

CDBG Organizational Requirements

CDBG Non-Profit Capacity-Building Workshops

June 6, 2018

Goals of the Workshop

Review the requirements necessary to operate a CDBG funded program

Determine if your organization meets the general requirements to apply for and be awarded CDBG funding

This presentation only covers program requirements – financial requirements will be discussed at future workshops

Outline

General Requirements

- Non-Profit, Capacity

Registrations/Clearances

- EIN, DUNS, sam.gov, E-verify, CBI

Insurance and Bonding

- Coverage, Limits

Review of Key Policies and Procedures

- Conflict of Interest, Non-Discrimination, Grievance, Affirmative Action

Review & Case Studies

Requirements: Non-Profit

Must be a public or private non-profit agency or organization

Must be in Good Standing with the State of Missouri

- Search MO Secretary of State www.sos.mo.gov

With your application you will need:

- Certificate of Good Standing from the Missouri Secretary of State
- IRS 501c3 determination letter
- Current IRS 990 or automatic/approved extension

Requirements: Non-Profit

If funded, additional documents will be needed before you can enter into a contract with CDA:

- State Tax-Exempt Letter
- State Sealed Certificate of Incorporation along with a copy of the Articles of Incorporation
- Copy of the Board of Directors' By-Laws
- Completed CDA Board List with current Board of Directors, job titles, employers, mailing addresses, businesses owned and race/ethnicity information
- *CDA's Board list form is included in your materials*

Requirements: Organizational Capacity

Organizations must have the capacity to undertake the proposed activities

By-Laws must authorize the type of activities proposed in your application

Must demonstrate that the Board, Staff and/or Partner Agencies have the capacity to show how the work will get done

Requirements: Organizational Capacity

With your application you will need to provide:

- Resumes and job descriptions for staff involved in the administration, operation and/or management of the proposed program
- Organizational Chart
- Letter of Recommendation from a previous funder (if not previously funded by CDA)

Requirements: Application

Certify there are no conflicts of interest which will arise through the use of federal funds

We will discuss conflict of interest in more detail later in this presentation

Funds may not be used to support inherently religious activities

Registrations and Clearances

Federal Tax ID

All Organizations must have a Employer Identification Number or Federal Tax ID Number

EIN is free and you can apply online

- <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

Tax Exempt organizations must be formed legally before you apply for an EIN

Contact the IRS (www.irs.gov)

DUNS

All organizations applying for funding must have a DUNS number

Assigns a unique numeric identifier, referred to as a "DUNS number" to a single business entity.

Free for all businesses required to register with the US Federal government for contracts or grants.

<https://fedgov.dnb.com/webform>

SAM.GOV

All applicants must have registered and be **ACTIVE** in the System for Award Management (www.sam.gov)

Must not be debarred from working with the Federal government or have any active exclusions

Includes any delinquent federal taxes

CDA strongly encourages you to start the registration process early

Additional information is included in your materials

E-Verify

If funded, you will be required to comply with Section 285.500 RSMO and provide proof of E-Verify registration

Statute requires enrollment and participation in a federal work authorization program with respect to the employees working in connection with the contracted services

Can not knowingly employ any person who is an unauthorized alien in connection with the contracted services

<https://www.uscis.gov/e-verify>

CBI Clearance

All organizations must pass a City of St. Louis Central Business Index (CBI) Clearance

All applicants must have a current business license or be deemed exempt

- Non-Profits are typically exempt
- Contact the City of St. Louis License Collector

Applicants can not have any delinquent federal, state or local taxes.

- Contact the City of St. Louis Collector of Revenue

Insurance and Bonding

If funded, CDA will require insurance and bonding coverage **for the term of the contract** to protect from loss due to theft, fraud and/or undue physical damage related to the CDBG program

Insurance and Bonding Limits are as of January 1, 2018 and are subject to change

Insurance

Comprehensive General Liability – \$1,000,000 per occurrence

Vehicle Liability Policy – \$500,000 per occurrence

Required even if you do not own vehicles to pay claims related to your CDBG-funded program

Worker's Compensation Policy as required under state statute

City of St. Louis (c/o CDA) must be listed as an additional insured

Bonding

Commercial Blanket Bond (honesty bonding or crime coverage)

\$25,000.00 per occurrence

All persons employed and/or authorized to perform any functions related to the CDBG Program

Includes the Executive Director, board members with signatory authority, financial officers and staff, and CDBG staff

Required CDBG Policies and Procedures

Policies and Procedures

Written policies and procedures are essential to the effective operations of any organization

Organizations will need to provide a copy of their personnel policies and procedure manual prior to entering into a contract with CDA

Policies and Procedures

With CDBG funded programs established policies and procedures can help ensure compliance with HUD regulations and CDA requirements

Important to have written procedures for more than just personnel issues

For example, a job training program may have:

- An intake procedure to verify eligibility and gather client data
- A procedure to track program data and outcomes (IE: attendance, job placements, counseling sessions, etc.)
- A file retention policy

Especially important for new programs

Policies and Procedures

If funded, there are several policies that must be submitted before you can enter into a contract with CDA

Grievance Policy

Conflict of Interest Policy

Non-Discrimination Policy

Affirmative Action Plan

POLICIES MUST BE WRITTEN DOWN

Grievance Policy

Organizations must have a written grievance policy that allows for the resolution of any complaints related to the CDBG program

Should include, but is not limited to, response procedures, time frame and staff person responsible for handling grievances

Should address complaints of discrimination and complaints when they feel deprived of the benefits offered under the CDBG program

Must incorporate specific items and deadlines

Grievance Policy

Complaints of Discrimination

When an applicant, participant, or registrant believes that he or she, or any specific class of individuals, has been or is being subjected to discrimination

Federally protected classes: race, color, religion, sex, national origin, age, disability, familial status, or political affiliation

Please note that the City of St. Louis has additional protected classes

Must forward all discrimination complaints to CDA Executive Director within two (2) working days of the initial complaint

Grievance Policy

Program Complaints

When an applicant, participant, or registrant feels deprived of the benefits offered under the CDBG programs

The Agency should make every reasonable effort to resolve any legitimate deficiencies identified by the complainant within fifteen (15) working days of the initial complaint

If the Agency can not satisfactorily resolve the complaint in this time frame, it must forward the complaint to CDA Executive Director within two (2) working days of the exhaustion of the remedies available to the Agency in its grievance policy

Conflict of Interest Definition

No employee, officer or agent of the grantee, subgrantee or subrecipient must participate in the selection, or in the award or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such conflict would arise when:

- the employee, officer or agent;
- any member of his immediate family;
- his or her partner; or
- or an organization which employs, or is about to employ any of the above, has a financial or other interest in, or a tangible personal benefit from a firm considered for a contract

Conflict of Interest

Regulation applies during the persons' tenure and for one year thereafter

HUD may grant an exception to a Conflict of Interest on a case by case basis provided that:

1. The Agency must request an exception in writing to CDA before the conflict of interest occurs;
AND
2. Opinion of CDA's Attorney that the exception does not violate State or local law; AND
3. Public disclosure of the conflict is required in a general circulation newspaper and will be paid for by the person with the conflict.

Conflict of Interest Examples

- *The son of a board member was hired as the program coordinator for a CDBG-funded after school program*
- *A senior center, has a board member who participates in CDBG funded exercise programs at the center*
- *The executive director of a CDBG-funded food pantry also owns an accounting company which has been awarded a contract to provide accounting services*

Conflict of Interest Policy

Organizations must maintain a **written code or standards of conduct covering conflicts of interest**

Board members, Executive Director, staff paid with CDBG funds, staff involved with the management, administration, procurement will be required to sign a **Conflict of Interest form**

CDBG-funded staff will be required to sign both a **Conflict of Interest** and an **Employee Secondary Employment Questionnaire**

CDA Non-Discrimination Policy

Agencies awarded funding, must comply with the intent of this policy

Required to develop a written procedure which incorporates CDA's non-discriminatory policy

Still required to comply with all equal opportunity laws and/or regulations contained in your contract with CDA.

See Handout for the CDA Non-Discrimination Policy

Affirmative Action Plan

Must have a written plan to guide the organization's actions according to the Presidents' Executive Order 11246, as amended

Shall include, but not be limited to, a statement of policy on employment, promotion, demotion, transfer, recruitment, and recruitment advertising, layoffs and selection for training

Can be included in the organization's personnel policies

Quiz

Required Items - Application

- IRS 501c3 determination letter (includes Fed Tax ID)
- DUNS
- Certificate of Good Standing from the Missouri Secretary of State
- Current IRS 990 or automatic/approved extension
- Resumes and job descriptions for staff involved in the administration, operation and/or management of the proposed program
- Organizational Chart
- Letter of Recommendation from a previous funder (if not previously funded by CDA)
- CBI Clearance
- Sam.gov

Required Items - Contract

The following items will be required prior to entering into a contract:

- State Tax-Exempt Letter
- State Sealed Certificate of Incorporation along with a copy of the Articles of Incorporation
- By-Laws
- Completed CDA Board List
- Signed Conflict of Interest Forms for all board members, personnel funded with CDBG funds, and anyone involved in the administration of the CDBG program
- Secondary Employment forms signed by all CDBG funded personnel
- E-Verify Registration
- CBI Clearance
- Sam.gov

Required Items – Contract, cont.

- Insurance Certificate (General Liability, Vehicle Liability, Workers Comp)
- Bonding
- Grievance Policy
- Conflict of Interest Policy
- Non-Discrimination Policy
- Affirmative Action Plan
- Personnel Policies and Procedures Manual
- Living Wage Affidavit

Case Studies