates are not flexible – no extensions

# Quarterly Reporting Data

- Number of articles published in or under consideration by peer-reviewed publications
- Percentage of renovation/construction activities completed, if applicable
- Number of students participating in program activities
- Number of new students recruited for program activities
- Number of students trained and entering the workforce in program-related areas
- Number and level(s) of new faculty recruited
- Number of technology transfers or disclosures
- Number of patents applied for and/or received
- Number of licenses granted
- Amount of additional private-sector funding applied for and/or received
- Amount of additional federal funding applied for and/or received
- Number of companies started as a result of program activities
- Number of existing businesses participating in and/or benefiting from program activities

# Annual Reports

- Narrative project report, plus financial report
- Summary of progress toward project goals and objectives
- Qualitative and quantitative data
- Due July 15 of each project year
- Format to be developed by the BoR and made available on LOGAN

# Invoicing

- Invoices due 15 days after quarterly reports
- Payments processed upon approval of quarterly reports and review of charges
- Source documentation specified in each contract to be submitted with invoices

# **Data Collection & Record-Keeping**

# Record-Keeping

Three types of records:

- Administrative
- Financial
- Project/activity

# Administrative Records

- Executed contract
- Project information and complete, accurate work plan
- Documentation related to federal compliance, including national objective, Davis-Bacon, Environmental Review, Procurement, etc.
- Personnel files, including time certifications for all employees paid through CDBG
- Monitoring correspondence (State and federal)

# Financial

- Title 24 Section 84.20-Standards for Financial Management Systems
- Systems must be able to:
  1. Permit preparation of reports required by grant.
  2. Permit tracing of funds to level of expenditure adequate to determine funds not spent in violation of grant.

# Financial cont'd

Financial Mgmt Systems of grantees must meet following standards.

1. Financial reporting
2. Accounting records
3. Internal control
4. Budget control
5. Allowable cost
6. Source documentation

# Project/Activity Records

- Eligibility of activities
- National objective
- Progress reports
- Raw and analyzed data
- Bids, contracts, subcontracts (evidence of adherence to procurement regulations)
- Characteristics and location of beneficiaries
- Compliance with RC/EEP program requirements
- Budgets and expenditures
- Status of activities
- Statements and evidence of objectives met

# Availability of Records

- HUD, the Comptroller General, OCD, and BoR must have full access
- Public must have reasonable access and be provided with timely information
- Records must be well-organized for ease of use
- All records must be maintained for four (4) years following grant close-out

# Monitoring

# Project Monitoring

- Sub-recipients are responsible for day-to-day monitoring and compliance with all applicable laws and regulations
- RC/EEP staff will perform frequent desk reviews and on-site monitoring
- Legislative and federal auditors may request access to the projects at any time
- The contracting recipient must have records to show compliance of all subcontractors and sub-grantees

# What Will be Monitored

- Project benefit
  - Compliance with all applicable laws and regulations
  - Project progress
  - Project management
  - Financial elements
- \* RC/EEP monitoring checklist will be provided to sub-recipients \*

# Sanctions & Terminations

- Sub-recipients have the opportunity to address any audit findings or concerns
- If problems are not addressed, sanctions may be taken by the BoR or OCD
- Grant may be terminated for cause when violations are present and remain unsatisfactorily addressed

# Program Information & Contacts

**Website:** <http://laregents.org>

All program information available, including reports, forms, RFP, Action Plan, waivers, etc.

## **RC/EEP Staff:**

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- Program Auditor TBA
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