

TOWN OF JAY

CDBG DR

POLICIES AND PROCEDURES

MANUAL

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INTRODUCTION

On September 16, 2020, Hurricane Sally (DR-4564) swept over the Florida panhandle as a Category 2 hurricane, bringing heavy rainfall and flooding. The impacts of Hurricane Sally further demonstrated the need for an effective, comprehensive long-term recovery plan that would address and meet the remaining needs of Floridians following this catastrophic event. In the wake of this natural disaster, Florida came together to recover and rebuild, but significant unmet needs remain.

Recognizing this, Congress appropriated, and the U.S. Department of Housing and Urban Development (HUD) allocated a total of \$187 million in funding to support long-term recovery efforts following Hurricane Sally through the Florida Department of Commerce's (Commerce's) Community Development Block Grant Disaster Recovery (CDBG-DR) Program. Commerce has allocated \$110,990,384.00 of this funding for the Rebuild Florida Infrastructure Repair Program through the CDBG-DR Program.

STAFFING

A. City Staff

1. Town Manager – Eric Seib

The Town Manager will oversee the CDBG DR projects throughout development with the Town Clerk and Billing Clerk assisting as needed. The City Manager is also the authorized signatory for the Town of Jay and Town Clerk serves as an alternate in this role. The Town Manager will serve as the Project Manager/Grant Administrator for this project. He will provide lead oversight for the project ensuring it remains on track, is in compliance with all HUD

regulations, and is completed without timely and/or costly setbacks. In addition, he will review and provide an initial level of invoice approval.

2. Town Clerk – Donna Bullock

The Town Clerk assists with the oversight of the CDBG DR projects throughout development. She is also the alternative signatory for the Town of Jay. In addition, she will review and provide an initial level of invoice approval.

3. Billing Clerk – April Watson

The Billing Clerk assists with the oversight of the CDBG DR projects throughout development. She is also the alternative signatory for the Town of Jay.

B. Contractors

1. Dewberry Engineering

a. Project Engineer – Colby Brown

The Project Engineer will have final oversight and submit all engineering designs, working drawings, associated cost estimates, copies of all required permits, and Environmental Review/Assessment paperwork. All invoice packages will be reviewed for compliance with the approved contract.

b. Construction Support Inspector – D

The Construction Support Inspector will conduct inspections of all phases of civil and vertical building construction to ensure

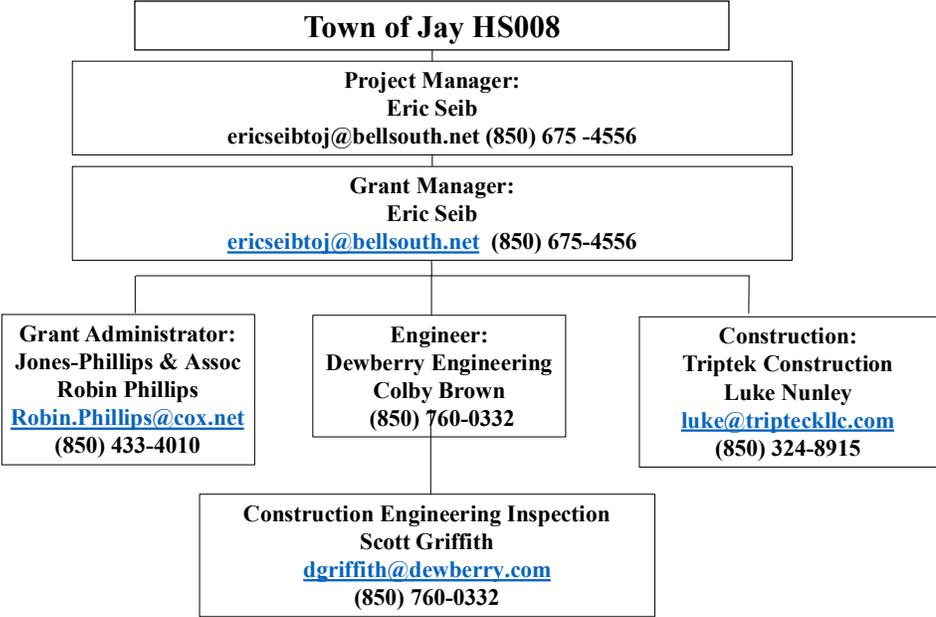
proper quantities and quality of workmanship and provide his findings to the Town Engineer for invoice review.

2. Jones-Phillips & Associates

Grant Administrator – Robin Phillips

The Grant Administrator will be responsible for overseeing the competitive bid process and developing contracts, as well as ensuring compliance at all levels. She will also provide audit support to the Town Manager. Additionally, she will provide QA/QC of all requests for funds and procurements to ensure program and HUD compliance.

C. Organizational Chart



QUALITY ASSURANCE/QUALITY CONTROL

A. Overview

- 1. Quality Assurance/Quality Control (QA/QC) review is an independent and objective activity intended to add value and improve the Town of Jay's CDBG-DR operation while reducing risks of HUD and program noncompliance. To achieve these objectives, the Town will:**
 - a. Exercise impartial, unbiased professional care when completing QA/QC reviews.**
 - b. Exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information, findings, and conclusions about the processes and data being examined.**
 - c. Ensure a balanced assessment of each file review by not being unduly influenced by their own interests or by others in forming judgments.**
- 2. The Town of Jay's QA/QC policy was developed to outline a formal process to identify potential compliance issues and implement best practices for disaster recovery. More specifically, this plan and review checklists will assist the Town in complying with program monitoring requirements and:**
 - a. Perform document file reviews and utilize data collected during the desk review process to improve program processes and procedures.**

- b. Confirm that program expenditures are eligible based on applicable laws and CDBG-DR regulations.**
- c. Report exceptions and concerns to reduce HUD monitoring concerns, findings, and/or recapture.**
- d. Follow-up with identified compliance issues, initiate corrective actions, and implement program controls, as necessary.**
- e. Implement continuous process improvement.**

B. QA/QC Strategy

1. Pre-Construction Phase:

- a. The Pre-Construction Phase of the review process will ensure that all pre-construction requirements are met prior to the issuance of a Notice to Proceed (NTP) for the construction of CDBG DR projects. Areas to be reviewed for compliance include:**

- (1). Environmental Review Record Clearance**
- (2). Procurement**
- (3). Construction Contract(s)**
- (4). Professional Services Invoices**

2. Construction Phase:

- a. The Construction Phase ensures that the construction phase is implemented in accordance with the requirements of the program and the construction contract. Areas to be reviewed for compliance include:**

- (1). Change Order Verification**

(2). Unreviewed Professional Services and Construction Contractor Invoices

(3). Davis Bacon and Related Acts, and Prevailing Wage Implementation

3. Post-Construction Phase:

a. When construction is complete, a QA/QC review will be conducted to ensure that all paperwork and documentation related to the construction of the CPC Project is submitted to the Town of Jay prior to issuing final payment to the construction contractor. Areas to be reviewed for compliance include:

(1). Approved Change Orders

(2). Final Inspection(s)

(3). Unreviewed Professional Services and Construction Contractor Invoices

(4). Cost Reconciliation (General Ledger & Financial System)

4. Project Closeout Phase:

a. Prior to project closeout, a final QA/QC review will be conducted. Areas to be reviewed for compliance include:

(1). Unreviewed Professional Services and Construction Contractor Invoices

(2). Cost Reconciliation (General Ledger & Financial System)

(3). COM Reporting

5. Findings/Reporting/Issue Resolution Process

a. Before a QA/QC finding is presented to the appropriate program leadership, all initial review findings should be validated by a secondary QA/QC review. Exceptions should be classified according to their impact on the outcome of an application as follows:

(1). Observations/Concerns: Findings that do not impact program/HUD compliance but require resolution.

(2). Findings/Material Findings: Findings that are likely to result in a HUD finding, program sanctions, and/or monitoring findings that require repayment of federal funds.

b. The Town Clerk will maintain a complete and accurate record of both Observations/Concerns and Findings/Material Exceptions. All exceptions (Observations/Concerns and Findings/Material Exceptions) will be reported to the appropriate Town Council members so corrective measures can be taken, and if necessary, new process controls can be implemented to prevent future exceptions.

c. The Town Manager will maintain a record of the files reviewed, which will be the basis for reporting to the appropriate Town personnel. The Town Clerk will prepare exception reports detailing the documents reviewed, exceptions identified, and the type of review(s) conducted.

d. The communication of the QA/QC Observations/Concerns and Findings/Material Exceptions to program vendors and contractors will be the responsibility of the appropriate Town staff.

ANTI-FRAUD, WASTE AND ABUSE

A. Overview

As a recipient of public funds, the Town of Jay will actively work to combat fraud, waste, and abuse in the administration of all CDBG-DR funds. The Town is responsible for the prevention, detection, reporting, and rectifying of fraud, waste, abuse, or mismanagement, among other irregularities related to the Program. This policy is directed specifically to the City's CDBG-DR awards and is intended to establish procedures and processes that will aid in the detection and prevention of fraud, waste, and abuse. This policy applies to all City employees, providers, vendors, contractors, consultants, partners, citizens, applicants, external departments, and agencies doing business with the City, as well as beneficiaries and others associated with, working for, accessing, or attempting to access benefits under all CDBG-DR programs.

B. Definitions/Examples

- 1. Fraud is the intentional (willful or purposeful) deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to him/herself or some other person. There are many forms of fraud.**
 - a. Examples of fraud include, but are not limited to:**
 - b. Using another person's identification.**
 - c. Forging signatures or documents.**
 - d. Concealing access to duplicate funding.**
 - e. Misrepresenting a medical condition to obtain additional benefit.**
 - f. Misusing funds (diverting them for an unintended use).**

- 2. Waste is defined as the thoughtless or careless expenditure, mishandling, and/or abuse of resources to the detriment (or potential detriment) of the U.S. Government, State of Florida, or Town of Jay. Failure to observe laws, rules or regulations when handling public funds leading to a wrongful use of public funds may constitute waste. Examples of waste include, but are not limited to:**
- a. Purchasing supplies without regard to cost.**
 - b. Purchasing unnecessary supplies, materials, and equipment.**
 - c. Using supplies, materials, and equipment carelessly resulting in unnecessary waste and replacement.**
- 3. Abuse, for the purposes of this policy, is defined as excessive or improper use, or to use something in a manner contrary to the natural legal rules for its use. Examples include, but are not limited to:**
- a. Procurement or vendor selections that contradict existing policies or are unnecessarily**
 - b. extravagant or expensive.**
 - c. Receiving compensation/favors for awarding contracts to certain vendors.**
 - d. Using one's position for personal gain or to gain an advantage over another.**
 - e. Failure to report damage to equipment or property.**
 - f. Creating unneeded overtime.**
 - g. Requesting staff to perform personal errands or work tasks for a supervisor or manager. Examples of actions that constitute fraud, waste, and abuse include, but are not limited to:**
 - (1) Any dishonest or fraudulent act.**

- (2). Misappropriation of funds, supplies, or assets.**
- (3). Impropriety in handling or reporting money or financial transactions.**
- (4). Profiting as a result of insider knowledge.**
- (5). Unauthorized disclosure of confidential or private information.**
- (6). Accepting or seeking anything of material value from contractors, vendors, or any person that seeks a beneficial decision, contract, or action for CDBG-DR and CDBG-MIT activities.**
- (7). Unnecessary cost or expenditures.**
- (8). Diversion of program resources.**

C. Complaint Review

- 1. Town residents, constituents, employees, and contractors may report suspected fraud, waste, or abuse by contacting Town staff, submitting information via the Report Fraud, Waste or Abuse form (Exhibit A), or by sending an e-mail to the Town of Jay Town Clerk at townclerk@townofjay.org.**
- 2. All suspected cases of fraud will be taken seriously, and complaints will be reported to the Town Manager and Florida Commerce's Office of the Inspector General at OIG@deo.myflorida.com.**
- 3. All substantiated cases of fraud, waste, or abuse of government funds will be forwarded to the United States Department of**

Housing and Urban Development (HUD), Office of Inspector General (OIG) Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hudoig.gov), and COM's HUD Community Planning and Development (CPD) Representative. The City must provide a timely response within 15 working days of the receipt of a complaint, as stated in the Town's Citizen Participation Plan and Complaint Policy.

D. Confidentiality

- 1. Complainants reporting fraud, waste, and abuse of federal resources, or other program irregularities may remain anonymous. All information received about suspected fraud, waste, and abuse will be treated confidentially. Furthermore, all investigative materials developed, and interviews conducted to substantiate the allegations of fraud, waste, or abuse will be treated confidentially.**
- 2. Information will only be disclosed, as needed, to appropriate law enforcement authorities. No information about the status of an investigation will be shared outside of authorized Project Staff and COM, except with the State or HUD OIG upon conclusion of the investigation or with law enforcement or legal counsel, in the event legal action should be needed.**

E. Cooperation with Official Department Investigations

- 1. Town employees are required to maintain high standards of honesty, integrity, and impartiality and to place the interests of the public ahead of personal interests. When allegations of violations of these standards are received, full and accurate information must be obtained so management may respond appropriately.**

- 2. Town of Jay employees must cooperate with duly appointed investigators from COM and the Office of Inspector General to uncover the facts surrounding possible violations in an official investigation.**
- 3. Failure to comply as specified above without a valid mitigating reason, such as exercising a right protected by federal or state law, will constitute a violation of this policy and subject the employee to appropriate disciplinary Fraud Related Training**
- 4. All applicable Town Staff shall attend fraud-related training provided by HUD OIG to assist in the proper management of all CDBG-DR grant funds.**

F. Prevention Measures

- 1. CDBG-DR Project Staff are responsible for ensuring that all CDBG-DR Projects complies with all federal and state regulations as well as identifying and implementing improvements that enhance programmatic efficiency, effectiveness, and documented results. Below are the main critical responsibilities of this unit:**
- 2. Conduct regular internal monitoring of internal financial management or programmatic oversight related to all CDBG-DR Projects.**
- 3. Provide oversight monitoring of Town contractors.**
- 4. Monitor any duplication of benefits, any anomalies, any suspected fraud related to performance problems, and any abuse of funds, as stated in 83 FR 28.**
- 5. Identify and assist with investigations of potential fraud, referring cases to COM's OIG as appropriate.**

- 6. Oversee and coordinate all reporting as required in the Subrecipient Agreement for CDBG-DR funding with COM.**
- 7. Evaluate Fraud, Waste, or Abuse claims submitted by the public.**

G. Conflict of Interest

- 1. Conflict of interest situations will be closely monitored as these situations, if not properly addressed, may result in:
 - a. Loss of HUD funding.**
 - b. Voiding any contract funded or supported by HUD.**
 - c. Disgorging of any financial gain or benefit received.**
 - d. Abstaining from participating in a decision-making capacity.**
 - e. Termination, resignation, or loss of position.**
 - f. Imposition of civil and/or criminal activities.****
- 2. It shall be a breach of ethics for any Town employee to participate directly or indirectly in procurement when the employee knows that the employee or any member of the employee's immediate family has a financial interest pertaining to the procurement, a business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement, or any other person, business or organization with which the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.**
- 3. The conflict-of-interest regulations contained in the subrecipient agreement between the Town and COM requires that the Town comply with conflict-of-interest provisions in COM's procurement policies and procedures. The Town prohibits local elected officials, Town employees, and consultants who exercise functions with respect**

- to CDBG-DR activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, from receiving any benefit from the activity either for themselves or for those with whom they have family or business ties, during their tenure or for one year thereafter.
4. For purposes of this section, "family" is defined to include parents (including mother-in-law and father-in-law), grandparents, siblings (including sister-in-law and brother-in-law), and children of an official covered under the CDBG-DR conflict of interest regulations at 24 CFR Sec.570.489(h).
 - 5.

H. Vendors

1. Town of Jay staff will verify the accuracy of information provided by its vendors. Prior to contract execution, the Town's procedures include, but are not limited to:
 - a. Reviewing debarment lists.
 - b. Searching known databases for information.
 - c. Conducting internet research, and obtaining information available from State and Federal agencies, such as substantiated investigative findings and audit reports.
2. The City has established regular channels of communication with other State and local government agencies who are contracting with various entities for services relating to storm recovery efforts to be on guard for issues relating to contractor fraud, waste, and abuse.
3. Findings are reported to City Staff.

I. Internal Monitoring

- 1. The Town Manager is responsible for the internal auditing of Town of Jay departments. The Town conducts independent, objective reviews, and evaluations of all relevant activities, and coordinates the single audit with departments and the Town's external auditors. The Town has a monitoring process that includes several layers of approvals before funds are expended, allowing the Town to closely monitor the use of all CDBG-DR funds. At every level of the process, there is an evaluation made to determine whether the use of funds is legitimate and in keeping with the requirements of the governing policies, procedures, rules, regulations, ordinances, and laws. If any other determination is reached, the use of funds is delayed until further information is obtained. If the additional information does not result in a positive determination, the use of funds for that purpose will not be allowed. Because the Town will be directly overseeing the delivery of all CDBG-DR activities, monitoring will be an ongoing effort. The Grant Administrator will personally monitor all contractors including direct review and approval of all contractor invoices.**
- 2. The Intent of the Internal Monitoring Policies and Procedures are to:**
 - a. Prevent, identify, and respond to fraud, waste, and abuse.**
 - b. Gauge the overall progress and effectiveness of program implementation.**
 - c. Identify and resolve compliance issues that may compromise program integrity, funding, and service delivery.**
 - d. Identify areas that would benefit from technical assistance.**
 - e. Differentiate the types of monitoring techniques that will be used during the monitoring review process.**

f. Explain the current monitoring structure model.

J. Internal Controls

- 1. The Town has existing policies and procedures that meet financial management requirements including applicable regulations and requirements, financial accountability and records, authorized signatures for payments and checks, requests for payments, bank accounts and checks, escrow accounts, administrative costs, and audit requirements.**
- 2. The organizational structure encompasses risk management measures that establish clear lines of authority and approval, segregation of duties, separation of key processes and authorization, and secure access to financial resources.**
- 3. The Town's internal controls are set up for responsible management of all CDBG-DR funds and support the prevention of fraud, waste, and abuse to ensure:**
 - a. No person involved in the CDBG-DR decision-making obtains financial benefit.**
 - b. No single-point sign-off of significant transactions.**
 - c. Separate recordkeeping for mitigation funds versus general accounting operations.**
 - d. Reconciliation of accounts performed by employees not responsible for handling payroll**
 - e. preparation and issuance of paychecks.**
 - f. Hiring procedures match required financial skill sets to position descriptions.**

- g. Policies and procedures are in place to maintain effective control and accountability for all cash, real and personal property, and other assets.**
- h. Policies and procedures are in place for controlled access to assets and sensitive documents.**
- i. Reasonable measures are in place to safeguard protected personally identifiable information (PII).**

FINANCIAL MANAGEMENT

A. Overview

- 1. The Town will maintain and administer a financial management system that complies with all applicable HUD CDBG-DR and State of Florida rules and regulations, in addition to the provisions of 2 CFR part 200, 2 CFR 200.302, and Section 218.33, F.S.**

B. Allowable Costs

- 1. All costs will be reviewed by the Town Manager. All internal costs will be submitted to the Town Manager for review, validation, and resolution of any discrepancies. Any internal costs submitted by the Town Manager must include a description indicating the purpose of the costs. Additionally, all contractor invoicing must be reviewed and approved by the Town Manager for applicability, eligibility and reasonableness before being forwarded for processing. Once approved, the Town Manager will send a check request to the Grant Manager for payment.**
- 2. It is the responsibility of the Town Manager to maintain effective control and accountability for all funds, property, and other assets. The Town Manager will safeguard all assets and assure that they are used solely for authorized purposes. Any concerns or clarification regarding any costs will be addressed and resolved by the Town Manager before being submitted for formal processing by the Grant Administrator. This includes any costs incurred from other Town departments, who may have incurred costs as part of regular administration and implementation of CDBG-DR.**

C. Invoice Payments

- 1. Upon receipt of an invoice, the invoice is reviewed for accuracy and verified with receipt of deliverables, if applicable, by the Town Manager. Any needed corrections from the vendor will be communicated electronically by the Town Manager to the vendor. If no revisions are needed the invoice and a check request is forwarded to the Grant Administrator for payment.**

D. Program Income Tracking and Reporting

- 1. The Town of Jay does not anticipate generating program income; however, should program income be generated, the Town will track the receipts within its financial records in a separate revenue account and will report the receipts to COM as required by the subrecipient agreement.**

E. Timely Expenditure of Funds

- 1. Per the Subrecipient Agreement provided by COM, all CDBG-DR funds must be expended within the period of the Subrecipient Agreement. Therefore, all funds must be fully expended within 36 months of execution, by both parties, of the Subrecipient Agreement, unless extended.**
- 2. However, the Town anticipates that COM will periodically review the Town's progress in drawing down funding through SERA. The Town will review CDBG-DR expenditures to ensure that funds are spent on eligible costs and in a timely manner. Project funds and schedules will be monitored by the Town Manager and the Town Clerk and will be subject to an auditing process through the Town's independent audit function.**

3. The Town of Jay will hold all contractors accountable through the establishment of tasks and other critical milestones. Contractors will be required to provide reports updating the expenditure of funds and project progress to the Town upon request. The Town may require contractors to provide monthly reports. The Town will directly administer all the CDBG-DR Projects and will use contractor augmentation to execute implementation. When contracting with vendors, the Town will establish certain tasks that must be achieved prior to the release of funding. As a part of their contractual obligations to the Town, contractors may be required to present the Town with a plan on how they will implement procedures to achieve the determined tasks, which will be set forth in task orders. Each contract with contractors contains provisions for termination of any contract if the contractor is found to be negligent in any aspect of the contract services. In addition to ensuring that contractors are meeting project timelines, these tasks and task orders will allow the Town to project expenditures for each individual project task.

F. Contractor Payments

1. In order to ensure contracts and bills are paid in a timely manner, payments pursuant to a contract will be made in accordance with the Local Govt. Prompt Payment Act, F.S. 218.70-218.80. Invoices shall be for services rendered for the period of the first day of the month through the last day of the month. Contractor shall submit separate invoices, on each task order after each delivery. Invoices shall indicate the task order number and shall be itemized. A copy of the bill of lading, and the freight weigh bill when applicable, should be attached to the invoice.

- 2. The Town will withhold five percent (5%) retainage until all work is completed in accordance with executed contracts and work approved by the Town. Any retainage will be paid at the project's conclusion and proper approvals. Retainage will be released when the awarded contract has been fulfilled to its fullest and approved by the City.**

G. Tracking Payments

- 1. The Town will maintain a payment tracker for all CDBG-DR Projects. The payment tracker will include indicators that identify invoice submission status and date, approved change orders, and total payments by dollar amount. The tracker will be updated as changes to the status of payments, change orders, or invoice submissions occur.**

H. Procurement

- 1. Procurement is the acquisition of goods and services to carry out program activities utilizing all CDBG-DR funds. The procurement process includes the decision to purchase as well as the process to complete the purchase. As a subrecipient of COM, the Town is required to comply with requirements of 2 CFR §200.318 through 200.327 when procuring all property and services using all CDBG-DR funds. In addition, the Town will comply with all state and local procurement regulations as mandated by the State of Florida and in compliance with the Town's current Purchasing Policy. These rules are in place to ensure that federal dollars are spent fairly and encourage open competition for the best level of service and price.**
- 2. In compliance with the Town's subrecipient agreement with COM, when the Town uses a competitive solicitation as a means of solicitation, all procurement documents will be submitted to COM.**

COM must approve the procurement, otherwise, the Town will be constrained on the use of CDBG-DR for activities related to that procurement as described in the Town's subrecipient agreement with COM. Before signature of any contracts "a copy of the proposed contract template and any proposed amendments, extensions, revisions or other changes thereto," must be forwarded to COM for prior written approval for any contracts for work under CDBG-DR. The Town will also inform COM when the contractor or any of the sub-contractors are considered a minority vendor as defined in Section 288.703, F.S. The proposed contract and information regarding minority vendors will be submitted to DEO for review before the contract is submitted to the contractor for final approval and signature. The Town will comply with all of the conflict- of-interest provisions provided in COM's procurement policies and procedures. The Town will comply with the conflict-of-interest provisions in 24 CFR 570.489(h) in any instances not governed by Florida Commerce's policies and procedures for procurement conflict of interest items. The Town adheres to Part III- Code of Ethics for Public Officers and Employees Chapter 112, Florida Statutes and maintains a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. Conflict of Interest provisions listed at 24 CFR Part 85.36 (3) and all other applicable federal regulations will be incorporated.

- 3. Any questions regarding the applicability of law or determination as to whether laws conflict must be referred to the Town of Jay's contracted Attorney.**

I. Competition

- 1. All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, no contractors are permitted to help develop or draft specifications, requirements, statements of work, and invitations for bids or requests for proposals. Some of the situations considered to be restrictive of competition include but are not limited to:**
 - a. Placing unreasonable requirements on firms in order for them to qualify to do business**
 - b. Requiring unnecessary experience and excessive bonding**
 - c. Noncompetitive pricing practices between firms or between affiliated companies**
 - d. Noncompetitive contracts to consultants that are on retainer contracts**
 - e. Organizational conflicts of interest**
 - f. Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and**
 - g. Any arbitrary action in the procurement process.**
- 2. Procurements must be conducted in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and**

engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

J. Cost Reasonableness

- 1. The Town conducts cost reasonable evaluations as part of its standard procurement process. All procurement for CDBG-DR funded activities will include evaluating bids and proposals for cost reasonableness and conducting cost of price analysis.**

K. Contracting with Small, Minority, and Women Owned Businesses

- 1. In order to comply with 2 CFR 200.321 the Town will make a reasonable effort to contract with Small, Minority and Women-Owned Businesses. The affirmative steps the Town will undertake to ensure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible include:**
 - a. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;**
 - b. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;**
 - c. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;**
 - d. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;**

- e. **Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and**
- f. **Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above.**

SECTION 3

A. Overview

1. **Section 3 is part of the Housing and Urban Development Act of 1968, as amended. It states that, to the greatest extent feasible, employment and other economic opportunities should be directed to low- and very low-income persons and business concerns that provide economic opportunities to low- and very low-income persons. The Town will adhere to all Section 3 requirements and will perform regular monitoring of any required contractors and subcontractors. As part of its Qualitative Efforts, the Town has elected to institute a preference which stipulates that contract awards shall be given to the bidder using the highest number of qualified Section 3 subcontractors and/or workers if the bid is reasonable and no more than ten percent (10%) higher than the lowest responsive bid from any qualified source. To ensure compliance with Section 3 requirements, Town efforts include, but are not limited to:**
 - a. **Ensuring contractor and subcontractor awareness of and compliance with Section 3 benchmarks and responsibilities;**
 - b. **Facilitating the training and employment of Section 3 workers;**
 - c. **Refraining from entering into contracts with contractors that are in violation of Section 3;**

- d. Documenting Qualitative Efforts to ensure Section 3 compliance when numerical benchmarks are not met; and**
- e. Submitting all required Section 3 reports in accordance with the reporting schedule identified by COM.**

B. Section 3 Registered Businesses

- 1. The Town is committed to ensuring that designated Section 3-eligible business concerns derive economic benefit from HUD-assisted projects built in their communities. Subrecipients, contractors, subcontractors are likewise expected to demonstrate that Section 3 certified business concerns are included in the contracting goals and are economic beneficiaries of business and procurement policies and practices. Section 3 eligible business concerns must be given priority in contracting for appropriate work.**
- 2. The Town will check the HUD Section 3 Business Registry online via the below link to identify any specific businesses within 50 miles of the Town of Jay, Town Hall. Businesses providing services being sought by the Town using CDBG-DR funds will be notified of opportunities.**
- 3. The Town will make attempts to provide contracting opportunities (both construction and non- construction) available to Section 3-qualifying DBEs. The Town will also strongly encourage contractors and subcontractors to make contracting opportunities available to Section 3- qualifying DBEs.**

AUDIT REQUIREMENTS

A. Overview

- 1. Audit requirements for non-Federal entities are set forth in 2 CFR 200 Subpart F. Pursuant to 2 CFR § 200.501, audits are required where non-Federal entities, including units of local government, non-profit organizations, and for-profit developers, expend \$750,000 in Federal awards in that organizations' fiscal year. The Town is considered a "non-Federal entity" and is required to adhere to 2 CFR § 200.501.**
- 2. The Town will comply with all applicable State and Federal audit requirements, which includes filing its own single audit each fiscal year.**

B. Single Audit Requirements

- 1. The Town will undertake an annual single audit, in accordance with Generally Accepted Government Auditing Standards, conducted by an independent auditor when expended federal funds are greater than or equal to \$750,000. Within sixty (60) calendar days of the close of the Town's fiscal year (September 30), the Town will electronically submit a completed Audit Compliance Certification to its Grant Manager and to audit@deo.myflorida.com. Additionally, the Town will submit an electronic copy of a completed audit report to its Grant Manager by June 30 of the following year.**
- 2. At the completion of the audit, if there are audit findings identified by an independent auditor, the Town will develop a corrective action plan to address each audit finding included in the current year auditor's report. The corrective action plan shall provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date.**

RECORD MANAGEMENT

A. Overview

- 1. The Town will maintain accurate files and records and shall retain all pertinent documentation for the grant. Compliance will be maintained in accordance with the reporting requirements under the CDBG-DR regulations and in conformity with the COM subrecipient agreement.**
- 2. General program administration documents will be developed and maintained by the Town Manager and the Town Clerk, kept in a secured location or on secure servers. These files will maintain documentation for the following items:**
 - a. Environmental Review**
 - b. Procurement**
 - c. Contracts**
 - d. Invoicing and Payment**
 - e. Change Orders**
 - f. Local Regulatory Compliance (permitting, legal review, etc.)**
 - g. Program Income**
 - h. Closeout**
- 3. The Grant Administrator will provide oversight and maintenance over these records and will review the progress and records of the tasks associated with all the CDBG-DR Projects to ensure they are progressing in a timely manner. Information maintained in project records will provide necessary data to complete reports and will be utilized during audits and monitoring to provide information needed as part of these activities.**

4. Information included in files may be supplemented with financial reports in order to provide concise details regarding specific project financial records. Once the Town has fully expended all funds and the project is completed, records will be maintained by the Town Clerk for security. All records will be maintained for a minimum of six years after COM issues the final closeout for this award.