

Irma Voluntary Home Buyout Program- Policies & Procedures

GENERAL OVERVIEW

This document is designed to outline program procedures that the county shall use to direct the operation of the Community Development Block Grant – Disaster Recovery Voluntary Buyout Program (VHB).

NATIONAL OBJECTIVE

All CDBG-DR funded housing activities must meet one of the three national objectives as required in 24 C.F.R. § 570.208:

- Benefit Low and Moderate Income (LMI) persons *
- Aid in the prevention or elimination of slums or blight (Slum and Blight)
- Meet a need having a particular urgency (Urgent Need)

**The aggregate use of DCBG-DR funds shall principally benefit low- and moderate- income persons in a manner that ensures at least 70 percent of the total grant award is expended for activities that benefit such persons. (All applicants under the Irma Voluntary Home Buyout Program qualified under Urgent Need, because the qualifying houses were located in an officially designated affected area.)*

PROPERTY ELIGIBILITY AND REQUIREMENTS

Eligible homeowners, as identified in the County's application for CDBG-DR funds, must meet the following requirements:

1. Located within Clay County;
2. Have documented damaged by Hurricane Irma;
3. The property must be in a mapped floodplain and/or subject to repetitive flooding;

All CDBG-assisted programs are subject to the Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970, as well as the government-wide implementing regulations under 49 C.F.R. part 24, absent explicit CDBG-DR waivers issued by HUD. The URA regulations allow for local governments to provide funding assistance for occupants displaced as a result of the acquisition, rehabilitation, or demolition of real property. Residential occupants are encouraged to remain within the local community.

FLOOD CLAIMS

To verify property flood damage from the applicable disasters, flood claims shall be verified by the National Flood Insurance Program (NFIP). All applicants who received assistance identified through the NFIP shall be reviewed for potential Duplication of Benefits.

ENVIRONMENTAL REVIEW

All CDBG-DR funding for the VHB Program is contingent on compliance with 24 C.F.R. Part 58 and the regulations implementing the National Environmental Policy Act (NEPA), 40 C.F.R. § 1500-1508. 1500-1508. Environmental review activities shall be conducted to identify any potential site contamination and demolition control to be documented prior to the commitment of CDBG-DR funds.

Clay County shall also comply with the historic preservation requirements of the National Historic Preservation Act of 1966, procedures set forth in 36 C.F.R., part 800, the Secretary of the Interior's Standards for Rehabilitation codified in 36 C.F.R. 67, and Guidelines for Rehabilitating Historic Buildings.

RESIDENT ELIGIBILITY AND REQUIREMENTS

In addition to property eligibility requirements, homeowners must also meet certain HUD-eligibility requirements under the VHB Program.

Participants of the VHB program shall be required to provide supplementary documentation relating to income and sign and acknowledge the following false claims statement:

“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.”

CITIZENSHIP

The homeowner must be a United States citizen, or an eligible immigrant as verified by a signed declaration and one of the following:

1. U.S. Citizen
 - a. A United States passport
 - b. Birth Certificate
 - i. In the absence of a birth certificate, an elderly applicant may substitute a Social Security Benefits Determination document for the birth certificate.
 - c. Certificate of Naturalization
2. Eligible Immigrant
 - a. Form I-551 Alien registration receipt card
 - b. Form I-94 Arrival-Departure Record annotated with one of the following:
 - i. Admitted as a Refugee pursuant to Section 207
 - ii. Section 208
 - iii. Section 243 (h) or “Deportation” stayed by Attorney General
 - iv. Paroled pursuant to Section 221 (s)(5) of the USCIS
 - v. Form I-94 Arrival-Departure Record with no annotation, accompanied by:
 1. A final court decision granting asylum (only if no appeal is taken)
 2. A letter from an USICS asylum officer granting asylum (if application is filed on or after 10/1/1990) or from an USICS district director granting asylum (application filed before 10/1/1990)
 3. A court decision granting withholding of deportation
 4. A letter from an asylum officer granting withholding or deportation (if application filed on or after 10/1/1990)
 5. A receipt issued by the USCIS indicating that an application for issuance of a replacement document in one of the above listed categories has been made and the applicant’s entitlement to the document has been verified.

OWNERSHIP

Property owners shall provide a copy of one or more of the following to verify ownership:

1. Deed/Title to Ownership
2. Warranty Deed
3. Fee simple title
4. 99-year leasehold interest as lease
5. Life estate / Trusts / Usufruct
6. Court Order / Affidavit / Succession
7. Proof of Mortgage / Home Insurance
8. Act of donation
9. Last Will & Testament/Estate Documentation
10. Property Tax Records (must have proper proof of payment)

IDENTITY VERIFICATION

Property owners shall provide a copy of one of the following items to verify owner's identity:

1. Driver's License (current)
2. State-issued Identification Card (current)
3. Passport/Passport Card
4. Military ID
5. Permanent Resident Card
6. Other official State or Federal Photo ID

OCCUPANCY

All eligible properties shall be owner-occupied as verified by providing:

1. 2017 Property Tax Status Owner
 - a. If a 2017 Property Tax Status Ownership report is not provided, the primary Applicant must provide one document showing Primary Residency AND one document showing Occupancy:
 - i. Provide one of the following to prove Primary Residency:
 1. Voter registration card
 2. Homeowners insurance policy showing as primary residence
 3. Florida Driver's license or State issued ID showing damaged property address
 4. Other verifiable government issued documentation corresponding to damaged property address

- ii. Provide one of the following to prove Occupancy:
 - 1. Copy of electric, gas, water, trash, sewage, cable or landline phone bill.
 - a. The bill must confirm that service was provided in the month preceding or the month of the applicable disaster event and must match name and address on the program application. Bills must reflect usage of services indicative of occupancy.
 - 2. Letter from electric, gas, water, trash, sewage, cable or landline Phone Company.
 - a. The letter must confirm that service was provided in the month preceding or month of the applicable disaster event and must match name and address on the program application.
 - 3. Voter registration records submitted together with valid driver's license (unexpired as of date of application) must match the name and address on the program application

For tenant-occupied housing, rental lease agreements shall be used to verify occupancy.

SPECIAL CIRCUMSTANCES RELATED TO OCCUPANCY

1. Active duty military personnel who own a single-family residence in Clay County damaged during Hurricane Irma are currently assigned to duty away from their home or were assigned to duty away from their home at the time of the storm are eligible.

2. Applicants incapacitated due to illness who own a single-family residence in Clay County damaged during Hurricane Irma and are currently incapacitated at the time of the storm are eligible.

3. Applicants who own a single-family residence in Clay County damaged during Hurricane Irma and were incarcerated at the time of the storm but are no longer incarcerated are eligible to apply. If the applicant is incarcerated at the time of application, the applicant must give Power of Attorney to someone on his or her behalf.

4. Applicants who own a single-family residence in Clay County damaged during Hurricane Irma and were in a nursing home at the time of the storm but are no longer in a nursing home are eligible. If the applicant is in a nursing home at the time of application, the applicant must give Power of Attorney to someone on his or her behalf.

DEATH OF ELIGIBLE OWNER

1. If the homeowner passes away before closing transaction occurs, the heir to the property may be eligible to proceed with the sale of the property once succession has been established. The heir must meet all eligibility requirements.

2. If an eligible owner dies and leaves their damaged property to a business entity, the application is ineligible for assistance.

INCOME

The VHB Program requires that each applicant household provide their household income for purpose of determining their eligibility. Household income is considered to be the total income for all members who reside in the home. All income amounts shall be verified as part of the application process. The HUD Income Calculator, or a similar calculator tool, shall be used to determine if applicants meet HUD's low to-moderate income criteria. The VHB Program shall follow definition of annual income as defined by 24 C.F.R. Part 5. The total household income must not exceed the low-income limit established by HUD (80 percent of area median income) for the area and 120-percent for Urgent Need households. Income limits are established by HUD and updated annually.

AMOUNT OF ASSISTANCE

The maximum CDBG-DR funding assistance for an individual household under the VHB Program shall be capped at the Federal Housing Administration (FHA) Mortgage Limit for Clay County, provided in Table 1, updated annually. Eligible costs include:

- Buyout purchase price*
- Clearance and demolition**
- Moving expenses (if applicable and subject to approval)
- Settlement costs
- Incentives (subject to availability of funding and approval)

* Purchase price is determined by the pre-disaster fair market value.

** Demolition costs may include actual demolition of existing structures on the property, clearing the land, and proper disposal of resulting debris.

Table 1: Clay County FHA Mortgage Limit

	One Family	Two Family	Three Family	Four Family
Clay County	\$373,750	\$478,450	\$578,350	\$718,750

2020 FHA Mortgage Limits for Clay County from <https://entp.hud.gov/idapp/html/hicost1.cfm> as of January 1, 2020.

INCENTIVES

If funding permits, Clay County may provide eligible participants with housing incentives in the form of relocation assistance towards a single-family home located within the limits of Clay County. To be eligible, participants must own a house in the officially designated affected disaster area and incentives must be directly related to disaster recovery efforts. Incentives will be evaluated as part of the application process and the documentation outlined in the "Application Process" must be provided. As a voluntary program, the County shall not be obligated to provide incentives and incentive levels will be based on funding availability.

EXCEPTIONS

Applicants that exceed the maximum CDBG-DR funding assistance allowed under the VHB Program due to an appraisal value shall be reviewed on a case-by-case basis and may be considered for an exception. Applicants shall submit a written request for such exception, to include supporting documentation. All requests and supporting documentation shall be reviewed subject to the availability of funding.

FOR TENANT-OCCUPIED SINGLE-FAMILY HOMES ACQUIRED THROUGH THE VHB PROGRAM AND REQUIRING RELOCATION, THE DISPLACED PERSONS MAY BE ELIGIBLE FOR RELOCATION BENEFITS UNDER THE UNIFORM RELOCATION ACT (URA). 3.5.7.3 OFFER

Once the applicant has been determined eligible for VHB Program, Clay County shall provide an official offer to the homeowner in accordance with the appraised value (pre-disaster fair market value).

ELIGIBLE USE OF CDBG-DR FUNDS

1. Appraised Property Buyout Costs
2. Settlement Costs
 - a. Appraisal Cost
 - b. Appraisal Review
 - c. Title Search
 - d. Environmental Impact Assessment Costs
 - e. Inspection Costs
 - f. Deed Conversion Fees
 - g. Recording Fees
 - i. Other Associated Closing Costs outlined in the HUD-1 Settlement Statement
3. Demolition Costs including the demolition of existing structures on the property, clearing of land, and proper disposal of resulting debris

DUPLICATION OF BENEFITS

CDBG-DR funds are intended to supplement, not supplant, other funding sources, including other Federal and State programs, and insurance benefits, as defined in Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (42 U.S.C. 5155 et seq) and described in Appropriations Acts. The County shall comply with HUD's requirements for duplication of benefits, imposed by the Federal Register Guidance.

In accordance with Federal regulations and in compliance with the Grant Agreement between DEO and the County, staff shall take the following measures to prevent duplication of benefits:

- Require applicants and/or beneficiaries to complete a Duplication of Benefit Affidavit/Self-Certification;
- Require applicants and/or beneficiaries to identify other known/requested resources of funds in the application for funds, including insurance proceeds;
- Review application information for cost reasonableness and necessity;
- Consult with other funding sources for third party verification;
- Complete an internal review of financial documents for duplication of benefits;
- Require sub-recipients and/or beneficiaries to complete a Subrogation Agreement as part of their contract documents;
- And at program closeout, require sub-recipients and/or beneficiaries to submit an actual expenditure report and certify that "The enclosed actual expenditure report is a complete and accurate representation of all monies received and expended on the activities. No duplicative assistance has been received."

SOURCES OF DUPLICATION OF BENEFITS

The following are sources of funding assistance provided for structural damage and loss that are considered a duplication of benefits (DOB). Under federal law, DOB must be deducted from the assistance amount (the amount that shall be offered for the purchase of the home): FEMA Individual Assistance (IA), FEMA National Flood Insurance Program (NFIP), Private Insurance, Small Business Administration (SBA) and other sources. Assistance received in the form of services instead of money, for home repairs from any source, is not considered a duplication of benefits. Any additional duplication of benefits received by the applicant after the offer for purchase has been extended, the funding for the purchase of the home has been awarded or the purchase transaction has occurred, must be applied to reduce the award amount. Funds received from any source including flood insurance, FEMA and hazard insurance that were used to cover repair to the applicant's home do not reduce the amount of disaster assistance if evidenced through paid invoices that true expenditures at least equals the amount of

outside funding assistance. Documentation must be provided demonstrating the cost and type of repair conducted. Clay County shall conduct a work write-up to inspect, confirm and estimate value of repairs based upon applicant's statement of repair work already completed.

ADJUSTMENTS AND OFFSETS

Adjustments and offsets are deducted from the award amount.

- No receipts provided: If the homeowner is unable to provide paid receipts, building permits or other supporting documentation for repairs to damage due to Hurricane Irma, the full amount of of the State or Federal funding assistance shall be deducted from the amount of VHB Program funding for which the household would otherwise be eligible.

- Partial receipts: If partial paid receipts, building permits or other supporting documentation are provided by the homeowner documenting that only a portion of the housing repairs , the the remaining balance shall be deducted from the amount of VHB Program funding for which the household would otherwise be eligible.

- All receipts provided: If receipts, building permits or other supporting documentation are provided by the homeowner documenting that the full amount of housing repair used as intended, no deduction shall be made from the VHB Program funding amount for which the household is eligible.

LEGAL FEES

Legal fees that were paid to successfully obtain insurance proceeds shall be credited to applicant and shall not be deducted as part of the duplication of benefits calculation.

Tax filings related to losses to the home do not affect funding assistance awards and are not considered a duplication of benefits.

APPLICATION PROCESS

The County shall following the general VHB Program application procedures as set forth below.

1. Waiting List

- a. The County accepts requests from voluntary homeowners to the waiting list

2. Pre-Application Review

- a. The pre-application review is used to review homeowner's preliminary eligibility for the Program. Homeowners deemed preliminarily eligible will be provided an application.

3. Application

- a. The County will only accept complete applications. Applications shall collect required information, certifications, authorizations, and supporting documentation/verifications used to determine program eligibility for both the home and the homeowner.

4. Evaluation & Eligibility Determination

- a. Verification and calculation of household income, general eligibility, ownership status, clear title, property taxes and meets one of HUD's National Objectives

5. Assess need for relocation advisory services

- a. Discuss relocation options and need for assistance in identifying comparable relocation opportunities. Assign relocation advisory services as needed/requested.

If it is deemed that the individuals do not qualify for the program, the County will notify individuals via email or certified mail (depending on the method of initial communication) within 10 business days detailing the reason(s) the application they submitted is being denied for the program. This letter also contains directions on how to appeal the determination if the applicant wishes to do so and the timeline in which that appeal must be received.

Once the applications have been scored for each of the qualified applicants, the County will notify individuals via email or certified mail (depending on the method of initial communication) within 30 days of the status of their application and the next steps in the process.

AMERICANS WITH DISABILITIES ACT (ADA) POLICY

SECTION 504 OF THE REHABILITATION ACT

Clay County shall adhere to all requirements of Title II of the Americans with Disabilities Act of 1990 (ADA) regarding discrimination against qualified individuals with disabilities on the basis of disability in its services, programs, or activities.

EMPLOYMENT

Clay County does not discriminate on the basis of disability in its hiring or employment practices and complies with all regulations promulgated by the U.S. Equal Employment Opportunity Commission under Title I of the ADA.

EFFECTIVE COMMUNICATION & ASSISTANCE

Clay County shall provide, upon request, appropriate aids and services leading to effective communication for persons with disabilities. The County shall also make reasonable accommodation to assist applicants with disabilities in completing and filing an application for the VHB Program.

GRIEVANCE PROCEDURE UNDER THE AMERICANS WITH DISABILITIES ACT (ADA)

Clay County shall adhere to the Grievance Procedure as established by the Americans with Disabilities Act of 1990 ("ADA"). It may be used by anyone who wishes to file a complaint alleging discrimination on the basis of disability in the provision of services, activities, programs, or benefits by Clay County.

The complaint should be in writing and contain information about the alleged discrimination such as name, address, phone number of complainant and location, date, and description of the problem. Alternative means of filing complaints, such as personal interviews or a tape recording of the complaint will be made available for persons with disabilities upon request.

The complaint should be submitted by the grievant and/or his/her designee as soon as possible but no later than 60 calendar days after the alleged violation to:

Risk Management Department- Clay County
P.O. Box 1366
477 Houston Street
Green Cove Springs, FL 32043

Any complaints not resolved will be provided to the County Manager and/or County Attorney for further resolution, to be resolved in writing or another format as appropriate to the complainant.

AFFIRMATIVE MARKETING/FAIR HOUSING

Clay County shall ensure that no person be excluded from participation in, be denied of, or be subjected to discrimination under or be denied access to the VHB Program on the basis of race, color, national origin, religion, sex, sexual orientation, age, familial status, or disability. The County shall market and accept referrals through the Department of Emergency Management. The Department shall also coordinate with local non-profit and community-based organizations to provide open and fair access to the VHB Program. Clay County shall take additional measures to affirmatively market the VHB Program, as follows:

1. Clay County shall make the program accessible to persons who are considered members of a protected class under the Fair Housing Act by holding informational meetings in buildings that are compliant with the Americans with Disabilities Act (ADA), provide sign language assistance when requested, and provide special assistance for those who are visually impaired when requested.

2. Clay County shall make all efforts to communicate, both orally and in writing, in appropriate languages to affected residents.

3. Clay County shall provide reasonable accommodations as needed to make the program accessible to people with disabilities.

4. Clay County shall retain documentation of all marketing measures used, including copies of all advertisements and announcements that shall be available for public viewing upon request.

5. Clay County shall use the Fair Housing logo in advertising, post Fair Housing posters and related information, and, in general, inform the public of its rights and obligations under Fair Housing regulations.

Clay County operates in Accordance with the Federal Fair Housing Law (The Fair Housing Amendments Act of 1988). Anyone who feels he or she has been discriminated against may file a complaint of housing discrimination: 1-800-669-9777 (Toll Free), 1-800-927-9275 (TTY) or visit www.hud.gov/fairhousing.

GRIEVANCE AND COMPLAINT PROCEDURES

Clay County is responsible for responding to all complaints and appeals regarding program eligibility in a timely and professional manner. A grievance and appeals procedure shall be afforded to applicants to provide a quick and efficient system for resolution of concerns or disputes that applicants may have with the procedures followed and services provided by Clay County. The appeals procedure shall a written process for grievances and appeals. All complaints and appeals relating to the applicants eligibility or a final decision shall be in written form to:

Emergency Management Director of Clay County
PO Box 1366
Green Cove Springs, Florida 32043

The County shall provide a written response within a timely manner. All complaints not resolved will be provided to the County Manager and/or County Attorney for further review and resolutions.

If the complainant is not satisfied by the County's determination, then the complainant may file a written appeal by following the instructions listed in the letter of response. If, at the conclusions of the appeals process, the complainant has not been satisfied with the response, a formal complaint may then be addressed directly to the DEO at:

Department of Economic Opportunity
Caldwell building, MSC-400
107 E Madison Street
Tallahassee, FL 32399

Complaints regarding fraud, waste, or abuse of government funds shall be forwarded to the U.S. Housing & Urban Development, OIG Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hudoig.gov).

Complaints alleging violation of fair housing laws shall be directed to the State of Florida, Department of Economic Opportunity, Office of Disaster Recovery for immediate review.

Citizens may file a written complaint or appeal through the Office of Disaster Recovery email at CDBG-DR@deo.myflorida.com or submit by postal mail to the following address:

Attention: Office of Disaster Recovery
Florida Department of Economic Opportunity
107 East Madison Street
The Caldwell Building, MSC 160
Tallahassee, Florida 32399

DOCUMENTATION

Documentation for each complaint or appeal must be maintained. Each file must include the following:

- Contact information for the complainant;
- Initial complaint;
- Address;
- Any communications to and from complainant or appellant;
- Results of the investigation, together with any notes, letters, or other investigative documentation;
- The date the complaint or appeal was closed;
- Any other action taken.

BUYOUT AWARD DETERMINATION

Clay County shall provide eligible participants with the post-disaster fair market value (FMV), less any duplication of benefits, and Clay County Incentive, where funding is available. The post-storm home valuation process will be determined in coordination with Florida Commerce or the appropriate granting agency. Home value negotiations will be documented in writing with the applicant.

BUYOUT APPLICANTS WHO OWNED THE PROPERTY PRIOR TO THE DISASTER

Eligible owners determined to have owned the buyout property prior to the disaster shall receive an offer to purchase the property based on the post-disaster fair market value of the property minus any duplication of benefits documented.

BUYOUT APPLICANTS WITH NEGATIVE EQUITY ON MORTGAGE

The buyout program may assist people who owe more on their mortgage than their house is worth will be reviewed on a case-by-case basis.

BUYOUT APPLICANTS WITH REVERSE MORTGAGE

The buyout program may assist people who have a reverse mortgage, but assistance amounts are capped at the maximum total buyout assistance amount per household. Acquisition of such properties shall only occur if the assistance shall allow the household to move from the damaged home to an area of reduced flood risk. Clay County reserves the right to review each applicant on a case-by-case basis.

BUYOUT APPLICANTS IN FORECLOSURE

Applicants in foreclosure may be provided buyout assistance; however, the assistance amounts are capped at the maximum total buyout assistance amount per household. Assistance shall only be provided if the assistance shall allow the household to move from the damaged home to an area of reduced flood risk. Clay County reserves the right to review each applicant on a case-by-case basis.

REQUIRED ANNUAL REPORTS

The Program Manager is to file all required annual reports accurately and in a timely manner with DEO, to include:

- SF 425 and SF 425-A, the Quarterly Federal Financial Report
- HUD/EEO-4 on recipient employment containing data as of June 30th of each year
- HUD forms 60002 (Section 3 Summary Report), 2516 (MBE Contract Activity) and 4710 (Labor Standards)

The County will work with all sub-recipients to accurate reporting requirements are met, with the understanding that the County and sub-recipients share joint responsibility for implementing activities in conformance with Federal requirements. Sub-recipients shall demonstrate the achievement of program goals and the completion of activities on a monthly basis. All requests for reimbursement will have adequate documentation for eligible use of CDBG-DR funds.

QUALITY ASSURANCE/QUALITY CONTROL PLAN

Clay County's CDBG-DR Quality Assurance and Quality Control (QA/QC) Plan was developed to meet the requirements of the DEO agreement and to outline a formal process to identify potential compliance issues and implement best practices for disaster recovery. More specifically, this plan and review checklists shall assist Clay County in complying with program monitoring requirements and:

- Perform file reviews and utilize data collected during the desk review process to improve program processes and procedures.
- Monitor program(s) to ensure they are operating within the terms of the DEO agreement and program guidelines established by the County.
- Confirm that program expenditures/draw requests are eligible based on applicable laws and CDBG regulations.
- Report exceptions and concerns to reduce DEO and/or HUD monitoring concerns, findings, and/or repayment.
- Follow-up with identified compliance issues, initiate corrective actions, and implement program controls as necessary.
- Implement continuous process improvement.

Record Retention

All program records should be retained in accordance with 2 CFR 200. Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.

PRIVACY POLICY

In the normal course of grant administration, the County may receive personally identifiable information (PII), such as names, income verification documents, disability status, employment status, etc. The Emergency Management Department (EM) shall take the following steps to protect personally identifiable information:

1. Maintain hard copies of PII records in secure filing cabinets; and
2. Limit access to electronic folders and/or files containing PII

If records containing PII are subject to Freedom of Information Act or Florida Public Records Law, such records shall only be released in accordance with state and federal law.

All active EM records are maintained in limited access areas. Electronic records are stored on restricted access shared drives supported by local servers.

The collection, maintenance, use, and dissemination of Social Security Numbers (SSNs), Employer Identification Numbers (EINs), any information derived from SSNs and EINs, and income information under this subpart shall be conducted, to the extent applicable, in compliance with the Privacy Act (5 U.S.C. 552a) and all other provisions of Federal, State, and local law.

ANTI-FRAUD POLICY

PURPOSE

This policy is directed specifically to the Community Development Block Grant programs and is intended to establish procedures and processes that shall aid in the detection and prevention of fraud, waste, and abuse in the CDBG-DR programs. Any discovered, suspected or reported fraud, waste and abuse within the CDBG-DR programs shall be documented and reviewed by the County. Clay County shall aggressively investigate all allegations of misconduct, fraud, waste or abuse regarding eligibility and the disbursement of award amounts to applicants.

Complaints regarding fraud, waste, or abuse of government funds shall be forwarded to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hudoig.gov).

SCOPE

This policy applies to all employees, providers, vendors, contractors, consultants, partners, citizens, applicants, outside departments and agencies doing business with the County, as well as beneficiaries and others associated with, working for, accessing, or attempting to access benefits under the CDBG-DR program.

CONFIDENTIALITY

Confidentiality is important to avoid retaliation against reporting individuals and to protect the reputations of any accused individuals who are subsequently found innocent of wrongful claims. Complainants may remain anonymous. Complainants should not discuss the case, facts, suspicions, or allegations with anyone if they wish to remain anonymous. All information received about suspected fraud, waste and abuse shall be treated confidentially. Further, all investigation materials developed, and interviews conducted to substantiate the allegations of fraud, waste or abuse shall be treated confidentially. Information shall only be disclosed on a need-to-know basis.

ADMINISTRATION

Clay County Anti-Fraud, Waste, and Abuse policy section of this policy shall be reviewed annually and revised as necessary to comply with Federal and local requirements.

STANDARD OPERATING PROCEDURES

Clay County CDBG-DR QA/QC Plan defines standard operating procedures (SOPs) to provide the Director of Emergency Management with practical guidance, tools, and real time information needed to maintain DEO/HUD/CDBG compliance and to establish a formal process to identify and facilitate continuous programmatic improvement. The plan also provides procedures for planning, conducting, and reporting on internal QA/QC activities. As written, the plan outlines a process to perform end-to-end reviews of all applicant files during the lifecycle of the County's Voluntary Home Buyout program.

REVIEW PROCEDURES AND TOOLS

The contracted Program Manager shall perform the primary QA/QC review. A secondary QA/QC review, conducted by the Program Coordinator, shall assess the potential exception findings identified by the Program Manager. The Emergency Management Director shall have the final review.

All checklist reviews shall be completed electronically and uploaded to the Clay County Voluntary Home Buyout Teams.

Multiple reviews may also be completed in each phase listed below.

Phase I: Intake and Pre-Acquisition

Phase I of the QA/QC review shall ensure that applicants qualify for program assistance, document the completion of environmental reviews, and confirm that Duplication of Benefits (DOB) procedures were properly implemented before the signing of a Notice of Award. Areas of review shall include:

- Application for Assistance
- Applicant Eligibility Determinations
- Duplication of Benefits (DOB) Analysis
- Environmental Review
- Uniform Relocation Act (URA) Applicability and Notifications

Phase I of the review process shall ensure that all pre-acquisition requirements are met before closing the sale of the property. Areas to be reviewed for program compliance and necessary and reasonable costs are:

- Property Ownership Title
- Pre-Storm Fair Market Value (FMV) Appraisals
- Pre-Closing Documentation and Offers to Purchase
- Uniform Relocation Act (URA) Pre-Grant Agreement Documentation

Phase II: Close Out

Once the Buyout is complete, a QA/QC review shall be conducted to ensure that all paperwork and documentation related to the property disposition and reuse are properly tracked and documented. Areas to be reviewed are:

- Property Tracking and Disposition
- Environmental Requirements for Disposition and/or Reuse
- Demolition and Asbestos Removal
- Closeout Requirements

INITIAL DOB/COST NECESSARY AND REASONABLE ANALYSIS

Duplication of benefits review documentation shall be maintained in program files and duplication of benefits reviews shall be conducted according to the following procedures:

1. CDBG-DR application materials include:
 - a. Description/definition of duplication of benefit;
 - b. Requirement to document tie to disaster through narrative description, and photographs or other data, as applicable;
 - c. Sources and uses form, requiring commitment letters and the status of other funding sources to be attached; and
 - d. Duplication of benefits affidavit, requiring the identification of sources and records of insurance proceeds.
2. Prior to award, CDBG-DR staff review application materials, including activity budgets, cost estimates, project descriptions (especially sections pertaining to scope of work and tie to disaster), duplication of benefits affidavits, photographs, commitment letters, etc. to assess unmet need, cost necessity, and duplication.
3. If costs associated with an activity are determined to be necessary and reasonable, CDBG-DR staff complete a duplication of benefits spreadsheet and conduct third part verification of disaster assistance and other sources. To complete the spreadsheet, staff:
 - a. Identify proposed project scope and cost, and CDBG-DR amount requested;
 - b. Identify other sources of funds and purpose/limitations of other sources;
 - c. Verify all other sources of funds (including FEMA, SBA, insurance, and all other sources);
 - i. Housing assistance: Confirm any/no other CED, DEO assistance
 - ii. Small business assistance: Confirm any/no Commerce Corp. assistance
 - d. Calculate the total amount of potentially duplicative assistance from the total project cost to determine the amount of unmet need and maximum CDBGDR award; e. Complete DOB spreadsheet; and f. Create activity DOB file with spreadsheet and all backup/source documentation.
4. See Verification Documentation section for a list of acceptable third-party verification documents.

FINAL DOB ANALYSIS

Actual costs at project completion may vary from project budgets. Prior to closeout, EM shall update DOB documents to reflect actual expenditures overall, and by source.

For projects with multiple funding sources, duplication of benefits analyses is updated prior to closeout to ensure no duplication has occurred. Generally, these updates are conducted before dispersal of the final payment.

VERIFICATION DOCUMENTATION

The following sources are generally considered acceptable backup documentation for duplication of benefits analyses:

1. Cost necessity and reasonableness:
 - a. Narrative description of scope of work
 - b. Tie to disaster narrative and/or photographs and/or data
 - c. Cost estimate by contractor
 - d. Written quotes by contractors/vendors
 - e. Appraisals by tax assessors or licensed appraisers (real property acquisition)
2. Unmet Need:
 - a. Award and/or denial letters from SBA, FEMA, FDEM and/or other sources
 - b. Signed and notarized Duplication of Benefits Affidavits
3. FEMA: documented by data or correspondence provided by FEMA or FDEM
 - a. FEMA data sets, including FEMA Project Status Reports*
 - b. FEMA Project Worksheets (Subgrant Application – Entire Application)
 - c. FEMA/FDEM award and/or denial letters
 - d. Financial institution statements showing transfer/deposit amounts from FEMA
4. SBA: documented by data or correspondence provided by SBA
 - a. SBA loan documents
 - b. SBA award and/or denial letters
 - c. Financial institution statements showing transfer/deposit amounts from SBA
5. Insurance: documented by letter/forms from insurance company, or data from NFIP program
 - a. Insurance proof of loss statements
 - b. Insurance company correspondence
 - c. Financial institution statements showing transfer/deposit amounts from insurer
6. Any Other Sources: documented by commitment letter or correspondence with other source
 - a. Source data sets*
 - b. Loan documents
 - c. Award and/or denial letters
 - d. Financial institution statements showing transfer/deposit amounts from source
7. Actual Costs:
 - a. Contracts, invoices, and/or receipts, with evidence of payment
 - b. Requests for payment showing actual project costs and actual amounts drawn

*Applicable data sets provided by a lender/grantor, including FEMA and SBA, that do not list activity and/or location shall be considered sufficient documentation that no assistance was provided by the data set provider, as of the date of the data set.

HUD COMPLIANCE/PROGRAM EXECUTION

To achieve HUD compliance, Clay County shall ensure the program is operating in accordance with federal requirements, CDBG guidelines, and approved program policies. It is also necessary to ensure

that applicant files contain complete and accurate documentation related to their grant award. The lack of adequate monitoring of applicant files could result in program sanctions, HUD monitoring findings, questioned costs, potential recapture of funds, and/or repayment of CDBG funds.

MONITORING PLAN

Clay County shall establish a monitoring/oversight program to ensure that buyout assistance is being provided to eligible owners, for eligible properties, and receiving the proper assistance amounts. The County shall also ensure that all properties are being added the property mowing and maintenance schedule and that all properties are being maintained to standard.

INCORPORATION OF LAWS, RULES, REGULATIONS, AND POLICIES

Clay County’s Voluntary Buyout Program shall abide by all applicable State and Federal Laws, rules and regulations, including but not necessarily limited to, the Federal laws and regulations set forth at 24 C.F.R. part 570 and the State’s Action Plan.

CONFLICT OF INTEREST

No employee, agent, or officer, who exercises decision-making responsibility with respect to CDBG-DR funds and activities, can obtain a financial interest in or benefit from CDBG- DR activities, or have a financial interest in any contract, subcontract, or agreement regarding those activities or in the proceeds of the activities. The buyout program shall establish safeguards to prohibit employees, officers, and agents from using their position for a purpose that is, or gives the appearance of being, motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties. Clay County may require disclosure of any potential conflict of interest to the governing body of the locality, to the recipient’s legal counsel, and as otherwise may be appropriate.

RECORD MANAGEMENT PROCEDURES

RECORDS RETENTION

Clay County is subject to the recordkeeping requirements as written in 2 C.F.R. part 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.” Clay County shall also comply with the provisions of 24 C.F.R. 570.502(a)(7)(ii).

Clay County is subject to Florida’s Government in the Sunshine Law (Section 286.011, F.S.) with respect to the meetings of Clay County’s governing board or the meetings of any subcommittee making recommendations to the governing board. For all, Clay County shall ensure that all aforementioned meetings are publicly noticed, open to the public and the minutes of all the meeting shall be public records and made available to the public in accordance with Chapter 119, F.S.

RECORD KEEPING POLICIES AND PROCEDURES

In compliance with 24 C.F.R. 570.506 the County has established the following record keeping procedures for its CDBG - Disaster Recovery (CDBG-DR) Program to ensure that DEO and HUD record keeping requirements are met.

Records maintained by Clay County that demonstrate compliance with these policies and procedures are confidential and shall not be made public unless required by law. Only authorized County staff or DEO or HUD will have access to them; however, upon written request the County may give applicants, or an applicant’s designated representative, the opportunity to inspect and copy, during normal business hours, all records pertinent to his/her case, except materials classified as confidential. The County may impose reasonable conditions on the applicant’s right to inspect these records, consistent with applicable laws.

All pertinent records will be retained for a minimum of six (6) years after the latest of:

- The date by which all payments have been received by persons displaced by the project;
- The date the project has been completed;
- The date by which all issues resulting from litigation, negotiation, audit, or other action (e.g., civil rights compliance) have been resolved and final action taken; or
- For real property acquired with HUD funds, the date of final disposition (see 24 C.F.R. 84.53 and 85.42).

Methods for collecting, transferring and storing information will be in accordance with the May 2013 Executive Order on Making Open and Machine Readable the New Default for Government Information (2 CFR 200.335).

ACCESS TO RECORDS

Clay County will make accessible all records relating to the CDBG-DR Program in accordance with all applicable local, state, and federal regulations, as well as in accordance with Agreement I0096 with DEO.

FINANCIAL RECORDS

Clay County will maintain financial records in accordance with the requirements listed in 2 CFR 200 Subpart E – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

FAIR HOUSING RECORDS

Clay County will maintain all fair housing and equal opportunity records in accordance with all applicable local, state, and federal regulations, as well as in accordance with Agreement I0096 with DEO.

ADDITIONAL RECORD KEEPING REQUIREMENTS

The CDBG-Disaster Recovery staff will incorporate the following additional record keeping requirements per § 570.600 through § 570.614 as applicable.

ENVIRONMENTAL REVIEW RECORDS

Clay County will maintain Environmental Review Records in accordance with 24 CFR Part 58 §570.605 §570.604.

LABOR RECORDS

Clay County will maintain all labor records in accordance with 24 C.F.R. §570.603.

URA RECORDS

In the event of any temporary or permanent relocation of residents as a result of CDBG Disaster Recovery-funded activities, the County will follow the policies and procedures identified in its Uniform Relocation Plan. Clay County will also maintain records of residential relocation or displacement in accordance with 24 C.F.R. §570.606.

FINANCIAL MANAGEMENT RECORDS

Clay County will maintain all financial management records in accordance with all applicable local, state, and federal regulations, as well as in accordance with Agreement I0096 with DEO.

CLOSING PROCEDURES

OFFER PROCESS

1. Appraisal
2. Offer to Purchase to Applicant
3. Title Services/Commitment
4. Submission to County Board of County Commissioners for funding approval
 - a. All properties that shall receive buyout funds must be reviewed and approved by County Board.
5. Approval letter sent to Applicant
6. Funding secured
7. Lender schedules closing
8. County approves closing documents
9. Closing occurs/title transfers to Clay County
10. Demolition
11. Compliance & Monitoring

APPRAISAL

All properties shall be appraised by a State licensed appraiser and in conformity with the Uniform Relocation Act at 49 CR 24.103-Criteria for Appraisal and 49 C.F.R. 24.104-Review of Appraisals.

The properties shall be purchased at a pre-disaster fair market value of the home, less any identified duplication of benefits and mortgage or other liens.

OFFER TO PURCHASE

Once an applicant has been determined eligible and an assistance amount has been calculated, the applicant shall receive an offer to purchase. An applicant must sign a voluntary participation or non-participation agreement within 14 days of buy-out offer. If the applicant does not agree to the offer, they may counter-offer by providing their own post-storm appraisal by a licensed appraiser. Clay County shall have ten (10) days to review the counteroffer and decide regarding the appraisal amount that shall be used. Applicant shall be notified by mail of the final decision.

PROPERTY BEFORE CLOSING

Participant must remove all personal property from the residence prior to the day of closing. Any personal property remaining after closing shall be included in the demolition.

Once the purchase offer has been made, the Seller is notified of available resources to help applicant move.

DOCUMENT EXECUTION AT CLOSING

The following documents shall be signed by the applicant at the time of agreement:

1. Agreement for Sale
2. Subrogation Agreement *
3. Deed Restriction or Restrictive Covenant
4. At closing, seller signs agreement to have all utilities disconnected within 7 days

**Subrogation is the process by which duplicative assistance paid to the Property Owner after receiving an award is remitted to the Program to rectify a duplication of benefit. All applicable claims (including insurance payments, unpaid claims, lawsuits, and settlements) paid to applicants not included in the original benefit determination calculation and/or received after their closing appointment, must be subrogated to the Program to prevent a duplication of benefits.*

DEED RESTRICTION OR RESTRICTIVE COVENANT

Clay County shall ensure that a deed restriction is recorded on any real property or facility, excluding easements, acquired with CDBG-DR funds. Properties acquired through the buyout program shall have a deed restriction or restrictive covenant running with the property and require that the buyout program be dedicated and maintained for compatible uses in perpetuity.

Each deed restriction shall be made a part of the public records in the Clay County Clerk of Courts. Any future disposition of that real property shall be in accordance with 24 C.F.R. § 570.505 and any future change of use of that real property shall be in accordance with 24 C.F.R. § 580.489(j).

PROCUREMENT POLICY

OVERVIEW

The U.S. Department of Housing and Urban Development (HUD) allocated Community Development Block Grant Disaster Recovery (CDBG-DR) funds to the State of Florida to be distributed in federally-declared disaster counties impacted by Hurricane Irma for activities authorized under Title I of the Housing and Community Development Act of 1974 (42 United States Code (U.S.C) 5301 et seq.) and described in the State of Florida Action Plan for Disaster Recovery.

Goods and services procured to carry out Clay County's recovery activities are to be conducted by the County Procurement Department following the County's general procurement policies along with the CDBG-DR. As a subrecipient of DEO, Clay County is required to comply with requirements of 2 C.F.R. 200.318 through 200.326, and all amendments to the C.F.R., such as but not limited to changes in thresholds listed in the C.F.R., to ensure full and open competition. This section of the CDBG-DR Policy is not meant to replace the County's Procurement Manual but to augment their policies to ensure compliance. When procuring goods and services for CDBG-DR funded activities, the federal requirements shall supersede Clay County's Procurement Manual in instances where there is a conflict.

Conflicts of interest relating to procurement shall be addressed pursuant to 24 C.F.R. § 570.489(g). Title 24 C.F.R. § 570.489(h) shall apply in all conflicts of interest not governed by 24 C.F.R. § 570.489(g), such as those relating to the acquisition or disposition of real property; CDBG-DR financial assistance to beneficiaries, businesses or other third parties; or any other financial interest, whether real or perceived.

CONTRACT TERMS AND CONDITIONS

If the County contracts any of the work required with federal funds, a copy of the proposed contract template and any proposed amendments, extensions, revisions, or other changes thereto, shall be forwarded to DEO for prior written approval. For each contract, Clay County shall report to DEO as to whether that contractor or any subcontractors hired by the contractor, is a minority vendor, as defined in Section 288.703, F.S.

Clay County shall include the following terms and conditions in any contract pertaining to the work required with federal funds:

- The period of performance or date of completion;
- The performance requirements;
- That the contractor is bound by the terms of the DEO agreement;
- The contractor is bound by all applicable State and Federal laws, rules, and regulations,
- That the contractor shall hold DEO and Clay County harmless against all claims of whatever nature arising out of the contractor's performance of work under the DEO agreement;
- The obligation of Clay County to document in the County's reports the contractor's progress in performing its work under the DEO agreement; and
- The requirements of 2 C.F.R. Appendix II to Part 200 "Contract Provision for Non-Federal Entity Contract Under Federal Awards"

Clay County shall comply with CDBG regulations regarding debarred or suspended entities (24 C.F.R. § 570.489(l)), pursuant to which CDBG funds must not be provided to excluded or disqualified persons and provisions addressing bid, payment, performance bonds, if applicable, and liquidated damages. Clay County shall also comply with Section 287.133(2)(a), F.S. and Section 287.134(2)(a), F.S.

Clay County shall maintain oversight of all activities performed under its DEO agreement and shall ensure that its contractors perform according to the terms and conditions of the procured contracts or agreements and the terms and conditions of the County's DEO grant agreement.

SECTION 3

The purpose of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing federal state, and local laws and regulations, be directed to low and very-low income individuals, especially recipients of government assistance for housing, and to business concerns that provide economic opportunities to low and very-low income individuals.

Section 3 requirements apply to all contractors and subcontractors performing work in connection with projects and activities funded by public housing assistance covered by Section 3, regardless of the amount of the contract or subcontract. Section 3 covered contracts do not include contracts for the purchase of supplies and materials unless the contract includes the installation of the materials.

A business concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence that the business concern qualifies as a Section 3-business concern. The Section 3 business must also be able to demonstrate its ability to complete the contract. The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36, 24 CFR 85.36b(8).

Contractors who do not qualify as Section 3 business concerns, but who enter into contracts with Clay County must agree to comply with certain general conditions (refer to Section 3 Clause). All contractors and subcontractors, including Section 3 businesses, must comply with these general conditions. Included in these conditions is the requirement that each contractor and subcontractor submit with each pay request a report of Section 3 compliance (refer to Section 3 Compliance Report). Failure to comply with these general conditions may lead to sanctions which can include termination of the contract for default and suspension or debarment from future HUD assisted contracts.

SECTION 3 BUSINESS CONCERN

A Section 3 Business Concern is a business:

- That is fifty-one percent (51%) or more owned by Section 3 residents; or
- Whose permanent, full-time employees include persons, at least thirty percent (30%) of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents; or
- That provides evidence of a commitment to subcontract in excess of twenty-five percent (25%) of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in items (1) or (2) above.

Note: A business concern seeking to qualify for Section 3 shall certify and submit evidence that the business meets one of the guidelines stated above.

Clay County will, to the greatest extent feasible, offer contracting opportunities to Section 3 business concerns. However, in the event no Section 3 business bids on a contract, or bids but is not able to demonstrate to the County's satisfaction that it has the ability to perform successfully under the terms and conditions of the proposed contract, then that contract will be awarded to a non-Section 3 business concern that can meet the terms and conditions of the proposed contract through the competitive bidding process.

That business concern must meet, as all businesses must meet, the general conditions of Section 3 compliance (refer to Section 3 Clause).

This will include:

- Submitting a list of all positions needed to complete the contract, name of employees who will fill those positions, and the names of all other employees.
- Posting notices of any vacant positions, including training and/or apprenticeship positions, qualifications for positions, the place where applications will be received and the starting date of employment.
- To the greatest extent possible, making vacant positions, including training and/or apprenticeship positions, available to Section 3 residents (all categories) in order to priority.
- As positions are vacated during completion of contract, following guidelines enumerated above.
- Submitting Compliance Reports as required.
- If notified of non-compliance, correcting non-compliance within allowable time period.

SECTION 3 RESIDENT

For purposes of Clay County, a Section 3 resident is:

- A public housing resident;
- An individual who lives in Clay County and whose income falls within the guidelines for low- or very low income.

EMPLOYMENT OF SECTION 3 RESIDENTS

When considering the employment of a Section 3 resident, the following order of priority is followed as outlined in 24 C.F.R. 135.32:

1. Category 1 – Section 3 Resident Residents of the housing development or developments in which the contract shall be expended.
2. Category 2 – Section 3 Resident Residents of other housing developments managed by Clay County.
3. Category 3 – Section 3 Resident Participants in HUD Youthbuild program being carried out.
4. Category 4 – Section 3 Resident All other residents (including Section 8 recipients) of Clay County who meet the income guidelines for Section 3 preference (refer to Section 3 Income Limits).

In all cases, applicants must meet the minimum qualifications for the position. In no instance shall it be construed that preference is given to Section 3 residents who do not meet these minimum qualifications.

SECTION 3 INCOME LIMITS

Individuals residing within Clay County and who meet the income limits below, can qualify for Section 3 status.

FY 2020 Income Category	Number of Persons							
	1	2	3	4	5	6	7	8
Extremely Low	\$26,250	\$30,000	\$33,750	\$37,500	\$40,500	\$43,500	\$46,500	\$49,500
Very Low	\$15,750	\$18,000	\$21,720	\$26,200	\$30,680	\$35,160	\$39,640	\$44,120
Low	\$42,000	\$48,000	\$54,000	\$60,000	\$64,800	\$69,800	\$74,400	\$79,200

Table was provided by: <https://www.huduser.gov/portal/datasets/il/il2020/2020summary.odn>

SECTION 3 CLAUSE

All Section 3 covered contracts shall include the following clause:

A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD- assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

C. The contractor agrees to send to each labor organization or representative or workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 135.

F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

ADMINISTRATIVE FINANCIAL MANAGEMENT POLICIES

OVERVIEW

Clay County has administrative financial management policies to ensure the appropriate, effective, timely, and honest use of funds. Specifically, Clay County ensure that:

- Internal controls are in adequate and in place;
- Documentation is available to support accounting record entries;
- Financial reports and statements are complete, current, reviewed periodically; and
- Audits are conducted in a timely manner and in accordance with applicable standards.

To maintain a financial management system, Clay County shall follow 24 C.F.R. Part 85 “Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Federally Recognized Indian Tribal Governments” (also known as the Common Rule) and 24 C.F.R. Part 84 “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations.”

The three basic functions, which must be served by the financial management system are:

- The financial management system must have an identified procedure for recording all financial transactions;
- All expenditures should be related to allowable activities in the CDBG-DR agreement and approved by DEO; and
- All expenditures of CDBG-DR funds must be in compliance with applicable laws, rules, and regulations.

FINANCIAL MANAGEMENT SYSTEM

The following accounting procedures shall be followed in order to comply with state and federal requirements under the CDBG-DR program:

DOCUMENTING USE OF FUNDS

All funds must be documented appropriately to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. (24 C.F.R. 85.20 (a)).

ACCOUNTING RECORDS

Accounting records must be maintained which clearly identify the source and application of funds provided for grant – assisted activities. The accounting for the CDBG-DR program has to be on a modified accrual basis. The accounting system must provide the functionality to track receipts and expenditures and generate financial statements on an as-requested basis.

SUPPORTING DOCUMENTATION

Accounting records are supported by source documentation such as cancelled checks, paid bills, invoices, purchase orders, payrolls, and grant agreements, etc. and in accordance with 2 CRF 200 and 24 C.F.R. 85.20 (b)(6)).

Clay County staff shall maintain all supporting documentation for all costs incurred and the actual dates of the expenditure. Clay County must ensure that all funds are spent on only reasonable and necessary costs associated with the approved projects and activities. Clay County shall use purchase orders when preparing expenditures for payment of any goods or services associated with the project. These documents are prepared in accordance with local policies and procedures as well as those required by federal regulations. For those occasions when a purchase order is not necessary, i.e. a mileage reimbursement, the expenditure shall still be supported by source documentation and appropriate written approval.

ADVANCED FUNDING

Clay County shall not request advanced funding from DEO. All draw down requests shall be on a reimbursable basis only. Likewise, Clay County prohibits sub-recipients from requesting advanced funding of CDBG-DR or CDBG-DR funds.

LUMP SUM DRAWDOWNS

Clay County shall not request lump sum drawdowns from DEO. Any draw down shall be as a reimbursable activity and supported with appropriate documentation.

INTERNAL CONTROLS

Clay County maintains internal controls by separating duties among offices and staff members within each office both in the procedure development and the financial management system. Clay County maintains additional internal controls specific to the CDBG-DR and CDBG-DR programs.

The Finance Department is responsible for preparing the annual county budget, assembling, correlating, and revisiting the estimates and requests for appropriations of the various departments and divisions of the County. The Clay County Tax Collectors Office is responsible for all tax collections and distributing those collections.

A primary EM staff member is responsible for initiating purchase requisitions that are subsequently reviewed by multiple individuals. Requests reviewed for accuracy by EM are forwarded to Finance for review and processing. Generally, only requests with final approval are forwarded to Accounts Payable for disbursement. The multiple levels of review by County offices help to reduce the risk of errors and irregularities.

PROGRAM INCOME

Clay County shall report to DEO all program income (as defined at 24 C.F.R. § 570.500(a) or in the Federal Register Guidance governing the CDBG-DR funds) generated by activities carried out with CDBG-DR funds made available under the DEO agreement as part of Clay County's Quarterly Progress Report. Clay County shall also use program income in accordance with the applicable requirements of 2 C.F.R. part 200, 24 C.F.R. part 570.504, and the terms of the DEO agreement.

AUDIT REQUIREMENTS POLICY

The County shall be required to conduct a single or program-specifics audit in accordance with the provisions of 2 C.F.R. part 200 if it expends at least seven hundred and fifty thousand (\$750,000) or more in Federal awards from all sources during its fiscal year. The County shall comply with all applicable state and federal audit requirements.

Within sixty (60) calendar days of the close of the County's fiscal year, on an annual basis, the County shall electronically submit a completed Audit Compliance Certification to audit@deo.myflorida.com, and DEO's grant manager as required by the DEO grant agreement. The County shall fulfill this requirement within all agreements (e.g. contracts, grants, memorandums of understanding, memorandums of agreement, economic incentive award agreements, etc.) between DEO and Clay County upon timely submittal of each completed Audit Compliance Certification.

Clay County shall also comply with the Federal Audit Clearinghouse rules and directives, including but not limited to the pertinent Report Submissions provisions in 2 C.F.R. 200.512, when such provisions are applicable to the DEO grant agreement.

Clay County shall also have conducted an annual outside audit performance according to the standards of 2 C.F.R. part 200. As allowable with the grant award, additional audit cost related to the HUD funding shall be charged to the grant as part of the administration cost. An outside audit pursuant to 2 C.F.R. part 200 is required for all subrecipients expending \$750,000 or more a year. The requirement is

included in all sub-recipient agreements. Audits must be undertaken annually and provide a copy to Clay County and HUD.

Audit concerns and findings are first submitted to departments for response. The final report and department responses are presented to the County Manager and County Board of Commissioners for review.

In the contract documents, sub-recipients are required to certify that they shall give the US Department of Housing and Urban Development, Florida Department of Economic Opportunity, and Clay County access to and the right to examine all records, papers, documents, and other materials related to the use of grant funds. Suspected illegal acts and irregularities shall be reported to the HUD field office and the HUD Office of the Inspector General.