

State of Iowa
Community Development Block Grant
National Disaster Resilience
Policies and Procedures Manual



PURPOSE

The Iowa Department of Economic Development Authority's (IEDA) accounting and Community Investments teams are committed to the effective financial management of the CDBG National Disaster Resilience (NDR) Grant. The purpose of this policy and procedures document is to establish and communicate guidelines for the IEDA accounting and Community Investments teams related to cash management, reporting, budgeting, and internal controls. This document will be updated periodically to incorporate policy and procedure changes in the NDR Grant program.

This full NDR Policy and Procedures Manual contains both State specific policies and procedures as well policies passed on to Subrecipients through the CDBG Management Guide, originally developed for CDBG funded projects.

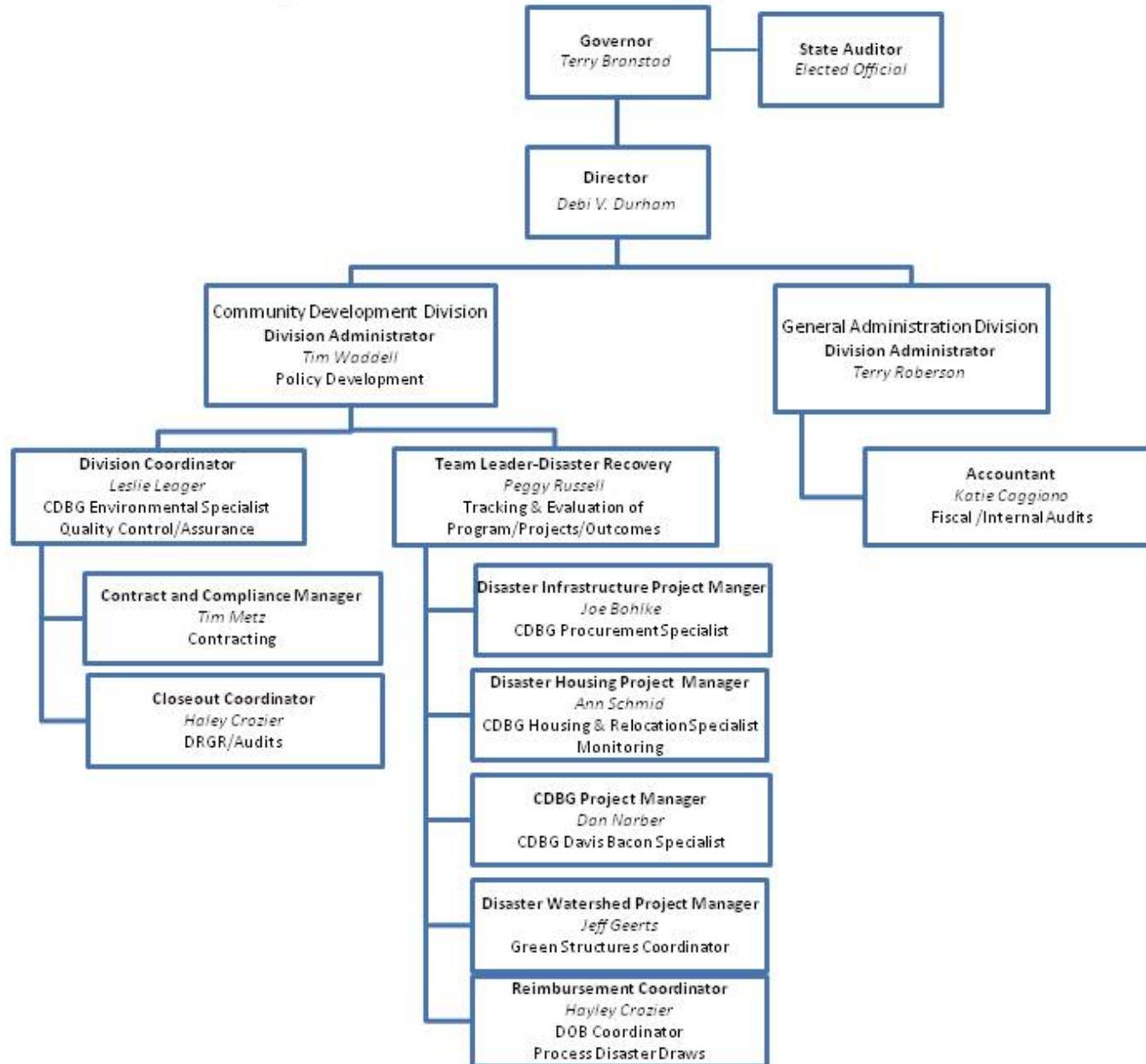
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IEDA – Existing Administrative Structure for NDR Grant



Community Development:

Disaster Recovery (NDR) & Community Investments (CI): Team members split their time between the CDBG program and the CDBG-DR program. Some also work on NSP.

Name	Title	Area	funding
Tim Waddell	Division Administrator	Division Administrator for Community Development: Energy, Downtown Resource Center, Disaster Recovery, Community Investments	DR, CDBG, endow Iowa
Leslie Leager	Division Coordinator	Division Coordinator for Community Development, CDBG+DR environmental review officer, NSP program manager	CDBG & DR & NDR & NSP
Peggy Russell	DR Team Leader	Team Leader	DR & NDR & endow Iowa
Nichole Hansen	CI Team Leader	Team Leader	CDBG & Treasury
Don Dursky	Data Operations Mgr	CDBG, DR, NDR	CDBG, NR, NDR
Ed Basch	Project manager	CDBG owner-occupied housing, DR multifamily, NDR housing rehab, CDBG economic development projects	CDBG & DR
Hayley Crozier	Reimbursement Coordinator DOB Coordinator	Endow Iowa/DR & NDR- DOB/CDBG, DR, NDR draw processing DRGR data entry, Audits, Closeouts	CDBG & DR & NDR & Endow Iowa
Khristy Smith	Audit/close-out coordinator	DRGR data entry, Audits, Close-outs, IDIS data entry	NSP&CDBG&DR
Tim Metz	Contract coordinator	ALOG maintenance, contract tracking	CDBG&DR & NDR
Barb Harvey	Administrative support	Mailing and data entry	CDBG&DR
Joe Bohlke	Project manager	DR, NDR & CDBG infrastructure	CDBG & DR & NDR
Dan Narber	Project manager	CDBG infrastructure & DR + CDBG davis bacon compliance	CDBG & DR
Ann Schmid	Project manager	DR, NDR housing & CDBG+DR+NSP historical compliance	CDBG&DR&&NDR & NSP
Steven Benne	Project manager	CDBG owner-occupied housing & Housing Enterprise Zone	CDBG & state general funds
VACANT – to be filled	Project manager	CDBG owner-occupied & DR housing	CDBG & DR

Iowa Economic Development Authority Fraud and Waste Policy

Responsible personnel or unit: IEDA Management, Division Administrator

The Authority has zero tolerance for the commission or concealment of acts of fraud, waste, or abuse. Allegations of such acts will be investigated and pursued to their logical conclusion, including legal action where warranted. All employees are responsible for reporting suspected instances of fraud, waste, and abuse in accordance with this Policy.

Management is responsible for the effectiveness and efficiency of operations, including the protection of Authority assets from fraud, waste, and abuse. Management has the responsibility for the implementation of internal controls to deter and detect fraud and also responsible for assisting in the deterrence and detection of fraud, waste, and abuse in government by examining and evaluating the adequacy and the effectiveness of the Authority's systems of internal control, commensurate with the extent of the potential risk in the various segments of the organization. Management has primary responsibility for the request for investigation of fraudulent acts committed by or against the Authority.

Scope

This policy applies to all employees. The provisions of this policy apply to any instance of fraud, waste, or abuse involving not only employees, but also external organizations doing business with the Authority and Authority-sponsored events.

Commitment to Confidentiality and Anonymity

The Authority will attempt to ensure that anonymity of the reporter is maintained. When you report, please remember the following concerning confidentiality and anonymity:

- Even if you report anonymously, once the report has been made and the investigation begins, your coworkers or others who are familiar with the situation you are reporting may still be able to guess your identity.
- Whether you report anonymously or not, the Authority will treat your report confidentially.
- It is not possible to guarantee absolute confidentiality in all circumstances. Disclosure to others inside or outside the Authority may be required by law in certain cases.

Please do not let these possibilities discourage you from reporting an incident.

Protection

Retaliation against an employee who in good faith reports a violation of law or rule, mismanagement, a gross abuse of funds, an abuse of authority, or substantial and specific danger to public health or safety is a violation of state law per Iowa Code Chapter 70A.29. Please note that this section does not apply if the disclosure of the information is prohibited by statute. See also Code of Iowa 8A.417, 70A.28 and 685.

Definitions

Fraud consists of an illegal act (the intentional wrongdoing), the concealment of this act, and the deriving of a benefit (converting the gains to cash or other valuable commodity). Legally, fraud can lead to a variety of criminal charges including theft, embezzlement, and larceny – each with its own specific legal definition and required criteria – each of which can result in severe penalties and a criminal record.

Waste means the thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of resources owned or operated by the Authority to the detriment or potential detriment of the Authority. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls. Waste does not normally lead to an allegation of “fraud”, but it could.

Abuse means the excessive, or improper use of something, or the use of something in a manner contrary to the natural or legal rules for its use; the intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of resources owned or operated by the Authority; or extravagant or excessive use so as to abuse one's position or authority. "Abuse" does not necessarily lead to an allegation of "fraud", but it could.

Examples of fraud, waste, and abuse activities include, but are not limited to:

- Forgery or alteration of documents (checks, contracts, purchase orders, invoices, time sheets, leave records, etc.).
- Misrepresentation of information on documents (employment history, time sheets, leave records, travel reimbursement requests, financial records, etc.).
- Theft, unauthorized removal, or willful destruction of records, property, or the property of other persons (to include the property of employees, customers, or visitors).
- Misappropriation of funds, equipment, supplies, or any other asset.
- Improperities in the handling and reporting of financial transactions.
- Serious abuse of Authority time such as unauthorized time away from work, falsification of work hours reported, or excessive use of Authority time for personal business.
- Authorizing or receiving payments for goods not received or services not performed.
- Vendor kickbacks.
- Authorizing or receiving payment for hours not worked.
- Misuse of authority for personal gain.
- Any computer-related activity involving the alteration, destruction, forgery, or manipulation of data for fraudulent purposes.
- Inappropriate use of Authority owned electronic devices such as computers, PDAs, cell phones, pagers, or e-mail.

Responsibilities

Any employee who has knowledge of fraud, waste, or abuse, or who has good reason to suspect that such conduct has occurred, shall adhere to the procedures outlined below.

When suspected fraudulent activity, waste, or abuse is observed by, or made known to, an employee, the employee shall immediately report the activity to their direct supervisor. If the employee believes that the supervisor is involved with the activity, they shall immediately report the activity to the CFO or Director's Office. If the employee believes that the CFO or Director's Office (or staff of) may be involved with the activity, the employee shall report the activity to the State Auditor's Office.

The employee shall not make any attempt to investigate the suspected activity prior to reporting it. The CFO or Director's Office shall coordinate investigations of fraud, waste, or abuse with the State Auditor's Office, Federal Oversight Agency or State Ombudsman's Office.

An employee shall not destroy, or allow to be destroyed, any document or record of any kind that the employee knows may be relevant to a past, present, or future investigation

The Authority cannot compel citizens and customers (non-employees) to report suspected instances of fraud, waste, or abuse. However, the Authority strongly encourages them to do so.

CASH MANAGEMENT

Responsible personnel or unit: Accounting Team & Disaster Recovery Team

Cash management includes requests for payments from subrecipients and direct payments to vendors as well as management of funds drawn down on the NDR-CDBG grants from the U.S. Department of Housing and Urban Development (HUD) while remaining in compliance with 2 CFR 200.305 and 31 CFR 205 and the Treasury-State Agreement (if applicable).

Both the Disaster Recovery team and the Accounting team are responsible for review and approval of the funds requested and for properly entering those transactions into both the Disaster Recovery Grant Reporting System (DRGR) and the State of Iowa's accounting system, I/3.

Request for Payment

Recipients and subrecipients must submit a claim form through Iowa Grants and include a General Accounting Expenditure (GAX) form. Direct payments to vendors are paid from submitted invoices.

Recipient/Subrecipient Requests

The claim form is created by the subrecipient in Iowa Grants for both administrative and program funds. The electronic version of the General Accounting Expenditure (GAX) form is submitted, along with a claim form, as funds are needed by recipients and subrecipients to make payment. The following are considered allowable expenditures for which funds may be requested:

- An allowable FCDBG expenditure which has been incurred (paid out) by the recipient or subrecipient.
- An allowable FCDBG expenditure for which the recipient or subrecipient has a bill on hand. For example, if the subrecipient has an approved award to an individual, the subrecipient may request the funds to pay out the award without first expending the funds.

The above applies to both program and administrative expenses. The Iowa Grants claim form serves as the documentation of a cost incurred. Original receipts and original signed GAX forms are maintained by the Subrecipient and reviewed at the time the project is monitored.

Recipients and subrecipients are also tasked with submitting requests for reimbursement at least quarterly. If forms are to be signed by someone other than the individual(s) who signed the Grant Agreement, a "Signature Authorization for CEO Change" must be uploaded to Iowa Grants prior to the request for payment. Additionally, if recipients or subrecipients wish to name an alternative signatory, a "Signature Authorization for Alternative Signators" must be on uploaded to Iowa Grants. (Links to these forms are available in Iowa Grants to this document for copies of these forms.)

Improper Payments

To ensure that program expenditures will not result in improper payments the Reimbursement Coordinator completes the attached CDBG-NDR Claim Review Checklist (**see next 2 pages**) prior to approving each claim request. In addition the Data Analyst reviews the following:

- Duplication of Benefits has been completed (for housing the DOB is completed for each property)
- For housing projects, the draw does not exceed the award per property (Need minus DOB)

If the Grantee discovers an improper payment was made the Reimbursement Coordinator will notify the Subrecipient and the improper payment will be returned on the next claim form.

The Reimbursement Coordinator then forwards a printed copy of the claim from Iowa Grants along with the signed GAX to the Budget Analyst on the Accounting Team. **The GAX submitted to the Accounting team is the GAX of record, and subject to audit by State and Federal auditors.** Once the GAX is submitted to Accounting for processing, it will not be returned for changes.

CDBG NDR CLAIM REVIEW CHECKLIST

Infrastructure

Contract #	Draw #

Contacts:

IEDA

1st Draw

	General Info filled out
	Contract signed [Required Uploads]
	Signed RARA [Required Uploads] *enter date in Main Data
	Signed Excessive Force [Required Uploads] *enter date in Main Data
	Contract Condition Clearance Documents *check Main Data to see if required
	6.7(a) Match funding award/loan approval letter *if not, local delay

1st Construction Draw

% construction complete

	Release of Funds [Long Link] *date found in Main Data
	Section 3 form [Long Link] *can be updated at end
	Contractor clearances [Long Link]
	Contract Condition Clearance Documents *check Main Data to see if required
	6.6(a) DNR Construction Permit
	6.6(f) Rural water information

Prior to final Draw

	Audit [Audit Documents] *dates need to be entered
	Outstanding monitoring issues *Ask Project Manager

Other Items

	Check if draw is on hold
	Annotations/correspondence
	Contract end date is not expired
	Verify expenses this period (activity/admin) Draw Total: \$
	If activity is drawn, verify match expenses this period are listed
	 If no match, check for local delay/if we agree [Main Data]
	Amount on signature page matches 'Expenses This Period' total
	Signee of draw form is listed on contract/alt sig form *found in Electronic Docs
	All amounts are rounded to the nearest dollar
	Expended amounts do not exceed budget totals
	If construction is 50% expended, set up monitoring visit

Approve

	Edit approval
	Print 3 copies of approved claim
	Print 3 copies of signature page

CDBG NDR CLAIM REVIEW CHECKLIST

Housing

Contract #	Draw #

Contacts:

IEDA

1st Draw

	General Info filled out
	Contract signed [Required Uploads]
	Signed RARA [Required Uploads] *enter date in Main Data
	Signed Excessive Force [Required Uploads] *enter date in Main Data
	Contract Condition Clearance Documents *check Main Data to see if required
	7.9 Sub-recipient agreement (HSG-ONLY Region XII & SICOG)
	7.8 Administration plan

1st Construction Draw

Construction start date

	Section 106 completed [Long Link] (each address)
	Release of Funds [Long Link] *date found in Main Data
	Contractor clearances [Long Link]
	Section 3 form [Long Link] *can be updated at end
	Contract Condition Clearance Documents *check Main Data

Addresses	SHPO

Prior to final Draw

	Audit [Audit Documents] *dates need to be entered
	Outstanding monitoring issues *Ask Project Manager

Other Items

	Check if draw is on hold
	Annotations/correspondence
	Contract end date is not expired
	Verify expenses this period (activity/admin) Draw Total: \$
	If activity is drawn, verify match expenses this period are listed
	If no match, check for local delay/if we agree [Main Data]
	Amount on signature page matches 'Expenses This Period' total
	Signee of draw form is listed on contract/alt sig form *found in Electronic Docs
	All amounts are rounded to nearest dollar
	Expended amounts do not exceed budget totals
	If construction is 50% expended, set up monitoring visit

Approve

	Edit approval
	Print 3 copies of approved claim
	Print 3 copies of signature page

The Budget Analyst receives the GAX and validates that it has been authorized in accordance with the procedures noted above and reviews the funds requested for compliance with period of availability (contract in full force and effect) and budget restrictions. The GAX is also compared to the prior request and the contract to verify the vendor name, vendor code, request number, original grant amount, prior balance, and that remaining balance is adequate for the current request.

The GAX is entered into the State's accounting system (I/3) after it has been reviewed and approved by both the Community Development Division and Accounting staff and payment is issued. Approximately 99% of program funds are paid from accounting string 0340-269-4910.

Leverage

Acceptable Direct and Supporting Leverage was determined by HUD attorneys and included in the CDBG-NDR award. The amount of Direct Leverage is included in each subrecipient's budget and reported as indicated in the timeline/scope of work. Direct Leverage is also reported quarterly through lowagrants.gov and monitored by the project manager.

Supporting Leverage records are verified and maintained by Homeland Security Emergency Management Department and reported to IEDA through lowagrants.gov.

Invoices

The Department receives invoices for such items as newspaper publishing charges, room rental, and meeting supplies/food. These items are purchased as needed.

When an invoice is received, it is received by the person who ordered the item/requested the work and a GAX form is completed. The GAX form and invoice are forwarded to the Community Development Division Administrator or Coordinator for their review and approval as evidenced by their signature on the GAX. The form is then forwarded to the Budget Analyst on the Accounting team for their review and approval, as evidenced by their initials. The GAX for is reviewed by the Budget Analyst for allowability and appropriate coding. The GAX is then entered into the I/3 by the Accounting Tech and payment is processed/issued.

In addition to the items noted above, office supplies and furniture may also be purchased. These items are purchased through the Master Contract the State of Iowa has with Office Max or through Iowa Prison Industries (for office furniture) after a request is made by a member of the Community Development team. This request can be made via email or by paper form completed by the person requesting the item. Furniture purchases must be approved by the Division Administrator or Coordinator. When the item is received the Accounting team ensures that the item ordered is what was received and payment is processed. Payment approval by the Budget Analyst is evidenced on I.3 via electronic approval.

Timesheet Approval- IEDA Employees

Timesheets are completed bi-weekly by each employee and show the breakdown of time spent by an employee on disaster related activities. Employees must sign/certify their timesheet and submit to the supervisor for approval. The timesheets are collected by the administrative assistant and forwarded to the Human Resource Associate where they undergo review and employee leave balances, etc, are monitored and updated.

lowagrants.gov Management System Process

Responsible personnel or unit: Community Development Division including Disaster Recovery Team

The IDEA is using iowagrants.gov to handle the myriad of functions needed to operate a federal program. iowagrants.gov is a statewide system used to manage grants from application to closeout. It assists the IEDA in allocating dollars to various programs, making awards, producing contracts, monitoring compliance with both CDBG regulations as well as cross-cutting regulations such as environmental and DBRA. Per 2 CFR 200.309 this process ensures IEDA will charge to HUD award only allowable costs incurred during the period of performance and authorized pre-award costs.

Allocations and Obligations

Per 2 CFR 200.302(b)(3) records that identify the CDBG-NDR allocation, authorizations, obligations and unobligated funds are recorded in iowagrants.gov, the Allocation Log (ALOG) and DRGR. Each grant from HUD is recorded in iowagrants.gov and funding opportunities are funded in accordance with the HUD approved CDBG-NDR Action Plan for eligible activities. For each contract, the activities are setup in iowagrants.gov in accordance with contract budgets. In addition to iowagrants.gov, the IEDA maintains an Allocation Log (ALOG) in Excel for the NDR grant. As contracts are executed with Subrecipients, contract award totals and administration amounts are recorded in this spreadsheet, as well as final costs. This log provides a cross check of the amount of money available in each program area, and the obligations of those funds. Each quarter, the amounts recorded in both the iowagrants.gov and the ALOG are reconciled with the Quarterly Performance Reports (QPR) and the DRGR budget per 2 CFR 200.302(b)(2). Amendments to contract budgets are also recorded. At contract closeout, amounts remaining undisbursed in each activity and the contract are deobligated, returning the funds to the program and making them available for other eligible activities. Located in the Appendices to this manual are:

- Internal Allocation Log Summary and Allocation Log Detail (ALOG)
- Monthly DRGR Allocation Report submitted to HUD – includes dollars budgeted, awarded, obligated, remaining to obligate, disbursed, remaining to be disbursed and status.

Period of Performance and Authorized Pre-award Costs

IEDA will ensure it will charge to HUD only allowable costs (except as described in 200.461, Publication and Printing costs) incurred during the period of performance and authorized pre-award costs per 2 CFR 200.309.

In addition, IEDA follows 2 CFR 200.458 which states pre-award costs incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

Reimbursement of disaster recovery expenses was outlined in the NDR Phase TWO NOFA (FR-5800-N-29A2), Appendix A, page 25. Expenses also included reimbursement of allowable Application-related costs incurred by State or its subrecipients. Application-related costs were included in IEDA's Action Plan approved by HUD.

Claim Reviews

The Community Investments team is responsible for the maintenance of data in all three of these systems (grants.gov, ALOG and DRGR). Each claim is recorded by activity. iowagrants.gov documents budget amounts, current draw activity, cumulative draws, and remaining funds. iowagrants.gov allows contracts to be suspended which would prevent claim creation. After the review and approval of the claim, the Reimbursement Coordinator sends the claim to Fiscal.

(detailed claim review and process of federal funds is included in "Request for Federal Funds" section.)

Program Income

All funds are provided to subrecipients on a reimbursement basis. Although no revenue-generating activities will be undertaken with NDR funds, the iowagrants.gov management system is set up to track programs income. Should this occur, program funds are not allowed to be drawn until all program income has been expended.

Progress Reports

CDBG-NDR Subrecipient report expenditures and status of project on each draw (except planning activities). iowagrants.gov also tracks performance milestones per Timeline/Scope of Work included with each contract.

Information about the individual clients served by the disaster funds is maintained in iowagrants.gov. Data from this database is utilized by the IEDA staff in determining eligibility for the programs and determining if a duplication of benefits will exist by using our funds. This data is also used to track progress in a variety of ways – by recipient, by county, etc.

IowaGrants NDR Amendment Process

- Subrecipient submits request to revise either Attachment A, “Program Description” or “Budget Activity” and uploads a letter requesting change with supporting documentation through IowaGrants.
- Project Manager receives notice through IowaGrants of request.
- Project Manager approves or disapproves Recipient request. Notifies Team Leader via IowaGrants.
- Team Leader approves or disapproves request.

- If amendment is for revision to Attachment A, “Program Description” then notification is sent back to Project Manager for final action.
- IowaGrants notifies Recipient of final action.

- If amendment is for revision to “Budget Activity” then notification is sent designated Contract and Compliance Manger.
- Contract and Compliance Manager creates new version of Budget. The new version of Budget becomes the active version.

- If a change to DRGR is required Contract and Compliance Manager notifies Reimbursement Coordinator who makes appropriate adjustments in DRGR.
- Reimbursement Coordinator notifies Contract and Compliance Manager of action.
- Contract and Compliance Manager makes final action.
- IowaGrants notifies Recipient of final action.

Any requests for changes outside the requests will be made through IowaGrants in consultation with Authority’s management.

Closeout Procedures and Deobligation of Funds

A report is sent to the closeout coordinator monthly which show contracts nearing contract expiration date and/or funds are at least 90% expended and/or performance targets are nearing completion. Report is disseminated to project managers make decisions regarding contract amendments or whether to begin the closeout process.

Upon instructions from the project manager, the closeout coordinator issues a Notice of Closeout notifying the recipients of required reports and the end date of the contract, and enters the date of the letter in iowagrants.gov.

The closeout coordinator generates the closeout checklist and completes the first part of the checklist, assessing the contract status for audit compliance. The checklist is then forwarded to the project manager for completion, signature and uploaded to iowagrants.gov.

Finally the contract coordinator ensures the Allocation Log, iowagrants.gov and DRGR are consistent and issues the Contract Completion letter to the recipient.

Compliance monitoring

In addition to financial and performance information, several areas of compliance are tracked in iowagrants.gov including environmental, SHPO review, monitoring visits and results, to name a few. A full explanation of the monitoring policies and procedures are contained in a separate document.

Record Retention and Access

Per 24 CFR 570.490, IEDA requires subrecipients to maintain all original receipts, administrative records, financial records and project activity records pertaining to the NDR award for a period of five years after the date the Grant is closed with HUD.

Iowagrants complies with all Federal and State security and accessibility regulations. IEDA electronic records are maintained through iowagrants.gov via the following process.

Required subrecipient documents/information are uploaded to iowagrants.gov

- Documents/information are stored on a highly secure, encrypted and hosted on dedicated servers.
- Documents are retrieved using a standard web based system fully compatible with Pcs and mobile devices.
- Reports are provided through Jasper Reports and iowagrants.

The State of Iowa has an agreement with Dulles Technology to provide iowagrants to multiple state agencies. The agreement includes data ownership and data transfer. The state of Iowa owns the data.

IEDA's Data Operations Manager is the person responsible for electronic recordkeeping.

Personally Identifiable Information (PII)

IEDA follows Iowa Administrative Rules 261, Chapter 195.14 which describes the nature and extent of personally identifiable information which is collected, maintained and retrieved by the agency by personal identifier in record systems as defined in rule 195.2(17A,22). This rule describes the means of storage of that information and indicates whether a data processing system matches, collates, or permits the comparison of personally identifiable information in one record system with personally identifiable information in another record system. Unless otherwise stated, the authority for IEDA to maintain the record are provided in Iowa Code chapter 15.

Iowa Administrative Rules 261, Chapter 195.14(6) Grant and loan application records. The agency administers a variety of state and federal grant and loan programs. Records of persons or organizations applying for grants, awards or funds are available through the agency. These records may contain information about individuals collected pursuant to specific federal or state statutes or regulations. Personally identifiable information such as name, address, social security number and telephone number may be included in these records when the applicant is an individual. Many program applicants are political subdivisions or corporations, not individuals.

CDBG-NDR documents/information are stored on a highly secure, encrypted system and hosted on dedicated servers. IEDA staff are required to participate in annual cyber safety certification training which also includes an emphasis on not sharing passwords.

IEDA also complies with Chapter 22.7 which outlines the public records that shall be kept confidential.

REQUEST FOR FEDERAL FUNDS

Responsible personnel or unit: IEDA Accounting Team & Disaster Recovery Team

The Accounting team group is responsible for drawing down funds on the NDR-CDBG from HUD in compliance the standards below that meet the requirements of subpart B of 31 CFR Part 205. The major requirements of subpart B of 31 CFR Part 205 are:

- A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes.
- A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project.
- The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.
- States should exercise sound cash management in funds transfers to subgrantees in accordance with OMB Circular A-102 (For availability, see 5 CFR 1310.3.).

The Iowa Economic Development Authority will apply the cash management rules that apply to Authority's Community Development Block Grant Funding (CFDA #14.228) which is subject to the State of Iowa Treasury-State agreement to the Disaster Resiliency Community Development Block Grant Funding (CFDA #14.272). These rules require that funds received from the federal government be expended within three business days and also that funds requested by the Iowa Economic Development Authority are the minimum amounts needed by the state and are in accordance with the actual, immediate cash requirements of the State in carrying out the Disaster Resiliency Community Development Block Grant Funding. The timing and amount of funds requested will be as close to the State's actual cash outlay for program and administrative costs as feasibly possible.

Program funds are receipted into and spent from accounting string 0340-269-4710.

Administrative funds (including payroll) are receipted into and spent from accounting string 0001-269-C460.

Draw Down of Funds

All funds are provided to subrecipients on a reimbursement basis.

Program Funds

Reimbursement Coordinator reviews claims submitted through iowagrants.gov, approves claims per NDR Claim Review Checklist and prints 3 copies for additional approval by Team Leader. Reimbursement Coordinator prepares "CDBG Funding, Draws – Disaster List of Requests to Fiscal" and a "CDBG-Funding, Draws-Disaster to FISCAL for DRGR" (reports). Reports along with approved claims are forwarded to the Budget Analyst.

The Budget Analyst logs onto DRGR and enters the dollars for each activity based on the "Draws-Disaster to FISCAL for DRGR" report. The Analyst creates a voucher in DRGR and returns the voucher and report to the Reimbursement Coordinator to approve in DRGR. Once approved, Reimbursement Coordinator copies "print approval screen" from DRGR and forwards to Budget Analyst.

The Budget Analyst then prepares a Cash Receipt on the State's Accounting system (1/3). The cash receipt is approved by the Accounting Tech 3 and forwarded to the State Treasurer's Office. When the funds from HUD hit the state's bank account the cash receipt is approved by the State Treasurer's Office. The Budget Analyst then modifies the cash receipt to move the funds to the correct accounting string. The modified cash receipt is then approved by the Budget Analyst and Accounting Tech 3. State Accounting then

approves the cash receipt. A copy of the completed cash receipts in addition to the DRGR printouts and "Draws-Disaster to FISCAL for DRGR" and "Draws – Disaster List of Requests to Fiscal" documenting all the approvals is maintained by the Budget Analyst.

Administration Funds

Administration accounts related to the FCDBG are reviewed on a bi-weekly basis by the Budget Analyst. The Budget Analyst must review all requests for payment that are processed through the administration account so all costs that have been incurred during the two weeks have been deemed proper and allowable.

Every other Thursday the Budget Analyst summarizes all activity in the FCDBG administration account and determines how many dollars to draw. This determination is based on prior history and approximate payroll costs. The Budget Analyst completes a "Administration Draw" form and enters this information into DRGR. Supporting documentation for this amount is retained on a spreadsheet summarized by fiscal year. The voucher number from DRGR is noted on the "Administration Draw" form in addition to the date and the Analyst's initials. The "Administration Draw" form and a screen print from DRGR are then forwarded to the EO2 or DA for approval of the draw. Upon approval, the Budget Analyst prepares a CR which follows the same process as the Program Funds.

All CBDG administrative funds (CDBG, CDBG-DR and CDBG-NDR) are drawn every other Thursday-Monday to comply with the Cash Management Improvement Act payroll warrant requirements regardless of if the program is subject to the Act.

Procedures to Determine Timely Expenditures

Responsible personnel or unit: Project Manager, Team Leader, Division Coordinator

Track/Monitor Expenditures:

- Claims are submitted through lowagrants.gov. Subrecipient expenditures will be tracked both in IowaGrants.gov, DRGR and IEDA accountant on an ongoing basis
- Subrecipient contracts state funds must be drawn at least every 3 months.
- Project Managers will receive quarterly report from IowaGrants indicating if their projects are drawing funds within the contracted time frame.
- Project manager will remind those that are not timely.
- Part of the draw form is a progress report.

Reprogram funds:

- Through review of IowaGrants reports and grantee progress reports it will be determined which project are not able to move forward. Those projects will be cancelled and the HUD disaster representative will be consulted.
- IEDA will follow the procedures outlined on page 30 to request either a substantial amendment or nonsubstantial amendment, as applicable, through HUD.
- If requested by HUD, IEDA will submit an updated BCA to support a request for a substantial amendment.
- Re-programmed funds will be given to projects with additional unmet needs that are successfully moving forward and are over budget or that have additional work that can be performed prior to grant close-out as long as the project meets all program requirements.

Project expenditures:

- NDRC application contained strict time lines and budgets for each stage of the projects.
- Subrecipient contracts detail projected quarterly expenditures and budgets.
- Grantees will be evaluated as to how they are meeting expenditures as they relate to these timelines and deliverables.
- IEDA will generate a report in IowaGrants and DRGR to track progress.

Program Income

The Authority does not anticipate gross income earned by the Subrecipient that is directly generated by a supported activity or earned as a result of the CDBG-NDR Award during the period of performance. If the situation arises;

- Subrecipient will report, via Iowa Grant's normal claim process, the amount of program income earned.
- Subrecipient will disburse and report through Iowa Grants, funds available from program income prior to drawing additional program funds.
- The Authority will report and enter program income into DRGR

Advance Payments

No advanced payments are received at this time. However, in the event that advance funds are received the funds are received by the Treasurer of State and held per Code of Iowa Chapter 12C.

Collections

In the event that the Department disburses funds and subsequently determines that the funds were disbursed in error the following procedure will be followed:

The project manager will contact the recipient of the funds and determine if subsequent funds will be drawn for the same activity. If the award is still open and subsequent funds will be drawn the amount disbursed in error will be deducted from the next amount drawn.

If the award is closed or no subsequent funds will be drawn the Department will send an invoice to the recipient of the funds for repayment.

REPORTING/FINANCIAL AND PERFORMANCE REVIEW

Control of Funds

Responsible personnel or unit: IEDA Accounting Team

The Iowa Economic Development Authority has follows the language of Chapter 8.38 of the Code of Iowa for all funds (not only appropriations as noted in the Code section).

No state department, institution, or agency, or any board member, commissioner, director, manager, or other person connected with any such department, institution, or agency, shall expend funds or approve claims in excess of the funds received, nor expend funds for any purpose other than that for which the money was appropriated or awarded, except as otherwise provided by law.

Internal Control System

The internal control system is reviewed on a yearly basis by the Office of the Auditor of the State of Iowa during the annual audit of the Iowa Economic Development Authority. Additionally, internal control will be reviewed through the internal audit function provided by the Office of the Auditor of the State of Iowa, per Agreed Upon Procedures for the CDBG-NDR funds. The results of these audits/reviews are reported to Authority Community Development personnel, the general public, the IEDA board, HUD and the IEDA director.

Appendix includes:

- Copy of Article IV, Constitution of the State of Iowa, Section 22 – states the auditor of state is an elected official.
- Letter dated April 7, 2009 from the Office of the Auditor of State regarding Agreed Upon Procedures for CDBG Supplemental funds awarded in 2008.

Internal Reporting

Monthly Reports to Management

The Accounting team is responsible for providing accurate and timely financial reports to the Department Management. The monthly budget vs. actual reports is prepared by the Budget Analyst to enable management to quickly analyze the financial position of the FCDBG program. The report shows the current budgeted amount in the action plan for each program and the amounts disbursed both by program and region. Total disbursed funds by region are split between program and administrative costs to monitor compliance with the administration allocation.

External Reporting

Responsible personnel or unit: Reimbursement Coordinator

The Action Plan and Quarterly Performance Report (QPR) are submitted to HUD each quarter through the Disaster Recovery Grant Reporting (DRGR) system. HUD gathers information from the Iowa QPR and reports to the U.S. Congress.

The Action Plan is submitted to HUD through DRGR by the end of the last month in each quarter. The Action Plan lists all of the activities in the NDR grant, the activity description, the total NDR Grant Funds Budgeted for each activity and the expected performance measures. The budgeted totals for each program must not exceed the amount authorized in the DRGR system. After the Action Plan is updated in DRGR, it is then submitted to HUD to review and approve. Only after the Action Plan is approved, can the QPR be submitted.

The Quarterly Performance Report must be submitted to HUD through DRGR 30 days after the end of the quarter. The QPR contains financial information, performance measures achieved and an activity progress narrative for each activity. Actual amounts expended, drawn down (revenue) and obligated during the quarter are included in the financial information reported. The drawdown and obligated amounts are automatically updated from the DRGR drawdown module each quarter. However, the amounts expended have to be manually entered into the QPR. Information available from Service Point and regular report information entered into the CDBG System provide information used to complete quarterly performance measures and activity progress narratives that are entered into the DRGR system. After the QPR has been updated, reviewed by either the Disaster Team Leader or the Division Administrator, and reconciled, it is then submitted to HUD to review and approve. HUD will review the QPR and submit data from the report to the U.S. Congress by the 19th of the following month. The table below outlines the target dates for Disaster Recovery Grant Reporting.

Target Dates – Deadlines

	<i>Jan 1st to Mar 31st Report</i>	<i>Apr 1st to Jun 30th Report</i>	<i>Jul 1st to Sep 30th Report</i>	<i>Oct 1st to Dec 31st Report</i>
Grantee to submit Action Plan changes with new or modified activities	March 30	June 30	September 30	December 31
HUD to review Action Plan changes - approve or reject for modification	April 15	July 15	October 15	January 15
Grantee to submit Quarterly Performance Report (QPR)	April 30	July 30	October 30	January 30
HUD to submit QPR data in Reports to Congress	May 19	August 19	November 19	February 19

Reports Available to Public

NDR staff ensures that all DRGR quarterly reports that have been reviewed and approved by HUD are posted on the IEDA website for public review.

BUDGETING

Responsible personnel or unit: Budget performance is monitored by the Budget Analyst and Division Administrators and Coordinators of the Community Development and Administration Division.

The state fiscal year runs from July to June. The Budget Analyst is responsible for determining the FCDBG budgetary needs for inclusion in the overall Department budget. The Department budget is coordinated with the Department of Management, and is ultimately approved or denied by the State Legislature.

Budget categories are salaries and fringe, travel, supplies, postage, phone, rent, utilities, professional services, outside services, transfers, reimbursement to other agencies, equipment, indirect costs, refunds, and state aid.

CITIZEN PARTICIPATION

Responsible personnel or unit: IEDA Disaster Recovery Team

Citizen participation waiver and alternative requirement. To permit a more streamlined process, and ensure disaster recovery grants are awarded in timely manner, provisions of 42 S.S. C. 5304(a)(2) and (3), 42 U.S.C. 12707, 24 CFR 570.486, 91.105(b) and (c) and 91.115(b) and (c), with respect to citizen participation requirements are waived and replaced by the requirements below:

1. Phase 1 Application. Conduct citizen participation in accordance with the requirement of the CDBG-NDR NOFA (see section III.C.1 of the CDBG-NDR NOFA) and Appendix A, including at least one public hearing and at least 15 day for Phase 1 citizen comment including publication of Executive Summary, Factor Narratives, Eligibility, National Object, Overall Benefit, and Schedule responses, Threshold requirement documentation and all Exhibits (A-G), Attachments D and F.
2. Phase 2 Application. Conduct citizen participation in accordance with the requirements of CDBG-NDR NOFA (see section III.C.1 of the CDBG-NDR NOFA), including one public hearing and at least 15 days for Phase 2 citizen comment.
3. Substantial Amendments. Conduct one public hearing at the Applicant level of government for each substantial amendment and provide a 15-day citizen comment and ongoing citizen access to information about the use of grant funds.
4. Nonsubstantial Amendment. A nonsubstantial action plan amendment does not require public comment. However, IEDA will impose an effective date of 5 business days after submission to HUD.
5. Website. The topic of disaster recovery is navigable by citizens from IEDA website homepage. Previously published portions of the Application as submitted to HUD, the DRGR Action plan, action plan amendments and performance reports are available on the website.
6. Accessibility/Availability. Grantee and subrecipients will ensure the public reasonable access to all local meetings, project records and information relating to the proposed and actual use of federal funds. Grantee will all citizen have equal access to information about the programs, including persons with disabilities and limited English proficiency (LEP). Program information is available in the appropriate languages for the geographic area served by the jurisdiction and the appropriate format for persons with disabilities.
7. Applicants/subrecipients are encouraged to notify citizens by any other means, including public posting, postings on relevant Web sites, etc. to keep citizens informed about the project.
8. Citizen Complaints. Provide citizens with names and addresses of the person(s) authorized to receive and respond to citizen questions and complaints concerning proposed and funded activities. A timely written response must be made to every citizen complaint, and the response must be provided within 15 working days of the receipt of the complaint, if practicable.

PLANNING FOR AUDIT COSTS

Grantee

The Iowa Economic Development Authority is billed for only single audit work performed by the Iowa Auditor of State and specific internal auditor functions they provide related to the CDBG-NDR funds. Single Audit bills are allocated to major programs based on prior fiscal year expenditures. If the federal funds are not selected as a major program of the state, no audit costs are charged. The specific internal auditor functions provided by the Iowa Auditor of State will be billed, in entirety to the CDBG-NDR program as no other programs are reviewed as part of the internal audit function.

Local Governments/Nonprofit Organizations

For subrecipients of \$750,000 or more in federal funds received from more than one source of federal funding in a fiscal year, an organization-wide audit must be performed. Auditees submit copies of audits to the Federal Audit Clearinghouse (FAC) to publish on the Web where it is available for public inspection (200.512(b)(2)).

For recipients of \$750,000 or more in federal funds received from a single source of funding in a fiscal year, a project audit, targeting only transactions dealing specifically with the project, may be performed in lieu of an organization-wide audit.

Recipients of less than \$750,000 in federal funds within a year are exempt from federal audit requirements.

IEDA reserves the right to request additional information as needed.

For-Profit Organizations

A project audit may be required of projects or activities accomplished by for-profit entities (subrecipients). Source documentation supporting actual costs may be requested from for-profit entities by IEDA. For example: for projects utilizing both IEDA HOME funds and IFA Low-income Housing Tax Credits, IEDA will require the submission of the Form # 8609 Application Package. All other (non-tax credit) projects may be required to, at a minimum, submit a signed and dated Final Sources and Uses of Funds statement.

Audit-related costs should be considered and included in your application budget.

Pre-Award Audit

A Pre-Award Audit may be required of all for-profit and non-profit direct recipients of grant funds that exceed \$150,000. Pre-Award Audits will be initiated by IEDA following awards. Completion of the Pre-Award Audit survey including satisfactory results or remedies must occur prior to contract execution and transfer of funds from IEDA.

Audit Process

Making Audits Publicly Available

Auditees submit copies of audits to the Federal Audit Clearinghouse (FAC) to publish on the Web where it is available for public inspection (200.512(b)(2)).

Federal Agency Responsibility

- IEDA utilizes the State Auditors to meet single audit requirements which are conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) (200.514(a))

A-133/2 CFR part 200 Appendix X and Appendix XI – Audit Process

1. Set up in iowagrants.gov – if IEDA is awarding more than \$750,000 to a City/County the Closeout/Audit section of iowagrants.gov is checked that an audit is required.
2. July of each year closeout coordinator sends Appendix XI Compliance Supplement Audit letter and Single Audit Form (SF-SAC) to every recipient. The Single Audit Form must be returned to IEDA.
3. As audits are received, they are logged into the iowagrants.gov by contract.
 - Date audit received
 - Type of Audit (City, County)
 - Audit Year
 - Audits are maintained in File Cabinets marked “Audits”
4. If the audit has findings or issues the project manager assigned to the contract will follow up until resolution. Per 2 CFR 200.331(d)(3), IEDA will issue a management decision for audit findings that relate to the NDR awards made to subrecipients.
5. At closeout recipient is sent a “*notice to close*” letter which
 - again states the audit requirements and
 - includes a Single Audit Form to be completed and returned to IEDA.
6. Prior to closing a contract, closeout coordinator
 - Verifies receipt of either A-133/2 CFR 200 Audit or Single Audit Form
 - If not received, the recipient is contacted or auditor’s website is checked to see if audit is available. If available, print, update iowagrants.gov, file copy of audit and close out contract.
7. Check Federal Audit Clearinghouse (FAC) to verify audit has been received. Log date received into iowagrants.gov

Revision of Budget and Program Plans (200.308)

These policies are to ensure that any changes made to the HUD-NDR approved budget, scope, or objectives will be identified to HUD.

1. Prior to making any of the following changes to a non-construction award IEDA will obtain HUD approval:
 - Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval)
 - Change in a key person specified in the NDR application or the NDR Award.
 - The approved project director disengages from the project for more than three months, or a 25% reduction in time devoted to the project.
 - 200.308(c)(1)(iv) Inclusion of costs that require prior approval - (iv) The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with Subpart E—Cost Principles of this part or 45 CFR part 75 Appendix IX, “Principles for Determining Costs Applicable to Research and Development under Awards and Contracts with Hospitals,” or 48 CFR part 31, “Contract Cost Principles and Procedures,” as applicable.
 - The transfer of funds budgeted for participant support costs as defined in 200.75, *Participant support costs*, to other categories of expense. (*participant support costs means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects*)
 - Unless described in the application and funded in the approved Federal awards, the subawarding, transferring or contracting out of any work under a Federal award, including fixed amount subawards as described in §200.332, Fixed amount subawards. (With prior written approval from the Federal awarding agency, a pass-through entity may provide subawards based on fixed amounts up to the Simplified Acquisition Threshold, provided that the subawards meet the requirements for fixed amount awards in §200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts.)This provision does not apply to the acquisition of supplies, material, equipment or general support services.
 - Changes in the approved direct leverage (match) provided by Subrecipients
 - The need arises for additional Federal funds to complete the project.

2. Prior to making any of the following budget revisions to infrastructure or housing awards IEDA will obtain HUD approval:
 - A revision resulting from changes in the scope or the objective of the project.
 - Additional funds are needed to complete the project
 - A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with applicable OMB cost principles listed in 2 CFR part 200, Subpart E—Cost Principles. [2 CFR 200.308(g)]

Recapture Policy for CDBG-NDR Funds

Responsible personnel or unit: Program Manager, Subrecipient, IEDA Collections Manager

Recapture process at Subrecipient level

1. How disaster funds to be recaptured are detected and documented are included in written recapture policies.

- Each subrecipient will develop policies and procedures to address how subrecipient will audit disaster awards including detecting general over disbursement and eligibility of awards.
 - General over disbursement: Administrative entity disbursed more than the applicant was eligible to draw (disbursed more than the award/contract amount or award was calculated incorrectly therefore the administrative entity disbursed more funds than the applicant was eligible to draw).
 - Eligibility over disbursement: a) Administrative entity disbursed funds to an applicant that was not eligible to receive assistance (i.e. applicant is not an LMI household) or b) Eligible applicant did not provide required program documentation or meet contract terms of forgiveness requirements (i.e. did not sign Subrogation Agreement)
 - Recapture of forgivable loans for Housing Repair/Rehab Program: Assistance for housing rehab is limited to forgivable loans. All construction costs associated with a unit will be protected in the form of a mortgage lien on the property in the amount of the expended construction expenses (loan amount) for repair/rehabilitation/resiliency improvements. The mortgage lien shall include the covenants and restrictions as established by these guidelines and the Administrative Plan and shall be enforced for the term of the loan – five years from the date of filing. Forgivable loans under this activity must be 5-year **receding**. Receding equally 20% per year after the mortgage lien is filed. Payback of CDBG-NDRC funds remaining, or the total of the net proceeds of the sale, whichever is less, will be required if the assisted property owner sells, vacates, rents or abandons the property any time within the 5 year period, unless such transfer or sale meets the requirements of these guidelines specific to Rental Rehab (activities 731 & 733)
- Policy and procedures will also include collection policies.

2. If it is detected that the Subrecipient provided funds in excess of what the applicant was eligible to receive, the Subrecipient must immediately repay the excess funds to the state.

- The subrecipient must also document in the applicant file detailing the reason for the over disbursement of funds
- The applicant file should clearly identify the name of the program through which the funds were provided to the applicant, the dollar amount provided and the portion of the funds deemed over disbursed.

3. If the Subrecipient determines the applicant did not meet contract or program eligibility requirements, the Subrecipient must recapture the funds using their established policy/procedures. The Subrecipient's recapture policy/procedures must contain at a minimum the following:

- Documentation of reason(s) for recapture
- 30-day notice requiring repayment options and opportunity to cure:
 - Repayment amount
 - Partial repayment request for repayment plan (installments) – request is sent to IEDA for approval including financial supporting repayment plan).
 - Appeal process, contesting repayment. An applicant may appeal to the subrecipient. Subrecipient gathers additional information regarding the appeal and makes a determination. Subrecipient forwards appealed determination to IEDA.
- If a notice is returned the subrecipient will take action to locate the applicant.
- Subrecipient sends 15-day notice & demand for repayment with opportunity to cure, if no response from 30-day notice.

- If fraud is suspected, the file is turned over to IEDA immediately.
4. If subrecipient has not recaptured funds by locating applicants and sending notices, subrecipient may make a formal request to IEDA to initiate collection and/or legal actions for specific applicants. (note: IEDA will only take assignment on an enforceable lien/contract). Subrecipient submits:
- A request to initiate collections and legal action for specific applicants, approved by the City Council/Board of Supervisors;
 - An "Assignment of Contract" signed by City/County official
 - Summary of reason(s) for recapture of funds and collection actions taken by the Subrecipient;
 - Copy of applicant file including original signed contract between applicant and subrecipient, signed contract documents, applicant name, address and contact information; demand notices sent to applicant and correspondence and/or results of notices; copy of bankruptcy notification if applicable.
5. Subrecipient sends repayment or the file (in the event the funds were uncollectable) to IEDA. Repayments are returned on a claim form accompanied by a completed Return of Funds Form.

IEDA process for recapture of disaster funds

1. IEDA monitoring of the Subrecipient recapture process.
 - The IEDA project manager will review the Subrecipient's recapture policies and procedures during an onsite or desktop monitoring.
2. IEDA Collections Manager follows IEDA collections process:
 - If the Subrecipient has notified IEDA of suspected fraud. IEDA will provide information to the Iowa Attorney General.
 - IEDA reviews the Subrecipient's collection/attempts to collect over disbursed funds to ensure an attempt to contact the recipient has been made.
 - Where applicable, IEDA may attempt to recoup or recover funds or assets.
 - IEDA reviews any requests for payment terms other than full and immediate repayment and request additional documents as applicable.
 - IEDA may recommend a charge-off, if one of the following conditions occurs.
 - Funds to be recaptured are less than \$100.
 - Recipient of funds has very little or no means to repay with no assets that can be garnished.
 - Costs of collection would exceed the payment due amount.
 - Recipient cannot be located.
 - If legal action is required, IEDA Director approves prior to forwarding to collection attorneys.
 - IEDA documents resolution of all State-handled collection cases.

F

Procurement

Responsible personnel or unit: Each state agency or university, Subrecipient City/County

IEDA

The State of Iowa has procurement standards for state agencies. IEDA follows these standards. The State of Iowa does not have procurement regulations for Cities and Counties to follow. However, IEDA requires subrecipient Cities and Counties to adopt the federal procurement policies and procedures that align with Federal provisions of 2 CFR 200.318-200.326. Appendix contains:

- Sample Procurement Policies indicating sections that align with 2 CFR 200.318-200.328
- Sample Evaluation Criteria for Procurement of Professional Services
- Sample Evaluation Criteria for Procurement of Architectural Design, Construction Management and/or Construction Activities
- Sample Code of Conduct

Subrecipient - State Agencies

Iowa Department of Natural Resources (DNR), Iowa Department of Agriculture and Land Stewardship (IDALS), and Iowa Homeland Security and Emergency Management (HSEMD) are state agencies and follow the state's procurement policy as interpreted by their respective agencies.

Subrecipient – Regents Universities

Iowa State University (ISU), University of Iowa (UI), and University of Northern Iowa (UNI) are considered state agencies and are governed by the Board of Regents, State of Iowa. Purchasing authority is delegated from the Board of Regents through the Universities in accordance with the statutes and administrative rules of the State of Iowa and the procedures of the Board of Regents. All University purchases are made in accordance with University Policy, regardless of source of funds.

Procedures to Maintain a Comprehensive Website

Responsible personnel or unit: See below

The IEDA will develop and maintain a comprehensive website dedicated to NDR activities assisted with these funds per P.L. 113-2 and applicable Federal Register Notices.

IEDA's Communications Department (Jason Boten) will maintain the NDR Website. The Website will be updated quarterly as DRGR Action Plans and QPRs are submitted and approved by HUD. Action Plan Amendments will be posted within 15-days of HUD approval.

The NDR website will contain the following links and responsible personnel:

- NDR Action Plan – Team Leader
- Activity/program information for activities described in the NDR Action Plan – Team Leader
- All Action Plan Amendments – both substantial and non-substantial. Team Leader
- DRGR Action Plan – Closeout Coordinator
- DRGR Quarterly Performance Reports (QPRs) – Closeout Coordinator
- Citizen Participation Requirements – Team Leader
- Template of all contracts IEDA procures directly – Data Operations Manager
- Summary of all contracts procured by sub recipients – Reported thru IowaGrants.gov

NDR Website link: <http://www.iowaeconomicdevelopment.com/Community/NDR>

ACTION PLAN AMENDMENTS

Responsible personnel or unit: Disaster Recovery Team Leader

Substantial Amendments

All amendments must comply with provisions of the Federal Register published June 2, 2016. The following modifications constitute a substantial amendment requiring HUD approval:

- Any change to the funded portions of the Phase 1 or Phase 2 application that would result in a change of more than 5 points in the score for Capacity or Soundness of Approach factors
- Any change to the Most Impacted and Distressed target area(s).(a revised area must meet Most Impacted and Distressed threshold requirements in the NOFA, including Appendix G to the NOFA)
- Any Change in program benefit
- Any change in beneficiaries
- Any change in eligibility criteria
- Allocation or reallocation of more than \$1million
- Addition or deletion of an eligible activity

In addition, citizen participation requirements are required for substantial amendments as outlined in IEDA's Citizen Participation Plan.

Nonsubstantial Amendments

Amendments that do not fall within the definition of a substantial amendment are referred to as "nonsubstantial amendments."

- Although IEDA is not required to undertake public comment for a nonsubstantial amendment, IEDA must impose an effective date of 5 business days after submission to HUD.
- Substitution of a leverage source in the same amount committed and identified in the grant terms and conditions is a nonsubstantial amendment

Amendments that may affect BCA

If requested by HUD, a BCA may need to be submitted to support a request for a substantial amendment.

Treatment of Leverage

IEDA will show through quarterly reports evidence that firmly committed leverage (direct and supporting) resources in the amount required by the grant terms and conditions are received and used for their intended purposes.

DUPLICATION OF BENEFITS POLICY

Responsible personnel or unit: IEDA DOB Coordinator

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) requires that recipients of federal disaster recovery funding ensure that no, “person, business concern or other entity” will receive duplicative assistance and imposes liability “to the extent such assistance duplicates benefits available to the person for the same purpose from another source”.¹

A Duplication of Benefits occurs when:

- A Beneficiary receives assistance, and
- The assistance is from multiple sources (i.e. private insurance, NFIP, FEMA, SBA, non-profits, City, State, etc.), and
- The assistance amount exceeds the total need for a particular recovery purpose.

In order to identify and assure that CDBG-NDR assistance does not duplicate other funds received for the same activity (i.e. does not replace other funds received), IEDA will use the following process/steps to prevent a DOB from occurring:

1. Identify the total need for assistance prior to any assistance being provided.
2. Identify all potentially duplicative assistance received or to be received.
3. Deduct assistance determined to be duplicative.
4. Determine maximum award.
5. Determine program cap (if applicable).
6. Determine final award.

The following is an example of the use of the six step process:

- | | |
|--|----------|
| 1. Applicant’s total need prior to any assistance..... | \$50,000 |
| 2. All potentially available duplicative assistance..... | \$35,000 |
| 3. Assistance determined to be duplicative..... | \$30,000 |
| 4. Maximum eligible award (item 1 less item 3)..... | \$20,000 |
| 5. Program cap (if applicable)..... | \$24,999 |
| 6. Final unmet need/award (lesser of items 4 and 5)..... | \$20,000 |

Since disaster recovery needs are calculated at one point in time, subsequent circumstances may occur that affect need. If, after the assistance has been calculated and/or CDBG-NDR award has been made, an applicant can demonstrate a change in circumstances, the award calculation may subsequently be reevaluated to take the increased need into consideration. Such changes in circumstances may include: vandalism, contractor fraud, and increase in cost of materials and labor, a change in local zoning law and building codes, or subsequent damage to a home or business that was partially repair. However the reevaluation must be done before the initial need for which assistance was granted has been fully met (e.g. before a damaged house is fully repaired).

¹Stafford Act, Title III, Sec. 312, (a)

Once funds are awarded, minus any determined DOB, the applicant is required to notify the City/County of the receipt of any additional funds received for the same activity. In the event that the additional funds are determined to be a DOB, funds will be withheld from future pay requests. In the event that all funds have been expended and a DOB is identified, the applicant will be required to repay the funds to the City/County who will repay funds to the IEDA.

STATE OF IOWA MONITORING POLICY FOR CDBG-NDR ACTIVITIES

June 2016

Responsible personnel or unit: IEDA Project Managers

I. Statement of Purpose

The purpose of monitoring, both on site and desk, is to provide technical assistance, determine the status of grant funded activities, review the subrecipient's grant management systems, evaluate compliance with state and federal rules and regulations and to verify the accuracy of the information provided by the applicant.

Risk based monitoring

IEDA will conduct risk based monitoring. Each of the NDR activities will be monitored on site at least once. In addition, increased monitoring as outlined in the monitoring section includes:

- Up front training of grant administrators. First training will occur prior to first draw of funds.
- Desk monitoring to confirm procurement standards have been adopted by the subrecipient. And whether subrecipient demonstrates that the engineering design for the project is feasible.
- Review contractor for debarment suspension
- Monitor on-site for Davis Bacon at time of construction
- Financial Management – project managers will desk audit 2-3 early draws including invoices, payment dates etc.

Also see III, On-Site Monitoring of Recipients for order of monitoring

Assessing the risk –

Review subrecipients for high risk audit finding

Per 200.331(b), evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate level of monitoring which may include:

- The subrecipient's prior experience with the same or similar subawards;
- The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F Audit Requirements and the extent to which the same or similar subaward has been audited as a major program;
- Whether the subrecipient has new personnel or new or substantially changed systems; and
- The extent and results of Federal awarding agency monitoring (e.g. if the City/County also receives Federal awards directly from a Federal awarding agency).
- Project Managers will complete a checklist assessing the risk an place in the file.

II. DESK MONITORING/REPORTING

Reporting and Desk Monitoring will be occurring at various points in time throughout the NDR Funding process.

Off-site monitoring, or sometimes referred to as desk monitoring, does not substitute on-site monitoring. Off-site monitoring is conducted on an ongoing basis and includes general review of project activities and communications to determine if the project is on track and the rules and regulations are being followed. Reviewing draw requests to evaluate project progress, running reports on financial activity or inactivity of the grant recipient, evaluating steps taken by the recipient to

ensure compliance with environmental reviews, and day to day correspondence with personnel involved with the grant project are just a few examples of ongoing, off-site monitoring activities.

Duplication of Benefits

A detailed DOB review of each proposed disaster award to an entity is required by federal law and is intended to ensure that two different sources of funding are not being provided to the same entity for the same purpose. To avoid this potential duplication, the State will check each proposed award against awards already made (or in process) by FEMA, SBA, private insurance companies, etc. The State has developed a detailed DOB Process Manual (Appendix C) to assist in compliance with the federal law and regulations in this area.

Environmental Review

All NDR projects also undergo an environmental review process. The environmental review is to ensure that no adverse environmental impacts would result from the proposed project. The environmental review also includes a “Section 106” review, which includes the State Historic Preservation Office (SHPO) review and concurrence on projects.

Claims

All NDR projects are required to submit claims through iowagrant.gov in order to have funds disbursed to them. The claim form requires information relating to the overall activity budget for that Subrecipient, funds previously drawn, the amount of the current draw, the amount of funds being drawn down for “project delivery costs”, where applicable, the amount of funds being drawn for administration, and addresses for which the funds are being drawn. The draws for also request detail on the amount being requested for each individual address, to reduce the chances of accidentally overdrawing funds for that activity.

Each claim is reviewed for various compliance issues: Request for Release of Funds; SHPO Clearance; DOB completion for each address listed; contract status, monitoring, and budget variations.

III. ON-SITE MONITORING OF RECIPIENTS

Each of the various activities may be on-site monitored at least once prior to grant closeout. After the monitoring has occurred, all monitoring letters will be reviewed by the Program Manager for Disaster Recovery prior to mail-out. If the monitoring letter has significant Findings, the letters will also go to the Division Administrator of the Community Development Division for review prior to mail-out. If the Findings also include a requirement for penalties or repayments, the letters will be reviewed by top Management (Director or Deputy Director) prior to mail-out.

Iowa Watershed Approach. Recipients include 8 Iowa counties

Housing Rehab – City of Dubuque

Public Infrastructure – City of Dubuque, City of Coralville, City of Storm Lake

Although IEDA will monitor each recipient at least one time, the following will be considered in determining the order in which recipients will be monitored:

1. Risk of financial exposure to IDED
 - A. Amount of Award
2. Program Management/Capacity
 - A. Recipient Capacity
 - B. Recipient Use of Subrecipients
3. Risk of Financial Exposure to IDED
 - A. Amount of the award as a percentage of the \$98 million allocation
Criteria: Risk is based on the % of total allocation.
⇒ High - Recipients receiving the highest percent of NDR funding.

- ⇒ Low – Recipients receiving the lowest percent of NDR dollars.
(example – The City of Dubuque received the highest percent of funding)

4. Program Management/Capacity

A. Grantee Capacity

Criteria: Risk is based on the CDBG experience level of local administrators directly involved in housing programs.

- ⇒ High – local administrator, at general unit of local government (UGLG) or subrecipient, has less than one year of direct CDBG experience or little oversight is provided by experienced staff
- ⇒ Low – local administrator has a minimum of one year CDBG experience and/or experienced (2-3yrs) CDBG administrator is providing oversight

Criteria: Findings have been identified by IEDA.

- ⇒ High – There has been 2 or more instances of non-compliance based on findings or concerns since the beginning of the grant.
- ⇒ Low – There has been less than 2 instances of non-compliance based on findings or concerns since the beginning of the grant.

B. Grantee use of Subrecipients

Criteria: Risk is based on the grantees' use of subrecipients to carry out their programs.

- ⇒ Low– Grantee utilizes an experienced third party contractor to carry out grant activities
- ⇒ High– Grantee carries out grant activities or has contracted with a Council of Government.

On-Site Monitoring Review Process

When conducting on-site monitoring visits, Program Managers shall make every attempt to monitor at the grant recipients office, most often this is City Hall. The Chief Elected Official and the City Administrator/City Clerk shall be invited, along with the grant administrator.

Program Managers shall complete the CDBG Monitoring Checklist worksheet during each monitoring visit. Every attempt shall be made while on-site to answer every question on this worksheet. Specific areas of review include, as appropriate, but not limited to:

- National Objective
- Citizen Participation
- Environmental
- Financial Management
- Procurement
- Contract Management (Administration)
- Contract Management (Architectural/Engineering)
- Contract Management (Professional Services)
- Contract Management (Construction)
- Labor Standards
- Civil Rights (Section 3, EEO, Fair Housing, MBE/WBE)
- Acquisition and Relocation
- Property Management
- File Management

Program Managers shall reserve time following a comprehensive on-site review to go over any deficiencies discovered during the monitoring visit with the Chief Elected Official and grant administrator. The Program Manager shall provide advice for corrective action. Following this wrap-up meeting, there should be no surprises when the grant recipient receives the follow-up letter. During the on-site review the project will also be visually inspected.

Monitoring Follow-Up

A formal follow-up letter shall be sent following every on-site monitoring visit. Program Managers shall send this letter no later than two months following an on-site review. Included in the follow-up letter shall be a list of activities the recipient is doing well, areas for improvement, as well as corrective action needed.

Any deficiencies included in the follow-up letter shall provide information on how to cure any such deficiencies. Typically, recipients shall have 30 calendar days to cure deficiencies or face non-compliance status.

Recipient Non-Compliance

If repeated attempts by the Program Manager to cure areas of non-compliance are unsuccessful, the Program Manager shall work with the Team Leader to formally notify the grant recipient that corrective action is necessary, or face penalties, which could include, but not limited to, delay of payment of remaining funds, ability to secure future IEDA grants, or repayment of existing grant funds.

If there is still no action taken on behalf of the grant recipient to cure the outstanding deficiencies, the Division Coordinator and Division Administrator shall determine the consequences for such inaction. The consequences shall be based on the severity of the deficiency, the state and federal rules and regulations governing the area(s) of non-compliance, the impacts to the community, and consequences to IEDA. The grant recipient shall be notified of the decision by the Division Administrator by official letter.

The grant recipient shall have the ability to appeal the decision by the Division Administrator to the Director of the Iowa Economic Development Authority. The Director shall have the authority to reverse any previous decision and make the final decision on the penalty, if any, to be enforced.

Appendices

Appendix A – Sample Allocation Log

08DR ALLOCATION LOG				
FUNDS	ALLOCATION	OBLIGATIONS	TRANSFERS	BALANCE
	\$	\$	\$	\$
STATE ADMIN.	\$4,700,725.00	\$4,700,725.00	\$0.00	\$0.00
BUSINESS	\$14,586,373.00	\$14,586,373.00	\$0.00	\$0.00
INFRASTRUCTURE	\$38,321,995.00	\$38,341,501.00	\$19,506.00	\$0.00
HOUSING	\$95,947,906.00	\$95,922,432.00	(\$19,506.00)	\$5,968.00
PROJECT ADMIN.	\$3,133,816.00	\$2,455,211.00	\$0.00	\$678,605.00
PROJECT TOTALS:	\$148,856,274.00	\$0.00	\$0.00	\$0.00
TOTAL	<u>\$305,547,089.00</u>	<u>\$156,006,242.00</u>	<u>\$0.00</u>	<u>\$684,573.00</u>
		LAST UPDATE:	14-Jun-16	
Note: Allocation adjusted through Non-substantial Amend (Tech Modi) 11 to Action Plan 2 Feb 21, 2016 (\$19,506).				

Appendix B – Sample HUD Oblig Expended Report

As of May 03, 2016

Second Allocation	Budget	Awarded*	Obligated**	Remaining to Obligate	Disbursed	Remaining to Disburse
Housing Programs						
A: Repair/Rehab	\$14,044,103	\$14,044,103	\$14,044,103	\$0	\$14,044,103	\$0
B: Lead Hazard/Training	\$750,000	\$750,000	\$750,000	\$0	\$750,000	\$0
C: Buyouts - FEMA match	\$10,432,196	\$10,432,196	\$10,432,196	\$0	\$10,432,196	\$0
D: Buyouts - non_FEMA	\$169,233,904	\$169,233,904	\$169,233,904	\$0	\$168,623,915	\$609,989
E: Production	\$235,225,110	\$235,225,110	\$232,119,922	\$3,105,188	\$195,848,621	\$39,376,489
Business Programs						
G: Business Assistance	\$84,165,147	\$84,165,147	\$84,165,147	\$0	\$84,165,147	\$0
H: SBA Loan Review	\$6,333	\$6,333	\$6,333	\$0	\$6,333	\$0
I: Cedar Rapids Steam	\$15,581,826	\$15,581,826	\$15,581,826	\$0	\$15,581,826	\$0
Infrastructure Programs						
K: Infrastructure - non-FEMA	\$147,329,075	\$146,023,863	\$146,023,863	\$1,305,212	\$131,146,807	\$16,182,268
Other (Infrastructure)						
M: Floodplain mapping	\$14,704,000	\$14,704,000	\$14,704,000	\$0	\$11,218,274	\$3,485,726
N: Green Housing	\$900,000	\$900,000	\$900,000	\$0	\$900,000	\$0
O: Flood insurance/Outreach	\$215,000	\$215,000	\$215,000	\$0	\$215,000	\$0
P: Planning	\$866,845	\$866,845	\$866,845	\$0	\$866,845	\$0
Q1: Watershed - Planning	\$2,051,262	\$2,051,262	\$2,051,262	\$0	\$1,800,128	\$251,134
Q2: Watershed - Projects	\$8,043,181	\$8,043,181	\$8,043,181	\$0	\$5,514,652	\$2,528,529
R: Flood Plain Education	\$400,000	\$400,000	\$400,000	\$0	\$400,000	\$0
T: Emergency Hsg Revitalization	\$0	\$0	\$0	\$0	\$0	\$0
U: Emergency ED Revitalization	\$0	\$0	\$0	\$0	\$0	\$0
V: Planning - Section 106	\$490,400	\$484,651	\$484,651	\$5,749	\$252,794	\$237,606
Admin						
State Admin	\$17,215,426	\$17,215,426	\$17,215,426	\$0	\$9,247,650	\$7,967,776
Local Admin	\$12,524,843	\$10,523,655	\$10,523,655	\$2,001,188	\$9,210,145	\$3,314,698
TOTAL	\$734,178,651	\$730,866,502	\$727,761,314	\$6,417,337	\$660,224,437	\$73,954,214

Percentage of HUD funds Awarded 99.55%
 Percentage of HUD funds Obligated 99.13%
 percentage of obligated funds Dispersed 90.72%

* awarded may or may not be contracted

**signed contracts are in place between IEDA and recipient

Appendix C

2CFR 200 Requirement vs. State Policy Requirement

2 CFR 200 Reference	Requirement	State Policy Reference	Requirement
<p>2 CFR 200.317</p> <p>Procurement by States</p>	<p>When procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. The state will comply with §200.322 Procurement of recovered materials and ensure that every purchase order or other contract includes any clauses required by section §200.326 Contract provisions. All other non-Federal entities, including subrecipients of a state, will follow §§200.318 General procurement standards through 200.326 Contract provisions.</p>	<p>IAC 11.117.1(2) & 11.118.2(8A)</p>	<p>The department and agencies shall follow procurement policies regardless of the funding source supporting the procurement. However, when these rules prevent the state from obtaining and using a federal grant, these rules are suspended to the extent required to comply with the federal grant requirements.</p> <p>“IEDA” is the economic development authority created in 2011 Iowa Acts, House File 590. It is a public instrumentality and agency of the state exercising public and essential governmental functions and undertaking programs which implement economic development policy in the state. IEDA follows state procurement standards for goods and services. IEDA may procure goods up to \$50,000. Procurement of goods over \$50,000 is carried out by the Iowa Department of Administrative Services. Services are procured by IEDA. Procurement under \$5,000 is exempt from competitive bid. Procurement between \$5,000 to \$49,999 may be by informal or formal bid process. Procurement of \$50,000 and greater is by formal bid.</p> <p>Iowa Department of Natural Resources (DNR), Iowa Department of Agriculture and Land Stewardship (IDALS), and Iowa Homeland Security and Emergency Management (HSEMD) are state agencies and follow the state’s procurement policy as interpreted by their respective agencies.</p> <p>Iowa State University (ISU), University of Iowa (UI), and University of Northern Iowa (UNI) are considered state agencies and are governed by the Board of Regents, State of Iowa. Purchasing authority is delegated from the Board of Regents through the Universities in accordance with the statutes and administrative rules of the State of Iowa and the procedures of the Board of Regents. All University purchases are made in accordance with University Policy, regardless of source of funds</p>
<p>2 CFR</p>	<p>A non-Federal entity that is a state agency or</p>	<p>IAC</p>	<p>"Recycled content and products. When appropriate, specifications shall</p>

<p>200.322</p> <p>Procurement of recovered materials</p>	<p>agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.</p>	<p>11.117.12(2)</p>	<p>include requirements for the use of recovered materials and products. The specifications shall require, at a minimum that all responses to a solicitation include a product content statement that describes the percentage of the content of the item that is reclaimed material. The department shall revise specifications developed by agencies if the specifications restrict the use of alternative materials, exclude recovered materials, or require performance standards that exclude products containing recovered materials unless the agency seeking the product can document that the use of recovered materials will impede the intended use of the product. Specifications shall support the following procurements: a. Products containing recovered materials, including but not limited to lubricating oils, retread tires, building insulation materials, and recovered materials from waste tires. b. Bio-based hydraulic fluids, greases, and other industrial lubricants manufactured from soybeans in accordance with Iowa Code section 8A.316."</p>
<p>2 CFR 200.326 Appendix II to Part 200 (A)</p>	<p>Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.</p>	<p>IAC 11.119.4(8,8 A)</p>	<p>IEDA contracts addresses through Compliance with the Law and Miscellaneous Contract Administration provisions.</p> <p>DNR, IDALS, and HSEMD follow the state's policies as interpreted by their respective agencies.</p> <p>ISU, UI, and UNI follow purchasing authority as delegated from the Board of Regents through the Universities in accordance with the statutes and administrative rules of the State of Iowa and the procedures of the Board of Regents. All University purchases are made in accordance with University Policy, regardless of source of funds.</p>
<p>2 CFR 200.326 Appendix II to Part 200 (B)</p>	<p>All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.</p>	<p>IAC 11.119.4(4)</p>	<p>IEDA contracts address through Termination clause(s) provisions.</p> <p>DNR, IDALS, and HSEMD follow the state's policies as interpreted by their respective agencies.</p>

			ISU, UI, and UNI follow purchasing authority as delegated from the Board of Regents through the Universities in accordance with the statutes and administrative rules of the State of Iowa and the procedures of the Board of Regents. All University purchases are made in accordance with University Policy, regardless of source of funds.
2 CFR 200.326 Appendix II to Part 200 (C)	Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”	IAC11.121.1; 216 and; section 19B.7	<p>IEDA contracts address through Compliance with EE0/AA Provisions.</p> <p>DNR, IDALS, and HSEMD follow the state’s policies as interpreted by their respective agencies.</p> <p>ISU, UI, and UNI follow purchasing authority as delegated from the Board of Regents through the Universities in accordance with the statutes and administrative rules of the State of Iowa and the procedures of the Board of Regents. All University purchases are made in accordance with University Policy, regardless of source of funds</p>
2 CFR 200.326 Appendix II to Part 200 (D)	Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction		<p>IEDA will not be awarding construction contracts. However IEDA includes Davis-Bacon Act provisions in an attachment for Additional Requirements for Federally-funded Agreements in all agreements.</p> <p>DNR, IDALS, and HSEMD will not be awarding construction contracts. They follow the state’s policies as interpreted by their respective agencies.</p> <p>ISU, UI, and UNI will not be awarding construction contracts. They follow purchasing authority as delegated from the Board of Regents through the Universities in accordance with the statutes and administrative rules of the State of Iowa and the procedures of the Board of Regents. All University purchases are made in accordance with University Policy, regardless of source of funds.</p>
2 CFR 200.326	Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all		IEDA will not be awarding contracts in excess of \$100,000 that involve the employment of mechanics or laborers and compliance with 40 U.S.C. 3702

<p>Appendix II to Part 200 (E)</p>	<p>contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5).</p>		<p>and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). However IEDA includes Fair Labor Standards Act (29 U.S.C. 201 et seq.) and implementing regulations provisions in an attachment for Additional Requirements for Federally-funded Agreements in all agreements.</p> <p>DNR, IDALS, and HSEMD will not be awarding contracts in excess of \$100,000 that involve the employment of mechanics or laborers. They follow the state's policies as interpreted by their respective agencies.</p> <p>ISU, UI, and UNI will not be awarding contracts in excess of \$100,000 that involve the employment of mechanics or laborers. They follow purchasing authority as delegated from the Board of Regents through the Universities in accordance with the statutes and administrative rules of the State of Iowa and the procedures of the Board of Regents. All University purchases are made in accordance with University Policy, regardless of source of funds</p>
<p>2 CFR 200.326 Appendix II to Part 200 (F)</p>	<p>Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of "funding agreement" under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.</p>		<p>IEDA contracts address through Federal Government Rights in an attachment for Additional Requirements for Federally-funded Agreements.</p> <p>DNR, IDALS, and HSEMD follow the state's policies as interpreted by their respective agencies.</p> <p>ISU, UI, and UNI follow purchasing authority as delegated from the Board of Regents through the Universities in accordance with the statutes and administrative rules of the State of Iowa and the procedures of the Board of Regents. All University purchases are made in accordance with University Policy, regardless of source of funds.</p>
<p>2 CFR 200.326 Appendix II to Part 200</p>	<p>Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended—Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-</p>		<p>IEDA does not anticipate itself awarding of procurement contracts excess of \$150,000. However, IEDA includes Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended in an attachment for Additional Requirements for Federally-funded Agreements in all agreements</p>

(G)	Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).		<p>DNR, IDALS, and HSEMD follow the state’s policies as interpreted by their respective agencies.</p> <p>ISU, UI, and UNI follow purchasing authority as delegated from the Board of Regents through the Universities in accordance with the statutes and administrative rules of the State of Iowa and the procedures of the Board of Regents. All University purchases are made in accordance with University Policy, regardless of source of funds.</p>
2 CFR 200.326 Appendix II to Part 200 (H)	Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201).		<p>Currently the State of Iowa does not have a state energy plan. However the state in in process of developing a state energy plan. Once the plan has been adopted and implemented by the state IEDA will develop appropriate language as applicable.</p> <p>DNR, IDALS, and HSEMD follow the state’s policies as interpreted by their respective agencies.</p> <p>ISU, UI, and UNI follow purchasing authority as delegated from the Board of Regents through the Universities in accordance with the statutes and administrative rules of the State of Iowa and the procedures of the Board of Regents. All University purchases are made in accordance with University Policy, regardless of source of funds.</p>
2 CFR 200.326 Appendix II to Part 200 (I)	Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the government wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.	IAC 117.18(8A)	IEDA: Formal Request for Proposals bidders are required to sign a certification the contractor nor any of its principals: (a) are presently or have been debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by a Federal Agency or State Agency; (b) have within a three year period preceding this Proposal been convicted of, or had a civil judgment rendered against them for commission of fraud, a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction, violation of antitrust statutes; commission of embezzlement, theft, forgery, falsification or destruction of records, making false statements, or receiving stolen property; (c) are presently indicted for or criminally or civilly charged by a government entity (federal, state, or local) with the commission of any of the offenses enumerated in (b) of this certification; and (d) have not within a three year period preceding this Proposal had one or more public transactions (federal, state, or local)

			<p>terminated for cause. In addition contracts address through Use of Debarred, Suspended, or Ineligible Contractors or Subrecipients in an attachment for Additional Requirements for Federally-funded Agreements.</p> <p>DNR, IDALS, and HSEMD follow the state’s policies as interpreted by their respective agencies.</p> <p>ISU, UI, and UNI follow purchasing authority as delegated from the Board of Regents through the Universities in accordance with the statutes and administrative rules of the State of Iowa and the procedures of the Board of Regents. All University purchases are made in accordance with University Policy, regardless of source of funds.</p>
<p>2 CFR 200.326</p> <p>Appendix II to Part 200 (I)</p>	<p>Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.</p>		<p>IEDA contracts address through Certification Regarding Government-Wide Restriction on Lobbying in an attachment for Additional Requirements for Federally-funded Agreements.</p> <p>DNR, IDALS, and HSEMD follow the state’s policies as interpreted by their respective agencies.</p> <p>ISU, UI, and UNI follow purchasing authority as delegated from the Board of Regents through the Universities in accordance with the statutes and administrative rules of the State of Iowa and the procedures of the Board of Regents. All University purchases are made in accordance with University Policy, regardless of source of funds.</p>

SAMPLE FORM OF RESOLUTION PROCUREMENT POLICY

This sample is for purposes of illustration only. Recipients are directed to develop and adopt individualized Procurement Policies as specified in 2 CFR Part 200.317 - 200.326

PURPOSE

The purpose of this Procurement Policy is to ensure that sound business judgment is utilized in all procurement transactions and that supplies, equipment, construction, and services are obtained efficiently and economically and in compliance with applicable federal law and executive orders and to ensure that all procurement transactions will be conducted in a manner that provides full and open competition.

APPLICATION

(2 CFR 200.317) This policy applies to the procurement of all supplies, equipment, construction, and services of and for (Recipient) related to the implementation and administration of the CDBG award. All procurement will be done in accordance with 2CFR Part 200 and (2 CFR 200.326) Appendix II to Part 200.

POLICY

GENERAL PROCUREMENT PRACTICES (2 CFR 200.318)

(Recipient) will adhere to the following general procurement practices: document procurement standards; maintain oversight of contractors to ensure performance in accord with standards; avoid acquisition of unnecessary or duplicative items; encourage procurement or use of shared goods and services; use Federal excess and surplus property when feasible; encourage value-engineering clauses in construction contracts; award contracts only to responsible contractors; limit use of time and materials contracting; and use good administrative judgment to settle all contractual and administrative issues.

COMPETITION (2 CFR 200.319)

All procurement transactions will be conducted in a manner providing full and open competition. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals will be excluded from competing for such procurements.

- A. The (RECIPIENT) will also not place unreasonable requirements on firms in order for them to qualify to do business; will not require unnecessary experience and excessive bonding; not allow noncompetitive pricing practices between firms or between affiliated companies; not allow noncompetitive contracts to consultants that are on retainer contracts; not allow organizational conflicts of interest; will not specify only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and not have any arbitrary action in the procurement process.

- B. The (RECIPIENT) will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed local or geographical preferences in the evaluation of bids or proposals.
- C. (RECIPIENT) will in EACH procurement transaction incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and will identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

METHODS OF PROCUREMENT (2 CFR 200.320)

Procurement under grants shall be made by one of the following methods, as described herein: (a) micro-purchase; (b) small purchase procedures; (c) sealed bids (formal advertising); (d) competitive proposals; (e) noncompetitive proposals.

- A. Micro-purchase includes the acquisition of supplies or services that do not exceed \$3,000 (or \$2,000 for acquisitions for construction subject to Davis-Bacon Act)
- B. Small purchase procedures are relatively simple and informal procurement methods that are sound and appropriate for the procurement of services, supplies, or other property, costing in aggregate not more than \$150,000. If small purchase procedures are used for a procurement under a grant, price or rate quotations (minimum of 2) shall be obtained from an adequate number of qualified sources.
- C. In sealed bids (formal advertising), sealed bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all of the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bids method is the required method for procuring construction.
 - 1. In order for formal advertising to be feasible, appropriate conditions must be present, including, at a minimum, the following:
 - a) A complete, adequate and realistic specification or purchase description is available.
 - b) Two or more responsible bidders are willing and able to compete effectively for (Recipient's) business; and
 - c) The procurement lends itself to a firm-fixed-price contract, and the selection of the successful bidder can be made principally on the basis of price.
 - 2. When sealed bids are used for a procurement under a grant, the following requirements apply:

- a) A sufficient time prior to the date set for opening of bids, bids shall be solicited (publicly advertised) from an adequate number of known suppliers.
 - b) The invitation for bids, including specifications and pertinent attachments, shall clearly define the items or services needed in order for the bidders to properly respond to the invitation for bids.
 - c) All bids shall be opened publicly at the time and place stated in the invitation for bids.
 - d) A firm-fixed-price contract award shall be made by written notice to that responsible bidder whose bid, conforming to the invitation for bids, is lowest. Where specified in the bidding documents, factors such as discounts, transportation costs, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts may only be used to determine low bid when prior experience of (Recipient) indicates that such discounts are generally taken.
 - e) Any or all bids may be rejected if there are sound documented business reasons in the best interest of the program.
- D. Procurement by competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursable type contract is awarded, as appropriate. Competitive proposals are generally used when conditions are not appropriate for the use of sealed bids. If the competitive proposals method is used for a procurement under a grant, the following requirements apply:
- 1. Requests for Proposals shall be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical.
 - 2. Requests for Proposals shall be solicited from an adequate number of qualified sources.
 - 3. (Recipient) shall have a method for conducting evaluations of the proposals received and for selecting awardees.
 - 4. Awards will be made to the responsible offeror whose proposal will be most advantageous to the procuring party, with price (other than architectural/engineering) and other factors considered. Unsuccessful offerors will be promptly notified in writing.
 - 5. (Recipient) should use competitive proposal procedures for qualification-based procurement of architectural/engineering (A/E) professional services whereby competitor's 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 the procurement of A/E professional services. It cannot be used to procure other types of services (e.g., administration professional services) even though A/E firms are a potential source to perform the proposed effort.
- E. Noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation from a number of sources, competition is determined inadequate. Noncompetitive proposals may be used only when the award of a

contract is infeasible under small purchase procedures, sealed bids (formal advertising), or competitive proposals. Circumstances under which a contract may be awarded by noncompetitive proposals are limited to the following:

1. The item is available from only a single source;
 2. After solicitation of a number of sources, competition is determined inadequate;
 3. A public exigency or emergency exists when the urgency for the requirement will not permit a delay incident to competitive solicitation; and
 4. The awarding agency (IEDA) authorizes noncompetitive proposals. (Sole source procurement for supplies, equipment, construction, and services valued at \$25,000 or more must have prior approval of the Iowa Economic Development Authority).
- F. (Recipient) will provide, to the greatest extent possible, that contracts be awarded to qualified small and minority firms, women business enterprises, and labor surplus area firms whenever they are potential sources. (2CFR 200.321)
- G. Any other method of procurement must have prior approval of the Iowa Economic Development Authority.

RECYCLED MATERIALS (2 CFR 200.322)

(Recipient) will procure items with the highest percentage of recycled materials practical.

CONTRACT PRICING

- A. The cost plus a percentage of cost and percentage of construction cost method of contracting shall not be used.
- B. (Recipient) shall perform some form of cost/price analysis for every procurement action, including modifications, amendments or change orders.

PROCUREMENT RECORDS (2 CFR 200.324)

(Recipient) shall maintain records sufficient to detail the significant history of a procurement, including the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. (Recipient) (2 CFR 200.318(i)) shall make technical specifications and procurement documents available for review upon request.

BONDING REQUIREMENTS (2 CFR 200.325)

Bonding requirements for construction or facility improvement contracts must meet the federal minimum requirements or receive a determination that the federal interest is adequately protected.

Passed and adopted this _____ day of _____, _____.

(signature)

(typed name), (title)

ATTEST

(signature)

(typed name), (title)

SAMPLE EVALUATION CRITERIA FOR RECIPIENT USE IN THE
PROCUREMENT OF PROFESSIONAL SERVICES
(Typically Water/Sewer Projects)

In accordance with 2 CFR Part 200.317 – 200.326 the procurement standards applicable to all recipients, contractual agreements entered into by the recipient can only be made to responsible firms/individuals that possess the ability to perform successfully under the terms and conditions of the proposed procurement. When a recipient uses the “competitive proposals” method of procurement (used for the procurement of professional services – RFP for Administration & RFQ for A/E), the requests for proposals or requests for qualifications need to identify all evaluation criteria and their relative importance if not equally weighted. Recipients must have a method for conducting technical evaluations of the proposals or qualifications received and for selecting awardees.

To assist recipients in formulating evaluation criteria, the following is a list of items that could be used for this purpose:

- The firm’s past experience with similar projects;
- Recipient’s familiarity with the firm;
- The firm’s availability of staff/capability of staff;
- The firm’s technical and financial resources;
- The firm’s ability to complete projects in a timely manner and within budgetary constraints;
- The firm’s integrity and compliance with public policy;
- The firm is a MBE/WBE, small, and/or within the grantee's Section 3 area (county);
- The firm is not on HUD’s or DOL’s debarred or suspended lists; and
- Cost (NOTE: In the procurement of architectural/engineering (A/E – RFQ) services, “cost” is not a consideration until after the selection process is completed. Fair and reasonable compensation is then negotiated with the selected firm(s)).

Solicitation or procurement of these services include formal notices; mailed directly to several firms that perform said services; and, are published in the local periodical that satisfies state law as the recipients legal notification; as well as posted to applicable clearinghouses and the recipients web page, if available. Procurement also requires formal council/board action to solicit, review, score and award the above actions.

SAMPLE EVALUATION CRITERIA FOR RECIPIENT USE IN THE
PROCUREMENT OF ARCHITECTURAL DESIGN, CONSTRUCTION
MANAGEMENT AND/OR CONSTRUCTION ACTIVITIES
(Typically Infrastructure and Housing Projects)

In accordance with 2 CFR Part 200.317 – 200.326 the procurement standards applicable to all recipients, contractual agreements entered into by the recipient can only be made to responsible firms/individuals that possess the ability to perform successfully under the terms and conditions of the proposed procurement. When a recipient uses the “competitive proposals” method of procurement (used for the procurement of professional services – RFP for Administration or Technical Assistance & RFQ for A/E), the requests for proposals or requests for qualifications need to identify all evaluation criteria and their relative importance if not equally weighted. Recipients must have a method for conducting technical evaluations of the proposals or qualifications received and for selecting awardees.

To assist recipients in formulating evaluation criteria, the following is a list of items that could be used for this purpose:

- The firm’s past experience with projects of a similar size and nature;
- Firm’s familiarity with the recipient community;
- The firm’s availability of staff & the capacity of staff;
- The firm’s available technical and financial resources;
- The firm’s past experience with state or federal funding sources;
- The firm’s past experience with historic preservation procedure, technical assistance processes and rehabilitation guidelines, as appropriate;
- The firm’s past ability to complete projects in a timely manner and within budgetary constraints;
- The firm’s past ability to accurately estimate costs;
- The firm’s integrity and compliance with public policy;
- The experience and quality of any proposed subcontracting firms
- The relevance of provided references;
- The firm’s experience with Iowa Green Streets requirements;
- If the firm is a MBE/WBE, or small, and/or within the grantee's Section 3 area (county);
- The firm is not on HUD’s or DOL’s debarred or suspended lists; and
- Cost (NOTE: In the procurement of architectural/engineering (A/E-RFQ) services, “cost” is not a consideration until after the selection process is completed. Fair and reasonable compensation is then negotiated with the selected firm(s)).

Solicitation or procurement of these services include formal notices; mailed directly to several firms that perform said services; and, are published in the local periodical that satisfies state law as the recipients legal notification; as well as posted to applicable clearinghouses and the recipients web page, if available. Procurement also requires formal council/board authorization to solicit, review, score and award the above actions.

SAMPLE FORM OF RESOLUTION
CODE OF CONDUCT

This sample is for purposes of illustration only. Recipients are directed to develop and adopt individualized Conduct Codes as specified in 2 CFR Part 200.318

PURPOSE

The purpose of this Code of Conduct is to ensure the efficient, fair, and professional administration of federal grant funds in compliance with 2 CFR Part 200.318 and other applicable federal and state standards, regulations, and laws.

APPLICATION

This Code of Conduct applies to all officers, employees, or agents of (Recipient) engaged in the award or administration of contracts supported by federal grant funds.

REQUIREMENTS

No officer, employee, or agent of (Recipient) shall participate in the selection, award, or administration of a contract supported by federal grant funds, if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

- a. The employee, officer, or agent;
 - b. Any member of his/her immediate family;
 - c. His/her partner; or
- An organization which employs, or is about to employ any of the above; or, has a financial or other interest in the firm selected for award.

(Recipient) officers, employees, or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or subcontractors.

REMEDIES

To the extent permitted by federal, state, or local laws or regulations, violation of these standards may cause penalties, sanctions, or other disciplinary actions to be taken against (Recipient's) officers, employees, or agents, or the contractors, potential contractors, subcontractors, or their agents.

Passed and adopted this _____ day of _____, _____.

(signature)

(typed name), (title)

ATTEST:

(signature)

(typed name), (title)

Appendix D

CDBG-NDR HOUSING REPAIR/REHAB DOB PROCESS MANUAL

Responsible personnel or unit: IEDA DOB Coordinator, City of Dubuque

CITY OF DUBUQUE

STEP 1:

THE CITY OF DUBUQUE WILL DETERMINE AN APPLICANT IS ELIGIBLE AND OBTAIN DOCUMENTATION OF NEED, A CONSENT AND RELEASE FORM, A SUBROGATION AGREEMENT AND AN INSURANCE AFFIDAVIT FOR EACH APPLICANT.

STEP 2:

THE CITY OF DUBUQUE WILL CREATE AND FILL OUT THE DOB FIELDS IN IOWA GRANTS FOR EACH APPLICANT. THE FOLLOWING INFORMATION WILL NEED TO BE PROVIDED – SEE ATTACHMENT.

Step 3:

The City of Dubuque will upload the following signed documents to the DOB file for each applicant:

- *Documentation of Need (e.g. Contractor Cost Estimate)*
 - *City inspectors determine an cost estimate of need*
- *Consent and Release Form*
 - *Signed by the applicant(s), this form authorizes IEDA to request, access, review, disclose, release and share any and all information received with respect to the applicant's application. This form does not need to be signed by a notary public.*
- *Subrogation Agreement*
 - *Signed by the applicant(s), this form states that the applicant agrees to cooperate with the distributor of funds should funds need to be returned.*
- *Insurance Affidavit*
 - *Signed by the applicant(s), this form is used to report any insurance policies held by the applicant during the time of the disaster. If the applicant held an active policy at the time of the disasters, the Affidavit states that they are required to provide Insurance Declaration pages for their policy as well as any communication pertaining to claim information that they received.*

Step 4:

- Once the City of Dubuque staff have completed the DOB fields (next page) for an individual applicant in lowagrants.gov, they will change the status to “submitted” so that IEDA can begin their DOB verification process.

DOB Fields Completed in lowagrants.org by City of Dubuque

Application Date: _____
Applicant Name: _____
Unit #: _____
Disaster Affected Address: _____

DEMOGRAPHICS:

Required demographic & LMI information collected from Dubuque application form

CALCULATION:

Total Unmet Need Prior to any Assistance: \$ _____
Deduct DOB's: \$ _____
Remaining Unmet Need: \$ _____
Program Cap: \$ _____
Final Unmet Need/ Award: \$ _____

DOB's

Flood Insurance

Was Disaster-Affected Home covered by Flood Ins.? Yes/No

If yes, name of insurance carrier? _____

Policy number: _____

Were any claims paid? Yes/No

Amount of claim? \$ _____

(If no, add notes: NFIP - no claims paid.)

HO Insurance

Was Disaster-Affected Home covered by Homeowners Ins.? Yes/No

If yes, name of insurance carrier? _____

Policy number: _____

Were any claims paid? Yes/No

Amount of claim? \$ _____

(If no, add notes: INS – no claims paid.)

SBA

Received disaster recovery assistance from the SBA? Yes/No

If yes, what is amount of loan? \$ _____

If no, did you apply of an SBA loan? Yes/No

Did you decline an SBA loan? Yes/No

What was the amount of the loan? \$ _____

Why was the loan not accepted? _____

(If no, add notes: No approved SBA loan.)

Additional Funds

Received any additional funding for purpose of rehabbing flood damaged home? Yes/No

If yes, source of funding: _____

Amount of Funding: \$ _____

Purpose of Funding: _____

(If no, add notes: No additional funds.)

Attach Forms:

- Signed Ins Affidavit
- Signed Consent and Release Form
- Signed Subrogation Agreement
- Documentation of Need

IEDA-DOB Coordinator will upload to lowagrants.gov:

Checklist and emails from Insurance/SBA/NFIP/Additional Funds documentation

IEDA

IEDA WILL BE ALERTED THAT A DOB FILE HAS BEEN SUBMITTED IN IOWA GRANTS. THIS WILL BEGIN IEDA'S DOB VERIFICATION CHECK. IF ANY INFORMATION/DOCUMENTATION IS MISSING OR INCOMPLETE, IEDA WILL UNLOCK THE DOB FILE SO THAT DUBUQUE CAN MAKE THE NECESSARY CHANGES. ONCE COMPLETE, DUBUQUE WILL RE-SUBMIT THE DOB FILE.

STEP 1: IDENTIFY CDBG-NDR NEED

FEMA did not perform cost estimates for the homes to be rehabbed in Dubuque; therefore, there is no post-disaster estimate from 2011. For the purpose of Repair/Rehab, the *Total Need Prior to Assistance* will be determined by a city inspection plus previous assistance received for the same purpose.

- REVIEW COST ESTIMATE UPLOADED TO IOWA GRANTS FOR ELIGIBLE ITEMS/ITEMS NEEDING APPROVAL. ITEMS DETERMINED TO BE NON-ELIGIBLE WILL BE SUBTRACTED FROM THE COST ESTIMATE.
 - ELIGIBLE ITEMS
 - INTERIOR DRAIN TILE/SUMP PUMP INSTALL
 - FOUNDATION REPAIR/TUCK-POINT WORK
 - FOUNDATION WATERPROOFING/EXTERIOR DRAIN TILE
 - EXTERIOR SOIL MODIFICATION/RETAINING WALLS/BERMS/GRADING AND EXCAVATING
 - GUTTERS/EXTERIOR DRAIN TILE
 - DEHUMIDIFIES/VENTILATION
 - MECHANICAL/HVAC: FURNACE AND WATER HEATERS
 - MOLD REMEDIATION
 - SEWER LATERAL REPLACEMENT
 - LEAD WATER SERVICE LINE REPLACEMENT
 - BASEMENT WINDOWS
 - DAMAGED OR ROTTED WOOD/FOOTINGS/SUPPORT COLUMNS/CELLAR DOORS
 - INSULATION
 - ELECTRICAL PANELS AND COMPONENTS
 - EXTERIOR SIDING/TRIM/WOOD COMPONENTS
 - EXTERIOR DOORS/INTERIOR DOORS
 - INTERIOR DRYWALL/PLASTER
 - INTERIOR TRIM
 - FLOORING
 - ROOFING
 - RADON

- ADA
- FLOOD
- ITEMS THAT NEED APPROVAL FROM IEDA
 - FLOOD DAMAGED CAUSED BY NEIGHBORING STRUCTURE (POSSIBLE LMI ISSUE)
 - CONCRETE SIDEWALKS/DRIVEWAYS/PATIOS/AQUA DUCTS OR EXTERIOR DRAIN BASINS (MAKE NECESSARY AND REASONABLE ARGUMENT)
- NON-ELIGIBLE ITEMS
 - DETENTION BASINS/RAIN GARDENS/BERM CONSTRUCTION
 - EDUCATION
 - WELL COVERS

STEP 2: IDENTIFY/VERIFY SOURCES OF ASSISTANCE

- **NFIP Verification**

- Log onto the NFIP Data Exchange by entering https://lookup.nfipstat.fema.gov/ibi_apps/WFServlet?IBIF_ex=DataExchange
- One of two results will appear:
 - A text box containing a message stating no results were found. The applicant has no NFIP policy and therefore there is no DOB. This portion of the DOB verification process is complete, **OR**
 - A list of addresses matching the search criteria will appear. If the applicant doesn't appear in this list, they do not have an NFIP policy and therefore there is no DOB. This portion of the DOB verification process is complete.
 - If the applicant's address **does** appear, click 'CLM' under 'Detail Data'. This will give you a screen similar to the one below detailing the applicant's claim information. Focus on the section highlighted below, specifically the 'Bldg Paid', 'Cont Paid', and 'ICC Paid' fields. This will indicate how much, if anything, was paid to the applicant, as well as the purpose of funds. The 'ICC Paid' field can be disregarded; however, **if there is an amount listed under the Building ('Bldg Paid') or Contents ('Cont Paid') fields, it will be a potential DOB.**
 - Once information has been obtained, the DOB Coordinator will then compare that information against the purpose of the program in order to determine whether or not a Duplication of Benefits has occurred. Once this has been determined, document the results in the Iowa Grants.

- **Homeowners Insurance Verification**

- Upon notification, the DOB coordinator will open the file in Iowa Grants and locate the Insurance Affidavit. If this document is missing, contact the administrative entity.
- If the applicant **does** indicate there was a policy, the DOB coordinator must verify the information the applicant has provided with the insurance company they listed on the Affidavit.

- Using all information provided by the applicant with the Affidavit, the DOB coordinator will complete a portion of a spreadsheet providing applicant details that will then be sent to the appropriate insurance company to be completed accordingly.
- Once information has been obtained from the insurance company, the DOB Coordinator will then compare that information against the purpose of the program in order to determine whether or not a Duplication of Benefits has occurred. **If there is an amount listed under “Amount Paid (Structure)” and the source of damage is ‘flood’, it will be a potential DOB.** Once this has been determined, document the results in Iowa Grants.

- **FEMA Verification**

- HSEMD offered verification to IEDA that Federal Individual Assistance was not available to the City of Dubuque for major disaster declaration FEMA-4018-DR. See letter from HSEMD dated April 14, 2016.
- HSEMD offered verification to IEDA that Federal Public assistance funding was not provided to the City of Dubuque for the same purpose as the funds to be provided by CDBG-NDR funding. See letter from HSEMD dated April 14, 2016.

- **SBA Verification**

- ****Note- HUD does not require applicants to apply for SBA assistance as a prerequisite to receiving CDBG-NDR assistance.***
- Send an email to Jorge Villareal, Cynthia Steed and Sarra James at SBA with a short message inquiring whether the applicant received SBA assistance. Include homeowner’s names and address.
- SBA will complete their review and send a response letting IEDA know whether applicants on the list have an approved SBA loan and identify applicants with SBA applications.
 - To obtain additional information on applicants with SBA applications, provide a copy of the Consent and Release form to SBA.
- Once information has been obtained, the DOB Coordinator will then compare that information against the purpose of the program in order to determine whether or not a Duplication of Benefits has occurred. **If SBA funds were provided for the purpose of rehabilitation for the severe storms and flash flooding in July 2011, it will be a potential DOB.** Once this has been determined, document the results in Iowa Grants.
- If an applicant has been approved for an SBA loan and voluntarily declines the assistance, the following steps should be taken. ****Note- HUD will not require applicants who have applied for and been offered SBA assistance to accept the SBA assistance as a prerequisite to receiving CDBG-NDR assistance.***
 - Determine why the applicant declined the SBA loan offer. This information will be collected through the application process.
 - Demonstrate that providing CDBG-NDR assistance to the applicant is necessary and reasonable and establish why it is appropriate.
 - Describe what circumstances and/or facts, such as applicant’s decision to decline the SBA loan, let the grantee to determine the

CDBG-NDR support is a necessary and reasonable recovery expense.

○ *Acceptable*

- *The total amount of need is greater than the approved loan amount from SBA.*
- *Income has decreased (e.g. Lost job); therefore, the applicant could not afford to take out a loan.*
- *Similar circumstances that justify an unmet need. Will determine on a case by case basis.*

○ *Unacceptable*

- *LMI household and therefore could not afford to take out a loan. SBA did underwriting (e.g. financials) to determine if the applicant could afford a loan.*
- A Determination Form explaining why the award of CDBG-NDR assistance is necessary and reasonable must be uploaded to the applicants file.

Sample Determination Form

The [insert grantee name] has determined that the following reasons establish that the CDBG DR award to the applicant is necessary and reasonable given that the applicant declined a SBA loan offer: [insert circumstances or facts].	
Based on my review of [insert applicant name]'s file, I have determined that the award is necessary and reasonable as defined above:	<input type="checkbox"/> Yes <input type="checkbox"/> No
If no, provide an explanation: _____	
[insert name/title of grantee staff]	[insert signature] [insert date]

● **Additional Funds Verification**

- Upon notification, the DOB coordinator will open the file in Iowa Grants and locate the Insurance Affidavit. If this document is missing, contact the administrative entity.
- If the applicant indicated that they did **not** receive any additional funding for the purpose of rehabbing their flood damaged home, then this portion of the DOB verification process is complete.
- If the applicant **does** indicate that there were additional funds received, the DOB coordinator must verify the information that the applicant has provided by contacting the source that is listed on the Affidavit.
 - Using all information provided by the applicant with the Affidavit, the DOB coordinator will contact the source in order to verify the amount of funding and the purpose of funding.
 - Once information has been obtained, the DOB Coordinator will then compare that information against the purpose of the program in order to determine whether or not a Duplication of Benefits has occurred. **If additional funds were provided for the purpose**

of rehabilitation for the severe storms and flash flooding in July 2011, it will be a potential DOB. Once this has been determined, document the results in Iowa Grants.

STEP 3: CALCULATE THE AWARD

1. Identify Applicant's Total Need Prior to Any Assistance	\$60,000
2. Identify and Deduct Assistance Determined to be Duplicative:	
a. FEMA Housing Grant - Repair/Rehab	\$15,000
b. SBA Loan	\$20,000
a. Insurance (structure, not contents)	15,000
3. Remaining Unmet Need	\$10,000
4. Maximum Eligible Award	\$10,000
5. Program Cap	\$24,999
6. Final Unmet Need - Award	\$10,000

Individual File Review Form

Name:

Unit #:

Disaster Address:

	Review:	Date:	Documentation:
1.	Demographics		
2.	Identify CDBG-DR Need		
3.	Identify sources of assistance		
4.	Verify sources of assistance		
5.	Calculation of award		
6.	Subrogation Agreement, Consent and Release form and Insurance Affidavit		
7.	Treatment of SBA declined loan (if applicable)		

Issues:

Notes:

Insurance and Other Funds Sources Affidavit

Instructions: You must fill out this form even if you did not have insurance on the date of the damage to your home due to the severe storms and flash flooding giving rise to the presidentially declared major disaster for the State of Iowa (FEMA-4018-DR), which occurred between July 27 and July 29, 2011. This form requires you to indicate to the Iowa Economic Development Authority (“IEDA”) Bee Branch Healthy Homes Resiliency Program (the “Program”) whether or not there was insurance on the damaged property on the date of the damage to your home between July 27 and July 29, 2011.

If you selected that there was insurance on the damaged property, you are required to fill in the name of the insurance company, policy number, claim number, and the settled amount, if any, the settled amount for lost personal property, the settled amount for structural damage to the home, and attach copies of the insurance policies and any correspondence with the insurance companies relating to the claim.

You must sign this form in front of a notary public.

STATE OF IOWA

COUNTY OF DUBUQUE

Before me, the undersigned authority, on this day personally appeared the person(s) name below (“Applicant(s)”), who, being by me duly sworn under penalty of perjury and penalty of violation of Federal and State laws applicable to my application for and receipt of a grant of deferred loan under the Iowa Economic Development Authority (“IEDA”) Bee Branch Healthy Homes Resiliency Program (the “Program”), made the following statements and swore that they were true:

I/we hereby state and certify to the United States Department of Housing and Urban Development and to the Iowa Economic Development Authority as follows (please check one blank):

- On the date of damage to my home, between July 27 and July 29, 2011, Homeowners, flood, and/or wind insurance **WAS** carried and in force on the property with respect to which I/we made an application under the Program.
- On the date of damage to my home, between July 27 and July 29, 2011, Homeowners, flood, and/or wind insurance **WAS NOT** carried and in force on the property with respect to which I/we made an application under the Program.

If insurance was carried on the damaged property, fill in the information requested below using the insurance information in effect at the time of damage to my home due to the Iowa 2011 Flood and Storm Event, between July 27 and July 29, 2011. The space at the bottom is provided to you in case you are unsure about whether a payment is for structural or personal property.

Homeowner Insurance

Company Name:		Policy Number:	
Claim Number:		Total Settled Amount:	
Personal Property Settled Amount:		Structural Damage Settled Amount:	

Wind Insurance

Company Name:		Policy Number:	
Claim Number:		Total Settled Amount:	
Personal Property Settled Amount:		Structural Damage Settled Amount:	

Flood Insurance

Company Name:		Policy Number:	
Claim Number:		Total Settled Amount:	
Personal Property Settled Amount:		Structural Damage Settled Amount:	

Notes:

Other Fund Sources

Instructions: This section identifies any sources of funds that the applicant has received as a result of the 2011 Natural Disaster(s) other than insurance. Sources of funds include but are not limited to: Federal, state and local loan/grant programs; private or bank loans;

Source of Funds #1

Lender Name:		Government Loan/Grant/ Loan/Forgivable Loan:	
Purpose:		Amount:	
Purpose:		Amount:	

Source of Funds #2

Lender Name:		Government Loan/Grant/ Loan/Forgivable Loan:	
Purpose:		Amount:	
Purpose:		Amount:	

Source of Funds #3

Lender Name:		Government Loan/Grant/ Loan/Forgivable Loan:	
Purpose:		Amount:	
Purpose:		Amount:	

Source of Funds #4

Lender Name:		Government Loan/Grant/ Loan/Forgivable Loan:	
Purpose:		Amount:	
Purpose:		Amount:	

Attached to this Insurance Affidavit are copies of (1) each insurance policy under which a claim was filed with respect to the damage to my home as a result of the presidentially declared major disaster for the State of Iowa (FEMA-4018-DR), and (2) all correspondence relating to the claims described in (1) of this sentence. No other correspondence with respect to any such insurance claims has been received by me as of the date of this Insurance Affidavit.

By executing this Insurance Affidavit, Applicant(s) acknowledge and understand that Title 18 United States Code Section 1001: (1) makes it a violation of federal law for a person to knowingly and willfully (a) falsify, conceal, or cover up a material fact; (b) make any materially false, fictitious, or fraudulent statement or representation; OR (c) make or use any false writing or document knowing it contains a materially false, fictitious, or fraudulent statement or representation, to any branch of the United States Government; and (2) requires a fine, imprisonment for not more than five (5) years, or both, which may be ruled a felony, for any violation of such Section.

Dated this the ____ day of _____, 2016.

Applicant (Affiant) Signature

Print Applicant name (Affiant)

Joint Applicant (Affiant) Signature

Print Joint Applicant name (Affiant)

SUBSCRIBED AND SWORN TO before me, by the above-named Affiant(s) this, the ____ day of _____, 2016, to certify which witness my hand and official seal.

NOTARY PUBLIC

My Commission Expires: _____

EXHIBIT TO INSURANCE AFFIDAVIT

COPIES OF INSURANCE POLICIES
AND
CORRESPONDENCE REGARDING CLAIMS

Consent and Release Form Non-Public Personal Information

Instructions: You must fill out this form in order to allow the Iowa Economic Development Authority (IEDA) to share yours, all of your household member's information, and all owner's non-public personal information with agencies and companies in order to process your application.

You may end this agreement at any time; however, if you end the agreement, IEDA will not be able to process your application.

This form does **NOT** need to be signed in front of a notary public.

I, [Applicant/Owner/Occupant], do hereby consent to and authorize IEDA (including its partners, affiliates, agents, contractors, and the respective assigns), as part of my application for the IEDA Jumpstart Program (the "Program") to request, access, review, disclose, release and share any and all information received with respect to my application for the Program ("Non-public Personal Information" or "NPI"), whether provided by me in my application or otherwise provided by me, or by additional outside third parties with whom I may or may not have a relationship, and only as necessary or desirable, in the sole discretion of IEDA, for final determination of my eligibility for and the amount of assistance under the Program. I, as Primary Applicant/Owner/Occupant, authorize the release of all household member's(s') and owner information in order to comply with the Program eligibility and benefit determination requirements. I understand and acknowledge that any part disclosing information on behalf of IEDA or to IEDA on my behalf is not responsible for any negligent misrepresentation or omission, and I agree to hold IEDA and such disclosing parties harmless from and against all claims, actions, suits or other proceedings, and any and all losses, judgments, damages, expenses or other costs (including reasonable counsel fees and disbursements), arising from or in any way relating to their disclosure.

As part of this Consent, I further authorize IEDA and any other financial institution, lender, insurer, government agency (federal or state), credit bureau, financial service provider or any other third part to obtain, use and disclose any of my NPI in their possession, as necessary or desirable, in the sole discretion of IEDA, to enable IEDA to administer the Program and process my application.

I understand and acknowledge that IEDA may obtain, use and disclose any NPI received in its investigation of my application with third parties, including those referenced above, as necessary or desirable, in the sole discretion of IEDA, for final determination of my eligibility for and the amount of assistance under the Program. All NPI will be retained by IEDA in accordance with Program requirements.

My consent may be revoked or ended at any time by giving written notice to IEDA. I further understand and acknowledge that any such revocation (ending) of this Consent may affect my ability to receive assistance under the Program. Unless revoked by me, this Consent shall remain in full force and effect until all obligations to IEDA are satisfied in full.

By completing and signing this form, I acknowledge and agree to the above and agree that this Consent may be furnished on my behalf to any financial institution, lender, insurer, government agency (federal or state), credit bureau, financial service provider or other third party.

Applicant/Owner/Occupant
Name (Printed)

Applicant/Owner/Occupant
Signature

Date

Subrogation and Assignment Agreement

This Subrogation and Assignment Agreement (“Agreement”) is made and entered into on this ___ day of [Insert Month], 2016, is made by and between [Insert Name of Homeowner] (“Homeowner”) and [Insert City/County].

In consideration of Homeowner’s receipt of funds or the commitment by [Insert City/County] to evaluate Homeowner’s application for the receipt of funds (collectively, the “Grant/Loan Proceeds”) under Iowa Economic Development Authority Bee Branch Healthy Homes Resiliency Program (“the Program”) administered by [Insert City/County]; Homeowner hereby assigns to [Insert City/County] all of Homeowner’s future rights to reimbursement and all payments received under any policy of casualty or property damage insurance (the “Policies”) or under any reimbursement or relief program related to or administered by the Federal Emergency Management Agency (“FEMA”) or the Small Business Administration (“SBA”) for physical damage to the Structure (defined below) (singularly, a “Disaster Program” and collectively, the “Disaster Programs”) that was the basis of the calculation of Homeowner’s award to the extent of Grant/Loan Proceeds paid to Homeowner under the Program. The proceeds of payments referred to in the preceding sentence, whether they be from insurance, FEMA or the SBA, shall be referred to herein as “Proceeds.” The rights Homeowner assigns are specific to the structure with respect to which Grant/Loan Proceeds were paid or applied for (the “Structure”) which is described in Homeowner’s application with the Program arising out of physical damage to the Structure originally caused by the severe storms and flash flooding which occurred between July 27 and July 29, 2011, designated as the presidentially declared major disaster for the State of Iowa (FEMA-4018-DR). The Policies include, but are not limited to, policies characterized as Homeowner’s wind, flood or any other type of casualty or property damage, and business interruption insurance coverage Homeowner has or may assert any claim for physical damage to the Structure.

Homeowner agrees to assist and cooperate with [Insert City/County] should the [Insert City/County] elect to pursue any of the claims Homeowner has against its insurers for reimbursement under any such Policies. Homeowner’s assistance and cooperation shall include allowing suit to be brought in Homeowner’s name(s) and providing any additional documentation with respect to such consent, giving depositions, providing documents, producing records and other evidence, testifying at trial and any other form of assistance and cooperation reasonably requested by [Insert City/County]. Homeowner further agrees to assist and cooperate in the attainment and collection of any Proceeds that the Homeowner would be entitled to under any applicable Disaster Program.

If requested by [Insert City/County], Homeowner agrees to execute such further and additional documents and instruments as may be requested to further and better assign to [Insert City/County] to the extent of the Grant/Loan Proceeds paid to Homeowner under the Program, the Policies, any amounts received under the Disaster Programs and/or any rights thereunder, and to take, or cause to be taken, all actions and to do, or cause to be done, all things requested by [Insert City/County] to consummate and make effective the purposes of this Agreement.

Homeowner explicitly allows [Insert City/County] to request of any company with which I/we held Policies or FEMA or the SBA any non-public or confidential information needed by [Insert City/County] to monitor/enforce its interest in the rights assigned to it under this Agreement and give Homeowner’s consent to such Homeowner to release said information to [Insert City/County].

If Homeowner (or any lender holding a lien on the Structure, to the extent permitted by superior loan documents) hereafter receives any Proceeds, Homeowner agrees to promptly pay such amounts to [Insert City/County] if Homeowner received Grant/Loan Proceeds under the Program in an amount greater than the amount Homeowner would have received if such Proceeds had been considered in the calculation of Homeowner’s award.

In the event that the Homeowner is entitled to the payment of any Proceeds at a time that is prior to the Homeowner’s closing with [Insert City/County] under the Program (the “Closing”), the following shall apply:

1. Any Proceeds received by the Homeowner shall be deposited into escrow with the escrow agent of [Insert City/County]’s choice (the “Escrow Agent”), based on the sole discretion of [Insert City/County]. The Proceeds shall be held by the Escrow Agent pending the Closing;

2. After the Closing, the Proceeds shall be applied to the costs to repair or rebuild Homeowner's home as such costs are incurred. The Proceeds shall be the first funds applied toward the payment of such costs;
3. In the event that the Escrow Agent requires an escrow agreement be signed by the parties, the Homeowner agrees to do so;
4. In the event that the Closing does not occur within 180 days from the date the Proceeds are deposited into escrow pursuant to this Agreement, the Proceeds shall be refunded to the Homeowner; provided, however, that such refund shall not relieve the Homeowner of the obligation to pay over the amount of the Proceeds to [Insert City/County] at Closing; and
5. In the event that [Insert City/County] makes the determination that the Homeowner does not qualify for participation in the Program or the Homeowner decides not to participate in the Program at any time, then any Proceeds that have been deposited with the Escrow Agent shall be refunded to the Homeowner and this Agreement shall be terminated and shall have no further force or effect.

Once [Insert City/County] has recovered an amount equal to the Grant/Loan Proceeds paid to Homeowner, [Insert City/County] will reassign to Homeowner any rights assigned to [Insert City/County] pursuant to this Agreement.

Homeowner and [Insert City/County] acknowledge that this Agreement does not impair Homeowner's mortgage lender's rights as loss-payee under any Deed of Trust of Mortgage on the Structure.

WARNING: Homeowner is hereby notified that intentionally or knowingly making a materially false or misleading written statement to obtain property or credit, including a mortgage loan, is a violation of Chapter 714 of the Code of Iowa and, depending upon the amount of the Grant/Loan Proceeds, is punishable by imprisonment for a term of up to ten years and a fine of up to \$10,000.

Homeowner hereby represents that he/she has received, read, and understands this notice of penalties for making a materially false or misleading written statement to obtain the Grant/Loan Proceeds.

Homeowner represents that all statements and representations made by Homeowner regarding Proceeds received by Homeowner shall be true and correct as of the date of Closing.

In any proceeding to enforce this Agreement, [Insert City/County] shall be entitled to recover all costs of enforcement, including actual attorney's fees.

HOMEOWNER:

Signature, Primary Applicant

Printed Name, Primary Applicant

Signature, Joint Applicant

Printed Name, Joint Applicant

LENDER:

[Insert City/County]

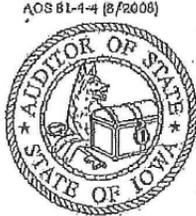
By: _____

Name: _____
Title: _____

Appendix E

Auditor of State, Agreed Upon Procedures

AOS - AUP's - SIGNED



AOS 81-1-4 (8/2008)

OFFICE OF AUDITOR OF STATE STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

David A. Vaudt, CPA
Auditor of State

April 7, 2009

Iowa Department of Economic Development
200 East Grand Avenue
Des Moines, Iowa
50309

To Michael Tramontina, Director of the Iowa Department of Economic Development:

We are pleased to confirm our understanding of the services we are to provide the Iowa Department of Economic Development (Department). We will perform certain procedures agreed to by the the Iowa Department of Economic Development as outlined in the March 16, 2009 letter for the period beginning April, 2009 through June 30, 2010 and subsequent periods as agreed upon between the Iowa Department of Economic Development and the Office of Auditor of State.

Agreed-Upon Procedures Objective

The objective of our engagement is to perform agreed upon procedures related to the Community Development Grant (CDBG) supplemental funds received for flood recovery. Our agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

We will also provide a report (that does not include an opinion) on our findings, if any, regarding the agreed-upon procedures performed. The report will include a statement the report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Economic Development, citizens of the State of Iowa and other parties to whom the Iowa Department of Economic Development may report, including the Department of Housing and Urban Development, and is not intended to be, and should not be used by anyone other than these specified parties. If, during our procedures, we become aware the Iowa Department of Economic Development is subject to an audit requirement not encompassed in the terms of this engagement letter, we will communicate to appropriate Department officials the procedures we performed in accordance with attestation standards established by the American Institute of Certified Public Accountants may not satisfy the relevant legal, regulatory or contractual requirements the Department is subject to.

Management Responsibilities

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities and for the selection and application of accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. We understand the Department will provide us with such information required for our procedures and Department officials are responsible for the accuracy and completeness of that information.

Department officials are responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud

or illegal acts affecting the Department involving (a) management, (b) employees who have significant roles in internal control and (c) others where the fraud or illegal acts could have a material effect on the financial data or compliance with laws and regulations governing the CDBG program. Department officials are also responsible for informing us of any knowledge of allegations of fraud or suspected fraud affecting the Department received in communications from employees, former employees, grantors, regulators or others. In addition, Department officials are responsible for identifying and ensuring the Department complies with applicable laws, regulations, contracts and grant agreements and other matters.

Management is responsible for establishing and maintaining a process for tracking the status of findings and recommendations. Management is also responsible for identifying for us previous agreed-upon procedures or other engagements or studies related to the objectives discussed in the Agreed-Upon Procedures Objective section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those agreed-upon procedures or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions and recommendations, as well as your planned corrective actions.

Agreed-Upon Procedures—General

This agreed-upon procedures engagement includes examining, on a test basis, Department and subrecipient records and transactions for propriety. Therefore, our procedures will involve judgment about the number of transactions to be examined and the areas to be reviewed.

Because our procedures are designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk material misstatements may exist and not be detected by us. However, we will inform you of any material errors that come to our attention, and we will inform you of any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility is limited to the period covered by our procedures and does not extend to matters arising during any later periods for which we are not engaged.

At the conclusion of our procedures, we will also require certain written representations from you.

Agreed-Upon Procedures—Internal Control

In planning and performing our procedures, we will obtain an understanding of operations of the CDBG program administered by the Iowa Department of Economic Development and its environment, including internal control. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed.

Our procedures are not designed to provide assurance on internal control or to identify significant deficiencies. However, we will communicate to appropriate Department officials any matters involving internal controls over the CDBG program and its operation we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants and Government Auditing Standards. Significant deficiencies involve matters coming to our attention relating to control deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Department's ability to record, process, summarize and report financial data consistent with the assertions of the Department's management.

Agreed-Upon Procedures—Compliance

Identifying and ensuring the the Iowa Department of Economic Development complies with laws, regulations, contracts and grant agreements is the responsibility of the Department's management. We will inform you of any violations of laws or governmental regulations that come to our attention regarding the CDBG program during our procedures, unless clearly inconsequential. However, the objective of our procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report.

Other Matters

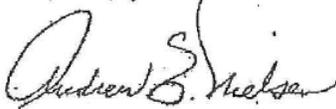
Government Auditing Standards require we make available a copy of our most recent external peer review report and any letter of comment, as well as any subsequent peer review reports and letters of comment received while we are performing procedures for the Department. Our peer review report and letter of comment can be located on our website at <http://auditor.iowa.gov>.

Our fees to perform these agreed-upon procedures for the the Iowa Department of Economic Development are based on the time necessary to perform the procedures at hourly rates for individual staff levels, in addition to necessary travel expenses at rates governed by State regulations. The estimated cost to complete these procedures is \$75,000. However, the time necessary to complete the procedures for the Department depends significantly on the activities conducted by the Department and the internal control the Department establishes over its activities. The final cost to complete these procedures may be amended as needed by the Iowa Department of Economic Development.

You may request we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We appreciate the opportunity to be of service to the Iowa Department of Economic Development and believe this letter accurately summarizes the significant terms of our engagement to perform the Department's agreed-upon procedures. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



ANDREW E. NIELSEN, CPA
Deputy Auditor of State

RESPONSE:

This letter correctly sets forth the understanding of the Iowa Department of Economic Development.

By: Michael L. Grant

Title: Director

Date: 5-5-09

Appendix F – Iowa Constitution (Auditor of State)

ART. IV, §17, CONSTITUTION OF THE STATE OF IOWA (CODIFIED)

Lieutenant governor to act as governor; SEC. 17. In case of the death, impeachment, resignation, removal from office, or other disability of the governor, the powers and duties of the office for the residue of the term, or until he shall be acquitted, or the disability removed, shall devolve upon the lieutenant governor.

Referred to in §7.14 of the Code

Duties of lieutenant governor; SEC. 18. The lieutenant governor shall have the duties provided by law and those duties of the governor assigned to the lieutenant governor by the governor.

Repealed and rewritten 1988, Amendment [42]

Succession to office of governor and lieutenant governor; SEC. 19. If there be a vacancy in the office of the governor and the lieutenant governor shall by reason of death, impeachment, resignation, removal from office, or other disability become incapable of performing the duties pertaining to the office of governor, the president of the senate shall act as governor until the vacancy is filled or the disability removed; and if the president of the senate, for any of the above causes, shall be incapable of performing the duties pertaining to the office of governor the same shall devolve upon the speaker of the house of representatives; and if the speaker of the house of representatives, for any of the above causes, shall be incapable of performing the duties of the office of governor, the justices of the supreme court shall convene the general assembly by proclamation and the general assembly shall organize by the election of a president by the senate and a speaker by the house of representatives. The general assembly shall thereupon immediately proceed to the election of a governor and lieutenant governor in joint convention.

Repealed and rewritten 1988, Amendment [42]
Referred to in §7.14 of the Code

Seal of state; SEC. 20. There shall be a seal of this state, which shall be kept by the governor; and used by him officially, and shall be called the Great Seal of the State of Iowa.

See chapter 1A of the Code for a description of the great seal of Iowa

Grants and commissions; SEC. 21. All grants and commissions shall be in the name and by the authority of the people of the state of Iowa, sealed with the great seal of the state, signed by the governor, and countersigned by the secretary of state.

Secretary—auditor—treasurer; SEC. 22. A secretary of state, an auditor of state and a treasurer of state shall be elected by the qualified electors at the same time that the governor is elected and for a four-year term commencing on the first day of January next after their election, and they shall perform such duties as may be provided by law.

Repealed and rewritten 1972, Amendment [32]

ARTICLE V.

JUDICIAL DEPARTMENT.

Courts; SECTION 1. The judicial power shall be vested in a supreme court, district courts, and such other courts, inferior to the supreme court, as the general assembly may, from time to time, establish.

Court of appeals, see §602.5101 of the Code.

Supreme court; SEC. 2. The supreme court shall consist of three judges, two of whom shall constitute a quorum to hold court.

But see codified Iowa Constitution, this Art., Art. V, §10; see also §602.4101 of the Code.

Election of judges — term; SEC. 3.

Repealed 1962, Amendment [21]

11.2 Annual settlements.

1. The auditor of state shall annually, and more often if deemed necessary, audit the state and all state officers and departments receiving or expending state funds, except that the accounts, records, and documents of the treasurer of state shall be audited daily.

2. Departments shall immediately notify the auditor of state regarding any suspected embezzlement, theft, or other significant financial irregularities.

3. In conjunction with the audit of the state board of regents required under this section, the auditor of state, in accordance with generally accepted auditing standards, shall perform audit testing on the state board of regents' investments. The auditor shall report to the state board of regents concerning compliance with state law and state board of regents' investment policies. The state board of regents is responsible for remedying any reported noncompliance with its own policy or practices.

a. The state board of regents shall make available to the auditor of state and treasurer of state the most recent annual report of any investment entity or investment professional employed by a regents institution.

b. All contracts or agreements with an investment entity or investment professional employed by a regents institution shall require the investment entity or investment professional employed by a regents institution to notify in writing the state board of regents within thirty days of receipt of all communication from an independent auditor or the auditor of state or any regulatory authority of the existence of a material weakness in internal control, or regulatory orders or sanctions against the investment entity or investment professional, with regard to the type of services being performed under the contracts or agreements. This provision shall not be limited or avoided by another contractual provision.

c. The audit under this section shall not be certified until the most recent annual reports of any investment entity or investment professional employed by a regents institution are reviewed by the auditor of state.

d. The review of the most recent annual report to shareholders of an open-end management investment company or an unincorporated investment company or investment trust registered with the federal securities and exchange commission under the federal Investment Company Act of 1940, 15 U.S.C. §80a-1 et seq., pursuant to 17 C.F.R. §270.30d-1 or the review, by the person performing the audit, of the most recent annual report to shareholders, call reports, or the findings pursuant to a regular examination under state or federal law, to the extent the findings are not confidential, of a bank, savings and loan association, or credit union shall satisfy the review requirements of this subsection.

e. As used in this subsection, "investment entity" and "investment professional" exclude a bank, savings and loan association, or credit union when acting as an approved depository pursuant to chapter 12C.

[C97, §161; S13, §161-a; C24, 27, 31, §340; C35, §101-a2; C39, §101.2; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.2]

92 Acts, ch 1156, §1; 2003 Acts, ch 145, §131; 2007 Acts, ch 126, §4; 2008 Acts, ch 1032, §201; 2011 Acts, ch 75, §2 - 4; 2012 Acts, ch 1021, §4; 2014 Acts, ch 1092, §161

Referred to in §24.24, §262.14, §422.72

11.1 Definitions.

1. For purposes of this chapter, unless the context otherwise requires:

a. *"Department"* means any authority charged by law with official responsibility for the expenditure of public money of the state and any agency receiving money from the general revenues of the state.

b. *"Examination"* means procedures that are less in scope than an audit but which are directed toward reviewing financial activities and compliance with legal requirements.

c. *"Governmental subdivision"* means cities and administrative agencies established by cities, hospitals or health care facilities established by a city, counties, county hospitals organized under chapters 347 and 347A, memorial hospitals organized under chapter 37, entities organized under chapter 28E, community colleges, area education agencies, and school districts.

d. *"Regents institutions"* means the institutions governed by the board of regents under section 262.7.

2. As used in this chapter, unless the context otherwise requires, *"book"*, *"list"*, *"record"*, or *"schedule"* kept by a county auditor, assessor, treasurer, recorder, sheriff, or other county officer means the county system as defined in section 445.1.

[C24, 27, 31, §339; C35, §101-a1; C39, §101.1; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.1]

2000 Acts, ch 1148, §1; 2011 Acts, ch 75, §1

Referred to in §24.24

Appendix G - Excerpts from Subrecipient Contracts

Subrecipient Record Keeping Requirements. Subrecipient Contract, Affirmative Covenants, Infrastructure Contract, Article 8.1(c), 8.1(d), Housing Contract, Article 9.1(c), 9.1(d).

(c) RECORDS. The Recipient shall maintain books, records, documents and other evidence pertaining to all costs and expenses incurred and revenues received under this Contract in sufficient detail to reflect all costs, direct and indirect, of labor, materials, equipment, supplies, services and other costs and expenses of whatever nature, for which payment is claimed under this Contract, including all costs of acquisition. The Recipient shall maintain all records of Tenant Income Verifications. The Recipient shall maintain books, records and documents in sufficient detail to demonstrate compliance with the Contract and shall maintain these materials for a period of five (5) years beyond the date upon which the final audit of the Project is accepted by IEDA or December 31, 2026, whichever is later. Records for non-expendable property acquired under this Contract shall be retained for a five (5) year period after the final disposition of property. Records shall be retained beyond the prescribed period if any litigation or audit is begun or if a claim is instituted involving the Grant or agreement covered by the records. In these instances, the records shall be retained until the litigation, audit or claim has been finally resolved.

(d) ACCESS TO RECORDS/INSPECTIONS. The Recipient shall, without prior notice and at any time, permit HUD or its representatives, the General Accounting Office or its representatives, and the Authority, its representatives or the State Auditor to examine, audit and/or copy (i) any plans and work details pertaining to the Project, (ii) all of the Recipient's books, records and accounts, and (iii) all other documentation or materials related to this Project; the Recipient shall provide proper facilities for making such examination and/or inspection.

Appendix H - Excerpts from Subrecipient Contracts

Subrecipient Audit Requirements, Attachment C – General Provisions, Audit Requirements

2.0 AUDIT REQUIREMENTS.

(a) SINGLE AUDIT. The Recipient shall ensure that an audit is performed in accordance with the Single Audit Act Amendment of 1996; OMB 2 CFR part 200, subpart E; and OMB 2 CFR part 200, subpart F, as applicable, and the Iowa CDBG Management Guide.

(b) ADDITIONAL AUDIT. As a condition of the grant to the Recipient, the Authority reserves the right to require the Recipient to submit to a post Project completion audit and review in addition to the audit required above.