CITY CLERK
ORIGINAL

C-9258-1
09/09/2015

SUBRECIPIENT CONTRACT – NONPROFIT CORPORATIONS
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
PUBLIC SERVICES
FY 2015-2016

THIS SUBRECIPIENT CONTRACT (**"Agreement"**) is executed this 9 day of SEPTEmber, 2015 by and between The Society of St. Vincent de Paul - Our Lady of Perpetual Help, an Arizona nonprofit corporation (**"Agency"**), and the City of Glendale, an Arizona municipal corporation (the **"City"**).

RECITALS

A. Agency desires to provide services in accordance with this Agreement that will principally serve low and moderate-income persons within the community.

B. City desires to provide funding to assist Agency in providing its services through the distribution of federal U.S. Department of Housing and Urban Development (**"HUD"**) Community Development Block Grants (**"CDBG Funds"**).

C. City finds that a public purpose is served by the financial participation of the City and the funding with CDBG Funds designated for Agency's services which constitutes reasonable and prudent assistance.

AGREEMENT

The parties agree as follows:

1. Agency Services.

1.1 Agency will implement, operate, and complete – including providing all necessary or reasonable labor, materials, services, supervision, tools, equipment, licenses, and permits – Keeping FAmilies Together Program (**the "Program"**), which is further defined with specificity in Exhibit A, Scope of Services.

1.2 City will provide technical assistance to Agency in order for Agency to assure it complies at all times with applicable federal provisions governing the use of CDBG Funds, and the City will complete all environmental review requirements as required by 24 C.F.R. Part 58.

2. Term. This Agreement is effective July 1, 2015 and will terminate on June 30, 2016.

3. Financial Assistance.

3.1 The City's sole and entire financial assistance to Agency will be the distribution of available CDBG funds for which the Program qualifies and which the City has allocated for use by Agency for the Program and will not exceed $50,000.00.

3.2 Financial assistance under this Agreement will be made in accordance with Exhibit B, Billing and Reporting Information, in such amounts and incremental distributions that are approved by the City for various phases of work.

3.3 Agency's final request for financial assistance under this Agreement must be submitted to the City within 15 days of the expiration or termination of this Agreement.

3.4 Agency will return to the City, upon expiration or termination of this Agreement, any CDBG Funds that have not been expended, all Program Income, and any accounts receivable resulting from the use of CDBG Funds, including Program Income.

3.5 Program Income.

a. Any Program Income, as that term is defined by 24 C.F.R. § 570.500(a), that is received by Agency prior to grant close-out will be used to offset payment due in an amount directly proportional to the prorated share of CDBG Funds used as set forth in 24 C.F.R. § 570.504(c).

b. Under this Agreement, "Program Income" refers solely to those funds derived from Agency provided by the City and includes, but is not limited to, income received from the clients served for services performed or materials purchased. Documentation supporting the amount of Program Income received will be submitted with monthly billings.

4. Compliance with Laws and Regulations.

4.1 Agency will comply with all applicable federal, state and local laws, statutes, ordinances, administrative rules, building codes, regulations and lawful orders of any public authority bearing on the performance of activities pursuant to this Agreement, including but not limited to those listed in Exhibit C.

4.2 Uniform Administrative Requirements. Agency will comply with the following regulations, which will be subject to monitoring from time to time by the City or by HUD:

a. Requirements and standards of OMB Circular No. A-122, "Cost Principles for Non-Profit Organizations."

b. Accounting systems that meet the requirements for OMB Circular A-110 "Uniform Administrative Requirements for Grants and Contracts with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations."

c. Audit requirements of the Single Audit Act Amendments of 1996, and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

4.3 Community Development Act of 1974.

a. Agency acknowledges that the funds being provided by the City for the Program are distributed pursuant to the Housing and Community Development Act of 1974, as amended, and 24 C.F.R. Part 570.

b. Agency's use of the Act's funds must be in accordance with the Act and all regulations that apply to the use and handling of the Act's funds by the Agency; and

c. Agency will comply with, and require all subcontractors paid with funds provided by this Agreement to comply with, all of the applicable provisions of the Housing and Community Development Act of 1974, as amended, 24 C.F.R. Part 570, and the Special Conditions for activities assisted pursuant to Title I of the Community Development Act of 1974.

4.4 Immigration and Naturalization Reform Act. Agency and its subcontractors will abide by all regulations pursuant to the Immigration and Naturalization Reform Act of 1986, specifically as it relates to employment and client services, and such other provisions as may be applicable.

4.5 Certifications. Agency must execute the following certifications, which are attached as Exhibit F, Certifications:

a. Policy of Nondiscrimination on the Basis of Disability.

b. Anti-Lobbying, Section 319 of Public Law 101-121.

c. Contracting with Small and Minority Firms, Women's Business Enterprises and Labor Surplus Area Firms.

d. Drug-Free Workplace Act of 1988.

4.6 Conflicting Provisions. If Agency discovers that any of the Agreement documents are in conflict with any laws, statutes, ordinances, rules, building codes, regulations or lawful orders of a public authority, Agency will promptly notify the City, in writing, of such conflict, specifying any necessary changes to the Agreement documents or work to eliminate the conflict.

4.7 Agency Indemnification. Should Agency perform any work knowing it to be contrary to the applicable laws, ordinances, rules, or regulations it will assume full responsibility for the on-going compliance and bear all costs, fees, or penalties resulting therefrom.

5. Recordkeeping.

5.1 Agency will record for statistics purposes:

a. The ethnicity and racial background of all persons and families served by the Program;

b. The number of low and moderate-income persons, as these terms are defined by federal income limits, served by the Program, which are set forth in their current form in Exhibit D;

c. The number of elderly and disabled served by the Program; and

d. Information about family size and the number of female heads of household.

5.2 Reporting.

a. Agency will provide to the City not later than the 15th of each month written progress reports of its activities related to the Program.

b. On or before July 15, 2016, or within 15 days of the date of termination, Agency will provide to the City a comprehensive report covering the agreed-upon objectives, activities, and expenditures for the prior fiscal year ending June 30, 2016.

5.3 Retention. Agency will retain all records of expenditures made under this Agreement for a period of six years from the date of the submission of the City's annual performance and evaluation report which reflects the Program's final activity report.

a. Records for non-expendable property acquired with funds under this Agreement will be retained for six years after final disposition of such property.

b. Records for any displaced person must be kept for six years after receipt of final payment.

c. Notwithstanding the above, if there is investigation, administrative action, litigation, or similar actions involving the Program, all existing records must be maintained for one year after the final disposition of the matter or the expiration of the required six-year retention period, whichever occurs later.

5.4 Access to Records. Agency will provide City, HUD, or their representatives, access to records, books, documents, and papers of the Program and Agency's performance or financial condition; provided however, nothing herein will be construed to require access to information made confidential by state or federal law.

6. Agency Warranties and Representation. Agency warrants and represents to the City the following:

6.1 Agency is a duly organized corporation under the laws of Arizona.

6.2 Agency maintains, and will continue to maintain throughout the term of this Agreement, a designation under state and federal law as a tax-exempt, nonprofit corporation.

6.3 Agency's governing body has duly adopted or passed as an official act a resolution, motion, or similar action authorizing the person identified as the official representative of Agency to execute this Agreement.

7. **Independent Contractor.** Agency is independent of the City in all respects and is not an agent of the City and must not in any way represent itself as an agent of the City or allow any circumstances to exist that might be deemed to create an apparent agent relationship.

8. **Indemnification and Hold Harmless.**

8.1 Agency will indemnify, defend, and hold harmless the City, and its elected officials, officers, agents and employees (collectively incorporated into the term the "City") from all claims and suits, actions, loss, damage, expense, costs or claims, of any character or any nature, including attorneys' fees and costs of litigation, which arises out of any act or omission of Agency, or those acting on behalf of Agency.

8.2 It is the intent of the parties to this Agreement that the City will, in all instances, except for loss of damage resulting from the sole negligence of the City, be indemnified against all liability, loss, or damage of any nature whatever for or on account of any injuries to or death of person or damages to or destruction of property belonging to any person arising out of or in any way connected with the performance of this Agreement, regardless of whether or not the liability, loss or damage is caused in part by, or alleged to be caused in part by, but not solely, the negligence or fault of the City.

9. **Insurance.**

9.1 Agency will provide evidence of insurance consistent with Exhibit F, Insurance Certificate.

9.2 The City will be named in all insurance policies specifically relating to the Program as a named insured and as an additional named insured in all other required policies.

9.3 Required certificates of insurance must provide for a 30-day notice to the City prior to the effectiveness of any cancellation, non-renewal, or material change.

10. **Acknowledgment of City's Participation.** Agency will acknowledge the contribution of the City's CDBG Program in all published literature, brochures, programs, fliers, on-site signage, etc.

11. **Termination.**

11.1 In accordance with 24 C.F.R. § 85.43, the City may suspend or terminate this Agreement should Agency violate any terms or conditions thereof.

11.2 Agency's failure to comply with each term and condition of this Agreement is a default which may immediately terminate the Agreement and Agency to immediately refund the weekly (or monthly, in the City's sole discretion) pro-rated amount of the previously tendered CDBG or other grant funds.

11.3 Notwithstanding this Section, the City's decision to waive or defer compliance with any term or condition of this Agreement will not be deemed a waiver or deferment of the City's right to terminate this Agreement for any subsequent non-compliance.

11.4 The City or Agency may terminate this Agreement for convenience upon a 30-day notice; provided however, Agency may not terminate this Agreement during the first year for any reason.

12. **Conflicts of Interest.**

12.1 This Agreement is subject to the provisions of A.R.S. § 38-511 and may be canceled without penalty or further obligation by the City if any person significantly involved in initiating,

negotiating, securing, drafting, or creating this Agreement on behalf of the City is, at any time while this Agreement or any extension thereof is in effect, an employee or agent of any other party to this Agreement in any capacity or consultant to any other party of this Agreement with respect to the subject matter of this Agreement.

12.2 Both parties acknowledge that no member of the governing body of the City or any employee of the City who exercises any functions or responsibilities in connection with the carrying out of the Program to which this Agreement pertains has any personal interest direct or indirect in this Agreement.

13. Right to Refuse Service. The City reserves the right to refuse, terminate, or suspend service or accounts to an individual, company, or agency, if the City believes that conduct or actions violate applicable law, is harmful to the interests of the City of Glendale and its affiliates, or meets the criteria covered under City's Right to Refuse Assistance Policy.

14. Notices. All notices required or permitted to be given under this Agreement may be personally delivered or mailed by certified mail, return receipt requested, postage prepaid, to the following addresses:

To City:	City Manager City of Glendale 5850 West Glendale Avenue Glendale, Arizona 85301
With a copy to:	City of Glendale Community Revitalization 5850 West Glendale Avenue Glendale, Arizona 85301
	City Attorney City of Glendale 5850 West Glendale Avenue Glendale, Arizona 85301
To Agency:	The Society of St. Vincent de Paul - OLPH 5614 W. Orangewood Avenue Glendale, AZ 85301

15. General Provisions.

15.1 This Agreement supersedes any and all other agreements or understandings, either oral or in writing, between the parties hereto and contains all the covenants and contracts between the parties with respect to such employment in any manner whatsoever.

15.2 Each party to this Agreement acknowledges that no representations, inducements, promises or contracts, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other contract or amendment hereto will be effective unless executed in writing and signed by both the City and Agency.

15.3 This Agreement will be governed by and construed in accordance with the laws of the State of Arizona and all applicable federal laws and regulations.

15.4 The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provision of this Agreement.

16. Immigration Law Compliance.

16.1 Agency warrants, to the extent applicable under A.R.S. § 41-4401, compliance with all federal immigration laws and regulations that relate to their employees as well as compliance with A.R.S. § 23-214(A) which requires registration and participation with the E-Verify Program.

16.2 Any breach of warranty under this Section is considered a material breach of this Agreement and is subject to penalties up to and including termination of this Agreement.

16.3 The City retains the legal right to inspect the papers of Agency and sub-contractors who perform work under this Agreement to ensure that Agency or any sub-contractor is compliant with the warranty provided by this Section.

16.4 The City may conduct random inspections, and upon request of the City, Agency will provide copies of papers and records of Agency demonstrating continued compliance with the warranty under this Section. Agency agrees to keep papers and records available for inspection by the City during normal business hours and will cooperate with the City in exercise of its statutory duties and not deny access to its business premises or applicable papers or records for the purposes of enforcement of this Section.

16.5 Agency agrees to incorporate into any subcontracts under this Agreement the same obligations imposed upon Agency and expressly accrue those obligations directly to the benefit of the City. Agency also agrees to require any sub-contractor to incorporate into each of its own subcontracts under this Agreement the same obligations above and expressly accrue those obligations to the benefit of the City.

16.6 Agency's warranty and obligations under this Section to the City is continuing throughout the term of this Agreement or until such time as the City determines, in its sole discretion, that Arizona law has been modified in that compliance with this Section is no longer a requirement.

16.7 The "E-Verify Program" above means the employment verification program administered by the United States Department of Homeland Security, the Social Security Administration, or any successor program.

17. The Agency must not discriminate against any employee or applicant for employment on the basis of race, color, religion, sex, national origin, age, marital status, sexual orientation, gender identity or expression, genetic characteristics, familial status, U.S. military veteran status or any disability.

18. Exhibits:

Exhibit A:	Scope of Services
Exhibit B:	Billing and Reporting Information
Exhibit C:	Federal Laws and Regulations
Exhibit D:	Income Limits
Exhibit E:	Insurance Certificate
Exhibit F:	Certifications

(Signatures appear on following page.)

IN WITNESS WHEREOF, all parties concerned acknowledge that they have read, understand, approve, and accept all of the provisions of this Agreement.

CITY OF GLENDALE, an Arizona municipal corporation

for Richard A. Bowers

By: Richard A. Bowers
Its: Acting City Manager

ATTEST:

Pamela Hanna (SEAL)
City Clerk

APPROVED AS TO FORM:

Michael D. Bailey
City Attorney

The Society of St. Vincent de Paul - OLPH, an Arizona non-profit corporation

By: _____
Its: President

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this the 9 day of September, 2015, before me, the undersigned Notary Public, personally appeared Jack Alhearn, who acknowledged himself/herself to be the President of the The Society of SVDP-OLPH, and that (s)he as such official, being authorized to do so, executed the foregoing Subrecipient Contract for and on behalf of the said company for the purpose and consideration therein expressed.

OFFICIAL SEAL
ERNEST MOLINA
Notary Public - Arizona
MARICOPA COUNTY
My Commission Expires
MARCH 20, 2018

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Ernest Molina
Notary Public

My Commission Expires:

March 20 2018

7/13/15

SCOPE OF SERVICES

EXHIBIT "A"

EXHIBIT A

SCOPE OF SERVICES

1. The Scope of Services and the type of records that must be maintained are two elements of a Subrecipient Contract that vary most from activity to activity, and from grantee to grantee.

2. Agencies are required to prepare a Scope of Services, which is incorporated into the Subrecipient Contract with the City of Glendale. Each of the three sections of the Scope of Services (Description, Schedule, and Budget) must provide sufficient detail to permit effective monitoring of Agency's activities.

   2.1 Description: The description section details the activities to be carried out by the Agency. It should define the "who, what, where, and how" of the Program. It should specifically describe and quantify the services or products to be provided with City of Glendale funds. Where appropriate, it should specify how the Program will serve the intended beneficiaries.

   2.2 Schedule: A schedule is a required part of every Subrecipient Contract. It plays an essential role in the grant management system. The schedule should provide projected milestones and deadlines for accomplishment of tasks, or the delivery of services. These projected milestones and deadlines are a basis for measuring progress during the term of the Subrecipient Contract. For instance, the schedule for a public service activity may specify delivery of a certain number of staff-hours per quarter, or delivery of services to a certain number of persons per quarter. Other programs are likely to be more complex, requiring multiple tasks such as: establishing an office, developing program guidelines, taking applications, providing services to the client, outreach activities, and follow up. The schedule should include time frames for completing each task or activity.

   2.3 Budget:

      a. The budget should provide a detailed presentation of projected revenues and expenses. The preparation of a detailed budget will help ensure that a project is adequately planned, in that, it will identify all expenses that are necessary to carry out the activities described in the program description, and quantify the resources required to cover these expenses.

      b. The budget permits periodic comparisons of the projected use of funds with actual expenditures, as indicated on the monthly accomplishment reports submitted by the grantee. This comparison enables the City to seek corrective action where significant variations between the budget and actual expenditures are reported.

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COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC SERVICES
SCOPE OF SERVICE FY 2015-2016

A. Program Activity. Society of St. Vincent de Paul will be responsible for administering the Keeping Families Together Program in a manner satisfactory to the City of Glendale, and consistent with any standards required by Community Development Block Grant Program Public Services as a condition of providing these funds.

B. Description.

Activity #1. The program will provide rent and/or utility assistance up to $750 one-time assistance per year to 234 resident clients who are potentially in danger of becoming homeless. After clients have been approved for assistance, the funds will be paid directly to the landlord or utility company.

C. National Objectives. All activities funded with CDBG funds must meet one of the U.S. Department of Housing & Urban Development ("HUD") National Objectives:

☒ NATIONAL OBJECTIVE #1 – To benefit low and moderate-income persons.

☐ NATIONAL OBJECTIVE #2 – To aid in the prevention or elimination of slums or blight.

☐ NATIONAL OBJECTIVE #3 – To meet community development needs having a particular urgency as defined in 24 C.F.R. § 570.208.

D. Certifications. The Agency certifies that the activity carried out under the CDBG Public Services. Subrecipient Contract ("Subrecipient Contract") will meet the National Objective by providing: Assistance with rent and/or utility assistance to benefit low and moderate income families.

E. Levels of Accomplishment – Goals and Performance Measures. The Agency agrees to provide the following Program services:

ACTIVITY	UNITS OF SERVICES	UNDUPLICATED CITY RESIDENTS/HOUSEHOLDS/YEAR
Activity #1 Rent and/or utility assistance	254 residents	254 residents (74 families)

F. Time of Performance. This is 12 month Subrecipient Contract. The Subrecipient Contract is effective

July 1, 2015 to June 30, 2016.

G. Agency Staff Contact Information.

Name:	Roseanne Gutierrez
Title:	Conference Treasurer/Grant
Agency:	Society of St. Vincent de Paul
Address:	5614 West Orangewood
City, State, Zip	Glendale, Arizona 85301
Telephone No.:	623-332-2821
Fax No.:	623-934-8854
Email:	gutierrezroseanne17@yahoo.com

H. Client Eligibility.

1. Client eligibility will be documented by: The caseworker will complete an application, ask for documentation on legal status, require late, past due or eviction notices in clients name. Require landlords to complete a past due rent letter. Require clients to sign a notarized affidavit of truthfulness stating that the information they are providing is true under penalty of perjury.
2. Client residency will be documented by: Verifying billing address.

I. Budget.

Community Development Block Grant Public Services Total Project Budget FY 2015-2016			
Line Item	CDBG Allocation	Other Cash Resources	Total Project Budget
	$50,000	**2,168**	**$52,168**
Personnel Costs:	**0**	**0**	**0**
Salaries	0	0	0
Payroll Costs (SSI, Medicare, etc.)	0	0	0
Fringe Benefits (Ins., Retire., etc.)	0	0	0
Other Costs:	**50,000**	**2,168**	**52,168**
Contractual Services			
Telephone/Internet Service	0	1,668	1,668
Utilities	9,400	0	9,400
Rent	37,600	0	37,600
Insurance	0	0	0
Travel/Mileage	0	0	0
Postage	0	100	100
Duplicating Services	0	150	150
Membership/Subscriptions	0	0	0
Advertising	0	0	0
Office Supplies	0	250	250
Office Equipment	0	0	0
Office Materials	0	0	0
Other/ Required Audit	3,000	0	3,000
TOTAL PROJECT EXPENSES	**$50,000**	**$2,168**	**$52,168**

J. Billing Information. CDBG Public Services funds will be used to pay rent and/or utilities assistance to qualified clients.

BILLING AND REPORTING INFORMATION

EXHIBIT "B"

EXHIBIT B

BILLING AND REPORTING INFORMATION

1. This section is very important to the expeditious processing of your Agency's request for reimbursement. Please carefully follow the summary of reimbursement requirements listed below.

2. Monthly Billings:

   2.1 A letter requesting reimbursement of expenditures must be prepared on the Agency's letterhead. This letter must be reviewed and signed by the Agency's executive director (or authorized signatory). Reimbursement requests must be submitted on a **MONTHLY** basis. (Note: Grants Administration may approve exceptions for "Quarterly billings" on a case-by-case basis.)

   2.2 The Project/Program Budget spreadsheet summarizing monthly and year-to-date expenses must be prepared and submitted with each request for reimbursement. This report should also account for other resources utilized under this activity.

   2.3 Copies of all supporting documents must be submitted with the reimbursement request. The Agency will work closely with the program/project liaison to establish the specific documentation requirements for this Agreement. Examples of supporting documentation include copies of timesheets, pay stubs, mileage reports, invoices, statements, receipts, etc.

   2.4 The City's reimbursement process takes approximately two to three weeks to complete. (The first reimbursement request can take a little longer to process.) If the reimbursement procedures noted above are not followed correctly, the program/project liaison may return the reimbursement request to the Agency for revisions, or hold the request until all reimbursement requirements have been met. This will delay the reimbursement process.

3. Monthly Report on Accomplishments and Demographics:

   3.1 A monthly demographic report on Glendale residents served, including accomplishments and units of service delivered, must be submitted by the 15th of the following month. Failure to file this demographic report timely could also delay the reimbursement process.

   3.2 Specific formats to be used for reimbursement requests/performance reports are attached. These formats must be used by the agency unless otherwise authorized.

4. Activity Final Completion Report:

   4.1 Public Service Activities: Report On "Performance Measures" for Actual Activity "Outcomes." The report on "Performance Measures for Actual Activity Outcomes," is due by July 31, 2016. This report is to identify the "actual outcomes" produced by your activity over the past program year. "Actual Outcomes" will be measured by and against the "proposed outcomes and performance measures" that were established by your agency at the beginning of the program year.

   4.2 Physical Improvement Activities: Report On "Performance Measures" for Actual Activity "Outcomes." The report on "Performance Measures for Actual Activity Outcomes," is due 30 days after completion of the physical improvement activity. This report is to identify the "actual outcomes" produced by your activity after completion of the physical improvement activity. "Actual Outcomes" will be measured by and against the "proposed outcomes and performance measures" that were established by your agency at the beginning of the program year.

###

AGENCY LETTERHEAD (Required)

Sample

DATE

Gilbert Lopez
City of Glendale
Neighborhood Revitalization Division
5850 West Glendale Avenue
Glendale, Arizona 85301

RE: Community Development Block Grant Public Services

Dear Mr. Lopez:

Enclosed is the project billing for the month of _____, 20_____. The amount of reimbursement expenses being requested is $_____. Also attached is the supporting documentation in accordance with our Agreement requirements.

If you have any questions, please call me at _____.

Sincerely,

_____
(Authorized Signatory)
Executive Director

Enclosures

FEDERAL LAWS AND REGULATIONS

EXHIBIT "C"

EXHIBIT C

FEDERAL LAWS AND REGULATIONS

1. **Applicability of Uniform Administrative Requirements.** The parties should comply with all administrative requirements, cost principles, and audit requirements as provided in 2 CFR Part 200 in compliance with the Final Guidance issued by U.S. Department of Housing and Urban Development on Feb. 26, 2015 (Notice: SD-2015-01) (see attached).

2. **Equal Opportunity.**

   2.1 The Agency agrees to comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and the HUD regulations under 24 CFR Part 1, which provides that no person in the United States will, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving Federal financial assistance by way of grant, loan, or contract and will immediately take any measures necessary to effectuate this Agreement. If any real property or structure thereof is provided or improved with the aid of Federal financial assistance extended to the Agency, this assurance will obligate the Agency, or in the case of any transfer of such property or structure is used for a purpose of which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

   2.2 The Agency agrees to comply with Title VIII of the Civil Rights Act of 1968 (P.L. 90-284), as amended by the Fair Housing Amendments Act of 1988 (P.L. 100-430), and will administer all programs and activities relating to housing and community development in a manner to affirmatively further fair housing within Constitutional limitations throughout the United States.

   2.3 The Agency agrees to comply with Section 109 of the Housing and Community Development Act of 1974 and 1977, as amended, and in conformance with all requirements imposed pursuant to the regulations of the Department of HUD (24 CFR Part 570.602) issued pursuant to that Section; and in accordance with Equal Opportunity obligations of that Section, no person in the United States will, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, be subjected to discrimination under, <u>any program or activity funded in whole or in part with the Community Development funds</u>. Section 109 of the Act further provides that any prohibition against discrimination on the basis of age, under the Age Discrimination Act of 1975 (24 CFR Part 146), or with respect to an otherwise qualified handicapped person, as provided in Section 504 of the Rehabilitation Act of 1973 (24 CFR Part 8), will also apply to any program or activity funded in whole or in part with funds made available pursuant to the Act.

   2.4 The Agency agrees to comply with Executive Order 11063 on equal opportunity in housing and related facilities owned or operated by the Federal Government or provided with Federal financial assistance.

   2.5 The Agency agrees to comply with Executive Order 11246, as amended, requiring nondiscrimination and affirmative action to ensure nondiscrimination in employment by government contractors and subcontractors and under federally assisted construction contractors.

   2.6 The Agency agrees to comply with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as amended, the HUD regulations issued pursuant thereto (24 CFR Part 135) as follows:

a. The work to be performed under this Agreement is on a project assisted under a program providing direct Federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u); Section 3 requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns that are located in or owned in substantial part by persons residing in the area of the project.

b. The parties to this Agreement will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued there under prior to the execution of this Agreement. The parties to this Agreement certify and agree that they are under no contractual or other disability that would prevent them from complying with these requirements.

c. The contractor will send to each labor organization or representative or workers, with which he has a collective bargaining agreement or other contract or understanding, if any, a notice advertising the said labor organization or workers' representative of his commitments under this Section 3 clause and will post copies of the notice in conspicuous places available to employees and applicants for employment or training.

d. The contractor will include this Section 3 clause to every subcontract for work in connection with the project and will, at the direction of the applicant or Community of Federal financial assistance, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development, 24 CFR Part 135. The contractor will not subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR Part 135 and will not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

e. Compliance with the provisions of Section 3, the regulations set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued there under prior to the execution of this Agreement, will be a condition of the Federal financial assistance provided to the project.

3. **Subcontracting.** All work or services covered by this Agreement, which is subcontracted by the Agency, will be specified by written contract and subject to all provisions of this Agreement. All subcontracts must be approved by the City prior to execution.

4. **Interest of Certain Federal Officials.** No member of or delegate to the Congress of the United States shall be admitted to any share or part of this Agreement or to any benefit to arise from the same.

5. **Interest of Members, Officers or Employees of the Agency, Members of Local Governing Body, or Other Public Officials.** No member, officer, or employee of the Agency or its designees or agents, no member of the governing body of the locality in which the program is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the program during his tenure or for one year thereafter, will have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the program assisted under this Agreement.

6. **Hatch Act.** The Agency agrees to comply with all provisions of the Hatch Act and that no part of the program will involve political activities, nor will personnel employed in the administration of the program be engaged in activities in contravention of Title V, Chapter 15, of the United States Code.

7. **Labor Standards Provisions.** The Agency agrees to comply with 24 CFR § 570.603, "Labor Standards" published by HUD for Community Development Block Grants.

8. **Compliance with Environmental Requirements.** The Agency agrees to comply with any conditions resulting from the City's compliance with the provisions of the National Environmental Policy Act of 1969 and the other provisions of law specified at 24 CFR § 58.5 insofar as the provisions of such Act apply to activities set forth in the Statement of Work.

9. **Compliance with Flood Disaster Protection Act.**

   9.1 This Agreement is subject to the requirements of the Flood Disaster Protection Act of 1973 (P.L. 93-234). No portion of the assistance provided under this Agreement is approved for acquisition or construction purposes as defined under Section 3(a) of said Act, for use in any area identified by the Secretary as having special flood hazards, which is located in a community not then in compliance with the requirements for participation in the national flood insurance program pursuant to Section 201(d) of said Act; and the use of any assistance provided under this Agreement for such acquisition or construction in such identified areas in communities then participating in the national flood insurance program will be subject to the mandatory purchase of flood insurance requirements of Section 102(a) of said Act.

   9.2 Any contract or agreement for the sale, lease, or other transfer of land acquired, cleared, or improved with assistance provided under this Agreement shall contain, if such land is located in an area identified by the Secretary as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 U.S.C. 4001 et seq., provisions obligating the transferee and its successors or assigns to obtain and maintain, during the ownership of such land, such flood insurance required with respect to financial assistance for acquisition or construction purposes under Section 102(2) of Flood Disaster Protection Act of 1973. Such provisions will be required notwithstanding the fact that the construction of such land is not itself funded with assistance under this Agreement.

10. **Compliance with Environmental laws.**

   10.1 This Agreement is subject to the requirements of the Clean Air Act, as amended, 42 U.S.C. 1857 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.; and the regulations of the Environmental Protection Agency with respect thereto, at 40 CFR Part 15, as amended from time to time.

   10.2 In compliance with said regulations, the City will cause or require to be inserted in full in all contracts and subcontracts with respect to any nonexempt transaction thereunder funded with assistance provided under this Agreement, the following requirements:

      a. A stipulation by the contractor or subcontractor that any facility to be utilized in the performance of any nonexempt contract or subcontract is not listed on the list of Violating Facilities issued by the Environmental Protection Agency (EPA) pursuant to 40 CFR § 15.20.

      b. Agreement by the contractor to comply with all the requirements of Section 114 of the Clear Air Act, as amended (42 U.S.C. 1857c-8), and Section 308 of the Federal Water Pollution Control Act, as amended, (33 U.S.C. 1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder.

c. A stipulation that as a condition for the award of the contract, prompt notice will be given of any notification received from the director, Office of Federal Activities EPA, indicating that a facility utilized or to be utilized for the contract is under consideration to be listed on the EPA list of Violating Facilities.

d. Agreement by the contractor that he will include or cause to be included the criteria and requirements in paragraphs (a) through (d) of this section in every nonexempt subcontract and requiring the contractor to take such action as the Government may direct as means of enforcing such provisions.

e. In no event will any amount of the assistance provided under this Agreement be utilized with respect to a facility that has given rise to a conviction under Section 113(c)(1) of the Clean Air Act or Section 309(c) of the Federal Water Pollution Control Act.

10.3 The Resource Conservation and Recovery Act. Agency will comply with the Resource Conservation and Recovery Act (**"RCRA"**), including, but not limited to, 42 U.S.C. § 6962, which requires preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by the Environmental Protection Agency (**"EPA"**) (40 C.F.R. parts 247 through 254).

10.4 The Toxic Substances Control Act. The Agency will comply with the Toxic Substances Control Act (**"TSCA"**), 15 U.S.C. § 2601 et seq.

10.5 The Federal Insecticide, Fungicide and Rodenticide Act. The Agency will comply with the Federal Insecticide, Fungicide and Rodenticide Act (**"FIFRA"**), 7 U.S.C. § 136 et seq.

10.6 Agency will comply with all other applicable federal and state environmental laws and regulations.

11. **Historic Preservation.** This Agreement is subject to the requirements of P.L. 89-665, the Archaeological and Historic Preservation Act of 1974 (P.L. 93-291), Executive Order 11593, and the procedures prescribed by the Advisory Council on Historic Preservation in 36 CFR Part 800. The City must take into account the effect of a project on any district, site, building, structure, or object listed in or found by the Secretary of the Interior, pursuant to 35 CFR Part 800, to be eligible for inclusion in the National Register of Historic Places, maintained by the National Park Service of the U. S. Department of the Interior, and must make every effort to eliminate or minimize any adverse effect on a historic property.

12. **Historic Barriers.** This Agreement is subject to the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151) and its regulations. Every building or facility (other than a privately owned residential structure) designed, constructed, or altered with CDBG funds must comply with requirements of the "American Standards Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped."

13. **Lead-Based Paint.** This Agreement is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821 et seq.), and Lead-Based Paint Regulations (24 CFR Part 35 and 24 CFR § 570.608 and/or 92.335), and related amendments thereto. The use of lead-based paint is prohibited whenever federal funds are used directly or indirectly for the construction, rehabilitation, or modernization of residential structures. All federally assisted residential structures and related property constructed prior to 1978, Homebuyer Programs, Tenant-Based Rental Assistance, and Special-Needs Housing (acquisition), will comply with existing and new Lead-Based Paint Hazard Reduction Requirements, effective September 15, 2000. As the Grantor or Participating Jurisdiction, the City of Glendale shall be consulted regarding the Agency/Grantee's compliance status.

14. **Property Disposition.** Real or personal property purchased in whole or in part with CDBG funds shall not be disposed through sale, use, or location without the written permission of the City. The

proceeds from the disposition of real property will be considered Program Income and subject to 24 CFR § 570.504(c).

15. **Lobbying.** Block Grant funds shall not be used for publicity or propaganda purposes designed to support or defeat legislation proposed by federal, state, or local governments.

16. **Acquisition/Relocation.** This Agreement is subject to providing a certification that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, implementing regulations at 49 CFR Part 24, and 24 CFR Part 511.14, which govern the acquisition of real property for the project and provision of relocation assistance to persons displaced as a direct result of acquisition, rehabilitation, or demolition for the project.

17. **Section 504.** The Agency agrees to comply with any federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against the handicapped in any federally assisted program.

18. **Federal Fire Prevention and Control Act of 1992.** The Fire Administration Authorization Act of 1992 added a new Section 31 to the Federal Fire Prevention and Control Act of 1974. This Section requires that approved smoke detectors be installed in all houses assisted under the Community Development Block Grant Program. To comply with this requirement and locally adopted codes Agency shall install smoke detectors in all sleeping areas and any hallway connecting these sleeping areas.

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF THE DEPUTY SECRETARY
WASHINGTON, DC 20410-0050

Special Attention of:

NOTICE: SD-2015-01
Issued: FEB 26 2015

HUD Regional Directors
HUD Field Office Directors
HUD Offices of Community Planning and Development (CPD),
Fair Housing and Equal Opportunity (FHEO),
Housing,
Native American Programs (ONAP),
Lead Hazard Control and Healthy Homes (OLHCHH),
Public and Indian Housing (PIH),
Policy Development and Research (PD&R)
HUD Grant Administrators, Grant Officers, Government Technical Monitors (GTMs), and Government Technical Representatives (GTRs) and Recipients of HUD Federal Financial Assistance

This notice remains effective until amended, superseded or rescinded

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SUBJECT: Transition to 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Guidance*

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1. BACKGROUND

On December 26, 2013, the Office of Management and Budget (OMB) published (at 78 Federal Register 78590; https://federalregister.gov/a/2013-30465) final guidance on the above subject, which is codified at 2 CFR part 200. OMB and the Federal awardmaking agencies published a joint interim final rule implementing the final guidance as requirements for recipients of Federal financial assistance on December 19, 2014 (at 79 Federal Register 75871; https://www.federalregister.gov/articles/2014/12/19/2014-28697/federal-awarding-agency-regulatory-implementation-of-office-of-management-and-budgets-uniform). OMB also made technical corrections to part 200.

The purpose of 2 CFR part 200 is to streamline the Federal government's guidance on administrative requirements, cost principles, and audit requirements to more effectively focus Federal resources on improving performance and outcomes, while ensuring the financial integrity of taxpayer dollars in partnership with non-Federal stakeholders. The uniform guidance supersedes, consolidates, and streamlines requirements from eight OMB Circulars:

- A-21, *Cost Principles for Educational Institutions*,
- A-87, *Cost Principles for State, Local and Indian Tribal Governments*,
- A-89, *Catalog of Federal Domestic Assistance*,
- A-102, *Grants and Cooperative Agreements With State and Local Governments*,
- A-110, *Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*,
- A-122, *Cost Principles for Non-Profit Organizations*,
- A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and
- The guidance in OMB Circular A-50, *Audit Followup,* on Single Audit Act follow-up.

HUD adopted this guidance at a new part, 2 CFR part 2400. The uniform guidance also removed: 2 CFR parts 215, 220, 225, and 230. HUD amended 24 CFR parts 84 and 85, which had codified OMB Circulars superseded by 2 CFR part 200, by removing all substantive provisions and including a saving provision that provides that Federal awards made prior to December 26, 2014, will continue to be governed by parts 84 or 85 as codified in the 2013 edition of the Code of Federal Regulations (CFR) or as provided under the terms of the Federal award.

Major Reforms and Policy Changes

The policy reforms brought about by OMB's consideration of public comments and efforts to streamline federal grant-making processes are identified as the following:

- Eliminate duplicative/conflicting guidance;
- Focus on performance over compliance for accountability;
- Encourage efficient use of information technology (IT)/shared services;
- Provide for consistent treatment of costs;
- Limit allowable costs for the best use of Federal resources;
- Incorporate standard business processes using data definitions;
- Strengthen oversight; and
- Target audit requirements on risk of waste, fraud, and abuse.

In addition to the consolidation of the OMB Circulars, major audit changes include the following:

- The Single Audit threshold is raised from $500,000 to $750,000, which eliminates the need for more than 5,000 audits, with a cost savings estimated at $250 million;
- The questioned cost limit in Single Audits is raised from $10,000 to $25,000;
- Assessment of government-wide audit quality is to be conducted every six years (beginning in 2018).

The uniform guidance, which provides a government-wide framework for grants management, is designed to reduce administrative burden for non-Federal entities receiving Federal awards.

2. EFFECTIVE DATE AND APPLICABILITY TO HUD

The uniform guidance was applicable for Federal agencies, including HUD, effective December 26, 2013. Federal agencies, including HUD, adopted 2 CFR part 200 as requirements for Federal financial assistance programs by the interim final rule published December 19, 2014. It was made applicable to non-Federal entities (recipients of Federal financial assistance) effective December 26, 2014, with one exception: §200.110(a) was revised to give a one-year grace period for implementation of the procurement standards. As will be detailed in the 2015 OMB Compliance Supplement, non-Federal entities choosing to delay implementation for the procurement standards will need to specify in their documented policies and procedures that they continue to comply with OMB Circulars A-87 or A–110 for one additional fiscal year which begins after December 26, 2014. For example, the first full fiscal year for a non-Federal entity with a June 30th year would be the year ending June 30, 2016. See also the General Transition Rules section of this Notice.

3. PURPOSE

The purpose of this Notice is to identify and explain significant changes made in 2 CFR part 200, and provide transition guidance and links to additional resource materials for HUD and its grant program stakeholders and other recipients of Federal financial assistance from HUD. This Notice is broken out by the six subparts in 2 CFR part 200:

- Subpart A – *Acronyms and Definitions*;
- Subpart B – *General Provisions*;
- Subpart C – *Pre-Federal Award Requirements and Contents of Federal Awards*;
- Subpart D – *Post-Federal Award Requirements*;
- Subpart E – *Cost Principles*; and
- Subpart F – *Audit Requirements*.

Appendix A of this Notice provides the table of contents for 2 CFR part 200. HUD highly recommends that recipients familiarize themselves with 2 CFR part 200 in its entirety. This Notice is intended to highlight major changes and topical areas that may apply across all HUD programs or be of general interest.

4. SUBPART A – ACRONYMS AND DEFINITIONS: HIGHLIGHTS

Subpart A of 2 CFR part 200 lists definitions and acronyms for key terms found throughout the uniform guidance. Each definition is in its own section so that the reader can look at the table of contents to see defined terms. Since the uniform guidance originated in eight different Circulars, there are numerous conforming changes made to provide consistency for the terms used. In particular, part 200 uses "non-Federal entity" and "pass-through entity." "Non-Federal entity" means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient. "Pass-through entity" means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

Policy decisions are reflected in some definitions, including: §200.18, *Cognizant agency for audit*, §200.23, *Contractor*, §200.33, *Equipment*, §200.73, *Oversight agency for audit*, and §200.94, *Supplies*. Section 13.b of this Notice provides a link to a crosswalk developed by OMB from the existing OMB Circulars to the final uniform guidance in 2 CFR part 200.

Definition of Indian Tribe: The definition of Indian tribe in §200.54 differs from the definition in the Native American Housing Assistance and Self-Determination Act (NAHASDA) (25 U.S.C. 4013, et seq.). The definition of Indian tribe in §200.54 has no effect on programs with statutory definitions of "Indian tribe."

5. SUBPART B – GENERAL PROVISIONS: HIGHLIGHTS

Subpart B covers general provisions, including the basic purpose of 2 CFR part 200 and its applicability to different types of Federal awards to non-Federal entities, and states that

Federal agencies, including HUD, may apply subparts A-E to for-profit entities. Exceptions to the applicability of the rule are listed in 2 CFR 200.101(d) and (e) and 2 CFR 200.102. This subpart makes clear that part 200 does not supersede any existing or future authority under law or by executive order or the Federal Acquisition Regulation (FAR). As an example, for public housing, the disposition statute at Section 18 of the U.S. Housing Act of 1937 (42 U.S.C. 1437p) supersedes the disposition instructions in §200.311(c). Subpart B also covers Authorities, Effect on other issuances, Agency implementation, OMB responsibilities, Inquiries, Effective date, English language, Conflict of interest, and Mandatory disclosures. Highlights are discussed below.

Applicability: Section 200.101 includes a table that summarizes how the guidance applies to types of Federal awards. This table must be read along with the other provisions of section 200.101:

The following portions of Part 200:	Are applicable to the following types of Federal Awards (except as noted in paragraphs (d) and (e) of section 200.101):	Are NOT applicable to the following types of Federal Awards:
Subpart A—Acronyms and Definitions.	—All.	
Subpart B—General Provisions, except for §§200.111 English Language, 200.112 Conflict of Interest, 200.113.Mandatory disclosures	—All.	
§§ 200.111 English Language, 200.112 Conflict of Interest, and 200.113. Mandatory Disclosures	—Grant agreements and cooperative agreements.	—Agreements for: loans, loan guarantees, interest subsidies, and insurance. —Cost-reimbursement contracts awarded under the Federal Acquisition Regulation and cost-reimbursement subcontracts under these contracts. —Fixed-price contracts and subcontracts awarded under the Federal Acquisition Regulation whenever cost analysis is performed or the contract requires the determination or negotiation of costs.
Subparts C–D, except for Subrecipient Monitoring and Management.	—Grant agreements and cooperative agreements	—Agreements for: loans, loan guarantees, interest subsidies, and insurance. —Cost-reimbursement contracts awarded under the Federal Acquisition Regulation and cost-reimbursement subcontracts under these contracts. —Fixed-price contracts and subcontracts awarded under the Federal Acquisition Regulation whenever cost analysis is performed or the contract requires the determination or negotiation of costs.
Subpart D—Post Federal Award Requirements, Subrecipient Monitoring and Management.	—All.	
Subpart E—Cost Principles.	—Grant agreements and cooperative agreements, except those providing food commodities. —Cost-reimbursement contracts awarded under the Federal Acquisition Regulation and cost-reimbursement subcontracts under these contracts in accordance with the FAR. —Fixed price contracts and subcontracts awarded under the Federal Acquisition Regulation whenever cost analysis is performed or the contract requires the determination or negotiation of costs.	—Grant agreements and cooperative agreements providing food commodities. —Fixed amount awards. —Agreements for: loans, loan guarantees, interest subsidies, insurance. —Federal awards to hospitals (see Appendix IX to Part 200—Hospital Cost Principles).
Subpart F—Audit Requirements.	—All.	

Exceptions:

- Section 200.102(a) allows OMB to make exceptions to 2 CFR part 200 for certain classes of Federal awards or for certain non-Federal entities, but only in unusual circumstances and if such exceptions are not prohibited by law. Where the provisions of Federal statutes or regulations differ from the provisions of part 200, the provisions of the Federal statutes or regulations take precedence.
- Section 200.102(b) allows HUD to make certain exceptions on a case-by-case basis except where otherwise required by law or where OMB or other approval is expressly required by 2 CFR part 200. Under §200.102(c), HUD may apply more restrictive requirements to a class of Federal awards or non-Federal entities when approved by OMB or required by Federal statutes or regulations. HUD may also apply less restrictive requirements when making fixed amount awards as defined in Subpart A, §200.45.
- Exemptions from Subpart F, Audit Requirements, are not permitted under any circumstances.

English Language: Section 200.111 makes clear that all HUD financial assistance announcements, HUD award information (e.g., Notices of Funding Availability), and applications must be in the English language. Non-Federal entities may translate the Federal award and other documents into another language, however, in the event of any inconsistency, the English language meaning would control. Where a significant portion of the non-Federal entity's employees working on the award are not fluent in English, the non-Federal entity must provide the HUD award in English and the language(s) with which the employees are more familiar.

Conflict of Interest: Section 200.112 requires HUD to establish conflict of interest policies for Federal awards and requires non-Federal entities to disclose in writing any potential conflict of interest to HUD or the pass-through entity in accordance with HUD's policy. The general procurement standards in §200.318 require non-Federal entities to maintain written standards of conduct covering conflicts of interest, including organizational conflicts of interest. "Organizational conflicts of interest" means that, because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

6. SUBPART C – PRE-FEDERAL AWARD REQUIREMENTS AND CONTENTS OF FEDERAL AWARDS: HIGHLIGHTS

Subpart C prescribes the instructions and other pre-award information to be used in the funding announcement and application process.

Selecting the Instrument for Award: Section 200.201 requires the Federal awarding agency or pass-through entity to decide on the appropriate instrument for the Federal award (i.e., grant agreement, cooperative agreement, or Federal contract under the Federal Acquisition Regulation) in accordance with the Federal Grant and Cooperative Agreement Act (31 U.S.C. 6301-08). The program statute or pass-through entity may have another name for

the document (e.g., annual contributions contract), but the choice is limited to these three instruments, in accordance with the Federal Grant and Cooperative Agreement Act.

Fixed Amount Awards: Section 200.201(b) allows for "fixed amount" awards under which the amount is negotiated using the cost principles (or other pricing information) as a guide. Fixed amount awards generally may be used if the project scope is specific and if adequate cost, historical, or unit pricing data are available to establish a fixed amount award based on a reasonable estimate of actual cost. Accountability is based on performance. There is no governmental review of the actual costs incurred by the non-Federal entity in performance of the award. Payments may be based on milestones, on a unit price basis, or in a single payment upon completion of the Federal award. The non-Federal entity is required to provide a certification regarding completion. Periodic reports may be required.

Funding Announcements and Award Agreements: Sections 200.202, 200.203, 200.210, and Appendix I require funding opportunities to be available for at least 60 days and impose standard requirements on HUD's notices of funding opportunities, on application requirements, and Federal award requirements. HUD will include with each Federal award any program-specific or other terms and conditions, and will share both the general and the program-specific or other requirements on a public website and in Notices of Funding Availability (NOFAs).

Risk-Based Awards: Sections 200.204 and 200.205 require Federal agencies to design and execute a merit review process for competitive applications using a risk-based approach that relies, in part, on HUD review of OMB-designated repositories of government-wide eligibility qualification or financial integrity information (such as the Federal Awardee Performance and Integrity Information System (FAPIIS), "Do Not Pay" lists, etc.)[1]. This assessment can include, for example:

- financial stability,
- the quality of management systems and ability to meet the management standards in 2 CFR part 200,
- history of performance,
- reports and findings from audits, and
- the applicant's ability to effectively implement statutory, regulatory, or other requirements, and debarment and suspension guidelines.

HUD must also comply with the debarment and suspension guidelines in 2 CFR part 180.

[1] FAPIIS is a database that has been established to track contractor misconduct and performance. The database contains Federal contractor criminal, civil, and administrative proceedings in connection with federal awards; suspensions and debarments; administrative agreements issued in lieu of suspension or debarment; non-responsibility determinations; contracts terminated for fault; defective pricing determinations; and past performance evaluations (see: https://www.fapiis.gov/fapiis/index.jsp). The "Do Not Pay" Business Center was developed for programs administered and/or funded by the Federal government to help prevent, reduce and stop improper payments while protecting citizens' privacy, and partner with agencies to identify potential fraud, waste, and abuse while protecting citizens' privacy (see: http://donotpay.treas.gov/index.htm).

Section 200.207 authorizes Federal agencies and pass-through entities to impose additional specific award conditions on applicants or recipients who have a history of failure to comply with terms and conditions, or failure to meet performance goals, or are not otherwise responsible. The conditions include requiring reimbursements rather than advance payments, requiring additional, more detailed reports, additional monitoring, etc. If such additional requirements are imposed, HUD or the pass-through entity must notify the applicant or non-Federal entity as to the nature of, and reasons for, the requirements, actions needed, and timeframe, if applicable. Special conditions must be promptly removed once the causal conditions have been corrected.

7. SUBPART D – POST-FEDERAL AWARD REQUIREMENTS: HIGHLIGHTS

Subpart D describes the requirements standards for managing and administering HUD awards. It includes standards for financial and program management, property and procurement standards, performance and financial monitoring and reporting, subrecipient monitoring and management, record retention and access, remedies for noncompliance, the provisions of the Federal Funding and Accountability Transparency Act (FFATA)[2] and closeout. NOTE: There will be exceptions to the items listed below and they will be published by regulation. See also Section 5 of this Notice.

Performance Measurement: Section 200.301 requires, as appropriate and in accordance with OMB information collection requirements, recipients to relate financial data to performance accomplishments of the Federal award and provide cost information to demonstrate cost effective practices (e.g., through unit cost data). This is in line with the shift in 2 CFR part 200 from compliance to performance. It also requires Federal agencies to use only OMB-approved forms for performance reports. Non-Federal entities must comply with FFATA. A recipient's performance should be measured in a way that will help HUD and other non-Federal entities improve program outcomes, share lessons learned, and spread the adoption of promising practices.

Internal Controls and Protected Personally Identifiable Information: Section 200.303 sets forth requirements for internal controls. This section reflects requirements that were previously in the A-133 audit requirements. It also addresses the non-Federal entity's responsibilities to take reasonable measures to safeguard protected personally identifiable information and other information designated as sensitive by the Federal awarding agency or the pass-through entity, consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

Payment: Section 200.305 describes cash management requirements applicable to states and other non-Federal entities to minimize the time elapsed between agencies' advance

[2] FFATA, signed September 26, 2006, requires information on Federal awards (Federal financial assistance and expenditures) to be made available to the public via a single, searchable website, which is www.USASpending.gov. The intent is to empower every American with the ability to hold the government accountable for each spending decision. The end result is to reduce wasteful spending in the government. Amendments to FFATA have expanded its scope. See also https://www.fsrs.gov/.

payments of funds to the non-Federal entity and the entity's disbursement of funds for direct program or project costs.

Interest Earned on Federal Advances: Section 200.305(b)(8) requires non-Federal entities to maintain advance Federal payments in interest-bearing accounts (with some exceptions). Interest amounts up to $500 per year may be retained by the non-Federal entity for administrative expenses. Under §200.303(b)(9), interest earned in excess of $500 must be remitted annually to the Department of Health and Human Services' Payment Management System (either electronically through the system, or by check to the Department of Health and Human Services to the Treasury-approved lockbox: HHS Program Support Center, P.O. Box 530231, Atlanta, GA 30353-0231).

Program Income: Section 200.307 generally encourages recipients to earn income to offset program costs. This section has several provisions that include, but are not limited to, the following:

- Proceeds from the sale of property or equipment are not program income; such proceeds will be handled in accordance with the requirements of §200.311, *Real property*, and §200.313, *Equipment*, or as specifically identified in Federal statutes, regulations, or the terms and conditions of the Federal award.
- If the Federal awarding agency does not specify in its regulations or the terms and conditions of its award, or give prior approval for how program income is to be used, then, ordinarily, program income must be deducted from total allowable costs to determine the net costs. Program income must be used for current costs unless HUD authorizes otherwise. Program income that the recipient did not anticipate at time of the Federal award must be used to reduce the award rather than to increase the funds committed to the project.

Revision of Budget and Program Plans: Section 200.308 requires, among other things, recipients to obtain Federal agency approvals for budget and program or project scope revisions.

Property Standards: Sections 200.310-200.316 set forth standards for real property, equipment, supplies, and intangible property. The regulations cover title, insurance, property trust relationships, and disposition. When real property is no longer needed for the originally authorized purpose, the non-Federal entity must obtain disposition instructions from HUD that provides for: 1) retention of title after compensation to HUD, 2) sale of the property and compensation to HUD, or 3) transfer of title to HUD or a third party approved or designated by HUD.

Procurement: §§200.317- 200.326 cover procurement standards. The standards are generally consistent with the requirements in 24 CFR part 85 for all non-Federal entities. For governmental recipients, the regulations have not substantially changed.

- The regulations require non-Federal entities to maintain written standards of conduct covering conflicts of interest, including organizational conflicts of interest, and governing the performance of their employees engaged in the selection, award and administration of contracts. "Organizational conflicts of interest" means that,

because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization (§200.318(c)(2)).

- The non-Federal entity's procurement procedures must be designed to avoid acquisition of unnecessary or duplicative items and the non-Federal entity is encouraged to enter into intergovernmental or inter-entity agreements to procure or use common goods and services (§200.318(d) and (e)).
- Non-Federal entities, in conducting procurements, must conduct them in a manner providing full and open competition and are prohibited from using state or local geographical preferences in evaluating bids or proposals (except where applicable Federal statutes expressly mandate or encourage geographical preferences, such as HUD's Section 3 requirements in 24 CFR part 135) (§200.319).
- Methods of procurement now include a micro-purchase option, which is the acquisition of supplies or services that do not exceed $3,000 (or $2,000 for acquisitions for construction subject to the Davis-Bacon Act) (§200.320(a)).
- "Supplies" includes computing devices if the acquisition cost was less than the lesser of the capitalization level established by a non-Federal entity for financial statement purposes or $5,000, regardless of the length of their useful life (§200.94).
- The Simplified Acquisition Threshold for small purchase procedures, which are those relatively simple and informal procurement methods for securing services, supplies or other property, is now $150,000. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. The Simplified Acquisition Threshold is set by the Federal Acquisition Regulation (FAR) at 48 CFR Subpart 2.1 and will be periodically adjusted for inflation (§200.88 and §200.320(b)).
- The non-Federal entity's contracts must contain certain provisions which are included in Appendix II of 2 CFR part 200 (§200.326).
- Non-Federal entities have one full fiscal year after the effective date to comply with the revised procurements standards (see *Implementation Dates* in the December 19, 2014, Federal Register at https://www.federalregister.gov/articles/2014/12/19/2014-28697/federal-awarding-agency-regulatory-implementation-of-office-of-management-and-budgets-uniform).

Bonding Requirements: Section 200.325 permits the Federal agency to accept the recipient's bonding policy and requirements if the Federal agency has determined that the Federal interest is adequately protected, and if not, the minimum requirements (abbreviated) are as follows:

- A bid guarantee equal to five percent of the bid price.
- A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
- A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment

as required by law of all persons supplying labor and materials in the execution of the work provided for in the contract.

Performance and Financial Monitoring and Reporting: Sections 200.327-328 address the frequency, standards, and OMB approval requirements for agency collection of recipient performance and financial data and monitoring of recipient performance.

Real Property Reporting: Section 200.329 requires annual reporting on real property for which there is a Federal interest, but permits an option for various and less stringent multi-year reporting periods where the Federal interest extends beyond 15 years.

Subrecipient or Contractor: Section 200.330 provides guidance for determining whether an entity is a subrecipient or contractor, in order to apply the appropriate oversight of the Federal funds.

Requirements for Pass-Through Entities: Section 200.331 requires pass-through entities to comply with certain requirements in order to meet their own responsibility to the Federal awarding agency. Many of these requirements were in OMB Circular A-133. Pass-through entities are required to identify certain, clearly identified subaward information. This includes an indirect cost rate if the subrecipient has indirect costs. Pass-through entities must consider risks associated with subawards. The evaluation of a subrecipient's risk of noncompliance with Federal statutes and regulations is used to determine the appropriate level of subrecipient monitoring. Specific subrecipient monitoring tools are outlined, giving pass-through entities flexibility to adjust their oversight framework based on that consideration of risk.

Record Retention: Section 200.333 continues the existing record retention period of generally three years, with some exceptions and caveats. Federal agencies and non-Federal entities should, whenever practicable, collect, transmit and store Federal award-related information in machine-readable formats instead of closed formats or on paper.

Remedies for Noncompliance: Sections 200.338-200.342 cover remedies for noncompliance, including termination and notices of termination. Section 200.338 permits conditions to be imposed on the award if the non-Federal entity fails to comply with the requirements of the award. Previously, only pre-award conditions were authorized.

Closeout: Section 200.343 describes specific closeout actions that are required for all Federal awards at the end of the period of performance and should be completed no later than one year after receipt and acceptance of all required final reports. The non-Federal entity must submit all required final reports within 90 days after the end of the period of performance. The period of performance, defined at §200.77, means from the start to the end dates in the Federal award.

Post-closeout Adjustments and Continuing Responsibilities: Section 200.344 limits the period during which any post-closeout adjustments can be made. The Federal awarding agency or pass-through entity must make any cost disallowance determination and notify

the non-Federal entity within the record retention period. However, amounts due can be collected after this period.

8. SUBPART E – COST PRINCIPLES: HIGHLIGHTS

Subpart E covers the principles that must be used in determining the allowable costs of work performed by a non-Federal entity under a Federal award and in the pricing of fixed-price contracts and subcontracts where costs are used in determining the appropriate prices. It covers exemptions (§200.401(c)) and basic considerations (§§200.402-200.411). The application of the cost principles should require no significant changes in the internal accounting policies and practices of non-Federal entities. The Basic Considerations for costs are largely unchanged. Changes have been made to some select items of cost.

Profit: Section 200.400(g) states that non-Federal entities may not earn or keep any profit resulting from the Federal financial assistance (unless explicitly authorized by the terms and conditions of the Federal award). This is not new.

Prior Approval: In recognition of the difficulty in determining the reasonableness and allocability of certain items of cost, non-Federal entities may seek the prior written approval of the cognizant agency for indirect costs or the Federal awarding agency in advance of incurring unusual or special costs. Prior approval is specifically required for allowability under certain circumstances as described in §200.407.

Direct Costs: Direct costs are covered in §200.413. This section is largely unchanged from previous OMB cost principles.

- Direct costs are identified specifically with the Federal award or can be easily and accurately assigned to activities of the award. Typical direct costs include employee compensation, fringe benefits, materials and other items attributable to the award.
- If directly related to a specific award, certain costs that would otherwise be included with an indirect cost rate can be direct charged, such as extraordinary utility consumption, cost of materials supplied from stock or services from specialized facilities or other institutional service operations.

Indirect Costs: Indirect costs are addressed in §200.414. This section is largely unchanged from previous OMB cost principles.

- Negotiated indirect cost rates must be accepted by all Federal awarding agencies unless certain conditions are met. A Federal awarding agency must implement and make publicly available (e.g., via the Federal Register) the policies, procedures, and general decision-making criteria the programs would follow in seeking and justifying deviations from negotiated rates.
- Pass-through entities must accept a federally recognized indirect cost rate between a subrecipient and the Federal government or, if no such rate exists, either negotiate a rate between the entity and the subrecipient or establish a de minimis indirect cost rate (see also §200.331(a)(4)).

- If a non-Federal entity has never received a negotiated indirect cost rate, it may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) as defined in §200.68, which may be used indefinitely (§200.414(f)). (Exceptions for some non-Federal entities are listed in Appendix VII, paragraph (d)(1)(B).)
- Non-Federal entities that are able to allocate and charge 100% of their costs directly may continue to do so. Charging the Federal award for indirect costs is never mandatory; a non-Federal entity may conclude that the amount it would recover thereby would be immaterial and not worth the effort needed to obtain it.
- Non-Federal entities that have a federally negotiated indirect cost rate may apply for a one-time extension of the current rate for a period up to four years, subject to the review and approval of the cognizant agency for indirect costs. At the end of the four-year extension period, the non-Federal entity must negotiate a rate. This rate may be extended.

Certifications: Section 200.415 addresses certifications, which are required to be submitted with annual and final fiscal reports, vouchers for payment, and proposals to establish a cost allocation plan or indirect cost rate. Specific language is included acknowledging the statutory consequences of false certifications.

Special Considerations: Special considerations for states, local governments, and Indian tribes for identification and assignment of central service costs are included in §§200.416 and 200.417. Special considerations for institutions of higher education are covered in §§200.418 and 200.419.

General Provisions for Selected Items of Cost: General provisions for 56 selected items of cost are covered in §§200.420-200.475; this section uses language from three Circulars, A-21 (2 CFR part 220), A-87 (2 CFR part 225), and A-122 (2 CFR part 230). These principles apply whether a particular item is properly treated as either a direct or indirect cost. These selected items include two additions (§200.428, *Collections of Improper Payments*, and §200.440, *Exchange Rates*), some changed provisions (including the deletion of *Communications*, which OMB thought could be addressed through "Basic Considerations," §§200.402 – 200.411), and some clarifications.

- Audit Services: Any costs when audits required by the Single Audit Act have not been conducted or costs of auditing grantees or recipients that are not required to have a single audit are not allowable (§200.425). This provision was in OMB Circular A-133.
- Collections of Improper Payments: Costs of recipients to recover improper payments may be charged as direct or indirect, and may be used in accordance with cash management standards described in §200.305 (§200.428).
- Compensation – Personal Services: §200.430 requires non-Federal entities to maintain a strong system of internal controls over their records to justify costs of salaries and wages and provides additional flexibility in the processes they use to meet these standards.
- Conferences: Allowable conference costs paid by non-Federal entities must be necessary and reasonable for successful performance under the award and may include facilities rentals, speakers' fees, costs of meals and refreshments, local

transportation, and other incidental items, unless further restricted by the terms and conditions of the Federal award (§200.432).

- Contingency Provisions: Contingency definitions, allowances, and disallowances are set forth in §200.433.
- Fines, Penalties, Damages, and Other Settlements: Costs resulting from a recipient's violations of, alleged violations of, or failure to follow Federal, State, local, tribal, or foreign laws or regulations are unallowable (§200.441).
- Lobbying: The cost to influence activities associated with obtaining grants, contracts, cooperative agreements or loans is unallowable (§200.450).
- Organization Costs: Costs for items such as incorporation fees, attorneys, or accountants in connection with establishment or reorganization of an entity are unallowable except with prior approval of the Federal awarding agency (§200.455).
- Pre-award Costs: Are only allowable to the extent that they would have been approved if incurred after the date of the Federal award and only with prior approval of the Federal awarding agency (§200.458).

9. SUBPART F – AUDIT REQUIREMENTS: HIGHLIGHTS

Subpart F sets forth the standards for audits of non-Federal entities expending Federal awards.

Increased Audit Threshold: One of the significant changes is the raised threshold which requires a non-Federal entity to have a single or program-specific audit conducted for any year in which the non-Federal entity expends $750,000 or more (up from $500,000) (§200.501(a)).

Making Audits Publicly Available: Auditees must make copies of their audit available for public inspection, ensuring that protected personally identifiable information is not included. Audit reports must be submitted to the Federal Audit Clearinghouse (FAC) and all Federal agencies, pass-through entities, and others interested in an audit report must obtain it from the FAC. Indian tribes may opt out of authorizing the FAC to publish the reporting package on the Web, but are then responsible for providing the reporting package directly to any affected pass-through entities and also making it available for public inspection (§200.512(b)(2)).

Federal Agency Responsibilities: §200.513 requires Federal agencies, including HUD, to:

- Appoint a Single Audit Accountable Official (SAAO) and a Single Audit Liaison;
- Participate in a government-wide project to determine the quality of single audits;
- Use cooperative audit resolution mechanisms to improve Federal program outcomes through better audit resolution follow-up and corrective action; and
- Develop a baseline, metrics, and targets to track, over time, the effectiveness of the Federal agency's process to follow up on audit findings and the effectiveness of Single Audits in improving non-Federal agency accountability and their use in making award decisions.

Audits and GAGAS: Audits must be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) (§200.514(a)).

Higher Threshold for Known Questioned Costs: The threshold for known questioned costs has been increased to $25,000 from $10,000. As before, in evaluating the effect of questioned costs on its opinion on compliance, the auditor must consider the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The higher threshold amount is also used in several related aspects of auditing (§200.516(a).

Major Program Determinations and Low-Risk Auditees: Changes have been made to the auditor's risk-based approach for determining which Federal programs are major programs (§200.518). Auditees that meet the criteria for a low-risk auditee are eligible for reduced audit coverage (§200.520).

Transition Guidance: To ensure the uniform application of the requirements of Subpart F for all Federal programs, the requirements will be effective for audits of fiscal years starting December 26, 2014, or later. These revised audit requirements are not applicable to fiscal years beginning before that date.

10. 2 CFR PART 200 APPENDICES: A BRIEF DESCRIPTION

2 CFR part 200 contains 11 Appendices, briefly described here:

- Appendix I: This Appendix provides the full text of the notice of funding opportunities as required by §200.203, along with application and submission information, application review information, Federal award administration information, and Federal awarding agency contact(s) requirements.

- Appendix II: This Appendix contains required contract provisions for all contracts made by a non-Federal entity under a Federal award. The description of each provision should be sufficient for a non-Federal entity to determine if the provision needs to be included in a specific contract.

- Appendix III: This Appendix provides criteria for identifying and computing indirect cost rates at institutions of higher education (IHEs).

- Appendix IV: This Appendix provides guidance for identifying and assigning indirect costs and making rate determinations for nonprofit organizations.

- Appendix V: This Appendix provides guidance on a process for state and local governments to identify and assign central service costs to benefitted activities on a reasonable and consistent basis.

- Appendix VI: This Appendix extends requirements by the Department of Health and Human Services (HHS) on developing, documenting, submitting, negotiating, and approving public assistance cost allocation plans to all Federal agencies whose

programs are administered by a state public assistance agency. (Most such programs are funded by HHS; few, if any, are funded by HUD.)

- Appendix VII: This Appendix provides guidance to state and local governments and Indian tribes on developing, submitting and documenting indirect cost rate proposals.
- Appendix VIII: This Appendix lists those nonprofit organizations that are exempted from the requirements of Subpart E, *Cost Principles*.
- Appendix IX: This Appendix makes clear that existing principles at 45 CFR Part 74 Appendix E, *Principles for Determining Cost Applicable to Research and Development under Grants and Contracts with Hospitals*, remains in effect until OMB implements revised guidance for hospitals.
- Appendix X: This Appendix states that the Data Collection Form SF-SAC for Single Audits is available on the Federal Audit Clearinghouse (FAC) website. The FAC website address http://harvester.census.gov/sac/, given in §200.36, *Federal Audit Clearinghouse (FAC)*, for accessing the FAC, was valid as of the issuance of this Notice.
- Appendix XI: This Appendix states that the audit compliance supplement for Single Audits cited by §200.21, *Compliance supplement*, is available on OMB's website, and provides an address (http://www.whitehouse.gov/omb/circulars) that was valid for accessing the supplement as of the issuance of this Notice.

11. GENERAL TRANSITION RULES

HUD's regulations adopting the requirements of 2 CFR part 200 for HUD programs were published in the Federal Register on December 19, 2014 (https://www.federalregister.gov/articles/2014/12/19/2014-28697/federal-awarding-agency-regulatory-implementation-of-office-of-management-and-budgets-uniform). Questions have been raised about the applicability of these requirements. The following applies:

- Federal awards made before December 26, 2014, will continue to be governed by the terms and conditions of the Federal award. The grant agreements for some HUD programs (e.g., Community Development Block Grant, HOME Investment Partnerships, Emergency Solutions Grants, Indian Housing Block Grants, Native Hawaiian Block Grants, Indian Community Development Block Grants) incorporate the regulations "as now in effect and as may be amended from time to time" and, therefore, 2 CFR part 200 will be applicable to these grants.
- New Federal awards made on or after December 26, 2014, are governed by 2 CFR part 200, including formula awards.

- For Federal agencies that consider incremental funding action on previously made awards to be opportunities to change award terms and conditions, 2 CFR part 200 applies to the first funding increment issued on or after December 26, 2014, and any subsequent funding increment. Awards made before then that have been modified on or after that date in ways that do not increase the funding amount (such as a no-cost extension, or more frequent reporting) will continue to be governed by the terms and conditions of the Federal award. As a result, 2 CFR part 200 will not apply to such awards unless there is another requirement that makes that part apply to them.
- For Federal agency incremental funding actions that are subject to 2 CFR part 200, non-Federal entities are not obligated to segregate or otherwise track old funds and new funds but may do so at their discretion. For example, a non-Federal entity may track the old funds and continue to apply the Federal award flexibilities to the funding awarded under the old rules (e.g., local ability to issue fixed price subawards, non-Federal entity determination of the need to incur administrative and clerical salaries based on major project classification).
- For Federal awards made with modified award terms and conditions at the time of incremental funding actions, Federal awarding agencies may apply 2 CFR part 200 to the entire Federal award that is uncommitted or unobligated as of the Federal award date of the first increment received on or after December 26, 2014.
- Existing negotiated indirect cost rates will remain in place until they are due to be re-negotiated. HUD and indirect cost negotiating agencies will use 2 CFR part 200, both in generating proposals and negotiating new rates (when the rate is due to be re-negotiated) for non-Federal entities' fiscal years that start on or after December 26, 2014.
- The effective date of 2 CFR part 200 for subawards is the same as the effective date of 2 CFR part 200 for the Federal award from which the subaward is made. The requirements for a subaward, no matter when made, flow from the requirements of the original Federal award from the Federal awarding agency.
- Subpart F, Audit requirements, applies to audits of non-Federal entity fiscal years beginning on or after December 26, 2014. The revised audit requirements are not applicable to fiscal years beginning before that date.

OMB provided additional guidance on the effective dates in its Frequently Asked Questions updated November 2014:

Q.110-13 (Previously Q II-2) Effective Dates and Federal Awards Made Previously

Will this apply only to awards made after the effective date, or does it apply to awards made earlier?

•Once the Uniform Guidance goes into effect for non-Federal entities, it will apply to Federal awards or funding increments after that date, in cases where the Federal agency considers funding increments to be an opportunity to modify the terms and conditions

of the Federal award. It will not retroactively change the terms and conditions for funds a non-Federal entity has already received.

•We would anticipate that for many of the changes, non-Federal entities with both old and new awards may make changes to their entity-wide policies (for example to payroll or procurement systems). Practically speaking, these changes would impact their existing/older awards. Non-Federal entities wishing to implement entity-wide system changes to comply with the Uniform Guidance after the effective date of December 26, 2014 will not be penalized for doing so.

12. CONFORMING PROGRAM REGULATIONS AND GUIDANCE

HUD will publish conforming rule changes for its programs and will provide notification of these changes when they are made. These changes will update the program regulations to revise the sections that refer to the OMB Circulars and HUD regulations in 24 CFR parts 84 and 85, as well as to reflect the provisions of 2 CFR part 200 that are not applicable because they are inconsistent with a program statute or because OMB has given an exception to specific requirements.

HUD recognizes that there may be uncertainty pending publication of the conforming program regulations. The provisions of 2 CFR part 200 apply, consistent with the exceptions given to the HUD program for requirements which are detailed in the 2013 edition of the Code of Federal Regulations in 2 CFR parts 215, 220, 225, and 230, 24 CFR parts 84 and 85, and OMB Circulars. HUD will notify recipients through program regulations, grants or cooperative agreements, or other guidance, which subparts are applicable to specific programs.[3]

13. ADDITIONAL RESOURCE MATERIALS

Grant recipients are strongly encouraged to review this information to obtain a better understanding of the uniform guidance and its implications for their Federal awards. The Council on Financial Assistance Reform (COFAR) has provided additional tools to assist in the transition including:

a. Frequently Asked Questions for New Uniform Guidance at 2 CFR 200: The FAQ For 2 CFR 200 (https://cfo.gov/wp-content/uploads/2014/11/2014-11-26-Frequently-Asked-Questions.pdf).

b. Uniform Guidance Crosswalk from Existing Guidance to Final Guidance: http://www.whitehouse.gov/sites/default/files/omb/fedreg/2013/uniform-guidance-crosswalk-from-predominate-source-in-existing-guidance.pdf.

[3] Separate guidance will be issued as necessary to identity and clarify whether all provisions of part 200 apply to the Section 8 project-based and tenant-based programs, particularly with respect to financial management concerns and alternative requirements. This guidance will be based, in part, on the treatment of this assistance in CMS Contract Management Services et al v. Massachusetts Housing Finance Agency v. United States for which the Solicitor General has sought certiorari from the Supreme Court (745 F.3d 1379 (Fed. Cir. 2014)).

c. COFAR Webcast Trainings & Slides:

i. Uniform Guidance 1-27-14 Training Webcast
COFAR Training Intro 1-27-14
http://youtu.be/SOET4b-7my8

ii. COFAR Training Administrative Requirements 1-27-14
http://youtu.be/BP3l3PjI1JQ
Link to the Training Webcast Presentation Slides
COFAR Training Administrative Requirements 1-27-14 Slides
https://cfo.gov/wp-content/uploads/2014/01/COFAR-Uniform-Guidance-Training-Administrative-Requirements-Public.pptx

iii. COFAR Training Cost Principles 1-27-14
http://youtu.be/q0rWXdy2ICM
Link to the Training Webcast Presentation Slides
COFAR Training Cost Principles 1-27-14 Slides
https://cfo.gov/wp-content/uploads/2014/01/COFAR-Uniform-Guidance-Training-Cost-Principles-Public.pptx

iv. COFAR Training Audit Requirements 1-27-14
http://youtu.be/g-U8HGbbC-Y
Link to the Training Webcast Presentation Slides
COFAR Training Audit Requirements 1-27-14 Slides
https://cfo.gov/wp-content/uploads/2014/01/COFAR-Uniform-Guidance-Audit-Requirements-Public.pptx

v. Uniform Guidance Implementation: A Conversation Presented by the Council on Financial Assistance Reform; October 2, 2014
https://www.youtube.com/channel/UCL7wVVxWl4pRHL6cHgj0vVQ/videos

14. UPCOMING TRAINING AND ADDITIONAL GUIDANCE

Additional upcoming training and/or guidance by COFAR will be publicized on its website; recipients of Federal financial assistance, and their subrecipients and contractors, are encouraged to periodically check https://cfo.gov/cofar/. HUD is also planning program-specific guidance and additional training, including an on-line financial management curriculum that integrates and highlights the requirements of 2 CFR part 200, and will provide notification of such when developed. In addition, we have established an internal Frequently Asked Questions (FAQ) Outlook mailbox in the Grants Management and Oversight Division of the Office of Strategic Planning and Management to which HUD employees may address implementation questions. Questions can be sent to the email address: **2 CFR 200 Administrative Requirements@hud.gov.**

15. CONTACTS FOR QUESTIONS

Questions from grant recipients, subrecipients and contractors should be directed to their HUD Headquarters or Field Office contacts, Government Technical Representatives (GTRs) or Government Technical Monitors (GTMs).

For HUD Headquarters and field office staff, operational questions should be directed to the Office of Strategic Planning and Management's Grants Management and Oversight Division at (202) 402-3964 (this is not a toll-free number), or Loyd.LaMois@hud.gov, and policy questions should be directed to the Office of the Chief Financial Officer's Financial Policy & Procedures Division at (202) 402-2277 or Scott.Moore@hud.gov. Persons with hearing or speech impairments may access the number above through TTY by calling the toll-free Federal Relay Services at (800) 877-8339.

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200.456 Participant support costs.
200.457 Plant and security costs.
200.458 Pre-award costs.
200.459 Professional service costs.
200.460 Proposal costs.
200.461 Publication and printing costs.
200.462 Rearrangement and reconversion costs.
200.463 Recruiting costs.
200.464 Relocation costs of employees.
200.465 Rental costs of real property and equipment.
200.466 Scholarships and student aid costs.
200.467 Selling and marketing costs.
200.468 Specialized service facilities.
200.469 Student activity costs.
200.470 Taxes (including Value Added Tax).
200.471 Termination costs.
200.472 Training and education costs.
200.473 Transportation costs.

200.474 Travel costs.
200.475 Trustees.

Subpart F—Audit Requirements

General
200.500 Purpose.

Audits
200.501 Audit requirements.
200.502 Basis for determining Federal awards expended.
200.503 Relation to other audit requirements.
200.504 Frequency of audits.
200.505 Sanctions.
200.506 Audit costs.
200.507 Program-specific audits.

Auditees
200.508 Auditee responsibilities.
200.509 Auditor selection.
200.510 Financial statements.
200.511 Audit findings follow-up.
200.512 Report submission.

Federal Agencies
200.513 Responsibilities.
Auditors
200.514 Scope of audit.
200.515 Audit reporting.
200.516 Audit findings.
200.517 Audit documentation.
200.518 Major program determination.
200.519 Criteria for Federal program risk.
200.520 Criteria for a low-risk auditee.

Management Decisions
200.521 Management decision.

Appendix I to Part 200—Full Text of Notice of Funding Opportunity
Appendix II to Part 200—Contract Provisions for Non-Federal Entity Contracts Under Federal Awards
Appendix III to Part 200—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)
Appendix IV to Part 200—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for nonprofit Organizations
Appendix V to Part 200—State/Local Government Central Service Cost Allocation Plans
Appendix VI to Part 200—Public Assistance Cost Allocation Plans
Appendix VII to Part 220—States and Local Government and Indian Tribe Indirect Cost Proposals
Appendix VIII to Part 200—Nonprofit Organizations Exempted From Subpart E—Cost Principles of Part 200
Appendix IX to Part 200—Hospital Cost Principles
Appendix X to Part 200—Data Collection Form (Form SF–SAC)
Appendix XI to Part 200—Compliance Supplement

INCOME LIMITS

EXHIBIT "D"

EXHIBIT D

INCOME LIMITS

(See attached)

CITY OF GLENDALE
Community Revitalization

CDBG, ESG, HOME, NSP & NSP 3 PROGRAMS

2015 Program Income Limits

Household Size	Median Income ($)	30% of Median Income ($)	50% of Median Income ($)	60% of Median Income ($)	80% of Median Income ($)	120% of Median Income ($)
1 Person	64,000	13,450	22,400	26,880	35,850	53,800
2 Persons		15,400	25,600	30,720	41,000	61,450
3 Persons		17,300	28,800	34,560	46,100	69,150
4 Persons		19,200	32,000	38,400	51,200	76,800
5 Persons		20,750	34,600	41,520	55,300	82,950
6 Persons		22,300	37,150	44,580	59,400	89,100
7 Persons		23,850	39,700	47,640	63,500	95,250
8 Persons		25,350	42,250	50,700	67,600	101,400

Note: CDBG, ESG, and HOME Programs are limited to 80% Annual Median Income.
NSP & NSP 3 Programs are limited to 120% Annual Median Income.

Household Income Limits/Annual Gross Wages
(Revised per HUD 6/2/15)

INSURANCE CERTIFICATE

EXHIBIT "E"

EXHIBIT E

INSURANCE CERTIFICATE

The Certificate of Insurance will contain the following information:

Item One:

A. Commercial General Liability coverage with limits not less than $1 million per occurrence, $100,000 for property damage liability, and $2 million aggregate.

B. Unless a sole proprietorship, Agency shall carry Arizona Statutory Workers Compensation and Employers' Liability coverage.

Item Two: City of Glendale will be named Certificate Holder.

Item Three: City of Glendale will be named as "additional insured."

Item Four: The Certificate of Insurance will provide a 30-day notice to the City of Glendale for cancellation, non-renewal, or material change and must be an "occurrence," not a "claims made" policy.

Item Five: General Requirement for the Insuring Company:

A. The insurance company underwriting the policy will have a Best Rating of B++ or better. Please request that your insurance provider supply some form of verification of the best rating of B++ or better.

B. The insurance company underwriting the policy will **be licensed in the State of Arizona**.

C. If the Certificate of Insurance contains a section page which notes: "Important, if the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s)." Insurance Certificates containing this clause will not be accepted without an **"endorsement" stating, "the City of Glendale is included as an 'additional insured' on the policy."**

###

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

1/1/2016

DATE (MM/DD/YYYY): 6/12/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Lockton Companies
8110 E. Union Avenue
Suite 700
Denver CO 80237
(303) 414-6000

CONTACT NAME:
PHONE (A/C, No, Ext):
FAX (A/C, No):
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Philadelphia Indemnity Insurance Company	18058
INSURER B : CopperPoint General Insurance Company	13043
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
1382229
Diocesan Council for the Society
of St. Vincent de Paul
Diocese of Phoenix
420 W. Watkins Rd., PO Box 13500
Phoenix, AZ 85003-2830

COVERAGES **CERTIFICATE NUMBER:** 11893188 **REVISION NUMBER:** XXXXXXX

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE / X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY / PRO-JECT / LOC OTHER:	Y	N	PHPK1349228	6/15/2015	6/15/2016	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
							MED EXP (Any one person)	$ 20,000
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 3,000,000
							PRODUCTS - COMP/OP AGG	$ 3,000,000
								$
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS / SCHEDULED AUTOS HIRED AUTOS / NON-OWNED AUTOS			NOT APPLICABLE			COMBINED SINGLE LIMIT (Ea accident)	$ XXXXXXX
							BODILY INJURY (Per person)	$ XXXXXXX
							BODILY INJURY (Per accident)	$ XXXXXXX
							PROPERTY DAMAGE (Per accident)	$ XXXXXXX
								$ XXXXXXX
	UMBRELLA LIAB / OCCUR EXCESS LIAB / CLAIMS-MADE DED / RETENTION $			NOT APPLICABLE			EACH OCCURRENCE	$ XXXXXXX
							AGGREGATE	$ XXXXXXX
								$ XXXXXXX
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N: N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	N	1009969	1/1/2015	1/1/2016	X PER STATUTE / OTH-ER	
							E.L. EACH ACCIDENT	$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
The City of Glendale is included as an Additional Insured where required by written contract. If the General Liability policy is cancelled by the issuing company during the policy term, for other than nonpayment of premium, 30 days notice will be provided to the certificate holder.

CERTIFICATE HOLDER

11893188
City of Glendale
ATTN: Community Revitalization Division
5850 West Glendale Ave., Ste. 107
Glendale AZ 85301

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Charles M. McDaniel

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CERTIFICATIONS

EXHIBIT "F"

EXHIBIT F
CERTIFICATIONS

See attached Certifications:

1. Policy of Nondiscrimination on the Basis of Disability.
2. Section 319 of Public Law 101-121.
3. Contracting with Small and Minority Firms, Women's Business Enterprises and Labor Surplus Area Firms.
4. Drug-Free Workplace.

###

POLICY OF NONDISCRIMINATION ON THE BASIS OF DISABILITY

The undersigned representative agrees, on behalf of Client, to have or adopt a Policy of Nondiscrimination on the Basis of Disability. Such Policy will state that the Agency does not discriminate on the basis of disabled status in the admission or access to, or treatment or employment in, its federally assisted programs or activities.

Signature

Date 9/5/15

SECTION 319 OF PUBLIC LAW 101-121

The Undersigned certifies, to the best of his or her knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress, in connection with the awarding of any Federal contract, the making of any federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

3. The undersigned will require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements), and that all agencies will certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. § 1352. Any person who fails to file the required certification will be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Signature

Date 9/5/15

CONTRACTING WITH SMALL AND MINORITY FIRMS, WOMEN'S BUSINESS ENTERPRISES AND LABOR SURPLUS AREA FIRMS

1. It is a national policy to award a fair share of contracts to small and minority business firms. Accordingly, affirmative steps must be taken to assure that small and minority businesses are utilized when possible as sources of supplies, equipment, construction, and services. Affirmative steps will include the following:

   1.1 Qualified small and minority businesses on solicitation lists.

   1.2 Assuring that small and minority businesses are solicited whenever they are potential sources, and to the greatest extent possible that these businesses are located within the metropolitan area.

   1.3 When economically feasible, dividing total requirements into smaller tasks or quantities so as to permit maximum small and minority business participation.

   1.4 Where the requirement permits, establish delivery schedules which will encourage participation by small minority businesses.

   1.5 Using the services and assistance of the Small Business Administration, and the Office of Minority Business Enterprises of the Department of Commerce and the Community Services Administration as required.

   1.6 If any subcontracts are to be let, requiring the prime contractor to take the affirmative steps in §§ 1.1 through 1.5. Grantees will take similar appropriate action in support of women's enterprises.

   1.7 To the greatest extent feasible, opportunities for training and employment will be given to low and moderate income persons residing within the metropolitan area.

2. The above-described equal opportunity requirements are obligations of the City of Glendale because federal funds are being utilized to finance the Project to which this Project pertains.

3. In executing any contract, the Agency agrees to comply with the requirements and to provide appropriate documentation at the request of the City.

Signature _____ Date 9/5/15

DRUG-FREE WORKPLACE

The Agency certifies that it will maintain a drug-free workplace in accordance with the requirements of 24 CFR Part 24, Subpart F by:

1. Publishing a statement notifying employees that the unlawful manufacturing, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Agency's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

2. Establishing an ongoing drug-free awareness program to inform employees about:

   2.1 The dangers of drug abuse in the workplace;

   2.2 The Agency's policy of maintaining a drug-free workplace;

   2.3 Any available drug counseling, rehabilitation and employee assistance programs; and

   2.4 The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

3. Making it a requirement that each employee engaged in the performance of the grant be given a copy of the statement required by paragraph 1.

4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will:

   4.1 Abide by the terms of the statement; and

   4.2 Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction.

5. Notifying the City in writing, within ten calendar days after receiving notice under paragraph 4.2 from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice will include the identification number(s) of each affected grant.

6. Taking one of the following actions, within 30 calendar days of receiving notice under paragraph 4.2, with respect to any employee who is so convicted:

   6.1 Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

   6.2 Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, local health requirements, law enforcement, or other appropriate agency.

7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of the above-described paragraphs.

Signature

9/5/15

Date