City of Atlanta
Department of Grants and Community Development
Internal Controls

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9.0	01/01/2025	Genevieve Jones	Signed by: Genevieve Jones EA7B211F9A3044B...	Updates to control activities, updated org chart and review	Nicole Barnes	DocuSigned by: Nicole Barnes 00A557F820C3450...

Department of Grant and Community Development

Internal Controls

Establish the City of Atlanta's (City) Department of Grants and Community Developments policies and procedures (P&P) that ensures federal awards are utilized for their intended purposes. Key elements of internal controls include:

- Organizational structure, as documented through organization charts and position descriptions.
- Policies and procedures
- Separation of duties
- A secure recordkeeping system
- Regular reconciliation of budgets and records

Internal controls are established to safeguard federal funds awarded to DGCD. These Policies and Procedures confirm the following assurances:

- Ensure compliance with policies, rules, regulations, and laws
- Prevent errors and deceptive practices
- Verify accuracy of accounting
- Produce reliable and timely financial data
- Provide accurate information for oversight of programs and operations
- Achieve organizational mission and goals

Scope

The Internal Controls document establishes a framework for a system of internal controls per 2 CFR 200.303 and relays the internal control objectives of the Department of Grants and Community Development (DGCD). These Controls applies to the City of Atlanta (City) and Subrecipients (SR), Project Sponsors (PS), CHDOs, and Developers that receive entitlement funds from the U. S Department of Housing and Urban Development (HUD). The City is committed to managing all grants in accordance with 2 CFR 200 Uniform Administrative requirements, cost principles, and audit requirements for federal awards.

Purpose

The purpose of the Internal Controls is to establish communication and goals designed to adhere to the following:

- Comply with federal statutes, regulations, and the terms and conditions of the federal, state, or local grant awards;
- Protocols and Procedures for staff and external partners as they perform their day-to-day duties;

- Evaluate and monitor the DGCD, SR/PS's compliance with statutes, regulations, local policies and terms and conditions of written contracts;
- To take prompt action when instances of noncompliance are identified; and
- To take reasonable measures to safeguard protected, personally identifiable information and other sensitive information per applicable federal regulations, state, laws, and DGCD policies.

These established protocols will assist DGCD and all partners to ensure oversight at multiple levels. These P&P will ensure accuracy of records, promote operational efficiency, and encourages adherence to policies, rules, regulations, and laws.

Internal controls have the following objectives:	
Efficient conduct of business:	Controls are in place to ensure that processes flow smoothly and operations are free from disruptions. This process mitigates against the risk of inefficiencies and proactively addresses threats to the organization's overall business conduct.
Safeguarding assets:	Controls are in place to ensure that assets are deployed for their intended purposes and are not susceptible to misuse or theft. A comprehensive approach will be applied to all assets.
Preventing and detecting fraud and other unlawful acts:	Controls ensure all organization structures are monitored. With increased size and complexity, the nature of fraudulent practices becomes more prevalent, and controls must be capable of addressing the risks.
Completeness and accuracy of financial records:	Controls ensure an organization can produce accurate financial statements and reliable financial records. Systems must be capable of recording transactions and clearly explain the nature of business transacted is properly reflected in the financial accounts.
Timely preparation of financial statements:	Organizations must be able to fulfill legal obligations to submit accounts accurately and timely. They also have a duty as stakeholders to produce accurate financial statements. Internal controls must be applied to manage accounting processes which are necessary for effective strategic planning, decision making, and monitoring of organizational performance.

The P&P is designed to provide reasonable assurances regarding the achievement of the following objectives:

Transactions are properly recorded/accurate, allocated, complete, timely and accounted for, to:

- Permit the preparation of reliable financial statements and reports;

- Maintain accountability over assets;
- Demonstrate compliance; and
- Clearly identify the true business nature of the transaction.

Transactions are executed in compliance with:

- Federal statutes, regulations, and the terms and conditions of the award that could have a direct and material effect on the program;
- Ensuring funds and other assets are safeguarded against loss from unauthorized use or disposition.
- Accordance with generally accepted accounting principles.

Overall, financial and other reports are prepared by SR/PS's and collected by designated DGCD staff ensuring all reports are properly maintained, contain accurate information, and follow regulatory requirements. In conjunction with required financial reports, the City ensures alignment of programmatic activities, evaluation of goals and outcomes, and overall compliance for all federally funded programs and projects. The City has established a basis for evaluating programmatic outcomes and activities by the following practices: monthly and annual reporting, contract review, financial review, and general compliance best practices to include monitoring and assessment of risk.

Training

All DGCD staff receive mandatory Internal Controls training conducted by the Office of Entitlement and Competitive Compliance annually. Additionally, new staff will receive training as part of the onboarding process within the first 90 days of employment. The Office of Entitlement and Competitive Compliance will maintain the Internal Controls P&P and required training materials.

All SR/PS's will receive mandatory training on a semi-annual basis and/or at contract execution. Additional training will be identified by the Office of Program & Fiscal Operations. The Office of Entitlement & Competitive Compliance team will document and maintain records of the training via the Technical Assistance tracker.

Enforcement

Employees who do not comply with the Internal Control P&P will be subject to disciplinary action. Appropriate disciplinary action will be taken where individuals and/or systems are found non-compliant.

The SR/PS and its employees are considered business associates of the City and must adhere to all regulatory provisions and the DGCD's Internal Policies. Compliance with this P&P is mandatory. Appropriate action will be taken up to termination of the contract and/or funds recaptured if found non-compliant.

Internal Control Standards

DGCD adheres to the Government Accountability Office (GAO) Standards for Internal Control in the Federal Government (commonly called "the Green Book framework) issued by the Comptroller General of the United States. In addition, these internal controls adhere with guidance in the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). All SR/PSs are mandated to adhere to 2 CFR 200 administrative rules at contract execution and will be provided with a copy of DGCD's Internal Controls P&P at said time.

The following components work to support the achievement of DGCD's strategies and related business objectives.

Control Environment
Objective: Compliance is the expectation of the department. DGCD will provide oversight of entitlement funds awarded to SR/PSs' grant programs.

Risk Assessment
Objective: DGCD will implement a risk management process by identifying, assessing, analyzing, controlling, reducing and mediating risks (internally and externally) based on operations and performance; identify and analyze changes that could significantly impact internal controls: and consider the potential for fraud when identifying, analyzing, and responding to risks and measurable terms: rate and rank the risks, and implement controls or other actions needed to eliminate or reduce the risk;

Control Activities
Objective: DGCD has established and will continue to monitor P&Ps to achieve objectives and responses to risk; maintain and monitor the design and implementation of operations, outcomes, and fraud, waste, or abuse. DGCD control activities will occur at all levels and in all functions throughout the Department.

Implement Information and Communication Systems
Objective: The City and DGCD will disseminate quality information to support the internal control system. Internal communication is the continual, iterative process of obtaining, providing, and sharing necessary information. Information is shared verbally, in writing and electronically to ensure that all staff remain informed.

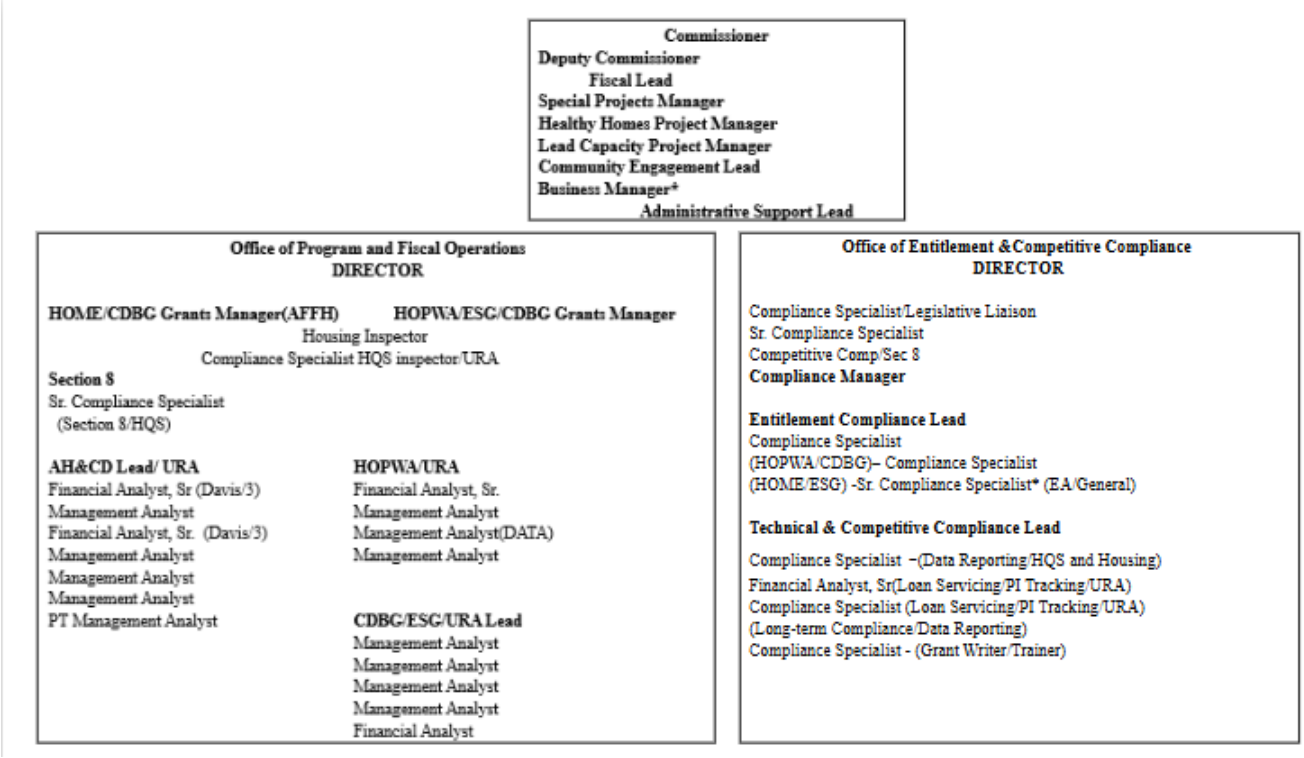
Monitor Internal Controls
Objective: The internal control system will be monitored annually, to assess the quality of performance over time and properly resolve the internal and external findings of audits and other reviews. Internal control deficiencies will be reported and corrected in a timely manner.

DGCD Organizational Chart

DGCD is composed of three offices. DGCD structure is as follows:

- The Office of the Commissioner
- The Office of Program & Fiscal Operations
- The Office of Entitlement and Competitive Compliance

The Office of Entitlement and Competitive Compliance provides general oversight of the entire department ensuring adherence with all Federal Rules and Regulations.



City of Atlanta Procedures

Activities Allowed or Unallowed and Allowable Costs / Cost Principles

Control Objectives

The City by way of DGCD, and all SR/PS's will provide reasonable assurance by adhering to their written P&Ps, expending federal awards for allowable activities, and ensuring that the costs of goods and services charged to federal awards are in accordance with the applicable cost principles.

Control Activities

The City by way of DGCD, will allocate grant funds in accordance with all federal, state, and local laws. Funding recommendations are reviewed by all Offices to ensure activities and associated costs are allowable uses of federal grant funds *before* obligating and spending those funds on the proposed goods, services or subaward. (see Appendix B-5 Procedures for Implementation of Consolidated Plan Projects).

The Commissioner or his/her designee is authorized to approve budget amendment requests for each SR/PS Contract up to the Grant Amount so long as the request is within the scope of the executed contract. DGCD will conduct an analysis prior to the Commissioner approving the budget request. All requests must ensure the allowability of cost expenditures adhere to contractual requirements and must be aligned with 2 CFR 200 Uniform Administrative requirements. DGCD, SR/PS, CHDO, Developer/Non-Profit must have Policies and Procedures established to meet the standards established by federal, state, and local regulation.

Accountability provided for charges and cost charged to federal and nonfederal activities:
Although each grant may have specific allowable and unallowable costs, DGCD and SR/PS's, CHDO, Developer/Non-Profit must adhere to the federal regulations and cost principles when developing and administering federal awards. DGCD mandates that all costs to be reimbursed must meet the following requirements to be considered allowable, reasonable, allocable, and consistent.

To meet the definition of "***allowable*,"** a cost must be:

- Be necessary and reasonable to carry out the grant.
- Be consistent with the policies and procedures that apply uniformly to federal and non- federally financed expenses.
- Not included as part of a match of federal funds; and
- Be adequately documented.

To meet the definition of "***reasonable***," the cost of the good or service does not exceed the amount a prudent person would spend on an item at the time the decision was made to incur the cost. Reasonable is further defined as:

- Use of sound business practices, adherence to federal, state, and local laws and regulations; and the terms and conditions of the federal award; and
- Use of market prices in the local area to compare the costs of goods and services.

To meet the definition of "***allocable***," the cost of the goods or services involved are chargeable or assignable to that federal award or cost objective in accordance with relative benefits received. Allocable is further defined as:

- Costs are incurred specifically for the federal award; and
- Costs can be distributed in proportions that may be approximated using reasonable methods.
- Costs necessary to the overall operation of the non-Federal entity.

To meet the definition of **"consistent"** the cost must be in accordance with DGCD's polices and past practices. DGCD will ensure all SR/PS charge expenditures across all allocated fund sources.

Direct or Indirect: Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. *2 C.F.R. § 200.413(a*). Indirect costs are those that have been incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. *2 C.F.R. § 200.56*. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. *2 C.F.R. §200.413(a).*

Federal award type is the determining factor to distinguishing direct from indirect costs. Typical costs charged directly to a federal award are the compensation of employees who work on that award, their related fringe

benefit costs, the costs of materials and other expenses incurred for the federal award. 2 C.F.R. § 200.413(b). The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all the following conditions are met:

- Administrative or clerical services are integral to a project or activity.
- Individuals involved can be specifically identified with the project or activity.
- Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
- The costs are also not recovered as indirect costs. *2 C.F.R. 200.413(c).*

Indirect Cost Rate - The City does not directly apply an indirect cost rate to federal grants. However, according to 2 CFR 200.414, non-federal entities may either use their federal approved rate or the de minims rate if in accordance with federal regulations.

Determining Allowability of Costs: Expenditures must be aligned with all approved budgets for the City and all SR/PSs, and/or contractors. Any changes or variations from the legislated approved budget and grant agreement need prior approval from the Commissioner and/or Director of Program Operations.

Adequate segregation of duties in review and authorization of costs
Reimbursement Process:

The Office of Program & Fiscal Operations will process reimbursements in the reimbursement tracker following the following statuses:

Status 1 Received:

1. To start the reimbursement process, a provider submits a reimbursement request including applicable accomplishment documentation to the grants payment email address grantpayments@atlantaGA.gov or the grant portal: https://web.atlantaga.gov/gcdrp/GCDRP
2. Once the request has been submitted the administrative support staff performs the initial upload of the reimbursement into the Tracker.
3. Administrative support staff will acknowledge receipt of the package via email and ensure that basic required fields within the tracker are populated.
4. The administrative support staff will also alert the assigned Analyst as well as the project sponsor via email, then the Analyst will begin the review process

Status 2: Level 1 (Analyst Review): During this stage, the Analyst will validate the assigned reimbursement, ensuring the accuracy of all fields within the Tracker, and conduct a comprehensive review of the reimbursement within five (5) calendar days. If the Lead is an analyst in Further explanation of the key responsibilities is below:

1. Validation and Accuracy Check:
   - The Analyst thoroughly validates the assigned reimbursement to guarantee that all fields within the Tracker are accurately populated, reflecting the information submitted.
2. Full Reimbursement Review:
   - Conducting a detailed review using the reimbursement checklist to ensure the completeness and accuracy of the reimbursement.
3. Document Submission Oversight:
   - Taking responsibility for ensuring that the agency submits all required documents as a consolidated PDF file.
   - Taking responsibility for ensuring the applicable documentation is within the reimbursement, is correct and depending on the type of data is sent to the identified links below:

   Beneficiary Reports: Accomplishment Reporting
   MBE/WBE: October 2023-September 2024
   Section 3 and Davis-Bacon email: DGCD-Section3-Davis-Bacon@AtlantaGa.Gov

If a reimbursement is received that does not have complete supporting documentation or accomplishment reporting, the Analyst will contact the Manager to collect the missing accomplishment data. The Analyst is responsible for directly contacting the recipient and getting the corrected information needed to process the reimbursement

4. Handling Processing Issues:
   - If a reimbursement cannot be processed due to issues like lack of documentation, missing Purchase Order/Requisition, or incorrect documentation beyond correction by DGCD staff, the Analyst initiates the status change to 3 (Awaiting Provider Corrections) or 3a (Awaiting Contract or PO).
5. Communication and Updates:

- Updating the "DGCD Contacted Provider" field with relevant information.
- Directing any correcting documents requested from the Provider to be sent directly to the Analyst for tracker updates, preventing the upload of multiple/duplicate reimbursements.
- Inform the recipient of a 48-hour timeframe to return the corrections and the 'Net 30' clock will restart once DGCD receives a full corrected package reimbursement. The Analyst is responsible for updating the contract tracker with the correct date each time the revised documentation is received, and the number of corrections were needed to ensure the Target Date Paid updates each time.

6. Correction Completion:
    - Upon completion of all necessary corrections, the Analyst inserts the completed Disbursement Request Form, signaling the end of the Analyst Review and prompting a status change to Manager 1 (HOME, HOPWA, Healthy Homes) or Manager 2 (CDBG, ESG, Lead Hazard, NSP, Section 8) Review.

Status 3: Awaiting Provider Corrections

In this phase, within 24 hours of identifying a discrepancy within the reimbursement, the Analyst must attempt contact with SR/PS/Developer via phone and email). While awaiting corrections from the provider, the analyst must follow these steps.

1. Contact and Documentation Updates:
    - In the notes field, enter the date of contact with the provider regarding corrections into reimbursement tracker using the following format (Date, note/comment, initials)
        - Include a brief description of what is missing in the comments section of the entry of the tracker.
    - Once corrections are received from the provider, Note the "DGCD Received Corrections" field
2. Review Completion:
    - After a thorough review, the Analyst can change the status to Level 2.

Status 3a: Awaiting Contract or PO

During this stage, the Analyst addresses identified issues and coordinates with the program Analyst or admin team:

3. Issue Resolution:
    - Addressing identified issues with the requisition/purchase order or contract.
    - Coordinating with the program Analyst or admin team regarding any incomplete Contract or PO.
4. Communication and Updates:
    - Notating the communication date in the tracker.
    - Updating the tracker with the received corrections date.
5. Review Completion:
    - Upon completion of the reimbursement review, the Analyst may change the status to #4 Level 2 Review. Tag the Manager in the comments section by using the @ the Manager's name to notify the request is ready for review.

Status 4 Level 2 Review:

1. Level 2 conducts another level of review within ten (10) calendar days for all assigned reimbursements to ensure the accuracy and compliance of the reimbursement package.

a. If no errors are found, then Level 2 updates the Processing Completion Date indicating that the reimbursement is error-free and ready to process. Level 2, then moves the reimbursement request to Status 6, Receipting and Approval.
b. If an error is identified, Level 2 will return the item to #2 (Level 1 Review) for corrections and appropriate actions.
i. Comments are entered into the tracker comment section to notify the Analyst of the action required.
c. Once the Reimbursement has been fully reviewed and approved, Manager moves the reimbursement to Receipting and Approval.

Status 5 Receipting Approval:

1. After the reimbursement review has been completed, the Administrative Support Staff has 24 hours to complete the receipt and approval process.
2. The admin team validates the AP disbursement form data to the PO assigned to the contract, to ensure the correct accounting strings are accurate and the contract has sufficient funding.

Status 6 Receipting Approval DocuSign:

1. The receipting administrative Support Staff member uploads the reimbursement within DocuSign to route from the designated approvers to Accounts Payable.
   a. If any issue occurs within DocuSign, the Administrative Support Staff member updates the DocuSign notation in the Tracker and alerts the Operations team to reroute.
2. The DocuSign metric within the Tracker is changed to the appropriate queue for corrections.
   a. Once all the signatures have been captured, the admin team sends them to the AP mailbox ehx.fin.invoices.1@workflow.mail.us2.cloud.oracle.com

Status 7 Accounts Payable:

1. The City of Atlanta's Accounts Payable team reviews and processes the reimbursement according to the AP schedule.
   a. Checks are processed once a week while ACH and credit card payments are processed daily.
2. Completed payments are routed to the DGCD Director for approval and payments are then generated.

Status 8 Accounts Payable Held:

1. Accounts Payable reviews the reimbursement submitted via workflow and if there are any issues identified, the administrative Support Staff updates the Operations team on any rejection by Accounts Payable.
2. The admin team is responsible for re-routing the reimbursement within the tracker.
3. The final system's approval will route to Level 2 for action.

Status 9 Paid:

1. The Administrative team upon Accounts Payable Approval and payment monitors the reimbursement in Oracle to ensure that it pays.
2. Once the reimbursement is paid in Oracle, the administrative team updates the Date Paid by City column and changes the Status to Paid.
3. Changing the status of the reimbursement to Status 11 Paid closes out the reimbursement process.

All SR/PSs and/or Contractors must have written Financial Management Policies and Procedures showing the levels of segregations of financial transactions within their organizations. A copy of these Policies and Procedures will be reviewed by the assigned Analyst annually.

Supporting documentation compared to list of allowable and unallowable expenditures.

Additional oversight will occur during the annual internal audit conducted by the Office of Entitlement and Competitive Compliance to ensure clear separation of duties.

Computations checked for accuracy.
The allowable costs are recorded in the appropriate general ledger accounts and the accounting software is designed to ensure balances are mathematically accurate. DGCD Financial Analyst, SR/PS and Grants Services Managers will identify, in their accounts, all federal awards received and expended and the federal programs under which they were received (See Reconciliation Policy). Federal program and award identification must include, as applicable, the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity.

Adjustments to unallowable costs made where appropriate and follow-up action taken to determine the cause.
Upon determination of an unallowable cost, the assigned Analyst will complete at least a quarterly review of all expenditures related to the activity, to verify the allowability, allocability and reasonableness. If variances exist, or trends that may lead to a significant variance is determined, the Director of Entitlement and Competitive Compliance will make a recommendation to the Office of the Commissioner for any necessary adjustments.

City of Atlanta System Authorizations
Authorizations and terminations of authorized user of all City systems (Oracle, IDIS, etc.) are initiated by the Business Manager upon onboarding and exiting the City. All City systems users are set up with specific system rights to ensure separation of duties and approval levels. Access to IDIS is only authorized by the City's Delegated Authority or his/her designee.

Accountability for authorization is fixed in an individual who is knowledgeable of the requirements for determining activities allowed and allowable costs.
The Commissioner and/or Deputy Commissioner are designated to provide the final authorization of all expenditures charged to all federal awards.

Cash Management

Control Objectives

The City and DGCD will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the City and DGCD in accordance with the City's payment policies.

Control Activities

Cash management options defined for federal awards:

- Advanced Payments - Amount requested to be paid limited to the minimum amounts needed to meet immediate cash needs.
- Reimbursement - Amount requested to be paid that was previously paid by the City on behalf of DGCD (generally within 30 days of initial payment).
- Working Capital Advance – Amount requested to be paid is based upon estimated disbursement needs for a period.

The City will draw federal entitlement funds from the Integrated Disbursement Information System (IDIS) monthly. Costs may be directly charged to an award only when the cost is allowable, allocable, and reasonable to the award. The responsibility for cash management is managed by the Office of Commissioner with oversight administered by the Office of Entitlement and Competitive Compliance.

Draw Down Procedure:

Upon completion of the reimbursement process the draw down request will begin. Please see the Draw Down SOP #00-13

Advance Payments

Payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means CFR § 200.305(b) (9). DGCD advance payment to non-federal entity is limited to the amounts needed and timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. Recommendation reviewed for final approval or denial by the Commissioner of the DGCD. **(Currently the City of Atlanta does not offer Advance Payments)**

Written Policy that provides (1) Procedures for requesting cash advances as close as is administratively possible to actual cash outlays and reimbursement only after costs have been incurred; (2) Monitoring of cash management activities; and (3) Repayment of excess interest earnings where required.

Federally Funded Grants Advance Payments

Scope

This policy and procedure apply to all City of Atlanta departments and Subrecipients (SR) (Project Sponsor, CHDO, Developer/Non-Profit) who receive subawards of federal funds from the City of Atlanta Department of Grants and Community Development. This policy and procedure provide information on requesting, reviewing, approving, or denying, and requirements for managing advance payments for Federal funds. Advance payment means a payment the City would make to the subrecipient "in advance" of expenditures being made. The City will decide on a case-by-case basis.

Subrecipients of grants awarded by the City of Atlanta are primarily paid on allowable expenditures incurred by the subrecipient and submitted for reimbursement on the appropriate Request for Disbursement Form. The reimbursement method ensures that expenditures have been both obligated and liquidated by the time the funds are transferred from the City to the subrecipient. The reimbursement method is the most used method.

Subrecipients are expected to be financially self-sustaining for a minimum of 90 days to be eligible as a Subrecipient.

Reference: Authority 2 C.F.R. Part 200, 200.305{b) Advance Payment Amount

The amount of advance payment is no more than 90 days of working capital and is based upon an analysis of the organization’s working capital requirements. The amount is limited to the minimum amount needed and is timed to be in accordance with the actual, immediate cash requirements in carrying out the purpose of the approved program or project.

The City will evaluate a proposed project to ensure that funds are invested such that the project is likely to succeed over time. As a reminder the costs must be necessary and reasonable, as the inclusion of excessive costs inflates the apparent need for public subsidy in a project.

City of Atlanta Process for Receiving, Reviewing, Approving or Denying, and Managing Advance Payments

1. Signed and dated advance request (Attachment A) submitted to the Management Analyst, including a budget identifying the line items for the advance, a cash flow forecast showing estimated disbursements and receipts for the period of contract performance, Application Form, financial documentation consisting of but not limited to 990 form "Return of Organization Exempt From Income Tax, three(3) prior months of financials, latest single audit, budget to the task level, number of people being served under this advance request, any other THE CITY or HUD documents as applicable, terms of the advance, promissory note, Board letter of approval and the Board minutes documenting the advance approval including the location of where the Board minutes are posted online and assurance from Subrecipient that the advance will be used solely for the authorized purpose and provide evidence of other investments
2. Program and performance review and recommendation by Management Analyst based upon programmatic and performance data
3. Financial and risk review and recommendation by Financial Analyst based upon up- to- date financial documentation and prior financial performance data
4. Recommendation reviewed for final approval or denial by the Commissioner of the Department of Grants and Community Development
5. Notification sent to the requester
6. If approved:
    a. Requestor formally acknowledges the requirements; terms outlined and accepts the payment
    b. Advance payment processed and correctly reflected in the financial system
    c. Upon repayment, separate reimbursement requests are submitted for repayment of related expenses.

Requirements for the Advance of Federal Funds:

1. The Subrecipients must have a financial management system and maintain or demonstrate the willingness to maintain established written policies/procedures that that meet the standards for fund control and accountability as mandated in OMB Circulars/Part 200. The established written procedures must answer questions such as: who determines that the cash management procedures are being followed; how the procedures are followed; when the steps are performed; and what is being verified. A subrecipient's Cash Management written procedures must also address how the organization minimizes time between a draw and actual disbursement. The written procedures should include steps involved in the obligating, liquidating, and claiming of federal funds.
2. Must be deposited and maintained in insured accounts whenever possible. Please provide the name and address of the financial institution at which the Agency expects to establish a special account as a depository for the advance payments. If advance payments in the form of a letter of credit are anticipated, the Agency must identify the specific account at the financial institution to be used

3. The City may at its discretion require adequate bonding and/or insurance if the bonding and insurance requirements of the organization are not deemed adequate to protect the interest of the City.
4. Separate depository accounts are not required for funds providing the organization can account for the receipt, obligation, and expenditure of funds.
5. Must be maintained in interest-bearing accounts, unless the following apply:
    A. If the subrecipient receives less than $120,000 in Federal awards per year.
    B. Interest earned in amounts up to $500 per year may be retained by the SR/PS for administrative expenses. Any additional interest earned must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment.
    C. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
    D. A foreign government or banking system prohibits or precludes interest-bearing accounts.

Requirements for Repayment of the Advance of Federal Funds:
The advance payment schedule and the financial reporting requirements will also be written in the formal subaward agreement. Once the final signed subaward agreement is received, advance payments will be allowed to proceed.

1. Initial Repayment of the Advance by the Subrecipients will be submitted with Monthly Reimbursement Requests within 30 calendar days after receipt of the billing unless the City reasonably believes the request to be improper and made prior arrangements outlined in writing. (I.e., Project Sponsors receive an advance in November 2019, repayment will begin in December 2019.)

The advance repayment will be paid back in accordance with the terms and will be deducted from the monthly amount requested through the Reimbursement Request.

<u>Reimbursements</u>
The City uses the reimbursement method for receiving and payments of federal grants and pays all qualified disbursement requests in accordance with the City's policies and procedures within 30 days of receipt of a complete pay request. On a monthly basis the DGCD will review and verify expenditures before submitting a request for a drawdown of funds.

<u>Reimbursements to Sub awardees/SR/PSs/Contractors</u>:
Reimbursement Request Procedures

- SR/PS of federal grants should ensure they have financial management policies and procedures in place that align with the required federal regulations.
- All grant award SR/PS and developers must review the requirements for submitting a reimbursement request, as agreed upon in their contract.

- All SR/PS, vendors, and/or developers are to use the departmental centralized payment email box grantpayments@atlantaga.gov for submission of reimbursement requests. Reimbursement requests are due on the 15th business day of each month.

- Each reimbursement submitted must be dated and time stamped in the grant's payments email box. The Administrative Assistant uploads the reimbursements into DGCD Microsoft Teams reimbursement Tracker with the following information:

    - DGCD Received Date (Original and/or after Corrections)
    - Provider and Project Name
    - Reimbursement Request Period (ex. December 2020)
    - Funding Source (ESG, CDBG, HOPWA, etc.)
    - Analyst/Manager
    - Payment Due Date

- Once submitted, the Analyst will conduct a comprehensive review of the reimbursement package within 5 business days to identify all issues requiring correction.

- If corrections are required, then the service provider will be notified by the Analyst with a breakdown of all identified issues needing correction.

- Once review by the Analyst is complete, with any identified corrections made by the SR/PS, the reimbursement request is reviewed and approved by the Department's Fiscal Manager for alignment with financial requirements, and the contractual budget. The review process ensures the request meets federal regulatory requirements and are eligible expenses with the necessary supporting documentation.

- The Administrative Team completes the PO receipting process and uploads the reimbursement package to the DocuSign for required signatures. The signed reimbursement package is forwarded to the Accounts Payable department for processing. The documentation is also officially entered into the City's financial management system once submitted to Accounts Payable for processing and payment.

- The City's target timeline for payment, from the date of the correct documentation being provided, is net 30 days. *2 CFR § 200.305(b) (9). The Fiscal Administrative team monitors the invoice status through final payment to make sure all timeliness is met and if not, troubleshoot each item to ensure resolution and update the DGCD Tracker with the payment information once payment is completed.*

Eligibility

Control Objectives

The City and the DGCD will provide reasonable assurance that only eligible individuals and organizations receive assistance under federal award programs, that subawards are made only to eligible SR/PSs, and that amounts provided to or on behalf of eligible individuals or groups of individuals were calculated in accordance with program requirements.

Control Activities

Eligibility objectives and procedures clearly communicated to employees.

The City is identified as an entitlement city and receives annual funding through 4 grant programs: CDBG, ESG, HOME, and HOPWA from HUD. Each entitlement program funding is designated by statutory formula.

As a requirement for receiving these entitlement grants, title one of the National Affordable Housing Act mandates the grantees who receive funds prepare the following:

- A five-year Consolidated Plan, which identifies housing and non-housing funding priorities of the community and the specific activities to be carried out with CDBG HOME, HOPWA, and ESG funds. The plan contains community goals and objectives to be achieved with HUD funds.
- On a recurring basis, the city must develop an AAP that identifies the local and community needs connecting to the overarching goals and objectives outlined in the five-year consolidated plan.
- A Consolidated Annual Performance Evaluation Report (CAPER) assesses the jurisdiction's annual achievements relative to the goals described in the Con Plan.

In keeping with federal regulations, the city develops projects and funding recommendations for use of these grants by way of the Notice of Funding Availability (NOFA). Through the NOFA process the city assesses applications submitted by non-profit entities, city government departments, and developers. Applications will be received at a set time during the program year and in the case of reprogramming caused by cost underruns for existing projects or in emergency situations, proposals will be reviewed.

Before proceeding to complete the application, applicants must meet the following Pre-Qualification Criteria. (Note: Governmental agencies are <u>not</u> required to meet these criteria.)

Requirement	Documentation
*Agency must have had 501(c)(3) non-profit status at least 2 full years, have 2 full years of operating experience under another registered non-profit entity which meets this criterion, or be a governmental entity proposing to serve eligible persons. (HOPWA & ESG) **CDBG Funding is available for for-profit and non-profit entities**	Copy of IRS 501(c)(3) determination from Applicant or agency under which program has operated at least 2 full years. ***For Profit entities can submit Articles of Incorporation**
Agencies that are new to the City of Atlanta's federal funding cycle must have at least 12 months of experience that is similar or related to the activities for which funding is being requested from the City.	One copy of support documents that can be verified. If experience is demonstrated while under another entity, that entity must provide documentation on agency letterhead.
The agency must have audited financial statements as of the end of the last two fiscal years and the audit management letter, if applicable.	One copy of the annual independent audit and/or audited financial statements and profit/loss statements as of the end of the last two fiscal years and the audit management letter, if applicable. Unaudited financial statements and/or uncertified audits will not be accepted.
An Agency having expenditures of $1,000,000 or more in federal awards (from all federal sources) in a fiscal year must have a Single Audit completed within nine months from the end of the fiscal year.	One copy of the most recent completed Single Audit Report or Completed Audit Exemption Form
Agency must have written financial and grant management procedures.	Copy of written financial and grant management procedures.
Applicant must be registered and licensed to do business in the State of Georgia at the time of application.	Current license certificate from the State Georgia Secretary of State.
Agencies must be currently registered in www.sam.gov (System for Award Management).	One copy of entity registration summary.
Agencies must disclose in this application any debt owed to the City of Atlanta or the State of Georgia.	Explanation of disclosure of any debt owed to the City of Atlanta or the State of Georgia.

Applicants that have been debarred, suspended, proposed for debarment, or declared ineligible for the award of a contract by any Federal or State agency are not eligible to receive entitlement funding.

Additional Pre-Qualifications for Applicants Currently Receiving Funding

Applicants whose project(s) were approved for prior funding in the two years preceding the current contract year must meet the following additional pre-qualification criteria at the time of application to qualify for funding consideration of a proposed new project and/or continuation project. Applications will not be considered for funding if all pre-qualification requirements are not met.

- Agency must follow all terms of its previous year's contract agreement.
- Agency must not have any outstanding unresolved HUD or City monitoring findings.

Contract Management and Eligibility Review

The Office of Program & Fiscal Operations ensures that all contracts are within compliance of federal and local regulations. All SR/PS and Developer contracts are monitored and receive ongoing evaluation of contractual identified goals and objectives. Contracts that receive at least one monitoring during the contract period and contract evaluation occur during the entire contractual period.

As noted in the Contract Termination Clause, the City may exercise its option to terminate, by giving written notice to the SR/PS and/or Developer, terminate the contractual agreement:

- For a material breach of the Contract Documents by the Service Provider that is not cured by Service Provider within seven (7) days of the date on which the City provides written notice of such breach.
- Immediately for a material breach of the Contract Documents by Service Provider that is not reasonably curable within seven (7) days.
- Immediately upon written notice for numerous breaches of the Contract Documents by Service Provider that collectively constitute a material breach or reasonable grounds for insecurity concerning Service Provider's performance; or
- Immediately for engaging in behavior that is dishonest, fraudulent or constitutes a conflict of interest with Service Provider's obligations under this Agreement or is in violation of any City Ethics Ordinances.

Equipment and Real Property Management

Control Objectives

The City and the DGCD will provide reasonable assurance that proper records are maintained for equipment acquired with federal awards, equipment is adequately safeguarded and maintained, disposition or encumbrance of any equipment or real property is in accordance with Federal requirements, and the federal awarding agency is appropriately compensated for its share of any property sold or converted to non-federal use.

Control Activities

Accurate records are maintained on all acquisitions and dispositions of property acquired with Federal awards.

Property Classifications

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the City and the DGCD for financial statement purposes, or $10,000. 2 C.F.R. §200.33.

Supplies mean all tangible personal property other than those described in §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the City

and the DGCD for financial statement purposes or $10,000, regardless of the length of its useful life. 2 C.F.R. §200.94.

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting, and receiving, or storing electronic information. 2 C.F.R. §200.20.

Capital assets mean tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). *2 C.F.R. §200.12.*

Inventory Procedure

Inventory will be maintained on all information technology hardware and software, and fixed assets. The DGCD Business Manager is responsible for all inventory related activities including ordering equipment, repairs, and shipping. All inventory orders placed by the Business Manager must be shipped to City at the time of receipt, the package is inspected to ensure the ordered materials were received in good order and the items mirror the order placed through the purchase order system. Items are inventoried at the time they are unpacked. Inventory records should be maintained by the department responsible for the items purchased.

All technology is hardware and tagged by the Department of Atlanta Information Management (AIM). The tags state, "Property of City of Atlanta" and include an asset number with related barcode if applicable. The technology department is responsible for configuring all computers, laptops, and other technology.

Once the equipment has been inventoried by AIM, the DGCD Business Manager will receive the equipment and add to the departments inventory list with the following:

- Description of equipment including manufacturer's serial number, model number, or other identification number.
- Purchase date: date the item(s) was purchased.
- Cost: purchase cost of the item(s).
- New/Used: indication as to whether property was new or used at time of purchase.
- Federal funding source.
- % of Cost in City $s: percentage of the item's purchase cost that was paid by City of Atlanta grant dollars.
- Location where the item(s) is housed/used.
- Anticipated disposition date when item(s) is expected to be disposed of.
- End of Usable Life

A physical inventory of equipment acquired under federal awards is conducted at least every two years. Any variances or discrepancies between the physical inventory and equipment records are resolved by the DGCD Business Manager and Controllers Office Fixed Asset Team.

Use of Equipment

Equipment must be used in the program or project for which it was acquired if needed, whether the project or program continues to be supported by the federal award. During the time equipment is used on the project or program for which it was acquired, the equipment may also be made available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the federal awarding agency that financed the equipment.

Maintenance

In accordance with 2 C.F.R.313 (d) (4), DGCD maintains adequate maintenance procedures to ensure that property is kept in good condition. The City does not place restrictions on computer devices for employees. Employees who are issued a device(s) are responsible for maintaining and securing the equipment. When a device is not working properly. The employee will submit a help desk ticket. A member of the technology staff will work with the employee to identify and repair the computer as quickly as possible. A loaner computer may be available for employees upon request. All devices are returned to the Business Manager once the employee vacates the department.

Procedures established to ensure that the Federal awarding agency is appropriately reimbursed for dispositions of property acquired with Federal awards.

The Business Manager and the Director of the Office of Program & Fiscal Operations review the disposition of equipment acquired under federal awards with a current per unit fair market value of $10,000 or more to determine whether the awarding agency should be reimbursed for the appropriate federal share. The Director will consult with the awarding agency to determine the appropriate course of action.

All SR/PSs and/or Developers are subject and governed by the same requirements in safeguarding and maintaining effective controls over federally funded purchased equipment and real property with the following:

- Conduct a periodic physical inventory of these items to verify their existence, current utilization and continued need.
- SR/PS's using federal funds to purchase furnishings, vehicles or equipment for a project must keep accurate records including the following: a complete description of the item purchased, a serial or other identification number, the source of funds and grant contract number, the location of the goods, the acquisition date and the cost.
- These items cannot be disposed of without requesting permission and guidelines from DGCD. If the recipient, no longer needs the item for the grant project it may be used for other activities if the conditions of 2 CFR 200 are met.
- If anytime during the contract period the SR/PSs and Developers contract is terminated or withdrawn, all equipment and real property must be inventoried by DGCD prior to final close of the agencies contract.

Matching, Level of Effort, and Earmarking

Control Objectives

The City and DGCD will provide reasonable assurance that matching, level of effort or earmarking requirements are met using only allowable funds or costs which are properly calculated and valued.

Control Activities

Evidence obtained such as supporting documentation or other procedures performed to identify whether matching contributions for DGCD and all SR/PS's.

- Are from non-federal sources or federal sources (not ESG if the award is ESG).
- Involve federal funding, directly or indirectly; and

- Contributions cannot be counted as federal match multiple times or cross counted; and
- Supporting documentation to provide evidence of meeting the match requirement i.e. general ledger, invoice, etc.

ESG Requirement

Upon submission of an ESG proposal all applications must include proof of the match requirement based on the funding request. During the contracting process the assigned Analyst must verify the match identified in the submitted NOFA application. Matching contributions may be obtained from any source, including any federal source other than the ESG program, as well as state, local, and private sources. However, the following requirements apply to matching contributions from a federal source of funds:

- The recipient must ensure the laws governing any funds to be used as matching contributions do not prohibit those funds from being used to match ESG funds.
- If ESG funds are used to satisfy the matching requirements of another federal program, then funding from that program may not be used to satisfy the matching requirements under this section.

Recognition of matching contributions

- To meet the matching requirement, the matching contributions must meet all requirements that apply to the ESG funds provided by HUD, except for the expenditure limits in §576.100.
- The matching contributions must be provided after the date that HUD signs the grant agreement.
- To count toward the required match for the recipient's fiscal year grant, cash contributions must be expended within the expenditure deadline in § 576.203, and noncash contributions must be made within the expenditure deadline in § 576.203.
- Contributions used to match a previous ESG grant may not be used to match a subsequent ESG grant.

Eligible types of matching contributions. The matching requirement may be met by one or both of the following:

- *Cash contributions.* Cash expended for allowable costs, as defined in 2 CFR 200, of the recipient or SR/PS.
- *Noncash contributions.* The value of any real property, equipment, goods, or services contributed to the recipient's or SR/PS's ESG program, provided that if the recipient or SR/PS had to pay for them with grant funds, the costs would have been allowable. Noncash contributions may also include the purchase value of any donated building.
- *Calculating the amount of noncash contributions* (1) To determine the value of any donated material or building, or of any lease, the recipient must use a method reasonably calculated to establish the fair market value. Services provided by *individuals* must be valued at rates consistent with those ordinarily paid for similar work in the recipient's or SR/PS's organization. If the recipient or SR/PS does not have employees performing similar work, the rates must be consistent with those ordinarily paid by other employers for similar work in the same labor market.
- Some noncash contributions are real property, equipment, goods, or services that, if the recipient or SR/PS had to pay for them with grant funds, the payments would have been indirect costs. Matching credit for these contributions must be given only if the recipient

or SR/PS has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of those contributions.

- *Costs paid by program income.* Costs paid by program income shall count toward meeting the recipient's matching requirements, provided the costs are eligible ESG costs that supplement the recipient's ESG program.

HOME Match Requirement (See HOME Policies and Procedures 24 CFR 92.218-222) HOME Program requires that the participating jurisdiction City (PJ) provide match in an amount equal to no less than 25 percent of the total HOME funds drawn down for project costs. Match is a permanent contribution to affordable housing and is not leveraging. Match is the PJ contribution to the HOME program -- the local, non-federal contribution to the partnership:

HOME funds must be matched by nonfederal resources which include but are limited to:

- Private Cash or contributions from organizations, individuals, or other sources.
- In-kind salary or materials; or
- other nonfederal sources as defined in Section 24 CFR 92.220.
- Excess match generated in a fiscal year can be carried forward to meet the next year's match obligation.
- Match liability must be met in the year that it was incurred.

HOME match must be satisfied by end of federal fiscal year and is tracked by the Office of Program & Fiscal Operations in the DGCD based on 25% of actual expenditures drawn per project but some activities are exempt from match requirements:

- Administration and planning fund
- CHDO Operating assistance, etc.

The City satisfies the match liability by maintaining a log including eligible sources of match such as cash; donated construction materials or volunteer labor; value of donated land or real property; value of foregone interest, taxes fees; or charges levied by public or private entities; Investment in or offsite improvements; proceeds from bond financing; the cost of supportive services provided to families living in HOME units; and the cost of homebuyer counseling to families purchasing HOME assisted units. During the yearly closeout period of projects with match requirements, the Program Analyst and Fiscal Team are required to reconcile and review to confirm that all match requirements were met.

HOPWA Leverage

Leveraged funds are non-HOPWA dollars provided by the PS used to pay for housing and services to HOPWA eligible households:

"Leveraged Funds: The amount of funds expended during the operating year from non-HOPWA Federal, State, local, and private sources by grantees or sponsors in dedicating assistance to this client population.

- "In-kind Leveraged Resources: These involve additional types of support provided to assist HOPWA beneficiaries such as volunteer services, materials, use of equipment and building space." "The value of any donated material, equipment, building, or lease should be based on the fair market value at time of donation.

PS can identify any additional funding or in-kind resources that will benefit the client population with the submission of the initial proposal for funding. After funding is awarded, the leverage may or may not be adjusted.

Period of Performance of Federal Funds

Control Objectives
The City as the grantee will provide reasonable assurance that federal funds are used during the period of performance. All obligations must occur on or between the beginning and ending dates of the grant period. *2 C.F.R. § 200.309.* This period is known as the period of performance. The period of performance is dictated by statute and will be indicated in the Grant Agreement Notification. Further, certain grants have specific requirements for carryover funds that must be adhere to.

Control Activities
All obligations must occur on or between the beginning and ending dates of the grant period, which are designated in the grant agreements, this period is known as the period of performance. Upon execution of subaward to SR/PSs and Developers, the awarding period must be in line with the HUD's designated period of availability to the City.

Under the entitlement grants, the City's program year is designated January-December which differs from the time in which the City may receive its executed grant agreement, if guidance is provided by HUD in reference to authorized pre-award cost, then DGCD can allow expenditures to be allowable back to the start of the HUD approved period.

For all subawards or contracts with SR/PSs and/or Developers the designated performance period is identified and managed through the contractual agreement. SR/PS and/or Developers must adhere to the following contractual obligations:

- Each month reimbursement submission must include the provided reimbursement request forms which include the following:
    - Project Name, Contract Period, Project, and Task #, IDIS Plan Year, Reimbursement Period, contract amount and Oracle award number (see Electronic Reimbursement submission process)

<u>The accounting system (Oracle Cloud) prevents obligation or expenditure of federal funds outside of the period of availability</u>

The Director of the Office of Entitlement and Competitive Compliance reviews all grant agreements approved by HUD to identify the performance period. This information is communicated with all DGCD staff to promote the consistent use of grant funds throughout the period of availability. Analyst must monitor all expenditures during the review of reimbursements to make sure no expenditures are outside of the performance period.

The Office of the Controller, Accounts Payable Department maintains (on paper or electronically) original source documentation to support all expenditures recorded in the Oracle Cloud financial management system. Source documentation may include but is not limited to purchase orders/requisitions, invoices, itemized receipts, travel authorizations and travel vouchers, contracts, proof of delivery, copies of checks, bank statements, etc. Invoices that are received by mail, fax or email are attached to a copy of the original purchase order. Once the items have been received in the financial system and proper approvals are received, the payment is processed by the Accounts Payable Department. No payment will be processed without sufficient documentation and approval. If documentation does not qualify for grant funding, the payment will be processed using other funds.

Carryover
In reference to 2 C.F.R. § 200.308 (2), Initiate a one-time extension of the period of performance by up to 12 months unless one or more of the conditions outlined in paragraphs (d)(2)(i) through (iii) of this section apply. For

one-time extensions, the recipient must notify the federal awarding agency in writing with the supporting reasons and revised period of performance at least 10 calendar days before the end of the period of performance specified in the federal award. This one-time extension may not be exercised merely for the purpose of using unobligated balances. Extensions require explicit prior federal awarding agency approval when:

- The terms and conditions of the federal award prohibit the extension.
- The extension requires additional federal funds.
- The extension involves any change in the approved objectives or scope of the project.

If an extension is needed to extend the Grant Agreements period of performance the following information must be presented by the Director of the Office of Fiscal & Program Operations to the Deputy Commissioner and Commissioner:

- The grant objectives that were not met and the financial implications.
- Explanation of why the objectives were not met.
- Financial and / or personnel impacts on City if an extension is granted.
- Revised period of performance; and
- Steps, justification, and timeline needed to complete the extension request.

If a surplus is anticipated due to unmet program objectives, The Commissioner of DGCD will notify HUD. The extension request must include justification and a proposed timeframe.

Cancellation or closeout

DGCD will liquidate all obligations incurred or cancel commitments under the award not later than 90 days after the end of the funding period unless an extension is authorized. 2 C.F.R. § 200.343(b). SR/PSs must submit all reimbursements prior to the end of the period of performance and the contract term. In the event an extension is granted by HUD, the Commissioner of DGCD and/or their assigned designee can provide an administrative contract extension. Cancellation or closeout of the following:

- The respective Program & Fiscal Operations Manager and Analyst will complete a final reconciliation of the award and review and request all commitments are either paid with the time or to be cancelled.
- If no extension is granted, The Director of the Office of Program & Fiscal Operations will submit a request to Grants Accounting to close the award and associated projects. If there is a fund balance the task will also de-obligate any balance in the Oracle Cloud financial management system.

Procurement and Suspension and Debarment

Control Objectives

The City and DGCD will provide reasonable assurance that procurement of goods and services are made in compliance with 2 CFR Part 200, 318-323 and that covered transactions (as defined in the suspension and debarment common rule) are not made with a debarred or suspended party.

Control Activities

Official written City policies and City code for procurement and contract establishment of contractors

The four basic types of procurement processes addressed within the policies and code are:

- Small Purchases
- Sealed, Competitive Bids
- Competitive Bids
- Non-competitive Proposals

Procedures for selection of SR/PS
DGCD uses a competitive bid process for the selection of SR/PS and Developers. Solicitations will be published in accordance with the citizen participation plan (CPP).

DGCD strategizes and plans meetings and makes a NOFA timeline. The City will hold a public meeting, accept proposals, review, evaluate and score applications, and determine the allocation of CDBG, ESG, HOPWA, and HOME Program funds in HUD's Program Year. The City has established priority needs of the community in a five-year Consolidated Plan.

Release a Notice of Funding Availability (NOFA) - The department of grants and community development releases NOFA with a comma which provides information on the types of funding available, eligible activities in the process for applying. This information is provided to news outlets, the city's website, DGCD website, etc. to announce the NOFA.

Accept Applications and Provide Technical Assistance – the application will be made available for organizations, primarily through the DGCD software program portal, during the open solicitation/application period. DGCD will provide technical assistance sessions and release Q&A documents to answer applicant questions. Questions outside of TA sessions should be sent to DGCD_Planning@CityOfAtlanta.onmicrosoft.com.

Evaluations and Funding Recommendations- Once the solicitation period closes, evaluators will review and score the applications. At least two evaluators per application. The funding recommendations are determined based upon the amount of funding available, which applications qualify, and the evaluation scores. Upon DGCD evaluators making recommendations the City will share recommendation with the HOPWA Advisory Committee and CoC. DGCD then drafts a formal recommendation and shares the information with the Mayor's Office for review and approval. Once the NOFA recommendations are approved the legislation is drafted to include a listing of CDBG, ESG, HOME, and HOPWA projects to be awarded. The Con Plan and/or the AAP legislation will be submitted to the CDHS Committee of the City Council.

Public Comment, Legislation, and a Public Hearing – The funding recommendations are made available for public comment, legislation with the funding recommendations will be introduced to City Council, and a public hearing is held at the end of the public comment period. Public comment periods will be determined and in compliance with the City's CPP.

City Council NOFA Recommendations and Annual Action Plan Approval - The City Council must approve the AAP that includes the NOFA application recommendations. The AAP must be legislated annually and is considered an ordinance. Once the recommendations are approved and the City satisfies the CPP outlined public comment period the City must submit the APP in the IDIS system for HUD review and approval.

Official written P&P for suspension and debarment that:
- Contains or references the federal requirements.
- Prohibits the award of a subaward, covered contract, or any other covered agreement for program administration, goods, services, or any other program purpose with any suspended or debarred party; and

- Requires DGCD and Department of Procurement staff to determine that entities receiving subawards of any value and procurement contracts equal to or exceeding $25,000 and their principals are not suspended or debarred and specify the means that will be used to make that determination, i.e., checking the System for Award Management (Sam.gov); obtaining a certification; or inserting a clause in the agreement.
- Refer to the Federal Procurement section in the City's "Purchasing and Reimbursement Procedures"

Program Income

Control Objectives
The City and DGCD will provide reasonable assurance that program income is correctly earned, recorded, and used in accordance with the program requirements *2 CFR 200.80* and *200.307.* Program income *2 CFR 200.80* means gross income earned by a grant recipient that is directly generated by a supported activity or earned because of the federal award during the grant's period of performance.

Control Activities
Mechanism in place to ensure that program income is properly recorded as earned and deposited in the bank as collected
Income rules for a specific federal grant may vary by funder, although they generally program income that the non-federal entity did not anticipate at the time of the award must be tracked, reported and approved to be used to reduce the Federal award and non-federal entity contributions rather than to increase the funds committed to the project.

Analysts and SR/PS will be responsible for tracking and recording program income based on the deduction method unless otherwise stated in the grant agreement. When program income is received, DGCD Administrative Support team must log all the physical program funds received. The Analyst and SR/PSs will be responsible for recording and tracking program income. The program income received by DGCD will be entered into a spread sheet and tracking system prior to being submitted to the Office of Grant Accounting. The Office of Grant Accounting will enter program income documentation received from DGCD into IDIS and submitted to the revenue department annually in accordance with DGCD Program Income SOP

Policies and procedures provide for correct use of program income in accordance with federal program requirements.

Income rules for a specific federal grant may vary by funder, although they generally involve the deduction, addition, or cost sharing/matching methods described below. The deduction method is in effect unless another method is set in the grant agreement. The Director of the Office of Program & Fiscal Operations will ensure that program income will be obligated and/or expedited before federal funds are drawn in the grantors financial management system.

Deduction (aka subtraction)
Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the award must be tracked, reported, and approved to be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project.

Addition

With prior approval of the awarding agency, program income may be added to the award by the awarding agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the award. Income used in this way is auditable during the grant period. The income that comes in after the closing of the grant is not restricted in this manner.

Cost sharing or matching
With prior approval of the awarding agency, program income may be used to meet the cost sharing or matching requirement of the award.

SR/PSs and Program Income (See Program Income SOP#00-19)

Each agency providing eligible CDBG, HOME, and HOPWA activities that may generate program income are required to account, record, and submit to the City of Atlanta monthly the total amount of program income that is collected, expended

Income after the period of performance
There are no requirements governing the disposition of income earned after the end of the period of performance for the awards unless the awarding agency regulations or the terms and conditions of the award provide otherwise. The awarding agency may negotiate agreements with DGCD regarding appropriate uses of income earned after the period of performance as part of the grant closeout process. DGCD will continue to follow controls in recording and tracking program income.

Reporting

Control Objectives
The City and DGCD will collect all required monthly and annually through financial and programmatic reports from each SR/PS's. DGCD will also make reasonable assurances that all reports of federal awards are submitted to HUD. The fiscal and programmatic reports will include the following: include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented timely and in accordance with program requirements per *2 CFR 200.327 and the grant agreements.*

Control Activities
SR/PS Reimbursement Reporting (See Reimbursement SOP)

Each SR/PS will be required to submit a request for reimbursement monthly no later than the 15th of each month and to be submitted to the department's centralized email address grantpayments@atlantaga.gov for s/SR/PS to submit reimbursement requests. The standard rule is for monthly reimbursement requests by the 15th, this will allow DGCD to be diligent is the submission to HUD for draw activity. All Payment Requests must be made by completing and submitting them with a Payment Request Cover sheet located on the DGCD website.
Documentation to be submitted with all reimbursement requests:

- Submission of the program reimbursement form applicable for each CPD award (CD/ES/HM/HOPWA-1)
- Submit documentation of incurred expense: proof of payment/checks, may include payroll expense, invoices, etc. and supporting documents of actual expense.
- Submit appropriate beneficiary report, and if applicable, Program Income tracked. Must include supporting documentation.
- Submit applicable administrative staff cost as outlined in the written contract - with time allocation and personal activity reports signed and dated by employee and manager, timesheets, copy of payroll journal, and contractual services information.

Monthly Performance Reports

Reporting Process:

1. Once an agency applies for grant funding, all the required reporting forms and expectations will be made available.
    a. Documentation will be attached to the relevant grant portal (Neighborly)
    b. Each funding type and activity will have a standard form to ensure all relevant activity metrics are captured. The Program Operations Team is responsible for providing activity metrics to any upper management or superiors.
2. Accomplishment recording will occur during the last week of the month and will commence the month after the contract is fully executed.
    a. The assigned Management Analyst for the activity will send a reminder email to the agency, outlining the timeframe and reporting requirements. Another reminder will be sent one day before the due date, if the reports have not been submitted.
    b. The Management Analyst will send the required reporting forms (Compliance team will be copied on correspondence) on the first day of the following reporting month (For January reporting, the forms will be sent to the agency on February 1st and will be due on the 15th of the same month forms were sent (February 15th). If the 1st and 15th fall on a weekend or City observed holiday, emails will be sent on the next business day and deadlines will be reflective as well)
3. After the agency receives a formal email notification, with the submission deadline included, a follow-up email will only be sent by the Management Analyst(s) if not received one day prior to the due date.
    a. If the required Monthly reporting forms are not received by the 15th day of the following month or the next calendar day if the 15th falls on a weekend or City observed holiday, the Management Analyst(s) will send a follow up email to the SR/PS and elevate it to the Program Operations Manager.
    b. The agency must send the reporting forms to the assigned Management Analyst and copy the Compliance Specialist included in the email notification. If the agency is nonresponsive, the Management Analyst must maintain continued contact. Agency's continued noncompliance must be reported to Management Analyst's supervisor. Should there be a lack of response from the SR/PS, the Management Analyst shall follow up with a telephone call to the agency. These steps shall be repeated for at least 3 consecutive times with two days apart.
    c. After the Accomplishment form has been submitted, the Management Analyst(s) reviews the form for accuracy and saves the form to the DGCD Document Library under the proper entitlement and period. ***Note: Analysts must use the complete agency and project name when saving the accomplishment form.***
    d. Once the Accomplishment form is saved, the Management Analyst(s) informs the Compliance team who then performs a final review and implements a Power Automate flow, which will transpose the accomplishment data to the accomplishment tracker within the DGCD SharePoint space. https://cityofatlanta.sharepoint.com/sites/dgcd/legal/SitePages/Home.aspx. ***Note: For both HOME funded activities and down payment assistance programs, the CD and HM 3 should be utilized and will not be used in Microsoft Flow. After the review process is completed, Compliance staff will aggregate the data using the appropriate SharePoint list.***
4. Once all reports are accounted for, checked for accuracy, and entered in the tracker, the Compliance team migrates the appropriate reporting task into 'completed' status within the Microsoft Planning space, thereby closing out that month's process. Monthly reports shall be provided to the Financial Analyst (IDIS).

5. At the close of each year, the Compliance team reviews an end-of-year report from the Accomplishment tracker and checks for consistent reporting and data entry errors.
    a. The Compliance team utilizes this final year-end data to create the CAPER.
    b. The data will also be included in IDIS, AAP and the Con Plan.

Quality Control and Assurance: Monthly accomplishment reporting forms will be reviewed by the Office of Program & Fiscal Operations. At year end, the Compliance team will perform a final review of the Accomplishment reports from the tracker to ensure consistent and accurate reporting.
Accomplishment Reporting forms will be locked to prevent manipulation of formulas and edit only data entry cells. Compliance will confirm that the forms were not manipulated and are original.

Privacy and Cyber Security Statement:

Privacy and security standards for the City and DGCD seek to protect the confidentiality of personal information while allowing for reasonable, responsible, and limited uses & disclosures of data. These privacy and security standards are based on principles of fair information practices, and on security standards recognized by the information privacy and technology communities. The standards were developed after careful review of the city's AIM policy and are in accordance with HUD. In the design, development, and operation of any system of records for reporting accomplishment data of program participants, subrecipients, and/or grantees, agencies are required to comply with the **Privacy Act of 1974**, the **HUD rules and regulations** issued under the Privacy Act, and any state and local laws concerning the disclosure of records that pertain to individuals. Grantees must take reasonable measures to safeguard client files when reviewing, printing, copying, storing, and sharing client information.

Monthly Performance Reports must submit by the 15th of each month a performance report for each project which briefly presents the following:

- A comparison of accomplishments to the activities planned for the period. Where the output of each project or activity can be readily quantified
- Reasons why, if applicable, established goals were not met.
- Other pertinent information includes, when appropriate, analysis and explanation of cost overruns or high unit costs.

The information required to be reported in the Integrated Disbursement and Information System (IDIS) will remain and must be documented in the format requested by all SR/PSs.

Beneficiary Reporting
SR/PS are responsible for tracking the total number of unduplicated eligible persons each month of the contract period.

Match

- The SR/PS must make matching contributions to supplement the recipient's ESG program in an amount that equals the SR/PS contract year and submit with the final reimbursement and adhere to Match contributions must meet the ESG eligibility requirements.
- Contributions cannot be counted as federal match multiple times or cross counted; and
- SR/PS must provide documentation to support the required match

Award Modifications
DGCD allows for two types of grant modifications. The two types of grant modifications are:

Award modifications based on cost

- To increase the amount of funding awarded to the SR/PS
- To decrease the amount of funding awarded to the SR/PS (de-obligate)

Award Modifications not based on cost

- Administrative extensions to extend the term of the contractual agreement up to 12 months
- To change the scope of work of the contract
- Change the lead agency receiving the award
- Other changes that would affect the contract, but not affect the overall project cost

Grant modifications can be approved by the Commissioner and the assigned designee. The grant modification can occur as a result of a department need/determination or can be requested by the awarded SR/PS and Developer.

Procedure for Processing Contract Modifications

Cost based modifications

- The SR/PS and/or Developer submits the proposed changes to the contractual agreement to the Management Analyst for review.
- The Program & Fiscal Operations Lead and/or Program & Fiscal Operations Manager review the proposed changes in the submitted request to ensure compliance with the applicable rules and regulations.
    - The Program & Fiscal Operations Lead and/or Program & Fiscal Operations must verify funds are available, and the proposed changes are withing the scope of the grant.
- The Director of the Office of Program & Fiscal Operations then reviews, validates information submitted in the request, and approves/denies the grant modification.
- Once departmental approval is granted the modification will follow the City and the DGCD process to amend the contractual agreement.
- The Contract amendment/modification is executed by the Deputy Commissioner or designee, a copy of the executed grant amendment is retained by the department and provided to the requesting agency.
- All changes to the project timeline and/ or budget lines will be reviewed and updated in Oracle Cloud financial management system by assigned Analyst and approved by the respective Manager

Non-cost-based modifications

- Procedures for processing a non-cost amendment, SR/PS and/or Developer must submit the proposed changes to the contractual agreement to the Management Analyst for review and initiation of the approval process.
- The Program & Fiscal Operations Manager or designee reviews the proposed changes to ensure compliance with applicable rules and regulations, and that the changes have no monetary impact and are within the scope of the grant.
- After the Program & Fiscal Operations Manager or designee approves the modification, the modification request is sent to the Director of Program & Fiscal Operations for final review and approval.
- Once approval is granted, a Contract amendment/modification is executed by the Program & Fiscal Operations Manager. A copy of the executed amendment is retained by the department.
- All changes to the project timeline and/or budget lines will be updated in Oracle, the City's financial management system and then reviewed and approved by the Deputy Commissioner.

FFATA
The SR/PS/ are required to file a FFATA subaward report by the end of the month following the month in which the prime contractor awards any subcontract greater than $30,000 for each SR/PSs or subcontractors. Each SR/PS/ will need to provide a copy of the FFATA filing to the DGCD Management Analyst.

Single Audit Requirements
SR/PS and that expend $750,000 or more under federal awards in a fiscal year must have a single audit performed in accordance with the Audit Requirements which implement the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200.501. Reports on these audits must be submitted to the Federal Audit Clearinghouse (FAC) either within 30 days after receipt or nine months after the end of the fiscal year, whichever is earlier.

Based on subsequent audits or other reviews, DGCD has the right to refuse and/or recover funds. It is the responsibility of the SR/PS and/or Developer to return any funds due from refunds, corrections, or other transactions.

CAPER Reporting
The Consolidated Annual Performance and Evaluation Report (CAPER) is required to be submitted to HUD withing 90 days of the close of the City's program year. This is in accordance with the Con Plan regulations at 24 CFR Part 91. The performance report incorporates reporting requirements for CDBG, HOME, HOPWA and ESG.

The Annual reports are used to meet three basic purposes:

- Provide HUD with the necessary information to assess the City's ability to carry out programs in compliance with applicable regulations and requirements.
- Provide information necessary for HUD to report to Congress; and
- Provide the City with an opportunity to describe the programs achievements.

The Office of Entitlement and Competitive Compliance

- Responsible for P&P review and approval
- General oversight of the CAPER process
- Review and approval prior to Commissioner/Deputy Commissioner approval

The City is required to use IDIS to comply with current reporting requirements. The Director of the Office of Program & Fiscal Operations and the designated staff of DGCD will be responsible for:

- Tracking all projects and progress and tracking any discrepancies.
- Update all current activities in IDIS to include all required financial and performance information; and
- Reviewing and approving all narrative components

The Office will be responsible for:

- Tracking all fiscal transactions during the program year and identifying and correcting any discrepancies.
- Reconciling all IDIS expenditures to City's financial management system; and
- Reviewing and completing all financial data reporting in the CAPER.

Prior to submitting the CAPER, DGCD will make the report available to the public for review and comments for a period of at least 15 days.

The Program Operations and Fiscal Directors will provide a draft report CAPER to the Office of Entitlement and Completive Compliance for review and approval. The report is provided to the Commissioner and Deputy Commissioner for final review and approval to submit via IDIS.

Financial Reporting
Most periodic grant reports are due within 30 days of the end of a performance period (usually quarterly or semi-annually). Final reports are usually due within 90 days of the end of the project.

Subawards of $30,000 or more must be reported by primary recipients of federal grants at www.fsrs.gov in accordance with the Federal Funding Accountability and Transparency Act. For example, if the DGCD receives a grant directly from a federal funder and then subawards at or above this threshold to another entity or another program partner, the award must be reported within the month following when it was made. See www.fsrs.gov for guidance. The requirements for this reporting process are likely to increase in the future when the federal DATA Act is implemented in 2018 (Data Accountability and Transparency Act of 2014). Grant Accounting and/or other city departments are responsible for completing and submitting the reports.

Record Retention

Control Objectives
The City by way of DGCD will provide reasonable assurance that all financial records, supporting documents, statistical records, and all other non-federal entity records pertinent to a federal award must be retained for a period designated by the funding agency.

Control Activities

Record Retention Policy
In general all DGCD will maintain all financial records, supporting documents, statistical records, and all other entity records pertinent to a federal award for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the federal awarding agency or pass-through entity in the case of a SR/PS. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-federal entities.

Exceptions:

- Federal award or Grant agreement defines the retention period.
- If any litigation, claim, or audit is started before the expiration of the 7-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
- When the non-Federal entity is notified in writing by the federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.
- Records for real property and equipment acquired with federal funds must be retained for 3 years after final disposition.
- When records are transferred to or maintained by the federal awarding agency or pass-through entity, the 7-year retention requirement is not applicable to the non-federal entity.
- Records for program income transactions after the period of performance. In some cases, recipients must report program income after the period of performance. Where there is such a requirement, the retention

period for the records pertaining to the earning of the program income starts from the end of the non-Federal entity's fiscal year in which the program income is earned.

Consistent with applicable state and local laws regarding privacy and obligations of confidentiality, the SR/PS also must provide citizens with reasonable access to records on the past use of federal funds.

Collection and Transmission of Records

Records may be maintained in either paper or electronic form, based on the current practices established by the City. Electronic storage will provide an easier means to share documents upon request i.e. auditors, records, inquiries, etc. In either case, care will be taken to ensure the materials chosen to create the record will last through the records retention period. Proper storage of the records is the responsibility of the City and DGCD. All records are stored in a secured HIPAA compliant site within the DGCD Microsoft SharePoint.

Safeguarding confidential information

DGCD is ensuring the security and confidentiality of personal and private information. A data breach and confidentiality P&P has been created and is to be utilized to protect against any anticipated threats to the City's and department's security, integrity, and guard against unauthorized access and use:

- SR/PSs are required by the executed written contract and law to ensure the confidentiality and security of the client and will receive regular training on their responsibilities.
- SR/PSs must ensure the confidentiality of the names of any individuals assisted under DGCD's grant programs by developing a comprehensive P&P for confidentiality and security and consistently following its procedures. They are required by contract to adopt a P&P requiring that sensitive personally identifiable information (SPII) is kept confidential, that describes how confidentiality is maintained, and that establishes clear breach response procedures, notification requirements, mitigation activities, sanction levels, and requirements for duty to warn or report.
- The P&P must provide a confidentiality training schedule (annually at a minimum) and designate a staff member as responsible for privacy and security (e.g. Privacy or Security Officer).
- SR/PSs are required to hold annual training and provide proof of the training along with sign in sheets.
- Prior to exchanging information with any other agency or entity, SR/PSs are required to first secure a release of information from the client, except as required by law. A" Consent to Release and/or Obtain Confidential Information" must be completed and signed by the client identifying specific individuals or organizations to which confidential information may be disclosed and must be resigned annually. In the absence of such specific written authorization, information identifying an individual's HIV status may not be disclosed by the s/SR/PS to any individual or organization.

Access to Records

DGCD provides the awarding agency, Inspector General, and the Comptroller General of the United States or any of their authorized representatives the right of access to any documents, papers, or other records of the City and DGCD which are pertinent to the federal award; to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the City and DGCD's personnel for the purpose of interviewing and discussion related to such documents.

Consistent with applicable state and local laws regarding privacy and obligations of confidentiality, the SR/PS also must provide citizens with reasonable access to records on the past use of federal funds.

Maintaining an inventory of records will allow for the identification of records that may be at the end of the retention period. All records are stored in a secured HIPAA compliant site of the City and DGCD. Prior to the destruction of records, a written request must be made to the City Supervisor of Records. Once the written request is approved, the DGCD can choose a method of destruction or recycling and advised to choose the method of destruction carefully.

SR/PS Monitoring
Control Objectives

DGCD will provide reasonable assurance that federal award information and compliance requirements are identified to SR/PSs, SR/PS activities and are monitored, SR/PS audit findings are resolved, and the impact of any SR/PS noncompliance on the pass-through entity is evaluated per 2 CFR 200.328 and 331. Also, the pass-through entity should perform procedures to provide reasonable assurance that the SR/PS obtained required audits and takes appropriate corrective action on audit findings.

Control Activities
The Office of Entitlement and Competitive Compliance will provide active oversight for DGCD to determine and ensure it is complying with all federal statutes, regulations, and the terms and conditions of the federal, state, or local grant awards and policies and procedures as follows.

The Office of Entitlement and Competitive Compliance is responsible for:

- Ensuring that programs and technical areas are carried out efficiently, effectively, and in compliance with all DGCD's internal policies, federal, state, and local applicable laws and regulations.
- Ensuring that the subaward is used for authorized purposes; and
- Ensuring that the subaward performance goals are achieved.

SR/PS's compliance with Federal program requirements monitored using such techniques as the following:

- Issuing timely management decisions for audit and monitoring findings to inform the SR/PS whether the corrective action planned is acceptable,
- Maintaining a system to track and follow-up on reported deficiencies related to programs funded by the recipient and ensure that timely corrective action is taken
- Regular contacts with SR/PSs and appropriate inquiries concerning the federal program,
- Reviewing SR/PS reports and following-up on areas of concern
- Monitoring SR/PS budgets and expenditures
- Performing site visits to SR/PSs to review financial and programmatic records and observe operations, and
- Offering SR/PSs technical assistance where needed.

**Site visits may not be applicable due to health and safety concerns a virtual monitoring will be conducted instead.*

Official written policies and procedure's purpose:

- Communication of federal award requirements to SR/PS
- Responsibilities for monitoring SR/PS
- Process and procedures for monitoring
- Methodology for resolving findings of SR/PS noncompliance or weaknesses in internal control; and

- Requirements for processing of SR/PS audits, including appropriate adjustment of passthrough entity's accounts.

Approach to Monitoring

The City defines Monitoring as a periodic exercise to adhere to internal controls and compliance. Monitoring is also an integrated part of the grant management process, ensuring the delivery of quality assistance to federal program beneficiaries. It is an active, ongoing collaboration between the SR/PS and the DGCD to assess and adjust federal projects when necessary. To best achieve the performance goal objectives, the following areas are monitored and separated into four basic categories:

- Project Activities
- Performance
- Policies and Procedures
- Finances

Monitoring ensures the following:

- Provide oversight to ensure local and federal rules and regulations are being followed.
- Strengthen DGCDs ability to effectively and efficiently manage awards entrusted by HUD.
- Evaluates internal controls, identifies non-compliance, and assists with correcting compliance issues.
- Safeguard grant funds with the overall goal of serving the residents of the metro area.

Monitoring Approaches:

- DGCD's staff performs in-depth, limited, remote, desk audits, on-site monitoring, or a combination of monitoring types. The department uses a cross-functional monitoring approach that consists of a program staff, a member of the financial team, compliance, inspector if applicable and a member of the leadership team if necessary.
- Prior to monitoring: Existing and new SR/PS will be evaluated to determine the potential risk by the assigned Program Manager/Analyst and assigned Fiscal Analyst. The third level review will be completed by the assigned Compliance Specialist.
- Risk Analysis: The major steps for using the risk-based monitoring system include: (a) Rating, ranking, and selecting sub awardee(s) for monitoring; (b) Identifying program risks and setting monitoring objectives; (c) determining type of monitoring and program areas, (d) Supervisory Oversight and (e) Documenting the process and recording the rationale for choosing sub awardees(s).

Using the risk tool DGCD will assess the risk of the agencies we have contractual agreements with. The Office of Program & Fiscal Operations will complete the risk tool, the Compliance Specialist will review the tool.

1. Management Representative begins the review and certification process. The role of the Management Representative is to provide quality control to ensure validity and consistency through an assessment of each Evaluator's ratings and comments. The Management Representative reviews each risk analysis worksheet and completes the certification process with his/her electronic or manual signature. The results of the worksheets are entered into SharePoint in the Risk Analysis Module as evidence of the conclusions and results.
2. Once the risk analysis is completed, a monitoring schedule will be developed by the Office of Entitlement and Competitive Compliance. SR/PS will be monitored based on their assigned risk level. Once the risk tool is completed information will be provided to the Compliance Specialist for review, approval, and development of the Monitoring Schedule.

The Semi-Annual Monitoring Schedule will be devised according to Sub-Recipient (SR/PS) risk level.

DGCD staff will perform a desk, virtual, or/and an on-site monitoring or a combination of several monitoring types deemed necessary by the Office of Entitlement and Competitive Compliance to ensure that federal funds are used for authorized purposes in compliance with laws, regulations, DGCD's internal process and the provisions of any recipient's executed written contract/agreement, and those performance goals are achieved. In general, monitoring will emphasize evaluations of progress, program performance, financial management systems, general management practices, record keeping/reporting and compliance with applicable regulations and procedural requirements. Performance will be measured against project timetables, budgets, goals, performance standards and objectives specified in any written contract or agreement executed between DGCD and any Sub-recipient.

Monitoring System: DGCD will carry out monitoring activities. Annually, the assignment of an individual staff member as a Program Management Analyst/Project Manager of a sub-recipient or assigned team in receipt of the City's federal program funds occurs. The monitoring is also coordinated with the department's' fiscal staff.

The monitoring system will include:

- Checklist: DGCD staff will use monitoring tools/checklist
- Risk Analysis of SR: Existing and new sub-recipients will be evaluated to determine the potential risk - in the administration and implementation of grant allocations. This process identifies the program areas to be covered, those SR/PS and activities that represent the greatest vulnerability, ranking the order of the SR/PS's monitoring and the depth of the monitoring review.
- Monitoring Schedule: The Office of Entitlement and Competitive Compliance will develop a monitoring schedule for each project assigned and coordinate this schedule with the SR/PS.
- Financial and Programmatic Progress Reports: Sub-recipient fiscal and progress reports are routinely required in all written sub-recipient agreements. Additionally, a monthly project management report will be maintained with current information on the activity of each federally funded project. This information will be compiled and maintained by staff on a consistent and regular basis.
- Procedures for Reviewing Financial Management and Procurement
- Training and Technical Assistance: A training and technical assistance program has been developed and implemented for SR/PS, as well as for those who have been identified as high risk.
- Procedures for Correcting Deficiencies, the results of all monitoring are communicated, in writing within 30 days, to the sub recipients being monitored to inform them of areas of concern or noncompliance and suggest methods of correction which is required within 45 days of the written notice.

Pre-award SR/PS Review/Risk Assessment

Before executing a SR/PS agreement, DGCD will conduct an assessment to identify risks. A SR/PS risk assessment must take in several factors, including but not limited to:

- whether the potential SR/PS is subject to a single audit or other federal financial review, degree of external oversight by auditors or sponsor agencies;
- demonstrating financial capacity for the intended project
- evidence of effective financial controls within the SR/PS's systems and administrative operations through review of the organization's audit reports management letter, or other acceptable documentation size of the SR/PS;
- size of the SR/PS award:
    - large awards may receive substantial and frequent monitoring

    - midsized awards may receive proportionately less substantial and less frequent monitoring
    - smaller awards may receive general review and the least frequent oversight
- award complexity, sensitivity of the work, and/or extensiveness of the governing regulations
- prior experience with the SR/PS (e.g. Pre-award negotiations, financial/operational reporting accuracy and timeliness, response to requests, etc.)
- organizational and individual conflict of interest
- confirmation that the SR/PS is not listed on the Excluded Parties List System (SAM)

Where the risk assessment reveals a high potential for financial risk, a proposed risk mitigation strategy will be developed by the DGCD.

Standard Terms in SR/PS Agreements
The City of Atlanta and Department of Grants and Community Development SR/PS agreements generally will include the following, as appropriate:

- Terms that specifically address the implementation of any appropriate and necessary risk mitigation strategies.
- for SR/PSs subject to A-133, a requirement to report any problem related to the subaward identified in their annual audits and to submit corrective action plans for review by DGCD.
- Mandatory flow-down provisions from the prime award, such as the requirements of certain federal laws and regulations as applicable.
- Financial terms and conditions including but not limited to fixed price or cost, term and termination, billing requirements, and payment terms.
- ownership of intellectual property and data.
- a requirement to permit the sponsor and or the City and their auditors to have access to the records and financial statements as necessary for DGCD to conduct a review if deemed appropriate and to cooperate with the DGCD in resolving problems.
- terms indicating that SR/PS submission of an invoice constitutes certification that the items included on the invoice represent reasonable, allocable, and allowable costs associated with performing the project defined in the agreement; and
- for federal awards, each SR/PS will be informed of the Catalog of Federal Domestic Assistance ("CFDA") title and number, award (name, number, and year), and the name of the federal agency sponsoring the award.

Post-award SR/PS Review/Risk Assessment
Like Pre-award risk assessments, the annual SR/PS financial monitoring activities should be driven by several factors discussed in the section of this procedure titled "Pre-award SR/PS Review". In addition, the following approaches may be used to gauge the SR/PS and confirm the risk profile:

Upon receipt of an unfavorable audit report from a SR/PS, DGCD will confirm that the SR/PS has taken appropriate and timely corrective action.

Closeout out of SR/PS awards
The Office of Program & Fiscal Operations will collect and ensure all closeout procedures as part of the Grant Management process immediately following the conclusion of the subaward period of performance. SR/PS awards should be processed for closeout and formally closed within a 45-90-day period, unless DGCD grants an extended period to close out the SR/PS award. A SR/PS award may not be formally closed until all the applicable closeout requirements have been accomplished. SR/PS award closeout requirements must include:

- receipt of final invoice
- collection of all required deliverables (e.g., technical/progress reports and equipment reports, etc.) to be provided by the SR/PS and final verification of completion by the Management Analyst, indicated by the Program Analyst signature and date on the final invoice
- completion of any necessary final review of costs charged to the DGCD by the SR/PS and final closeout of all commitments, accrued costs, or payables.
- Return of any funds due to the City of Atlanta as a result of program income, refunds, corrections, advances and or audits.

In general, a subaward is considered closed when it has expired and/or when final technical deliverables are received, and financial matters are concluded.

Financial Management Systems

Control Objectives

DGCD will provide reasonable assurance to maintain a proper financial management system to receive both direct and state-administered grants and to expend funds associated with a grant award.

Control Activities

Financial Management Standards

The standards for financial management systems are found at 2 C.F.R. § 200.302. The required standards include:

Identification – DGCD identifies, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification include, as applicable, the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity. Each federal, state, or private grant award is designed by a specific *award* and *project number* to track all expenditures pertaining to each grant award. Each award and project are requested based on the grant agreement from the funder and the approved legislation.

Oracle Cloud is the primary system for purchasing; human resources and payroll; budget, accounting, fixed assets and projects and grants. Separate inventory systems exist for information technology. Each function of the Oracle Cloud system is overseen by a Chief Administrator for overall compliance of the module.

Once a grant award notice/funding notification is received by the City and the DGCD, the Fiscal Director will request the appropriate account codes per the legislative checklist and provide a copy to the Grant Manager-Finance and Director Program Operations. A copy of the grant award notice and request to establish the account structure is forwarded to the Grant Accounting Manager of the Controller's Office.

In compliance with 2 C.F.R. 200.302, all grants are tracked by the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the passthrough entity. The Office of Grants Accounting (OGA) establishes the account codes and funding budgets in Oracle Cloud. Once reviewed and approved by the Grants Accounting Manager (OGA)and Director of Program & Fiscal Operations, the budgets are submitted through the legislative process. All grant expenditures must be within the dates of the grant award (start and end dates). Budgeted amounts in Oracle Cloud must match the current grant award notice. If an amendment is approved, Oracle Cloud should be updated upon approval of the GAN by Grant Accounting.

Budget Control

The DGCD Fiscal Team monitors the financial performance of each grant throughout its life cycle by comparing and analyzing actual expenditures to budgets.

The DGCD Fiscal Team runs YTD budget reports for all grant funds monthly. The YTD budget reports are used to assess the financial status of the grant and to determine the need for adjustments or changes.

YTD budget reports are forwarded to the Office of Grants Accounting on a quarterly basis. If significant variances exist or a trend that may lead to a significant variance is determined the Director of the Office of Program & Fiscal Operations completes an analysis to be reviewed by the Deputy Commissioner.

Financial Reporting
Accurate, current, and complete disclosure of the financial results of each federal award or programs must be made in accordance with the financial reporting requirements set forth in the grants agreements and 2 CFR 200.327 and 200.328 Monitoring and reporting program performance.

The Chart of Accounts for the grant fund organization codes was set up so that an individual could track expenses by fund, department project, fiscal and project year, and source of funds. Below is an outline detailing the structure of the organization codes for grant funds:

Type of Grant: The award type code designates the source of the grant funds and is limited to:

- 1: Private Grant
- 3: Federal Grants
- 4: State Grants
- 5: Local Grants
- 9: City of Atlanta and Match (Cost Sharing)

Fund Code: The grantor's fund code is found in the description of each grant. The four-digit code designates the fund code of where the funds are set up and tracked, along with a unique identifier vendor number per funder. There are many vendor numbers and include (but not limited to):

- 2201 Community Development Block Grant Fund
- 2501 Intergovernmental Grant Fund
- 2504 Home Investment Partnerships Program Fund
- 2507 Sec 108 Loan Trust Fund

When creating award/project codes for awarded grants, the Grant Accountant sets up the award under the appropriate fund code and assigns each grant and project a designated sequential number code for tracking purposes. Once approved through the legislative process, the award and projects are uploaded to the general ledger.

Conflict of Interest
Please see City of Atlanta Conflict of Interest Policy.

Payroll
Control Objectives
DGCD will provide reasonable assurances for compensation of personnel services. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this and other appendices under *2 CFR Part 225.* Employees who are paid in full or in part with federal funds must keep specific

documents to demonstrate the amount of time they spent on grant activities. This includes an employee whose salary is paid with state or local funds but is used to meet a required "match" in a federal program.

Control Activities

Charges to federal awards for salaries and wages must be based on:

- An individual's total wage or salary is reasonable for the service rendered
- An individual's employment conformed to local employment laws and regulations meeting federal merit system or other requirements, where applicable.
- The payroll charge is supported by documentation prescribed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.
- The payroll charge is supported by personnel activity reports, e.g., time, attendance, and activity records.
- Charges for leave, employee insurance, pension plans, etc., are reasonable and required by law, employee agreements, or an established P&P of the City and are distributed equitably to federal programs and other activities.
- Charges for authorized absences such as annual leave, sick leave, holidays, court leave, military leave and other similar benefits are allowable and are allocated equitably to all federal programs and other activities.

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must meet federal timekeeping requirements:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated
- Be incorporated into official records
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities
- Encompass both federally assisted, and all other activities compensated by the City
- Support the distribution of the employee's salary or wages among specific activities or costs objectives.

DGCD performs the following to meet federal timekeeping requirements:

- Payroll is tracked in the timekeeping system Kronos and is completed each payroll period by any employee whose wage is being funded by a federal grant source. This time sheet is reviewed and approved by the Manager.
- All employees whose time is charged to a federal grant must complete Personnel Activity Reports on a weekly basis indicating how much time was spent performing the functions/activities funded by each source. This report is reviewed and approved by the Manager.
- All employees whose time is charged between a federal grant and another funding source must complete a Personnel Activity Report monthly indicating how much time was spent performing the functions/activities funded by each source. This report is reviewed and approved by the Manager

ACKNOWLEDGEMENT

All employees are instructed to follow the procedures contained herein. Employees who do not follow the defined policies and procedures will receive documented performance feedback as part of the DGCD performance management process. Non-compliance with the prescribed policies and procedures could result in disciplinary action up to termination.

I have received a copy of the City of Atlanta and Department of Grants and Community Development's **Internal Controls.** I understand these policies and procedures are designed to inform me of the department's current policies and procedures. I understand that the Department of Grants and Community Development reserves the right to interpret, modify, or eliminate these procedures as needed. I understand that I am responsible for knowing the contents herein and any updates.

_____

Employee Name (Printed)

_____ _____

Employee Signature Date

_____ _____

Supervisor Signature Date