

Community Development Block Grant- Mitigation for the 2018 Cook Inlet Earthquake FEMA Disaster #4413

Introductory Handbook



**Division of Community and Regional Affairs
550 W 7th Ave. Suite 1650, Anchorage, AK 99501**

TABLE OF CONTENTS

FOREWORD.....	1
CDBG-MIT ELIGIBLE PROGRAMS AND ACTIVITIES	2
PART I GETTING STARTED — PRE-AGREEMENT REQUIREMENTS	3
DESIGNATED OFFICIAL (PROJECT MANAGEMENT/SIGNATORY AUTHORITY)	3
SAMS CERTIFICATION AND TRANSPARENCY ACT	3
SITE CONTROL	3
UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT.....	4
ENVIRONMENTAL REVIEW	4
LEAD-BASED PAINT	5
PERMITS.....	5
INSURANCE.....	5
PROCUREMENT.....	6
LABOR STANDARDS	6
<i>FORCE ACCOUNT LABOR</i>	6
<i>DAVIS-BACON CONTRACTED LABOR</i>	7
<i>COMBINATION OF FORCE ACCOUNT AND CONTRACTED LABOR</i>	7
SECTION 3	7
BUDGET	8
SUBRECIPIENT AGREEMENT TERM / PROJECT TIMELINE.....	8
CIVIL RIGHTS.....	8
DUPLICATION OF BENEFITS	9
SUBROGATION AGREEMENT	10
URGENT NEED.....	10
PART II SUBRECIPIENT AGREEMENT.....	11
SIGNATURE.....	11
SCOPE OF WORK.....	11
STANDARD PROVISIONS	11
APPLICABLE LAWS AND REGULATIONS	12
AMENDMENTS (MODIFICATIONS)	12
PUBLIC HEARINGS	12
PART III PROCUREMENT AND CONTRACTING	13
PROCUREMENT POLICY	13
METHODS OF PROCUREMENT.....	13
<i>Procurement By Small Purchase – 2 CFR 200.320(a)(2)</i>	13
<i>Procurement By Sealed Bids (Formal Advertising) - 2 CFR 200.320(b)(1)</i>	14
<i>Procurement By Competitive Proposals - 2 CFR 200.320(b)(2)</i>	14
<i>Procurement By Noncompetitive Proposals – 2 CFR 200.320(c)</i>	14
CREATING, ADVERTISING, AND OPENING BIDS	14
NOTICE OF CONTRACT AWARD.....	14
PREPARATION OF A CONTRACT	14
PART IV MANAGEMENT, REPORTING, AND RECORDKEEPING REQUIREMENTS	15
FINANCIAL MANAGEMENT	15

REPORTING	15
ELECTRONIC FUNDS TRANSFER AND PAYMENT INQUIRY	16
RECORDKEEPING REQUIREMENTS.....	16
FORCE ACCOUNT LABOR	18
CONTRACTED LABOR	18
SECTION 3	18
PROCUREMENT	18
BENEFICIARIES	18
PART V MONITORING VISIT	19
PART VI CLOSE-OUT.....	20
TYPES OF CLOSE-OUT	20
CLOSE-OUT AMENDMENT.....	21
RECORDS RETENTION.....	21
PART VII AUDIT	22
WHAT IS AN AUDIT?.....	22
WHAT TYPES OF AUDITS ARE THERE?	22
WHAT ARE FEDERAL SINGLE AUDIT REQUIREMENTS?	22
WHERE ARE AUDIT REPORTS SUBMITTED?	23

APPENDIX A: ROLES AND RESPONSIBILITIES BETWEEN GRANTEE AND SUBRECIPIENT

GLOSSARY OF TERMS

FOREWORD

The Good News: Congratulations! Your local government or organization (the Subrecipient) has been successfully awarded a [Community Development Block Grant - Mitigation \(CDBG-MIT\)](#) for the 2018 Cook Inlet Earthquake, FEMA Disaster # 4413, through the State of Alaska's Department of Commerce, Community, and Economic Development (DCCED).

The Bad News: The regulations that come with this program can be overwhelming as federal and state regulations apply. Adhering to these regulations is critical to the successful completion of your program or project.

More Good News: You have been assigned a grant administrator whose primary task is to make this program as easy to work with as possible. We will work to keep your paperwork to a minimum (though at first glance it will look pretty monumental), to explain the rules and regulations, and to make sure you have all the help you need in meeting the program requirements.

The grant administrators who administer the CDBG-MIT program are in the Anchorage and Fairbanks Office. Their names and contact information are provided below:

Anita Baker: (907) 269-4252 anita.baker@alaska.gov

If the grant administrator assigned to your community or organization is not available when you have a question or concern, you may contact Brandon McNaughton, Program Lead, in the Anchorage Office at (907) 334-2650 or brandon.mcnaughton@alaska.gov. If the grant administrator assigned to your community or organization is not available when you have a question or concern, you may contact Brandon McNaughton, Program Lead, in the Anchorage Office at (907) 334-2650 or brandon.mcnaughton@alaska.gov.

We are all here to help and to make your life as easy as possible while you work on completing your program or project.

CDBG-MIT INTRODUCTION AND ELIGIBLE ACTIVITIES

On January 6, 2021, the U.S. Department of Housing and Urban Development (HUD) allocated CDBG-MIT funds to address unmet mitigation needs through activities authorized under Title I of the Housing and Community Development Act of 1974 related to mitigation. The State of Alaska was allocated \$2,288,000 for FEMA Disaster No. 4413 (the 2018 Cook Inlet Earthquake), with up to 5% for State Administration and up to 48% for State Planning. The State of Alaska requested and received a waiver from HUD to exceed the planning cap of 15%. HUD identified the Municipality of Anchorage as the “most impacted and distressed” area and allocated a minimum of 50% to be expended within Municipality of Anchorage. The remaining funds may be expended within Matanuska-Susitna Borough and Kenai Peninsula Borough. A minimum of 50% CDBG-MIT funds must be used to serve or benefit Low-Moderate Income Households.

CDBG-MIT funds represent a unique and significant opportunity for the State of Alaska to use this assistance in areas impacted by the 2018 Cook Inlet Earthquake to carry out strategic and high impact activities to mitigate disaster risks and reduce future losses. CDBG-MIT funds will enable the State of Alaska to mitigate against disaster risks, while at the same time allows the opportunity to transform State and local planning by:

- Support data-informed investments, focusing on repetitive loss of property and critical infrastructure.
- Build capacity to comprehensively analyze disaster risks and update Hazard Mitigation Plans using data and meaningful community engagement.
- Support the adoption of policies that reflect local, regional, and state priorities that will have long-lasting effects on community risk reduction, to include risk reduction to community lifelines and decrease future disaster costs.
- Maximize the impact of available funds by encouraging leverage, private-public partnerships, and coordination with other federal programs dollars.

The guiding appropriations act provides CDBG-MIT funds as a supplemental appropriation to the CDBG-DR Program. Accordingly, the alignment of the CDBG-MIT funds with other federal mitigation programs also must occur within the CDBG framework.

The National Objectives of the CDBG Program are (1) providing benefits to low-moderate income persons, (2) preventing or eliminating slum and blight conditions, and (3) addressing a severe and recently rising urgent community welfare or health need. For the purposes of the Slum and Blight National Objective, additional approval will be required from HUD because the National Objective generally is not applicable in the context of mitigation activities. Unlike the other forms of federal disaster recovery assistance, CDBG-MIT grants have a statutory focus on benefiting vulnerable lower income people and communities and targeting MID areas.

HUD has identified that the eligible activities for which CDBG-MIT funds may be used are the same as the eligible activities under CDBG-DR including:

- Supporting infrastructure projects, housing activities, public services, economic development, disaster preparedness, and planning efforts that relate to eligible hazard mitigation activities.
- Increasing resilience and reducing or eliminating risks per HUD’s definition of “mitigation”.
- Ability to be used as a flexible funding match.

However, HUD differentiates between the purpose of CDBG-MIT and CDBG-DR funds in that CDBG-MIT funds are used for mitigation activities that “increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, damage to and loss of property, and suffering and hardship, by lessening the impact of future disasters”.

All CDBG-MIT activities must (1) meet the definition of mitigation activities that has been provided above; (2) address current and future risks as identified in the Mitigation Needs Assessment included in Section 2 of the Action Plan; (3) be CDBG eligible activities under Title I of the Housing and Community Development Act of 1974 (HCDA) or otherwise eligible pursuant to a waiver or alternative requirement; and (4) meet a National Objective, including any additional criteria for mitigation activities and covered projects.

This CDBG-MIT allocation is the first, only, and last separate allocation from the CDBG-DR HUD Allocation Announcement Notices for the State of Alaska.

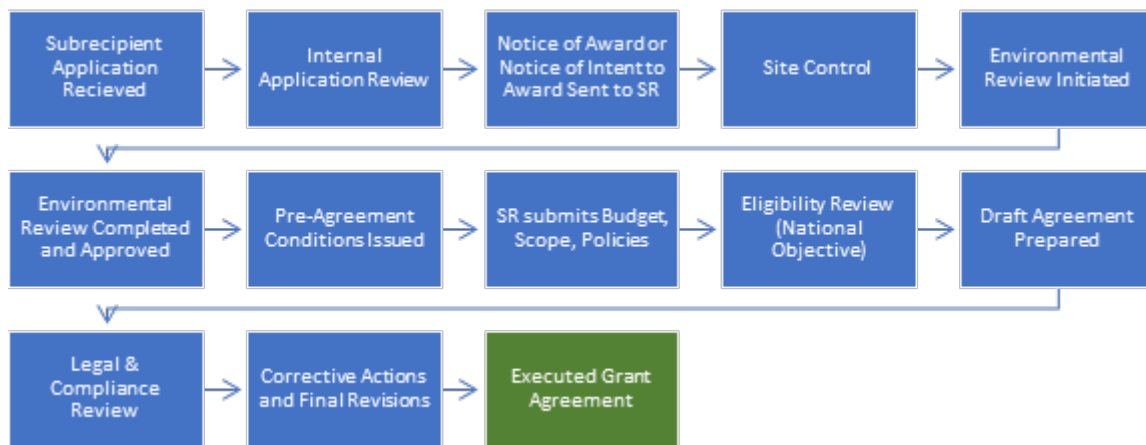
Subrecipients are required to establish a Citizen Advisory Committee to serve as an ongoing public forum to inform CDBG-MIT projects and programs relating to natural hazard mitigation and leading to transparency. The Committee will meet in an open forum at least biannually, either virtually or in-person. The Subrecipient must provide documentation in the form of meeting minutes.

PART I

GETTING STARTED — PRE-AGREEMENT REQUIREMENTS

To ensure program success and compliance with CDBG-MIT requirements, it is critical that both the grantee (State of Alaska, Department of Commerce, Community, and Economic Development – DCCED) and subrecipients understand their respective roles and responsibilities. Subrecipients are entrusted with administration of federal funds and are expected to uphold public trust. Compliance with federal, state, and local laws – such as the Uniform Administrative Requirements (2 CFR Part 200), environmental regulation, procurement standards, and civil rights laws – is not optional. It upholds transparency and equity in the use of public resources, ensures projects meet their intended goals, and protects all parties from findings during audits or HUD monitoring. For more information, see Appendix A: Roles and Responsibilities of DCRA and the Subrecipient (page 27).

This flow chart illustrates the pre-award process for executing a CDBG-MIT subrecipient grant agreement, outlining each step from initial discussions during the Action Plan Development through, environmental review, legal compliance, and final approval.



DESIGNATED OFFICIAL (PROJECT MANAGEMENT/SIGNATORY AUTHORITY)

In your negotiation paperwork, we will send you a form called “Signatory Authority.” We automatically designate the chief elected official (usually the mayor) or your organization’s Chief Executive Officer (CEO) as the person responsible for signing the Subrecipient Agreement (the Agreement), any amendments, and all financial reports. Since this can be a problem for some local governments and organizations, you have the option of designating who will be responsible for managing the project, for signing the Agreement and amendments, and signing the financial reports. These may or may not be the same person(s).

For example, you may want your mayor or CEO to sign the Agreement and any amendments but would prefer your Finance Officer or Administrator complete and sign the financial reports. By filling out this form, you may do so. To expedite your CDBG-MIT reimbursement, it is your responsibility to make sure your grant administrator is notified of signatory authority by submitting an updated form as these changes occur.

There is an important consideration in filling out this form. The mayor or CEO signs the bottom of the Signatory Authority form, effectively delegating authority to the person(s) designated on the form. Regardless of who will be signing the documents during the Agreement term, *the subrecipient (local government) will be ultimately responsible* for making sure the Agreement is carried out properly and that all funds are expended properly.

SAM CERTIFICATION AND TRANSPARENCY ACT

DCCED is required to report information on subrecipients receiving funds under a federal grant per the Federal Funding Accountability and Transparency Act (FFATA). Information is reported in the FFATA Subaward Reporting System (FSRS). Information reported in the FSRS will then be displayed on www.USASpending.gov.

To comply with FFATA, all subrecipients must maintain a current SAM.gov registration. For more information, visit SAM.gov or the Federal Service Desk, FSD.gov.

SITE CONTROL

If your Agreement involves the use of land in any manner (building on it, running power lines across it, etc.), you or your General Contractor/Developer or Beneficiary must establish site control. Our division has developed a publication called [**“What is Site Control?”**](#).

Site control requirements depend upon the nature of the project. For example, if a permanent building is to be constructed, it is advisable to obtain title to the land (by deed) or, at least, a right to use the land for the expected life of the structure (a lease for 20 years at the minimum). For utility projects such as electrical, water and sewer lines, obtaining an easement might be less expensive and is usually sufficient for site control. If land has been transferred from the Federal or State government to another party, the conveyance document should be on record at the appropriate District Recorder’s office. The contact information for the District Recorder’s office serving your community may be obtained from the State Recorder’s Office:

**State Recorder/Administration
550 W. 7th Ave, Suite #108
Anchorage, AK 99501-3564
(907) 269-8876
Fax: (907) 269-6006**

If the project is located within a Federal townsite, the BLM Alaska State Office must be contacted. They are responsible for issuing land deeds to Alaskan villages. The trustee owns and manages townsite lands until a deed is issued.

**US Department of the Interior
Bureau of Land Management
Alaska State Office
222 West 7th Avenue, #13
Anchorage, AK 99513
(907) 271-5960
Fax: (907) 271-3684**

If the land to be used is in an unincorporated ANCSA village, or if you are simply not sure of its status, provide your grant administrator with a **legal description** of the parcel, and a map of the area showing the location of the parcel, and we will request a determination for you. In ALL cases, site control must be established before any funds can be obligated or expended on your Agreement. This can take time, so ask for an opinion as soon as possible.

UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT

Each CDBG-MIT eligible activity involving the acquisition, demolition, or rehabilitation of real property or displacement of persons for a project or program with HUD financial assistance will be required to follow the requirements stated under the implementing regulations of [24 CFR part 42](#), which requires a residential anti-displacement and relocation assistance plan. For guidance contact your grant administrator.

Under the CDBG-MIT program, it is important that no land is acquired before completing the environmental review process unless very specific conditions are met. According to federal rules (24 CFR 58.22), any activity that could affect how the land is used—such as buying it with the intent to build on it—must wait until the environmental review has been completed and HUD has approved the release of funds. If a subrecipient needs to purchase land before the environmental review is done, it may be allowed only if the purchase is truly voluntary, there is no plan to develop the property until the environmental clearance is received, and the subrecipient is notified in writing that federal funding is not guaranteed. The subrecipient must keep detailed documentation showing the transaction was voluntary, that the seller was properly informed, and that no development work started before clearance. Depending on the circumstances, an appraisal may be required to support the acquisition and ensure the purchase price reflects fair market value. If these steps are not followed, the acquisition costs may not be eligible for reimbursement, and the project could face serious delays or penalties. To avoid these risks, it is strongly recommended that subrecipients wait to purchase property until the environmental review is fully complete and HUD has authorized the use of funds. If early acquisition is being considered, contact the grantee's environmental staff first to make sure the required steps are followed. More information on federal acquisition requirements is available through [HUD Exchange's Guide to Property Acquisitions](#).

ENVIRONMENTAL REVIEW

As part of the Agreement negotiation process, and before you may incur costs or expend any funds, a complete and documented environmental review must be completed per HUD's requirements. The environmental review responsibilities include meeting the requirements of the National Environmental Policy Act (NEPA), HUD Environmental regulations at [24 CFR Part 58](#), and other related federal environmental laws and executive orders.

The environmental review process may take up to 60 days. Your entire project timeline depends on how quickly the environmental review is completed.

LEAD-BASED PAINT

The **Renovation, Repair and Painting Rule (RRP Rule)** finalized in April 2008 under the Residential Lead-Based Paint Hazard Reduction Act of 1992 became effective on April 22, 2010. This rule requires that all contractors that are performing renovation, repair and painting projects that disturb lead-based paint in homes, childcare facilities, and schools built before 1978 be certified and must follow specific work practices to prevent lead contamination. Renovations are broadly defined as any activity that disturbs painted surfaces and includes most repair, remodeling, and maintenance activities, including window replacement. This is a requirement for residential structures assisted with CDBG-MIT funds, for additional information please visit [Lead Disclosure Rule](#).

PERMITS

You (the subrecipient or your General Contractor/Developer/Beneficiary) are responsible for determining which permits may be required for your project. We advise you to contact your local Building Department or the Department of Environmental Conservation (DEC) office closest to you. They should be able to assist you with what permits you may need and advise you which agency or agencies to talk to regarding those permits.

State of Alaska Department of Environmental Conservation

Northern Regional Office
610 University Avenue
Fairbanks, AK 99709-3643
(907) 451-2100

Southcentral Regional Office
555 Cordova Street
Anchorage, AK 99501
(907) 269-7633

Southeast Regional Office
410 Willoughby Ave., Suite 303
Juneau, AK 99801-1795
(907) 465-5066

INSURANCE

You (the subrecipient) may not start work on a project until all the insurance required to protect project workers, the public, and your own interests are secured. Listed below are the types of insurance that are required, as well as some policies that are optional depending upon the local governments or organization's needs and concerns:

Workers' Compensation Insurance: State law ([AS 23.30](#)) requires the local government or organization to procure and maintain Workers' Compensation Insurance for all employees engaged in work during completion of the project.

Vehicle Liability Insurance: State law ([AS 21.89](#)) requires that all vehicle owners maintain at least a minimum of insurance coverage against loss from the liability imposed by law for damages arising out of the ownership or use of a vehicle.

General Liability: The local government or organization must procure and maintain a liability policy to protect itself and its workers from claims due to accidents.

Builder's Risk Insurance (optional): The local government or organization may want to obtain fire, theft, vandalism, and other kinds of insurance coverage, either for the whole project or some part of the project.

Hazard Insurance: The local government or organization must procure and maintain hazard insurance coverage for unusual events such as fire, windstorms, flooding, or earthquakes.

Professional Liability Insurance (optional): The local government or organization should consider requiring contractors (including architects, engineers, etc.) to obtain this insurance to cover any negligent acts of the contractor, subcontractor or anyone directly or indirectly employed by them. This coverage provides extra protection for the grantee.

We will provide you with additional information regarding the required amounts of insurance coverage. You are required to show proof of insurance by having your Insurance Carrier provide your grant administrator with a Certificate of Insurance, on which DCCED is named as an interested party. This does not mean that the state is a party to your insurance contract; it means that the state will be automatically notified of any changes in your insurance coverage.

Any contractor/subcontractor hired to work on your project must be licensed, bonded, and insured for at least the total amount of the project. It is your responsibility to make sure your contractor maintains the appropriate insurance coverage on your project.

PROCUREMENT

The grantee is required to follow “fair and equitable” procurement standards in the acquisition of all services, supplies, and materials. You may use your own written procurement procedures, **provided that the procurements conform to applicable federal law and regulations identified in [2 CFR Part 200.318-327](#)**. For more information on procurement and contracting go to Part III, Procurement and Contracting

LABOR STANDARDS

There are three ways labor can be performed and paid for under a CDBG-MIT grant: **Force Account Labor, Davis-Bacon Contracted Labor, or a combination of the two.**

FORCE ACCOUNT LABOR

Force account labor is a construction project in which a local government serves as the contractor and constructs a project “in-house” using local labor. This applies to all labor, not just construction labor. In force accounting projects, workers are hired directly by the local government as public employees. Using the force accounting method may be less expensive. **However, the consideration to use force accounting to construct a community project should not be undertaken lightly.** Force accounting is

not necessarily the best approach for every community, or for every project. Force account projects can be the ultimate test of a community's administrative abilities.

Two questions should be kept in mind when considering whether to use force accounting for a construction project. The first is whether the local government can handle the technical aspects and labor requirements of the project. The second is whether the local government, and the community, have the **commitment** to provide the labor force, training programs and support necessary to successfully complete a force account project. These two critical questions need to be carefully considered and answered prior to starting a project. One of the major benefits of force accounting is the opportunity to employ and train local residents. A local government should evaluate the size and talents of the resident labor force to determine what part of the job can be done by local residents, and how much of the labor force will need to be hired from outside the community.

DAVIS-BACON CONTRACTED LABOR

Applies when a subrecipient chooses to contract out an entire project, without using force accounted labor. Labor in this case falls under several federal laws; the three basic applicable laws are the **Davis-Bacon Act**, the **Copeland Anti-Kickback Act**, and the **Contract Work Hours and Safety Standards Act**. This form of labor carries with it extensive requirements, including a formal bid process, preconstruction conferences, certified weekly payrolls, U.S. Department of Labor wage rates, periodic worker interviews, etc. If your project will be constructed using Davis-Bacon labor, your grant administrator will provide you with the requirements and guidelines to assist you in fulfilling the conditions associated with this type of construction.

Prior to selecting a contractor and signing the contract, you must verify that the contractor is not debarred or suspended from participation in Federal programs. To verify that the contractor is registered and not debarred, complete a search in [SAM.gov](https://sam.gov), print the active registration and place in your in your grant file. [Alaska Department of Labor](https://alaska.gov) maintains a list of entities debarred from bidding or working on public construction projects within Alaska, conduct and document your search.

In addition, verify and document for your file the contractor(s) active license to do business in the State of Alaska from [Division of Corporation, Business and Professional Licensing](https://alaska.gov).

COMBINATION OF FORCE ACCOUNT AND CONTRACTED LABOR

Applies when the grantee uses force account labor and contracts for specialized services, such as plumbing and electricians.

SECTION 3

Section 3 is a provision of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) that is regulated by the provisions of [24 CFR Part 75](https://www.ecfr.gov/title-24). Section 3 regulations ensure that economic opportunities, most importantly employment, generated by certain HUD financial assistance shall be directed to low- and very low-income people, particularly those who are recipients of government assistance for housing or residents of the community in which the Federal assistance is spent.

For community development financial assistance, this plan applies to public construction projects that exceed \$200,000 of community development financial assistance from HUD programs. Applicability is determined at the project level. This plan also applies to projects that include multiple funding sources.

Your project will have to adhere to a Section 3 Plan provided by DCRA. You will have to create or amend your Section 3 Policies and Procedures to ensure compliance with [24 CFR Part 75](https://www.ecfr.gov/title-24) requirements.

You will have to assign a Section 3 coordinator that serves as the central point of contact for Section 3 compliance for your subrecipients, contractors and subcontractors. Monthly reports on Section 3 compliance will be required. For more information refer to the Section 3 plan packet.

BUDGET

The budget for your CDBG-MIT project can consist of several line items (such as labor, fringe benefits, contractual, materials, administration, etc.). During the Agreement negotiation process, your grant administrator may ask that the line-item budget submitted with your original funding proposal be modified and/or request clarification. Once we come to an agreement on the budget, it will be included in your grant Agreement.

SUBRECIPIENT AGREEMENT TERM / PROJECT TIMELINE

The state must meet federal timelines for this program and request subrecipients to make every effort to develop a realistic and accurate project timeline. You will receive a negotiation letter from your grant administrator requesting you to submit a detailed project description, deliverables/goals, budget/budget narrative for your approved project. This information will be included in your Agreement.

CIVIL RIGHTS

The CDBG-MIT program is funded by the federal government, you (the subrecipient) must follow several civil rights requirements and procedures that come with all federal funds. These laws make it illegal for the state or its political subdivisions to discriminate in employment, places of accommodation, sale or rental of real property, and financing and credit practices because of race, religion, color, national origin, sex, handicap status, age and marital/family status. Your acceptance of these requirements will be included in Appendix D of your grant agreement. The best approach is to work with your grant administrator to ensure all the required policies and procedures are established. The civil rights requirements involved are outlined below. These are meant as an overview; we will provide additional information to you during the grant Agreement negotiation process.

Equal Employment Opportunity / Affirmative Action Policy Resolution: You must follow equal employment guidelines in advertising vacancies. This is for employment in general, not just for this project. We must be able to determine from your files the composition of your entire staff by sex, race, handicap status, and national origin. You must display EEO posters (we can provide these for you) where they can easily be viewed by all employees and potential employees. You must have a written EEO policy and/or affirmative action plan (most likely in your personnel policies). A sample policy will be provided for you.

Fair Housing Resolution: You must have a fair housing resolution stating, in part, that discrimination because of race, color, religion, sex, family status or national origin is prohibited in the sale, rental, leasing and/or financing of housing or land to be used for construction of housing, or in the provision of brokerage services. This policy is required even if your CDBG-MIT project does not involve housing in any way.

Policy of Nondiscrimination on the Basis of Handicapped Status: You must have a policy which states that you (the subrecipient) do not discriminate on the basis of handicapped status in the admission or access to, or treatment of employment in its federally assisted programs or activities. You must designate a specific person who will coordinate compliance with these requirements.

Residential Anti-displacement and Relocation Assistance Plan: You must have a policy or plan that assures, in part, all occupied and vacant occupiable low/moderate-income dwelling units demolished or converted to another use in connection with use of CDBG-MIT funds will be replaced.

Americans With Disabilities Act (ADA): You must certify that you will comply with the regulations, policies, guidelines, and requirements of the ADA as they relate to your application, acceptance, and use of funds for this project.

The Alaska Human Rights Commission is charged by law to enforce Alaska Human Rights laws. We encourage you to contact the Alaska Human Rights Commission if you have any questions or if you need assistance in reviewing your current procedures or establishing new ones to ensure [Human Rights](#) compliance.

Again, we will discuss these civil rights requirements with you in greater detail during the Agreement negotiation process. Review all your civil rights policies and become familiar with what is already in place. This will assist in the process of meeting any additional requirements and allow your project to start.

DUPLICATION OF BENEFITS

The local government or organization must comply with HUD's requirements for duplication of benefits, imposed by the Federal Register notice(s) that govern the use of CDBG-MIT funds available under the Agreement. Your local government or organization must conform and undergo a Duplication of Benefits (DOB) review, to conduct an individualized review of each applicant to determine that the amount of assistance will not cause a DOB by exceeding the unmet needs of that applicant. A violation will result in the local government or organization being denied reimbursement of expenses. **Warning:** Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under [18 U.S.C. 287](#), [1001](#) and [31 U.S.C. 3729](#).

A review specific to each applicant is necessary because assistance available to each applicant varies widely based on individual insurance coverage, eligibility for various sources of assistance, and other factors. This includes all benefits available to a person or entity for the same recovery purpose, including cash and other resources such as insurance proceeds, grants, FEMA assistance, SBA loans, other local, state, or Federal program funds, and private or nonprofit organization funds.

Identify DOB Amount and Calculate the Total CDBG-MIT Award:

The total DOB is calculated by subtracting non-duplicative exclusions from total assistance. Therefore, to calculate the total maximum amount of the CDBG-MIT award, the grantee must: (1) Identify total need; (2) identify total assistance; (3) subtract exclusions from total assistance to determine the amount of the DOB; and (4) subtract the amount of the DOB from the amount of the total need to determine the maximum amount of the CDBG-MIT award.

Two considerations may change the maximum amount of the CDBG-MIT award.

First, the grantee may impose a program cap that limits the amount of assistance an applicant is eligible to receive, which may reduce the potential CDBG-MIT assistance available to the applicant.

Second, the grantee may increase the amount of an award if the applicant agrees to repay duplicative assistance it receives in the future. Section 312(b) of the Stafford Act permits a grantee to provide CDBG-MIT assistance to an applicant who is or may be entitled to receive assistance that would be duplicative if: (1) The applicant has not received the other assistance at the time the CDBG-MIT grantee makes its award; and (2) the applicant agrees to repay the CDBG-MIT subrecipient for any duplicative assistance once it is received. The agreement to repay from future funds may enable a faster recovery in cases when other sources of assistance are delayed (*e.g.*, due to insurance litigation). HUD requires all grantees to enter into subrogation agreements with applicants that require applicants to repay duplicative assistance before receiving CDBG-MIT assistance.

Duplication of Benefits will be tested in the activity process and in subsequent monitoring reviews and audit conducted by state and federal agencies. Failure to comply with DOB rules can result in repayment of the federal funds, and removal from the program.

SUBROGATION AGREEMENT

Your local government or organization must agree to a limited subrogation of any future awards related to the 2018 Cook Inlet Earthquake to ensure duplication of benefits compliance. Assisted communities or organizations must agree to repay any duplicative assistance if they later receive other disaster assistance for the same purpose.

URGENT NEED

In very rare circumstances, *i.e.*, urgent, and emergent situations, your local government or organization may be authorized to expend funds in advance of completing the Agreement. These circumstances can be discussed with your grant administrator when the need arises.

PART II

SUBRECIPIENT AGREEMENT

SIGNATURE

Your signature on the Agreement constitutes acceptance of an agreement with all provisions in the document. It is very important that you are familiar with those provisions before signing the document.

SCOPE OF WORK

Attachment A to the Agreement is called “Scope of Work.” It includes the following elements:

- 1. Project Description:** This is a narrative description of the project, and includes some background information, the specifics of carrying out the project, population and low to moderate income (LMI) data, and eligibility data. Grantees are responsible for reviewing the prepared narrative before signing the grant agreement. Your signature on the grant agreement indicates that you agree with this narrative.
- 2. Project Deliverables/Goals/Timeline:** This section includes activities required under the grant agreement to be completed within the timeframes and performance goals associated with each activity. For example, when will the project start and when will the project be completed. How many low- to moderate income households will be served by the project.
- 3-4. Project Budget and Budget Narrative:** This section includes the budget and a budget narrative, showing use of CDBG-MIT funds, and the total project cost. Certain budget modifications can be made as the project progresses. These can be discussed with your grant administrator when the need arises.
- 5. Project Management/Reporting:** This section outlines subrecipient management responsibilities including signatory authority requirements, separate accounting requirements, and reporting requirements.

STANDARD PROVISIONS

When you sign your Agreement, you are certifying that you fully understand and will comply with the “Standard Provisions”, so it is very important that you read and become familiar with them. Everyone involved with the project on an administrative level be familiar with these provisions. The following provisions are of particular importance:

Article 7. Reports: “The Subrecipient, shall furnish the Department with periodic reports as it may request pertaining to the activities undertaken pursuant to this Agreement...”. When you sign this Agreement, you are agreeing in part to furnish the required reports under this Agreement. Failure to do so can be considered a breach of contract on the subrecipient’ part.

Article 15. Obligations Regarding Third-Party Relationships: “...The Subrecipient shall remain fully obligated under the provisions of this Agreement notwithstanding its designation of any third party or parties of the undertaking of all or any part of the project described herein...” This means that if any of the work will be done by another agency (perhaps the Village Council, or a private consultant or contractor), the subrecipient will be held responsible for the terms of

the Agreement and the performance of the Agreement. If you choose to maintain a “hands-off” relationship to this Agreement, you are doing so at a considerable risk.

Article 23. Recovery of Funds: “In the event of a default or violation of the terms of the Agreement by the Subrecipient, the Department may institute actions to recover all, or part of the project funds paid to the Subrecipient. Repayment by the Subrecipient of CDBG-MIT funds under this recovery provision shall occur within thirty (30) days of demand...” The only way to be sure you do not default or violate any of the terms of the Agreement is to be completely familiar with the terms of the Agreement. Failing to do so can result in having to pay back the CDBG-MIT funds.

APPLICABLE LAWS AND REGULATIONS

Appendix D of the grant agreement deals with “Special Requirements and Assurances for Federally Funded Projects.” For each law listed, there is a brief summary of the content of that law. It is important to read this list and the summaries and request additional information if you need clarification of any of the laws. ***Remember, with your signature on this document you are certifying your compliance with these laws.***

AMENDMENTS (MODIFICATIONS)

Each Agreement has at least one amendment — the close-out amendment. Many Agreements have other amendments as well. These can be done for many reasons, such as budget modifications, time extensions, changes in the scope of work, etc. During the Agreement period, if you feel the Agreement requires an amendment, provide a written request to your grant administrator, signed by the person who is authorized to sign the Agreement. Contact your grant administrator and discuss the amendment prior to requesting the change to ensure it is necessary and possible.

PUBLIC HEARINGS

Prior to acceptance of your Agreement, you are required to hold a public hearing (sometimes referred to as a “Town Hall Meeting”) for receiving the community’s comments on this project. A second public hearing may be held during the term of the project to review program performance. You must provide reasonable notice of the hearing, and it must be held at a time and location convenient to potential beneficiaries, with accommodations for the handicapped. Additionally, public hearings must be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate. Additional public hearings may be required in the event of a substantial change in purpose, scope, location, or beneficiaries of the project. Provide documentation of all public hearings related to the CDBG-MIT activity in the form of meeting minutes or a Resolution to your grant administrator. Public hearings are a required part of the CDBG-MIT program to ensure transparency and community participation. It is the subrecipient’s responsibility to plan, schedule, and lead these hearings. This includes providing public notice in advance (typically at least 7-14 days), arranging accessible locations, and ensuring translation or interpretation services are available as needed. The subrecipient’s staff or a designated representative should facilitate the hearing, present the proposed project or activity, and guide any public discussion. A designated recorder must take detailed notes or minutes that include who attended, and what was discussed, any community feedback or concerns, and how the subrecipient responded. In rural or remote communities where a public hearing may not be practical, an acceptable substitute may include a community resolution or signed letter of support from a local governing body or tribal council –

provided it reflects meaningful community input. All hearing materials, including public notices, meeting sign-in sheets (if applicable), transcripts or summaries, and resolutions must be documented and kept on file for monitoring and audit purposes. The grantee may request these records at any time.

PART III

PROCUREMENT AND CONTRACTING

PROCUREMENT POLICY

You are required to follow fair and equitable procurement standards in the acquisition of all services, supplies, and materials. The grantee may use its own written procurement procedures provided that they conform to [2 CFR Part 200 Subpart D – Procurement Standards 200.318-327](#). If a procurement policy is already in place, you must determine whether it conforms to 2 CFR Part 200, Subpart D.

If you do not have an adopted procurement policy, you must follow applicable federal laws and the standards identified in [2 CFR Part 200.318-327](#).

For assistance in developing and adopting a procurement code contact your [DCRA local government specialist](#).

Below outlines the required procurement documentation that subrecipients must maintain to demonstrate compliance with federal and state procurement regulations. Subrecipients should ensure that all listed items are collected, properly completed, and retained for every procurement action, whether competitive or sole source, as part of their recordkeeping.

1. A copy of the email requesting the Grant Administrator to review, comment, and approve the Invitation To Bid/Solicitation/Request for Proposal.
2. A copy of the email from the Grant Administrator approving the Invitation to Bid/Solicitation/Request For proposal.
3. A copy of the email requesting the Grant Administrator to review, comment, and approve the contract.
4. A copy of the email from the Grant Administrator approving the contract.

For Informal Procurements, i.e., procurement \$25,000 or less, keep the following documents:

- Identify an agency official responsible for the purchase of supply or service acquired and the vendor's name and price.
- Copy of contract and any amendments.
- If reasonable and adequate procedures involve contacting more than one vendor, identify each vendor solicited and their response.
- Written determination if impracticable to solicit quote(s) or informal proposal(s) from Alaska vendors only. Written determination if awarding to a nonresident (AS 36.30.362)
- Copy of Authority to Seek Professional Services (ASPS) (if used).

For Informal Procurements, i.e., procurements less than \$50,000, but more than \$25,000, keep the following documents:

- Identify person who made the solicitation, the specifications, award criteria, date of solicitation, date & time responses were due, names of vendors contacted, summary of verbal responses, copies of all quotes or informal proposals received, and justification for award.
- Copy of contract, amendments and ASPS or Request for Alternate Procurement (RAP) forms if used.

- Written determination if impracticable to solicit three quotes or informal proposals from Alaska vendors only.
- Written determination if awarding to a nonresident (AS 36.30.362)
- RAP if used

For Informal Procurements, i.e., procurements less than \$100,000, but more than \$50,000, keep the following documents:

- A copy of the solicitation, the names of the firms or persons contacted and copies of all written quotations or informal proposals received, notice of award, and justification for award.
- Copy of contract and any amendments.
- Written determination if impracticable to solicit three quotes or informal proposals from Alaska vendors only.
- Written determination if awarding to a nonresident (AS 36.30.362).
- RAP if used.

For Formal Procurements, i.e., procurements more than \$100,000, keep the following documents:

- ASPS (if required by Agency P&P).
- RAP (if used).
- Original Request for Proposals (RFP).
- All proposals including late proposals.
- All RFP amendments.
- Register of Proposals prepared under AS 36.30.230
- Vendor list or advertising order.
- Required licenses, permits, insurance coverage, etc.
- Relevant RFP correspondence.
- Written determination of award prepared under AS 36.30.250.
- Contract document.
- Procurement summary report prepared under AS 36.30.510 - 520.
- All determinations required by statute, regulation, or the Alaska Administrative Manual.
- Notice of Intent to Award.
- Protest, if filed; procurement officer's decision, protest report, appellant comments, appeal, Commissioner's decision if applicable.
- List of Proposal Evaluation Committee (PEC) members.
- All scoring sheets and notes.

Confidential items identified under AS 36.30.230(a).

- Original Invitation to Bid (ITB).
- RAP (if used).
- All bids including late bids.
- All bid amendments.
- ITB bid log.
- Vendor list or advertising order.
- The name of each bidder, bid prices, and other appropriate information tabulated under AS 36.30.140 and 2 AAC 12.150.

- Relevant ITB correspondence.
- Contract document.
- All determinations required by statute, regulation, or the Alaska Administrative Manual.
- Notice of Intent to Award.
- Protest, if filed; procurement officer's decision, protest report, appellant comments, appeal, Commissioner's decision if applicable

METHODS OF PROCUREMENT

Your procurement methods must be in accordance with the federal requirements of [2 CFR 200.320](#). Below outlines the four procurement methods that you should use to procure materials, supplies, construction and services based on the type of procurement.

Procurement By Small Purchase: [2 CFR 200.320\(a\)\(2\)](#)

(i) ***Small purchase procedures.*** The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the city/borough, housing authority, or non-profits.

(ii) ***Simplified acquisition thresholds.*** The Cities, Boroughs, Housing Authorities, and Non-Profits are responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and its documented procurement procedures which must not exceed the threshold established in the Federal Acquisition Regulations. When applicable, a lower simplified acquisition threshold used by the Cities, Boroughs, Housing Authorities and Non-Profits must be authorized or not prohibited under State, local, or tribal laws or regulations.

The small purchases procedures should not be used to acquire construction contractors.

Procurement By Sealed Bids (Formal Advertising): [2 CFR 200.320\(b\)\(1\)](#)

Sealed bids should be used for goods costing more than \$250,000 and **all construction contracts**. Bids are publicly solicited and a firm fixed-price contract (lump sum or unit price - see below) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction.

Procurement By Competitive Proposals: [2 CFR 200.320\(b\)\(2\)](#)

Competitive proposals are used to purchase professional services where the total cost will exceed \$250,000. The grantee must publish a written request for submissions and then review these submissions based on established selection criteria. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids.

Procurement By Noncompetitive Proposals: [2 CFR 200.320\(c\)](#)

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate. **Municipalities must obtain approval from their grant administrator prior to**

using this procurement method. A letter shall be submitted to the CDBG-MIT grants administrator requesting to use this procurement method. Procurement by noncompetitive proposals may be used **only** when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals and one of the following circumstances applies:

1. The item is available only from a single source.
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
3. The awarding agency authorizes noncompetitive proposals.
4. After solicitation of a number of sources, competition is determined inadequate.
5. Cost analysis (*i.e.*, verifying the proposed cost data), the projections of the data, and the evaluation of the specific elements of costs and profits, is required.

CREATING, ADVERTISING, AND OPENING BIDS

[2 CFR 200.320](#) provides specific requirements that must be followed when bid packages are created and advertised, in addition to the required steps to take to conduct bid openings. Your grant administrator will provide a CDBG Supplemental Conditions checklist to be included in your bid documents.

NOTICE OF CONTRACT AWARD

Once a contractor has been selected using the appropriate solicitation method, the grantee must submit a Notice of Contract Award to the grant administrator for all prime contracts. Along with the Notice of Contract Award, the grantee must send a certified and itemized bid tabulation for sealed bids, which is a listing of bidders and bid amounts for the project.

PREPARATION OF A CONTRACT

A grantee's contract must contain provisions of bonding requirements [2 CFR 200.326](#) of the federal regulations.

PART IV

MANAGEMENT, REPORTING, AND RECORDKEEPING REQUIREMENTS

FINANCIAL MANAGEMENT

Attachment A, Scope of Work, Number 4 of your Agreement reads in part, “*The Subrecipient must establish and maintain separate accounting for the use of CDBG-MIT grant funds.*” Separating CDBG-MIT funds from other general and grant funds will help ensure that you receive reimbursements for all your agreement expenses. Prior to requesting your first CDBG-MIT reimbursement, you should establish coding in your financial system specific to this Agreement.

REPORTING

You are required to submit a Financial (Reimbursement Request) and Performance report each month, even if there are no expenditures. A performance report narrative is required even if there are no expenditures, providing milestones achieved/to be achieved, any significant problems, issues, or concerns, timely accomplishments, and delays. You will be required to complete and submit Financial (Reimbursement Requests) and Performance reports in the DCRA Grants Management System (DCRAGrants),

In addition to the Financial (Reimbursement Request) and Performance reports, you must submit records supporting all expenditures. These records include invoices, bills, receipts, copies of checks, certified payrolls, signed time sheets, payroll checks, and fringe benefit payment records.

This agreement is **cost reimbursable**, meaning you pay for expenditures out of your own funds and then request reimbursement through a Financial (Reimbursement Request) and Performance reports. Once your grant administrator receives a complete report and approves it for payment, it is forwarded on to our fiscal office for processing. Upon receipt of the approved report, payments are required to be issued to the grantee within 30 days.

Any necessary and reasonable costs identified in the agreement scope of work are generally allowable and can be submitted for reimbursement. Any questions regarding allowable expenditures should be discussed with your grant administrator prior to purchase. Disallowed expenditures, *i.e.*, unnecessary, and unreasonable or prohibited expenditures, will not be reimbursed with CDBG-MIT funds in accordance with [2 CFR 200.400](#), Sub Part E - Cost Principles.

GRANT MANAGEMENT SYSTEMS

The Disaster Recovery Grant Reporting (DRGR) System is HUD’s primary platform for managing and reporting on CDBG-MIT grants. Subrecipients do not have direct access to DRGR, as it is a system used exclusively by grantees (such as DCRA) to report to HUD. However, subrecipients play a critical supporting role by providing the data and documentation that grantees (DCRA) must input into the system. This includes project progress updates, beneficiary data, expenditure details, and other required information. Subrecipients are responsible for submitting project updates, beneficiary data, expenditure documentation, and other relevant information to the grantee. This information supports drawdown requests, performance tracking, and quarterly reporting to HUD. Inaccurate or delayed submissions can impact funding timelines and reflect negatively on program performance. Additionally, DRGR data is

used by HUD to assess risk and determine monitoring priorities, so it is essential that subrecipients maintain complete and well-organized records with the information reported in the system.

In accordance with HUD requirements and federal regulations (2CFR §200.334), subrecipients and grantees are required to maintain complete accessible records for a minimum of six years following the official grant closeout, unless otherwise directed. This retention timeline ensures accountability, transparency, and availability of documentation in the event of future audits, investigations, or legal actions. If any litigation, audit or claim arises, records must be retained until all such matters are fully resolved and the six-year period has been concluded.

DCRAGrants is the State of Alaska's grant management system used to administer and track federally funded programs, including CDBG-MIT. The platform serves as the primary point of interaction between subrecipients and the Department of Commerce, Community, and Economic Development (DCCED) for grant-related activities

Subrecipients will use DCRAGrants to:

- Register their organization and users
- Submit applications, amendments, and supporting documents.
- Upload required reporting and compliance materials
- Monitor the status of payments and communications
- Access training resources and reference materials

Unlike HUD's DRGR system, which is managed by grantee staff for federal reporting purposes, DCRAGrants is designed to facilitate direct subrecipient engagement and streamline administrative workflows. All key documentation – including performance reports, budget revisions, procurement records, and correspondence – should be submitted through the DCRAGrants portal to ensure timely review and audit readiness.

ELECTRONIC FUNDS TRANSFER AND PAYMENT INQUIRY

Subrecipients may qualify for direct deposit of their reimbursement payments if their banking institution participates in the State Electronic Data Interchange (EDI) system. If you are not currently enrolled in the EDI system, then it is necessary to complete the Electronic Payment Agreement Form. Any payments issued by the State the Alaska will be deposited into the established account. This form is [available online](#). Once enrolled, this website also provides the option to inquire about payments made from the State of Alaska to your established account.

RECORDKEEPING REQUIREMENTS

In accordance with HUD requirements and federal regulations (2CFR § 200.334), subrecipients are required to maintain complete accessible records for a minimum of six years following official grant closeout, unless otherwise directed. This retention timeline ensures accountability, transparency, and availability of documentation in the event of future audits, investigations, or legal actions. If any litigation, audit, or claim arises, records must be retained until all such matters are fully resolved and the six-year period has been concluded.

Keeping organized project files is a vital component of agreement administration and cannot be over-emphasized. It is important for each agreement to have its own file with the title and agreement number clearly labeled. It is important to keep files neat, organized, and up to date to easily access information.

At a minimum, all files must contain the agreement and Financial (Reimbursement Request) and Performance reports with back-up documentation. Other important documents must be kept in the agreement file or easily accessible. We recommend your files contain the following sections, as applicable:

- A. Subrecipient Agreement
- B. Documents
- C. Correspondence
- D. Procurement and Contract Solicitation
- E. Labor Standards
- F. Financial (Reimbursement Request) and Performance Reports

Listed below are suggested items which might be kept in each agreement section or file. The items listed below are not meant to be exclusive and are provided as a guide only:

- A. The Subrecipient Agreement Section
 - Subrecipient Agreement
 - Amendments
 - Closeout Amendment
 - Funding Proposal
- B. The Documents Section
 - Copy of Authorized Signers Form submitted to DCRA
 - Complaint Process
 - SAM Certification
 - SAM debarment documentation
 - Insurance
 - Site Control
 - Environmental Review
 - Civil Rights
- C. Correspondence Section
 - Letters from your grant administrator
 - Letters you sent to your grant administrator
 - Emails/Faxes sent or received related to the agreement project
 - Correspondence between contractors and you
 - Telephone contact sheet which documents all phone calls received and placed related to the Agreement project
- D. Procurement and Contract Solicitation Section, if applicable
 - Procurement process approval
 - Request for Proposal (RFP) and supporting documentation
 - Bids/price quotes received
 - Selection justification

- Bid Award Notice/Letter
 - Notice to Proceed
 - Signed Contracts
 - Section 3 Plan and reports
 - Permits
 - Construction Certification of Completion
- E. Labor Standards Section, if applicable
- Davis Bacon Wage Determination
 - Certified weekly payrolls
 - Record of worker interviews
 - Record of complaints against contractors and subcontractors
- F. Financial (Reimbursement Request) and Performance Reporting Section
- Copies of signed Financial (Reimbursement Request) and Performance reports sent to DCRA
 - Back-up documentation to support the requests for reimbursements.
 - a) Invoices, payment request forms, copies of checks
 - b) Travel-related forms and receipts
 - c) Copies of deposit slips or proof of electronic payment

Once you have completed your project and you have received a closeout amendment from your grant administrator, keep the file and its contents for at least 6 years after grant close-out at the state level.

If a subrecipient submits incomplete, inaccurate, or non-compliant documentation, the State may issue a corrective actions checklist, or a Cure Notice. This notice outlines the specific deficiencies, identifies the required corrective actions, and sets a deadline by which the subrecipient must respond and correct the issues. Failure to respond within the deadline or to make the necessary corrections may lead to further compliance actions, including a hold on reimbursement requests or potential termination of the subaward agreement. Subrecipients are encouraged to work closely with their grants administrator to resolve issues promptly.

FORCE ACCOUNT LABOR

You must keep detailed records. Information must be maintained about the employee (age, race, sex, handicap status and income level), the position (job description, hours, and wage), as well as standard payroll records (signed time sheets for each employee, hours worked, tax information, evidence of payment, etc.). If an employee is working on multiple projects, detailed records must be kept showing the employee's division of time on the CDBG-MIT project and any other projects. As discussed in the civil rights section of this handbook (pages 8), you must also have in place all the necessary policies concerning employment and post the required notices where employees can see them. You will be asked to provide copies of these policies to your grant administrator.

CONTRACTED LABOR

You must obtain and keep copies of all the contractor's/subcontractor's certified weekly payroll. You will also be required to conduct periodic employee interviews to be certain the employees are being treated and paid fairly.

SECTION 3

Section 3 is a Housing and Urban Development (HUD) requirement which applies to subrecipients receiving financial assistance exceeding \$200,000. The Subrecipient and any contractors/subcontractors are required to comply with the Section 3 regulation; [24 CFR Part 75](#). Clause must be included in all contracts or subcontracts related to the Subrecipient's Project. The Subrecipient shall submit a Section 3 Compliance Worksheet to the Department semi-annually.

PROCUREMENT

Regardless of the method used, you must keep records of all the purchases. Purchases include goods (materials, equipment, supplies, fuel, etc.) and services (freight, consulting, water testing, etc.). These records must include (but are not limited to) reasons for the procurement method chosen, reason for the selection/rejection of bidder, and the basis for the cost or price. You must also establish and follow procedures to ensure that your successful bidder fulfills its promises.

BENEFICIARIES

The state is required to collect data pertaining to the race, sex, and national origin of CDBG-MIT beneficiaries, as well as their income status. For local infrastructure projects, we will get this information from the census data. If your project is meeting the LMI benefit test in some other way *i.e.*, Low to Moderate Income Housing (LMH), you will be required to collect and submit this data about your project's beneficiaries.

PART V

THE MONITORING VISIT

The State is required to monitor subrecipients to ensure compliance with CDBG-MIT rules, program requirements, and subrecipient Agreements. Monitoring may be scheduled routinely or triggered by certain risk factors such as large or rapid spending, prior compliance issues, delays in project timelines, or concerns raised during desk reviews. Subrecipients will be notified in advance and provided with a monitoring checklist outlining the specific documents to prepare. These often include financial records, procurements files, beneficiary data, environmental review documentation, and project performance reports. During a site visit grant administrators may tour the project location, review records on-site, and interview staff to verify procedures, and compliance. After the visit, the State will issue a Monitoring Letter summarizing findings, any concerns, and required corrective actions (if any). Subrecipients are expected to respond promptly and resolve any issues within the timeframes given.

Each project carried out with CDBG-MIT funds must be monitored at least once during the grant cycle. Your grant administrator will work with you to arrange a monitoring visit. This visit will be conducted to ensure the subrecipient is complying with agreement stipulations.

We will be checking files primarily for compliance in the areas of environmental review, labor standards, procurement/purchasing methods, and civil rights (EEO, affirmative action, fair housing, etc.). We will be looking at the project itself and taking photos for our files.

During our visit, we will expect you to be available to us to answer any questions we may have. If your project has a foreman, a consultant, a contractor — anyone involved in the project on an administrative level — we will want to talk to that person as well.

As a subrecipient, having organized and easily accessible files will help ensure the visit goes smoothly. Keeping your files according to the method laid out on pages 19 - 21, or in any other well-labelled and organized fashion, will make it easier for the grant administrator to find all necessary information quickly.

If your grant administrator finds any areas of your file keeping or project management that need improvement, technical assistance will be provided to ensure compliance with agreement requirements moving forward. All findings will be revisited and monitored closely.

PART VI

CLOSE-OUT

TYPES OF CLOSE-OUTS

The final act of your agreement will be the close-out. Agreements are usually closed out by agreement, but there are other methods of closing an agreement. Descriptions of these various methods follow and are excerpted mostly from the agreement itself (Attachment C - Standard Provisions).

Close-Out: Normally, the project is completed in compliance with the grant agreement, and usually all the funds are expended, accounted for, and reimbursed. Your grant administrator will send you a close-out amendment (discussed below) to formally close out the agreement. Additional reporting other than the audit may be required after the agreement is closed out, *i.e.*, LMI documentation for LMH.

Administrative Close-Out: If the grantee does not sign and return the close-out amendment, as requested, the Department will execute an administrative close-out, effectively closing the agreement without your concurrence.

Termination by Mutual Agreement: The agreement may be terminated, in whole or in part, prior to the completion of the project activities when both parties agree that continuation is not feasible or would not produce beneficial results. The parties must agree on the termination conditions, including an effective date and the portion to be terminated. The subrecipient shall not obligate any funding for the terminated portion after the effective date and shall cancel outstanding obligations when possible.

Termination for Cause: If the subrecipient fails to comply with the terms of this agreement, or fails to use the agreement for only those purposes for which it was intended, the Department may take the following actions:

- A. Suspension: Suspend the agreement and withhold any further payment or prohibit the subrecipient from incurring additional obligations of CDBG-MIT funds, pending corrective action by the subrecipient a decision to terminate.
- B. Termination: Terminate the agreement in whole or in part, at any time before the final agreement payment is made.

CLOSE-OUT AMENDMENT

As noted above, at the end of the project your grant administrator will send you a close-out amendment. The amendment includes a close-out statement of compliance regarding the performance of the grant and the expenditure of the grant funds. This amendment, when signed by both parties and approved by the Department, serves to officially close-out your grant agreement.

RECORDS RETENTION

Attachment C, Article 8 of your agreement requires you to retain financial and other records relating to the performance of your agreement six years after closeout at the state level. Records will also be necessary for final resolution of any audit findings, claims, or litigation related to the agreement.

PART VII

AUDIT

WHAT IS AN AUDIT?

An audit is a financial examination of your accounts, internal control systems, procedures, programs, policies, operations and financial representation of a subrecipient, community, or other organizations. Audits are required to be completed in terms of state or federal regulations and are conducted by independent Certified Public Accountants (CPAs). An auditor's report includes an opinion on the fair presentation of the financial statements and your compliance with state and federal laws and regulations.

During an audit, the auditors will examine your accounting records and program documentation. The auditors will select certain receipts and expenditure of funds to see if they were properly recorded in your accounting system. Furthermore, program documentation is reviewed to determine your compliance with laws, regulations, and grant conditions. Based on the audit examination, the auditors will prepare an audit report. The report will present your financial statements which include the balance sheet statement of revenues and expenditures, and the changes in fund balances.

Additionally, the auditors will express their opinion whether you were in compliance with state and federal laws, regulations and agreement contract compliance.

WHAT TYPES OF AUDITS ARE THERE?

There are several different types of audits that can be performed by a CPA. Each type of audit is performed for different purposes. We will discuss the two that apply to this program.

Federal and State Single Audits: A single audit is required by federal and state regulations for those organizations that expend more than \$750,000 of state or federal funds in your fiscal year. Under a single audit, the auditor's work is similar to that in a financial audit, but they conduct additional program compliance work as well. The compliance aspect of the audit is focused on your conformity with regulations, laws, and contract provisions.

Program Specific Audit: A program specific audit may be required of you if only one federal award was received during your fiscal year. If you have received federal funds from multiple sources or agencies (*i.e.*, federal pass-through grants), you would not be eligible for this type of audit. The scope of the program specific audit consists of reviewing the program activities in terms of economy, efficiency, effectiveness, compliance with grant contract provisions and compliance with laws and regulations.

WHAT ARE FEDERAL SINGLE AUDIT REQUIREMENTS?

Cities, communities, and other organizations receive federal funds either directly from a federal agency or a pass-through agency such as the State of Alaska. The federal CDBG-MIT program is one example of pass-through funding. As stated earlier, when organizations expend more than \$750,000 of federal funding, they are required to have a federal single audit completed.

The federal CDBG-MIT funds are subject to U.S. Office of Management and Budget [2 CFR Part 200.500 Subpart F – Audit Requirements](#).

To determine whether a federal single audit should be completed, you will need to determine the total amount of federal funds expended in your fiscal year. This includes all federal grants or other funds

received from any federal agency. The list of federal agencies includes, but is not limited to, Bureau of Indian Affairs, U.S. Public Health Service, U.S. Department of Transportation, U.S. Economic Development Administration, U.S. Housing and Urban Development, and U.S. Environmental Protection Agency.

By signing the agreement, you agree to follow the audit requirements of the federal government and the State of Alaska, and to allow the Department and independent auditors to have access to the organization's financial records.

WHERE ARE AUDIT REPORTS SUBMITTED?

The Division of Finance is the state's coordinating agency for Federal and State Single Audits. The Single Audit Coordinator is responsible for ensuring subrecipients submit required single audits, reviewing the audit reports and distributing the reports to appropriate agencies. In most cases, the final audit report must be submitted to the Division of Finance within nine months after the end of the organization's fiscal year end. Audit questions should be directed to the Single Audit Coordinator at (907) 465-4666.

Send your completed audit reports to:

Alaska Department of Administration
Division of Finance
Attn: Single Audit Coordinator
P.O. Box 110204
Juneau, AK 99811-0204

**APPENDIX A:
ROLES AND RESPONSIBILITIES BETWEEN GRANTEE AND SUBRECIPIENT**

	DCRA (Grantee) Responsibilities	Subrecipient Responsibilities
Environmental Review	<ul style="list-style-type: none"> - Complete or ensure completion of environmental reviews (must be done before choice-limiting actions¹) - Maintain compliance documentation 	<ul style="list-style-type: none"> - Provide necessary project information and documentation - Cannot conduct own review unless formally designated as a Responsible Entity
Citizen Participation & Public Engagement	<ul style="list-style-type: none"> - Ensure compliance with HUD's citizen participation plan. - Review and approve public notices and outreach materials. - Provide translation/interpretation as needed - Monitor public input and feedback processes. - Publish action plans and amendments 	<ul style="list-style-type: none"> - Conduct outreach if required for project implementation - Coordinate with communities and stakeholders - Provide translation/interpretation as needed - Provide necessary public information and documentation - Provide necessary public information and documentation - Monitor public input and feedback processes.
Fair Housing & Civil Rights	<ul style="list-style-type: none"> - Oversee compliance with Fair Housing Act, Section 504, Title VI, etc. 	<ul style="list-style-type: none"> - Ensure programs are accessible and non-discriminatory - Provide translation/interpretation as needed
Financial Management	<ul style="list-style-type: none"> - Establish financial systems - Monitor for compliance with cost principles and internal controls - Track expenditures - Disburse funds 	<ul style="list-style-type: none"> - Maintain financial records - Track expenditures - Submit reimbursement requests with backup documentation
Procurement	<ul style="list-style-type: none"> - Ensure subrecipients follow federal, state, and local procurement requirements 	<ul style="list-style-type: none"> - Follow 2 CFR Part 200 procurement standards - Maintain records of solicitations,

	<ul style="list-style-type: none"> - Review procurement files during monitoring 	cost estimates, bid log, scoring, and contracts
Reporting	<ul style="list-style-type: none"> - Submit reports to HUD (e.g., QPRs in DRGR) - Collect data from subrecipients - Ensure data quality 	<ul style="list-style-type: none"> - Submit timely and accurate monthly performance and financial data to grantee including updates on project milestones, expenditures to date, budget-to-actual comparisons, beneficiary data (as applicable), and any delays or issues affecting project implementation.
HUD Compliance, Oversight and Monitoring/Audit	<ul style="list-style-type: none"> - Monitor and ensure subrecipient compliance with all grant requirements. - Conduct site visits and audits. - Provide technical assistance as needed. 	<ul style="list-style-type: none"> - Ensure that financial and programmatic records are available for audits. - Address audit findings and follow up on corrective actions. - Maintain records of all project expenditures and compliance documents.
Duplication of Benefits (DOB)	<ul style="list-style-type: none"> - Establish DOB policies and procedures - Ensure funds do not duplicate other assistance 	<ul style="list-style-type: none"> - Collect and verify DOB information from beneficiaries, including documentation of all disaster-related assistance received (e.g., FEMA, SBA, insurance, other federal, state, or local sources), to ensure compliance with DOB requirements and prevent overpayment. - Maintain related documentation
Project Implementation & Execution	<ul style="list-style-type: none"> - Provide overall program direction. - Approve major project changes or modifications. - Ensure that the subrecipient complies with grant milestones and timelines. 	<ul style="list-style-type: none"> - Implement and manage the project according to approved plans. - Ensure that the project is completed on time and within budget. - Report on progress and delays or change orders/potential cost overruns.
Training & Technical Assistance	<ul style="list-style-type: none"> - Provide ongoing training and technical support to subrecipients. - Offer resources for best 	<ul style="list-style-type: none"> - Participate in training sessions and capacity-building activities. - Seek guidance or technical assistance as needed.

	<p>practices and compliance updates.</p> <p>- Ensure that subrecipients have the capacity to meet program requirement</p>	<p>- Apply knowledge gained to ensure compliance and efficient project execution.</p>
--	---	---