



City of Conway Arkansas

City of Colleges

## **COMMUNITY DEVELOPMENT BLOCK GRANT**

### **COMPLIANCE POLICIES**

Department of Community Development

*This CDBG Policies and Procedures Manual is intended as a guide, not as a substitute for a thorough knowledge of state and federal laws and regulations referenced in this manual. In the event of any discrepancy, federal regulations will prevail. The Grantee is responsible for compliance with the most current and stringent of any applicable local, state, or federal law or regulation(s). The City of Conway Community Development Office does not discriminate on the basis of age, race, color, religion, sex, national origin, familial status or disability in the admission, access to, treatment of, or employment in, its federally assisted programs or activities.*

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## NATIONAL PROGRAM GUIDELINES

## **Key Definitions**

This section provides definitions of key CDBG topics and terms.

**The Act:** The [Housing and Community Development Act of 1974](#) makes funds available to qualified cities to develop of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities.

**Action Plan:** An annual plan that outlines proposed housing and community development objectives, activities, and budget in the City of Conway. The plan includes information regarding federal, state, and local funding resources, a description of each activity to be implemented, and other actions that the City will take to address barriers to affordable housing, support anti-poverty strategies, and facilitate fair housing.

**Adjusted Award:** Amount of CDBG funds available to subrecipients after City programs and administration cost are deducted.

**Administrative Cap:** A maximum of 20 percent of the sum of the entitlement grant plus program income that is received during the program year may be spent on planning and administration costs.

**Capacity Building:** Activities that build the capacity of the CDBG program, sub-recipients, and program delivery to low income Conway residents. Capacity building activities are subject to the 20 percent administrative cap.

**CDBG:** The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to 1209 general units of local government and states.

**CDBG Recipient:** Local governments are known as grantees or recipients, and also referred to as units of general local government (UGLGs). Under the Entitlement CDBG Program, the City of Conway receives funding directly from HUD.

**Code of Regulations (CFR):** The codification of the general and permanent rules and regulations (sometimes called administrative law) published in the Federal Register by the executive departments and agencies of the federal government of the United States. The CFR is divided into 50 titles that represent broad areas subject to federal regulation.

**Citizen:** Unless otherwise distinguished by HUD or applicable statute, citizen and resident are used interchangeably.

**Citizen Participation Plan:** A plan prepared by the City of Conway in accordance with [24 CFR 570.486](#) that describes how the City will include and encourage citizen participation, especially by low and moderate income citizens.

**City Program:** An eligible activity or service provided by City of Conway staff through a non-competitive proposal process.

**Conflict of Interest:** When an individual or organization is involved in multiple interests, one of which could corrupt or be perceived corrupt fair and objective allocation of funds or procurement of goods and services.

**Consolidated Annual Performance and Evaluation Report (CAPER):** An annual report prepared by the City of Conway in accordance with [24 CFR Part 91](#), on the objectives, activities, and budget set forth in the Annual Action Plan and the progress on the three-to five-year Consolidated Plan.

**Consolidated Plan:** The Consolidated Plan is a three-to five-year strategic plan prepared by the City in accordance with [24 CFR Part 91](#), and describes needs, resources, priorities and proposed activities to be undertaken with respect to HUD's Office of Community Planning and Development CPD formula programs, including CDBG. An approved Consolidated Plan is one which has been approved by HUD.

**Contractors:** A contractor is an entity paid with CDBG funds in return for a specific service (e.g., construction). Contractors must be selected through a competitive procurement process.

**Corrective Action Plan:** A plan prepared by a subrecipient or city partner to correct issues of non-compliance within a specific schedule.

**Cost Allocation:** The identification, aggregation, and assignment of centralized costs.

**Cost Allocation Plan:** A description of a process whereby services provided on a centralized basis (e.g., motor pools, computer centers, purchasing and accounting services) can be identified and assigned to benefited departments/agencies (e.g., the department/agency administering the CDBG program) on a reasonable and consistent basis.

**CPD:** The Office of Community Planning and Development (CPD) is an office within HUD. CPD administers and provides federal oversight of the CDBG program, along with other federal programs that provide decent housing, a suitable living environment, and expand economic opportunities for low and moderate income persons.

**Davis-Bacon Act:** This act establishes the requirement for paying the local prevailing wages and fringe benefits, as determined by the U.S. Department of Labor, laborers and mechanics. The Davis-Bacon Act applies to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000.

**Draw Down:** Refers to the process of requesting and receiving CDBG funds. Grantees draw down funds from a line of credit established by HUD, while subrecipients typically draw down funds from grantees.

**Entitlement Community:** A city in a metropolitan area with a population of 50,000 or more, a principal city of a metropolitan statistical area, or an urban county with a population of at least 200,000 (excluding the population of metropolitan cities located therein) that receives an annual allocation of CDBG funds directly from HUD under the CDBG Entitlement Program. An Entitlement Community is sometimes referred to by HUD as a grantee or recipient.

**Entitlement Grant:** Federal funds received by an entitlement community in a program year.

**Funding Cycle:** The time period associated with the City of Conway's allocation of projected CDBG funds for the upcoming program year(s). The funding cycle is most commonly an annual cycle that begins in August and ends in April.

**Household:** All the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any groups of related or unrelated persons who share living arrangements.

**HUD:** CDBG funds are provided to states through the U.S. Department of Housing and Urban Development (HUD). HUD established the regulations and requirements for the program and has oversight responsibilities for the use of CDBG funds.

**HUD Guidelines:** All [tools](#), [guidebooks](#), [trainings](#), [notices](#), and other guiding materials and correspondence provided by HUD or CPD regarding the laws and regulations of CDBG Program.

**Integrated Disbursement and Information System (IDIS):** A nationwide database that provides HUD with current information regarding program activities and funding data. The City of Conway uses IDIS to fund and report on its CDBG Program.

**Income:** Adjusted gross income as defined by the IRS Form 1040.

**Indirect Costs:** Costs that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

**Indirect Cost Rate:** A device for determining in a reasonable manner the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base.

**Indirect Cost Rate Proposal:** The documentation prepared by a governmental unit or subdivision thereof to substantiate its request for the establishment of an indirect cost rate.

**Job Creation/Retention:** A mandatory public benefit standard that requires at least one full-time, permanent job per \$35,000 of CDBG funds used be created or retained.

**Low and Moderate Income (LMI):** The family or household annual income is less than the 80 percent of the area median income, or a person within such household, as established by HUD.

**Low Income Household/Family:** A household/family having an income equal to or less than the Section 8 Very Low Income limit (50% of the area median income) as established by HUD.

**Microenterprise:** A business that has five or fewer employees, one or more of whom own the enterprise.

**Minimum Contracting Standards:** A set of standards required before the execution of a Subrecipient Agreement. The standards indicate the minimum administrative and financial framework required to manage public funds.

**Minority Business Enterprise (MBE):** A business concern that is at least 51% owned by one or more individuals who are African American, Hispanic American, Native American, Asian-Pacific American or Asian-Indian American; and whose management and daily business operations are controlled by one or more of these owners.

**Moderate Income Household/Family:** A household/family having an income equal to or less than the Section 8 Low Income limit (80% of area median income), but greater than the Section 8 Very Low Income limit (50% of area median income) established by HUD.

**Monitoring Visits:** Visits to subrecipient and city partner programs by Community Development staff to evaluate the progress/performance of the program and/or to provide technical assistance.

**Office of Management and Budget (OMB):** The largest office within the Executive Office of the President of the United States (EOP). The main function of the OMB is to assist the President in preparing the budget. The OMB issues budget instructions or information, known as circulars, to federal agencies.

**PR Reports:** Standard CDBG program reports generated in IDIS that provide financial and performance information. 66 different PR reports are available in a noncontiguous range from PR01 to PR95. PR05 and PR07 provide draw down details.

**Presumed Benefit:** Benefit a group of clientele that is presumed to be principally low and moderate income. Presumed benefit groups include abused children, battered spouses, severely disabled adults, homeless persons, illiterate adults, persons with AIDs, migrant farm workers, and elderly persons over 62-years-of-age.

**Program Income:** Program income is the gross income received by the City and its subrecipients directly generated from the use of CDBG funds.

**Program Year:** City of Conway's Program Year begins July 1 and concludes June 30 of the following year.

**Public Service Activity:** Eligible public service activities including but not limited to those concerned with transportation employment, crime prevention, childcare, health, homelessness, drug abuse, education, fair housing counseling, energy conservation, and welfare. To be eligible for CDBG assistance, a public service must be either a new service or a quantifiable increase.

**Public Services Cap:** A maximum of 15 percent of the sum of the entitlement grant plus program income that is received during the program year may be spent on public service activities.

**Resident:** Unless otherwise distinguished by HUD or applicable statute, resident and citizen are used interchangeably.

**Revolving Loan Fund (RLF):** A separate fund established to carryout eligible housing and/or economic development activities which generate program income. The fund reuses program income in making the same types of activities.

**Section 3:** Section 3 of the Housing and Urban Development (HUD) Act of 1968 established the Section 3 Program, which requires recipients of HUD financial assistance, to the greatest extent possible, provide job training, employment, and contract opportunities for low or very low-income residents in connection with projects and activities in their neighborhoods.

**Small Business:** The U.S. Small Business Administration is responsible for defining small businesses. Small businesses are commonly identified by 500 employees or less for manufacturing and mining industries and \$7.5 million or less in average annual receipts for non-mining industries. However, there are a number of exceptions.

**Statement/Scope of Work:** An exhibit of the subrecipient agreement that must include a project description, the national objective claimed, activity descriptions, intended beneficiaries (number and type), and detailed budget and location(s) of program-related activity.

**Subrecipient:** An entity charged with implementation of one or more activities funded with City of Conway CDBG dollars.

**Subrecipient Agreement:** A written agreement between the City of Conway and the subrecipient that is required before CDBG funds are disbursed.

**Substantial Amendment:** An amendment to the Action Plan or the Consolidated Plan as required when 25 percent of the original award for an activity or plans to utilize funds under a different activity category are proposed.

**Technical Assistance:** Assistance to an entity by another entity more knowledgeable in the applicable subject field, resulting in increased capacity or knowledge of the assisted entity.

**Timeliness:** Carrying out CDBG-funded activities in a timely manner.

**Timeliness Spending Test:** A test conducted sixty days prior to the end of the current program year to ensure that the amount of entitlement grant funds available to the City of Conway under grant agreements but undisbursed by the U.S. Treasury is not more than 1.5 times the entitlement grant amount for the current program year.

**Urgent Need:** Activities designed to alleviate existing conditions of recent origin (18 months) that pose serious threats to the health and welfare of the community; this objective may only be used if the community cannot finance necessary activities with other sources.

**Women's Business Enterprise (WBE):** A business concern that is at least 51% owned by one or more women and whose management and daily business operations are controlled by one or more of these owners.

## **Overview**

These policies are a combination of federal rules and local policies used to oversee the Community Development Block Grant Program (CDBG) for the City of Conway. They reflect best practices and policies as set forth by the U.S. Department of Housing and Urban Development (HUD). These policies will be updated on an ongoing basis and shall always reflect a coordination of HUD's National Objectives, Eligible Activities, and City Priorities. HUD regulations, guidebooks, and manuals will supersede any future conflicting policies. The citation reference from [Title 24 Code of Federal Regulations \(CFR\) Part 570 - Community Development Block Grants](#) can be found in parentheses next to each heading below.

While there are many aspects that must be considered in selecting activities to assist under the CDBG program, there are six key steps a grant recipient should take in the early stages of the process of determining if CDBG funds may be used to assist a proposed activity.

1. Determine if the activity falls within a category of explicitly authorized activities in the [CDBG statute](#). Generally, if an activity does not fall within a category of explicitly authorized activities in the statute, the activity is considered ineligible. HUD's [Guide to National Objectives and Eligible Activities](#) describes all categories of basic eligibility that were authorized at the time of publication.
2. Determine if a proposed activity that appears not to be included in the statute's list of eligible activities has actually been interpreted as eligible under the statute by the [CDBG Eligible Activity regulations](#).
3. Determine if the proposed activity can meet one of the national objectives of the program, allotted by the eligible activity.
4. Ensure that carrying out the activity with CDBG funds will not result in the City's certification that at least 70 percent of CDBG expenditures will be for activities that are considered to benefit L/M income persons over the one, two, or three consecutive program years specified by the grant recipient.
5. Review proposed costs of the activity to determine if they appear to be necessary and reasonable and will otherwise conform with the requirements of The Office of Management and Budget (OMB)"Super Circular" [2 CFR Part 200](#), which includes the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards, as applicable.
6. Complete the environmental review and clearance procedures for the project that the activity is a part. Law prohibits HUD from releasing funds for a CDBG activity until the grant recipient certifies that it has met its responsibilities with respect to environmental protection.

**National Objectives**  
**(24 CFR 570.208)**

Statutory Citations Section [101\(c\)](#), [Section 104\(b\)\(3\)](#), [105\(c\)](#) of the Act

Challenge to presumption: The program rules state that an activity that meets the specified criteria for a national objective will be presumed to have met that objective. However, it should be noted that, although it is presumed that all CDBG-assisted activities may involve some benefit to LMI persons or households, the regulations provide that in any case where there is substantial evidence that an activity might not principally benefit LMI persons, even though the activity conforms to a literal reading of LMI Benefit criteria, the presumption that the activity meets the national objective may be rebutted by HUD.

In order to be considered eligible for funding, activities must meet one of three CDBG national objectives

**1. Low and Moderate Income (LMI) Benefit**

- Area Benefit: activities available for the benefit of all the residents in a particular area, where at least 51 percent of those residents are low and moderate income persons.
- Limited Clientele: activities benefiting low and moderate income residents, as defined by annually established HUD income limits, or a specific group with Presumed Benefit (e.g. abused children, elderly persons, battered spouses) as indicated in 24 CFR [570.208\(2\)\(a\)](#), at least 51 percent of whom are LMI persons.
- Housing: activities carried out for the purpose of providing or improving permanent residential structures that, upon completion, will be occupied by LMI households.
- Job Creation/Retention: activities designed to create or retain permanent jobs where at least 51 percent of the jobs involve the employment of LMI persons.

**2. Slum & Blight Removal**

- Area Basis: activities undertaken to eliminate specific conditions of blight, physical decay, or environmental contamination that are located in a designated area of distress, including acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, or rehabilitation. Rehabilitation must eliminate conditions that are detrimental to public health/safety; acquisition and relocation must be precursors to other activities that eliminate blight.
- Spot Basis: activities undertaken to eliminate specific conditions of blight, physical decay, or environmental contamination at specific sites not located in designated blighted areas, including acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, or rehabilitation. Rehabilitation must eliminate conditions that are detrimental to public health/safety; acquisition and relocation must be precursors to other activities that eliminate blight.

### 3. Urgent Need

- Activities designed to alleviate existing conditions of recent origin (18 months) that pose serious threats to the health and welfare of the community; this objective may only be used if the community cannot finance necessary activities with other sources.

#### **Categorical Limits**

**(24 CFR 570.200 and 570.201)**

At least 70 percent of CDBG funds utilized during three consecutive program years, as specified by the grantee, must be expended for LMI benefit; the costs of planning and program administration are excluded from this calculation. (24 CFR 570.200(a)(3))

The amount of CDBG funds obligated for public service activities in each program year may not exceed 15 percent of the total entitlement grant for that program year, plus 15 percent of the program income received during the preceding program year. (24 CFR 570.201(e)(1))

The amount of CDBG funds obligated for planning and administration activities in each program year may not exceed 20 percent of the total entitlement grant for that program year plus the program income received during that program year. (24 CFR 570.200(g))

#### **Program Income**

**(24 CFR 570.500 and 570.504)**

Unless the funds are in a Revolving Loan Fund (RLF), program income funds must be used before requesting additional drawdowns of entitlement funds.

The City may reuse any revenue generated from projects undertaken with CDBG funding towards any other eligible activities within the entitlement community. The City shall prioritize one-time City infrastructure projects for these funds. Furthermore, any program income earned by a subrecipient or City Program may be retained by the subrecipient or City Program provided the income is treated as additional CDBG funds and thus subject to all applicable federal and local requirements.

**Program Income Defined:** Program income is the gross income received by the City and its subrecipients directly generated from the use of CDBG funds.

Program income includes:

- Proceeds from the sale or lease of property purchased or improved with CDBG funds;
- Proceeds from the sale or lease of equipment purchased with CDBG funds;
- Gross income from the use or rental of real or personal property acquired, constructed or improved by the City less costs incidental to the generation of income;
- Payments of principal and interest on loans made using CDBG funds;
- Proceeds from the sale of loans or obligations secured by loans made with CDBG funds;
- Interest earned on an RLF pending its disposition;

- Interest earned on program income;
- Funds collected through special assessments on properties not owned and occupied by LMI households in order to recover the CDBG portion of a public improvement.
- Subgrantee income from an ownership interest in a for-profit entity that was assisted with CDBG.

Program income does not include:

- Any income received in a single year by the City's subrecipients, that does not exceed \$25,000; and
- Amounts generated by activities that are financed by a loan guaranteed under [section 108 of the Act](#); and
- Proceeds from fund raising activities carried out by subrecipients receiving CDBG assistance; and
- Funds collected through special assessments used to recover the non-CDBG portion of a public improvement; and
- Proceeds from the disposition of real property acquired or improved with CDBG funds when the disposition occurs after the applicable time period specified in [24 CFR 570.503\(b\)\(7\)\(i\)](#) for subrecipient-controlled property, or [in 24 CFR 570.505](#) for recipient-controlled property.

Program income paid to the City is always program income and is not subject to the \$25,000 exclusion and must be distributed under the method of distribution. The program income should be distributed, as feasible, prior to additional draws from Treasury.

Program income retained by the City is treated as additional CDBG funds subject to all CDBG requirements.

Program income that is held in a revolving fund does not have to be used before grant funds are drawn down for a different type of CDBG project. However, program income in a revolving fund must be used before additional grant funds are drawn down for revolving fund activities.

### **Cost Principles**

OMB [Circular 2 CFR Part 200](#) consolidates [Circulars A-87](#) (state and local governments) and [A-122](#) (nonprofits) cost principles (in addition to other circulars) and provides basic guidelines for determining whether a cost is allowable.

To be allowable under CDBG (and other federal programs), cost must meet the following general criteria:

- Be necessary and reasonable for proper and efficient performance and administration of the federal award;
- Be allocable to the federal award under the provisions of the OMB circulars (see below);
- Be authorized or not prohibited under state or local laws or regulations;
- Conform to any limitations or exclusions set forth in the OMB circulars, federal laws, terms and conditions of the federal award, or other governing regulations as to types or amounts of cost items;
- Be consistent with policies, regulations and procedures that apply uniformly to both federal awards and other activities of the governmental unit;
- Be accorded consistent treatment; a cost may not be assigned to the CDBG program as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the program as an indirect cost;
- Be determined in accordance with generally accepted accounting principles;

- Not be included as a cost or used to meet cost sharing or matching requirements of any other federal award in either the current or a prior period, except as specifically provided by federal law or regulation;
- Be the net of applicable credits (that is, any credits such as discounts or price adjustments must be deducted from the total costs charged); and
- Be adequately documented.

The OMB circulars also contain a “selected” list of costs that are allowable or unallowable. However, the fact that an item of cost is not included does not mean it’s unallowable. Rather the cost’s allowability is determined by reference to the basic guidelines.

### **Cost Allocation**

Costs charged to CDBG must also be allocable to the CDBG program.

A cost is allocable if it is treated consistently with other costs incurred for the same purpose in like circumstances (i.e., states/ units of general local government must treat costs consistently for all grant programs); and:

- Is incurred specifically for the CDBG program;
- Benefits both the CDBG program and other work and can be distributed in reasonable proportion to the benefits received; or
- Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.

Any costs allocable to a particular federal award or cost objective (such as CDBG) may not be charged to other federal awards to overcome funding deficiencies, to avoid restrictions imposed by law or the terms of the federal award, or for other reasons.

### **Indirect Costs – State and Local Governments**

#### **2 CFR Part 200 Appendix V (State and Local Governments)**

2 CFR Part 200 Appendix V requires that governmental entities support indirect costs with a cost allocation plan or an indirect cost proposal prepared in accordance with the circular. Indirect costs should be allocated in a manner that will result in the grant program bearing its fair share of total indirect costs.

A central service cost allocation plan is required if the local government has indirect costs resulting from centralized services that will be charged to federal awards.

A central service cost allocation plan, for the purposes of local governments, refers to a description of a process whereby services provided on a centralized basis (e.g., motor pools, computer centers, purchasing and accounting services) can be identified and assigned to benefited departments/agencies (e.g., the department/agency administering the CDBG program) on a reasonable and consistent basis.

Refer to 2 CFR Part 200 Appendix V for additional information.

An indirect cost rate proposal is required if the local government has indirect costs resulting from centralized services that will be charged to federal awards and other indirect costs originating in various departments/agencies carrying out federal awards.

An indirect cost rate proposal is the documentation prepared by a governmental entity to substantiate its request for the establishment of an indirect cost rate. This rate, expressed in percentage terms, is applied to direct costs in order to determine the amount of reimbursement a state can obtain for indirect costs.

### **Indirect Costs - Nonprofits**

#### **[2 CFR Part 200](#) Appendix VIII (Nonprofits)**

Under [2 CFR Part 200](#) Appendix VIII, there are three methods nonprofits are required to utilize for allocating indirect costs. Each method is applicable to certain specific circumstances.

Simplified allocation method:

- Used when a nonprofit organization has only one major function, or where all its major functions benefit from its indirect costs to approximately the same degree.
- The indirect cost rate is calculated by separating the organization's total costs for the base period (e.g., fiscal year) as either direct or indirect, and dividing the total allowable indirect costs by an equitable distribution base (total direct costs, direct salaries or other equitable distribution base).

Multiple allocation base method:

- Used when major functions benefit in varying degrees from indirect costs.
- Costs are separated into distinct groupings, and each grouping is then allocated to
- benefiting functions by means of a base which best measures relative benefits. An
- indirect cost rate must be developed for each grouping.

Direct allocation method:

- This method may be used for those nonprofits that treat all costs as direct costs except general administration and general expenses.
- These joint costs are prorated individually as direct costs to cost objectives using a base most appropriate to the particular cost being prorated. The base must be established in accordance with reasonable criteria and must be supported by current data.
- Indirect cost rates determined through one of the three prescribed methods must be submitted to and approved by the federal agency that provides the largest dollar value of funds to the nonprofit.
- A written agreement is executed between the nonprofit and the approving federal agency signifying the approval of the proposed indirect cost rate.

## **Standards for Financial Management Systems**

The City must have financial management systems in place to comply with the following standards:

- Provide effective control over and accountability for all funds, property and other assets;
- Identify the source and application of funds for federally-sponsored activities, including records and reports that:
  - Verify the “reasonableness, allowability and allocability” of costs; and
  - Verify that funds have not been used in violation of any of the restrictions or prohibitions that apply to the federal assistance (through the use of budget controls and adequate accounting records).
  - Permit the accurate, complete and timely disclosure of financial results in accordance with HUD reporting requirements or, for City, state reporting requirements.
  - Minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by the state or City.

### **Accounting Records**

The City is required to have accounting records that sufficiently identify the source and application of CDBG funds provided to them.

To meet this requirement, the City’s accounting system should include at least the following elements:

- Chart of accounts - This is a list of account names and the numbers assigned to each of the account names. The names provide a description of the type of transactions that will be recorded in each account (e.g., an account titled “cash” denotes that only transactions affecting cash should be recorded in that account). The account number is required by most accounting software programs and is assigned to an account name to group similar types of accounts. For example, all asset accounts will begin with a “#1” and all liability accounts will begin with a “#2”. A typical chart of accounts will generally include the following categories: assets, liabilities, net assets/fund balance, revenues and expenses.
- Cash receipts journal - A cash receipts journal documents, in chronological order, when funds were received, in what amounts and from what sources.
- Cash disbursements journal - A cash disbursements journal documents, in chronological order, when an expense was incurred, for what purpose, how much was paid and to whom it was paid.
- Payroll journal - A payroll journal documents payroll and payroll related benefit expenses on salaries and benefits, including distinguishing between categories for regulatory purposes.
- General ledger - A general ledger summarizes, in chronological order, the activity and financial status of all the accounts of an organization. Information is transferred to the general ledger after it is entered into the appropriate journal. Entries transferred to the general ledger should be cross-referenced to the applicable journal to permit the tracing of any financial transaction.

All journal entries must be properly approved and supported by source documentation.

Documentation must show that costs charged against CDBG were:

- Incurred during the effective period of the agreement with HUD or, for Units of general local government, with the State;

- Actually paid out (or properly accrued);
  - Expended on eligible items; and
  - Approved by the appropriate official(s) within the organization.
- Source documentation must explain the basis of the costs incurred and the actual dates of the expenditure.

For example:

- Source documentation for payroll would include employment letters, authorizations for rates of pay and benefits and time and attendance records.
  - Source documentation on supplies would include purchase orders or purchase requisition forms, invoices from vendors, canceled checks made to vendors, information on where the supplies are stored and the purpose for which they are being used.
- The City must ensure that their accounting records include reliable, up-to-date information on the sources and uses of CDBG funds, including:
    - Amount of federal funds received;
    - Current authorization of funds;
    - Obligations of funds;
    - Unobligated balances;
    - Assets and liabilities;
    - Program income; and
    - Actual expenditures broken down by the grant program and year for which the funds are derived and the activity on which the funds were used.

## **Environmental Review Procedures**

[\(24 CFR 570.604\)](#)

The environmental review procedures must be completed for each CDBG subrecipient and City Program activity, as applicable.

### **Environmental Review Record**

The City must prepare and maintain a written record of the environmental review undertaken for each project. This written record or file is called the Environmental Review Record (ERR), and it must be available for public review upon request.

The ERR shall contain all the environmental review documents, public notices (and proof of their publication), and written determinations or environmental findings required by [24 CFR Part 58](#) as evidence of review, decision making and actions pertaining to a particular project.

The document shall:

- Describe the project and each of the activities comprising the project, regardless of individual activity funding source; and
- Evaluate the effects of the project or the activities on the human environment;
- Document compliance with applicable statutes and authorities; and
- Record the written determinations and other review findings required by [24 CFR Part 58](#).

The ERR will vary in length and content depending upon the level of review required for the categories of activities.

Public comments, concerns and appropriate resolution by the recipient are extremely important and must be fully documented in the ERR.

The four environmental classifications are:

- Exempt Activities,
- Categorically Excluded Activities,
- Activities Requiring an Environment Assessment, or
- Activities Requiring an Environmental Impact Statement.

Regardless of the number of activities associated with a project, a single environmental review is required. Aggregating related activities ensures the recipient adequately addresses and analyzes the separate and combined impacts of a proposed project.

## **Faith-Based Activities**

[\(24 CFR 570.200\)](#)

Religious or faith-based organizations are eligible to participate in the CDBG program. Local government representatives and CDBG program administrators shall not discriminate against an organization on the basis of its religious affiliation.

## **Report Submission Requirements**

[\(24 CFR 570.302\)](#)

CDBG entitlement communities must submit the following documents:

1. Action Plan
2. Consolidated Annual Performance and Evaluation Report (CAPER)
3. Consolidated Plan three to five years, as chosen by the entitlement community

Creation of these documents must follow HUD requirements for content and citizen participation (see [24 CFR 570.486\(a\)](#) and the City of Conway [Citizen Participation Plan](#)).

## **Location of Activities**

[\(24 CFR 570.309\)](#)

CDBG funds may be awarded to an activity outside the jurisdiction of the entitlement community only if it can be determined that the activity directly benefits the entitlement community's residents.

Documentation of these benefits must be provided before CDBG funds are awarded for the activity.

## **Conflict of Interest** ([24 CFR 570.611](#))

There are two sets of conflict of interest provisions applicable to activities carried out with CDBG funding. The first set, applicable to the procurement of goods and services by subrecipients, is the procurement regulations located at [2 CFR 200.317 and 2 CFR 200.318](#). (See [24 CFR 570.611\(a\)\(1\)](#).) The second set of provisions is located at [24 CFR 570.611\(a\)\(2\)](#). These provisions cover situations not covered by parts [2 CFR 200.317 and 2 CFR 200.318](#).

With respect to procurement activities, the subrecipient must maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. At a minimum, these standards must:

- Require that no employee, officer, or agent may participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict would be involved.

Such a conflict would arise when any of the following parties has a financial or other interest in the firm selected for an award:

- an employee, officer, or agent of the subrecipient.
  - any member of an employee's, officer's, or agent's immediate family.
  - an employee's, agent's, or officer's partner; or
  - an organization which employs or is about to employ any of those in the preceding section.
- Require that employees, agents, and officers of the subrecipient neither solicit nor accept gratuities, favors, or anything of value from contractors, or parties to subagreements. However, subrecipients may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. Provide for disciplinary actions to be applied for any violations of such standards by employees, agents, or officers of the subrecipient.

With respect to all other CDBG-assisted activities, the general standard is that no employee, agent, or officer of the subrecipient, who exercises decision-making responsibility with respect to CDBG funds and activities, is allowed to obtain a financial interest in or benefit from CDBG activities, or have a financial interest in any contract, subcontract, or agreement regarding those activities or in the proceeds of the activities. Specific provisions include that:

- This requirement applies to any person who is an employee, agent, consultant, officer, or elected or appointed official of the grantee, a designated public agency, or a subrecipient, and to their immediate family members, and business partner(s).
- The requirement applies for such persons during their tenure and for a period of 1 year after leaving the grantee or subrecipient organization.
- Upon written request, exceptions may be granted by HUD on a case-by-case basis, after consideration of the cumulative effect of various factors listed at [24 CFR 570.611\(d\)](#), and only with: (a) full disclosure of the potential conflict, and (b) a legal opinion of the grantee's attorney that there would be no violation of state or local laws in granting the exception. (Exceptions cannot be made retroactively.)

### **Operating Problems, Non-Compliance, Illegal Acts or Irregularities**

The Community Development Block Administrator will communicate any CDBG problems and/or to the Mayor and/or the City Attorney to provide direction to staff as to next steps and corrections. Should the CDBG Administrator or other City staff aware of CDBG activities become aware of any illegal acts or irregularities associated with the CDBG program, HUD should be immediately notified at (501) 324-6375.

## LOCAL PROGRAM GUIDELINES

## Overview

These local guidelines expand on and clarify how the national guidelines are applied to the City of Conway's CDBG Program. The [Housing and Community Development Act of 1974](#) makes funds available to qualified cities to develop of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities. The exact amount of CDBG funding allocated to the City is based on a formula that incorporates several urban characteristics including population, age and condition of the City's housing stock, demographics, and incidence of poverty.

Local program guidelines are intended to guide City staff in program implementation and provide a framework for operating the program in compliance with federal statutes, best practices, and local policies. These guidelines are elastic to allow for expansion and contraction of policies as activities, community needs, interpretations, guidance, and statutes change and/or as clarification is required.

## Program Oversight

The City Council, composed of eight Council Members, serves as the governing body to authorize and approve CDBG program activities in the City of Conway. Executive authority for the execution of CDBG contractual agreements and expenditure of CDBG funds rests with the Mayor, as authorized by the City Council.

CDBG program administration is provided by the Community Development Department. The Director of Community Development and/or their designee shall make presentations and provide recommendations to the City Council regarding the CDBG program.

The Director of Community Development may propose one-time CDBG-eligible projects to the Mayor for previously allocated but unspent CDBG funding. The Mayor may bring such one-time projects directly to the City Council for authorization as deemed necessary and appropriate for the timely expenditure of CDBG funds.

All public hearings are reasonably noticed as required by [24 CFR 570.486\(a\)](#), with a minimum 14-day Public Hearing Notice.

## Annual Allocation of CDBG Funding

The City of Conway's Program Year begins July 1 and concludes June 30 of the following year. Each program year, administration costs will be subtracted from the annual entitlement award amount to determine the adjusted award. The adjusted award will first be available to City of Conway programs and departments that wish to undertake projects. After the City allocation process is complete, any remaining funds may be allocated to eligible community partner and public services applicants at the discretion of the Mayor and the Council. The City of Conway may from time to time exercise the option to use a two or three year Funding Cycle in conjunction with a multi-year budget if the time frame fits within the Consolidated Plan.

The Community Development Department will begin its funding process in the fall. This includes a call for proposals, review of proposals, interviews, and then funding deliberations.

### Allocation Process

Allocation awards are driven by funding estimate based on previous years' funding and contingent on actual funding. **Priority will be given to City projects identified as needed in LMI areas of the city or long-term projects.**

The subrecipient proposal process will begin after staff's administrative review of proposals and determination of funding amounts for city programs and end with recommended allocations being announced. Proposals will be made available for approximately one month and be received in person. All proposals must be received by the announced deadline; no exceptions will be made. Community Development staff will perform an administrative review of each proposal, per HUD rules and regulations, to ensure the standards listed in [24.CFR.570](#), will be met if proposed activities are funded, and that entities are eligible recipients.

Community Services staff, per HUD rules and regulations, will perform an administrative review of each city project and each subrecipient application/proposal to ensure that:

- Non-profit agencies have a minimum of one year in operation as a 501(c)3 or other designation and a clean audit from the previous year and for-profit businesses have an adequate business plan and credit authorization verified by a certified lender, if required for project or service.
- Non-profit agencies must demonstrate a successful proven service; that has been ongoing for a minimum of two years.
- Proposed activities are included within the listing of eligible activities ([24.CFR.570.201](#))
- Proposed activities do not fall within a category of explicitly ineligible activities ([24.CFR.570.207](#))
- Proposed activities will meet one of the national objectives of the program ([24.CFR.570.200](#)), allotted by the eligible activity.
- Proposed activities will address priority needs as identified in the Consolidated Plan.

Upon completion of the administrative review, the proposals will be presented to the Mayor for review with funding amounts previously determined. These proposals will be submitted to the City Council in a public meeting.

In completing their funding recommendation, the Community Development Department will can either wait on official notification of funding or the department can utilize an estimated CDBG entitlement award dollar amount, which will be calculated based on past awards and available information on HUD's future funding strategies. The Commission's recommendations will be presented to City Council in a work session and a public hearing. All public

hearings are reasonably noticed as required by [24 CFR 570.486\(a\)](#), with a minimum 14-day Public Hearing Notice. City Council-approved recommended CDBG allocations will be announced by May.

#### Estimated vs. Actual Entitlement Award

If there is any differential between the estimated award presented during the application/proposal process and the actual award as announced by HUD, the Director of Community Development shall make a determination for administratively resolving any differential.

### **Agreement/Memorandum of Understanding**

Subrecipients of CDBG funds must enter into a subrecipient agreement with the City of Conway. Written agreements are required before any CDBG funds will be disbursed. This subrecipient agreement serves as a formal contract addressing the various policies outlined in this document, in addition to contract amount/term, reimbursement requests, quarterly reporting, monitoring, financial management guidelines, uniform administrative requirements, suspension and termination, reversion of assets, conflict of interest, and additional federal standards, including lead-based paint regulations and the Davis-Bacon Act.

### **Statement/Scope of Work**

All subrecipients shall submit a concise Statement / Scope of Work that illustrates an implementation plan for their CDBG activity. This Statement, which will be attached to the subrecipient agreement / MOU includes: national objective claimed, activity descriptions, intended beneficiaries (number and type), detailed budget, location(s) of program-related activity, description of work, budget and schedule for completion. If the CDBG subgrant does not fully cover the cost of the project, the subrecipient shall include in the Statement/Scope of Work how the remaining work will be compensated. Work shall not begin on any activity or project until the subrecipient agreement is executed by the agency's executive director and the Mayor.

### **Report Submissions**

Subrecipients are expected to maintain consistent contact with the City Community Development Department throughout the completion of their activity. While most grantees require three types of reports from its subrecipients, the City of Conway allows subrecipients to combine progress reports with drawdown requests so that a minimum of two reports are filed per year. If said reports are not received by the requested date, subrecipients will be considered higher risk for future allocations and will not receive drawdowns until report is submitted. In the instance that reports are not being submitted correctly, or in a timely manner, a subrecipient or City Program may be called to address the Community Services Commission on reasoning behind the tardiness.

### **Examination of Records/Monitoring**

The subrecipient and City shall maintain records (including books, documentation and other evidence) pertaining to the costs of carrying out their activity to the extent of detail that will adequately reflect net costs, direct and indirect labor, materials, equipment, supplies/services, and other expenses. Authorized representatives of the City

or HUD shall have access to subrecipient and City records at reasonable times of the business day for inspection, audit or reproduction. Subrecipients and City must make these records available throughout the program year and **four years after it expires.**

Furthermore, Community Development staff may schedule monitoring visits with the subrecipient to evaluate the progress and performance of the program and provide technical assistance. Staff may also conduct monitoring reviews of a subrecipient at any time, without prior notification. Subrecipients that receive CDBG funds for multiple consecutive program years are subject to on-site monitoring reviews every two years, at minimum.

The following outlines the minimum standards for documentation with respect to general record-keeping requirements, file organization and maintenance, retention of records, access to records and reporting requirements.

A more comprehensive chart identifying key records for each of three record types: administrative records, financial records and project records will be made available as an addendum to this report. The following outlines the basic required information to be include for each subrecipient in the City's files, as well as the subrecipient files.

***Administrative Records:***

Overall Administration of activities, include the following:

- a. Personnel files.
- b. Property management files.
- c. General program files: files relating to the subrecipient's application/proposal to the grantee, the Subrecipient Agreement, program policies and guidelines,
- d. correspondence with grantee and reports, etc.
- e. Legal files: articles of incorporation, bylaws of the organization, tax status,
- f. Board minutes, contracts and other agreements.

***Financial Records:***

These include the chart of accounts, a manual on accounting procedures, accounting journals and ledgers, source documentation (purchase orders, invoices, canceled checks, etc.), procurement files, bank account records, financial reports, audit files, etc.

***Activity/Case File Records:***

These files document the activities undertaken with respect to specific individual beneficiaries.

This check list provides an outline of the most important files that should be maintained by both subrecipients and grantees for monitoring purposes.

## **Procurement**

The HUD Procurement Policy found in [2 CFR Part 200](#) applies to all CDBG activities, including both City programs and subrecipients that involve the purchase of equipment, materials, supplies and/or services. A copy of this policy will be distributed to all subrecipients.

City departments and subrecipients are encouraged to make positive efforts to use small businesses, minority-owned firms (MBE), and women's business enterprises (WBE) in procuring services of all types. It is not required that program participants use MBE/WBE financial institutions, but it is encouraged.

City Programs and subrecipients are encouraged to make positive efforts to use Section 3 businesses in procuring services of all types. Good faith efforts must be documented for all construction projects. [Section 3 of the Housing and Urban Development Act of 1968](#) is designed to increase local job opportunities for low income individuals.

The City's procurement policies are stated in the Employee Handbook and in Appendix B of this document.

### **Local Categorical Limits**

The following limits expand upon federal categorical limits associated with the CDBG program:

- At least 70 percent of CDBG funds utilized during a single program year must be expended for LMI benefit; this excludes planning/CDBG administration activities.
- The amount of CDBG funds obligated for public service activities shall be based on [HUD guidelines](#).
- Program Income used toward other eligible activities outside of the funding process may not exceed 15 percent in the year program income is committed
- The amount of CDBG funds obligated for planning / CDBG administration activities in each program year shall be based on [HUD guidelines](#).

### **Program Administration**

HUD requires entitlement communities to provide for efficient and adequate administration of CDBG programming. Administration costs include: salary/fringe, necessary training/travel, supplies and telephone/postage, in addition to fair housing costs. The necessary amount for fulfilling this requirement will be identified by the Community Development Director and the Director of Finance.

This amount will be deducted from the estimated amount available for the program year and not included in the estimates of the adjusted award. For additional internal control of program administration, a detailed description of these costs will be presented in the City's Budget.

Other administrative costs are associated with Technology, Professional Services, Cost Allocation and other necessary services. This may include costs of external service providers contracted by the City to perform necessary functions such as reporting requirements and outsourcing application/proposal processes.

Services will be procured in accordance with procurement policies in [2 CFR 200](#). City preference is for all subrecipients, including fair housing activities, to meet a national objective and not be funded from the administrative cap.

### **Program Income**

Any program income (as defined under [24 CFR 570.500\(a\)](#)) gained from any activity of the subrecipient may be retained by the subrecipient or City Program provided the income is treated as additional CDBG funds subject to all applicable requirements governing the use of CDBG funds. Anticipated program income must be documented and described in the subrecipient or City Program proposal/application. Furthermore, any and all program income

received must be reported to the Community Development Department, unless otherwise specified in the subrecipient's contract.

## **Payment Procedures**

### **Overview**

The City of Conway is on a reimbursement basis with HUD for the CDBG program. Similarly, subrecipients and contractors are on a reimbursement basis with the City for expenses incurred in CDBG program activities. As the City or its subrecipients incur expenses, claims for payment are submitted, reviewed and approved for payment by appropriate CDBG program staff who then sends claims for payment to the Finance Department. After checks have been issued for these claims, drawdowns of these expenses are completed in Integrated Disbursement & Information System (IDIS).

### **1.0 Drawdown Responsibilities**

- 1.1. When several payment requests are received, or once a month, CD Director will access the City's financial management system (currently Springbrook) to obtain Purchase Orders for vendors of city projects and subrecipients for subgrants.
- 1.2. CD Director will also access IDIS to generate a voucher for CDBG Drawdown.
- 1.3. All Purchase Orders will be signed by the Mayor and City Clerk and for any employee reimbursement (i.e. travel, office necessities).
- 1.4. Signed purchase orders and necessary documentation for City audit will be given to Accounts Payable for check generation and mailing
- 1.5. Finance will watch CDBG bank account for clearance of checks.
- 1.6. Once the current batch of checks has cleared the bank, CD Director will take completed IDIS Drawdown requests to Financial Manager for approval of drawdown.
- 1.7. Financial Manager will transfer drawn CDBG funds to City's General Fund within three days in accordance with the Federal 3-day rule.

### **2.0 Drawdowns**

#### **2.1 Requirements:**

- 2.1.1 All activity setup screens must be complete.
- 2.1.2 Activities must have funds committed from one or more funding sources.

- 2.1.3 Program income must be used before requesting additional entitlement funds.
- 2.1.4 CD Director will follow [the IDIS Online Training for CDBG Entitlement Communities](#) Chapters 5 through 7 to perform monthly drawdowns. Program income must be receipted in IDIS as the first step of performing the drawdown. Program income must then be used to fund activities. As necessary, previously committed Entitlement funds may be reduced using the Funding/Drawdown tab in IDIS in order to commit the PI funds.
- 2.1.5 Payments reimbursed with HUD grant funds MUST have an IDIS number.

## *2.2 Drawdown Approval*

- 2.2.1 Two people required for completion of the drawdown in IDIS. CD Director creates drawdown. Financial Manager approves drawdown.

## *2.3 Drawdown Revisions*

- 2.3.1 Repayments include excessive draws and ineligible uses.
- 2.3.2 When amounts are small (less than \$100,000) and can be used to satisfy immediate cash needs, then net available cash out of next draw requests, just like program income.
- 2.3.3 Use revise drawdown to move all or a portion of a drawdown to activity that will use the money. Example: We did not really spend \$500 on Activity X. We actually spent \$400 on Activity X and this \$100 was used for Activity Y.

## *2.4 IDIS passwords*

Each person entitled to utilize IDIS shall have a unique password. These passwords shall be kept confidential and known only to the person using them for IDIS access. At no time shall anyone else have access to that password.

## *2.5 Keeping track of IDIS draws*

- 2.5.1 All drawdowns, with complete supporting documentation will be kept in the project file in the CDBG office.
- 2.5.2 The Financial Manager will keep copies of Drawdown Requests for City Audit purposes.
- 2.5.3 A drawdown file will be maintained by the Financial Manager with hard copy Drawdown Request forms for the Fiscal Year. The CD Director will maintain a copy of all source documentation in the project file.

## 2.6 *Monthly drawdowns.*

City staff shall complete the approval of monthly drawdowns in a timely manner.

### **Audit Requirements**

The Office of Management and Budget (OMB) 2 CFR 200 and the [State Single Audit Guidelines](#) require major state programs (awards over \$100,000) and federal programs (awards over \$750,000) to complete a single audit. The necessary amount for fulfilling these requirements will be identified by the Department of Finance and the City's independent auditors. This amount will be deducted from the estimated amount available for the program year and not included in the estimates of the adjusted award. Cost allocations will be associated with the most current Cost Allocation Schedule adopted by the Conway City Council. The City will not fund any outside agency audits with CDBG money unless the outside agency receives not less than \$750,000 in federal funds.

The City of Conway must ensure that all subrecipients and any City Departments maintain accurate records of their CDBG funds expended. Thus, all subrecipients and City Programs are required to complete an independent fiscal audit prior to submitting an application/proposal, unless an alternate arrangement has been made to use a fiscal sponsor. Fiscal sponsors, agencies willing to provide an umbrella for non-audited agencies. Audits shall be conducted by qualified personnel in a manner which meets the audit standards of the Comptroller General of the U.S. Government Accountability Office (GAO). Application/proposals without audits will be deemed ineligible without review. All audits will be reviewed by administrative staff for compliance.

### **Unspent Grant Funds**

Any uncommitted CDBG funds remaining at the end of the program year will be reprogrammed for use in the subsequent program year, unless the reprogramming of said funds would inhibit the City's ability to meet the timeliness spending test. In order to demonstrate funds are committed, all subrecipients must present documentation to demonstrate that funds are indeed contracted for a specific project. If funds are not under contract, but designated for a specific project, a carryover request, including both substantial documentation of plans for expending funds and a timeline for the expenditure, should be submitted to the Director of Community Development for approval three months prior to the end of the Fiscal Year. If the carryover request is approved, monthly progress reports on spend down must be filed with the Community Development Department. Any unspent grant funds not under contract after June 30, will be recouped by the City and reprogrammed for use in the subsequent program year.

If the carry forward of unspent grant funds would inhibit the City's ability to meet the timeliness spending test, allocations of CDBG funding may be directed toward eligible projects or a new subrecipient project with priority given to those that applied but did not receive funding.

## **Financial Management Systems**

The City and subrecipients must employ financial management systems that are capable of generating regular financial status reports indicating the dollar amount allocated (including budget revisions), amount obligated, and amount expended for each activity. The system must permit the comparison of actual expenditures and revenues against budgeted amounts. The City must be able to isolate/trace every CDBG dollar received. This system must be compliant with the Federal Guidelines, including but not limited to OMB Circulars [2 CFR 200](#) and [24 CFR Part 570](#).

## **Payment Requests**

Subrecipients will submit written requests for payment with attached supporting documentation to the Community Development Department. Payment requests shall be allowed on a reimbursement basis (i.e. only after expenditures have been incurred and cleared) and shall be reviewed to ensure the expenditures are in conformity with the use of funds as described in the Statement of Work.

If source documentation is deemed inadequate or incorrect by Staff, all payments will be withheld until all required documents have been submitted. Payment requests received and approved will be processed and a check issued in accordance with the Department of Finance payment processes.

All payment requests must contain an original signature. Requests can be submitted online, but must be scanned and uploaded with the original signature. City projects shall request payment via the departmental approval process. The request subject to approval by the Director of Community Development to ensure that reimbursements reflect the original activity for which funds were awarded. Failure to provide accurate documentation violates the subrecipient agreement.

## **Consolidated Plan Submission**

The City of Conway has elected to submit a Consolidated Plan to HUD every five years, and is required to submit the Consolidated Plan to HUD a minimum of 45 days before the start of a new plan period. The [Citizen Participation Plan](#) provides for and encourages citizens to participate in the development of the Consolidated Plan, which will begin approximately one year before the required submittal date.

### **City Definitions**

- Subrecipient - an entity charged with implementation of one or more activities funded with Conway CDBG dollars
- City program - an eligible activity or service provided by City of Conway staff through a non-competitive application/proposal process.
- Adjusted Award - the amount of CDBG funds available to subrecipients after City Programs, administration, fair housing, and audit allocations are deducted

## **Affirmatively Furthering Fair Housing**

An assessment to Affirmatively Further Fair Housing will be performed in conjunction with the Consolidated Planning process every five years. (See [Federal Fair Housing Requirements](#)).

### **Change of Use**

If a subrecipient or City Program wishes to utilize a portion of funds for an activity not identified on their original application/proposal, they are required to submit a detailed letter to the Director of Community Development explaining the reasoning for and amount of the proposed change. Changes will be reviewed for eligibility and require administrative approval by the Director of Community Development. Changes involving an amount greater than 25 percent of the original award for that activity or plans to utilize funds under a different activity category shall require a Substantial Amendment.

## **Displacement/Relocation**

Due to the potential liability for long-term assistance and burdens placed on affected tenants, the City of Conway will avoid funding CDBG projects that involve permanent residential displacement or business relocation unless displacement/relocation prove to be the only means available to correct a public health/safety hazard or other critical condition. In such cases, the City of Conway will follow Tenant Assistance, Relocation and Real Estate Acquisition Handbook set forth in [HUD handbook 1378.0](#).

## **Disputes**

Any dispute concerning a question of fact arising under a subrecipient program or City project shall be resolved by Community Development Department staff, who shall relay his/her decision in writing to the subrecipient or City department head. The decision of Community Development shall be final and conclusive unless the subrecipient or department head furnishes a written appeal to the Mayor within thirty days of the date of receipt of such copy. The decision of the Mayor in such appeals shall be final and binding.

## **Suspension/Probation and Termination**

The City may place a subrecipient/city partner on probation, suspend, or terminate the Agreement/MOU, as accorded by [2 CFR 200](#). When minor compliance issues exist (such as failure to maintain Minimum Contracting Standards), an informal approach via phone calls and e-mail may occur first and funds may be held until compliance is met. If compliance of the minor issue is not met within 10 business days or if another compliance issue exists, a certified letter requiring a Corrective Action Plan will be sent to the Executive Director, Chief Operating Officer, Board of Director's and/or Department Director's attention. In the case of suspension or probation, depending upon the severity of the compliance problem, City staff shall provide not less than two (2) and not more than ten (10) business days to submit a Corrective Action Plan. If the agency does not implement the Corrective Action Plan according to the approved schedule, that will be grounds for termination.

If a subrecipient/city partner fails to fulfill its obligations, the Mayor may terminate the contract, in whole or part, by providing written notice of the termination and specifying the effective date, at least five (5) days before the effective date of such termination. If funds were used in a non-eligible manner, the staff liaison will include written documentation of the determination and the sum due for repayment or deduction from undisbursed funds as appropriate.

The subrecipient/city partner and the Mayor may terminate the contract for any reason upon giving at least 30 days written notice prior to the effective date. In the case of partial termination, the portion to be terminated must be specified in the notice. If the staff liaison determines that the partial termination will prevent the program from accomplishing the purpose of the award, the Mayor may completely terminate the contract.

## APPENDIXES

## **PURCHASING POLICES AND PROCEDURES**

### **I. Introduction**

One of the objectives of the City of Conway is to achieve the best possible balance between minimizing the cost of City expenditures for goods and services and insuring reasonable response and flexibility in procurement of goods and services. All employees involved in any phase of purchasing for the City of Conway have the responsibility to insure that all applicable federal, state and local regulations are adhered to and to operate within appropriate ethical guidelines. The City Council has indicated their desire for the City to follow standardized purchasing procedures throughout the City.

### **II. Authority to Purchase**

Specific levels of authorization for purchases of all supplies, apparatus, equipment and materials for the City of Conway were approved by the City Council through Ordinance 0-95-52. This ordinance is incorporated in the Conway Municipal Code and is consistent with the municipal governance issued by the State of Arkansas. The City of Conway adheres to both the City code and State law and this document is intended to provide practical guidance on the purchasing procedures for the City of Conway and is not in any way to be considered a complete authority on purchasing requirements by law. The intent of Council is that the policy will be applied and followed prior to any commitment made for purchases. The City Council has the authority to establish and change purchasing policies. The following information is based on current policy and is subject to change. Departments should stay apprised of any Council actions affecting purchasing policies.

### **III. Current Authorization Levels and Approval Hierarchy**

As currently prescribed by the above stated ordinance but subject to change at the discretion of council, the Mayor (or his designated representative) is authorized to make purchases of all supplies, apparatus, equipment and materials for the City of Conway where the total expenditure is below the sum of fifty thousand dollars (\$50,000) for Construction Projects, thirty-five thousand dollars (\$35,000) for all supplies, apparatus, equipment, commodities and materials and within budget limit. Specific requirements exist as to the documentation required by the Mayor's office before approval is granted, as discussed in Section IV.

Purchases or contracts exceeding an estimated purchase price of fifty thousand dollars (\$50,000) for Construction Projects and thirty-five thousand dollars (\$35,000) for all supplies, apparatus, equipment, commodities and materials and within budget limit shall be awarded by the City Council upon review of competitive sealed bidding, unless approval of a waiver of bid is obtained by evidence of Council action. State statute provides specific procedures to be followed by the City obtaining competitive sealed bids. In accordance with state law, procurement requirements shall not be artificially divided so as to constitute a purchase under the bid threshold (i.e., invoice splitting to avoid bid requirements is not permitted). In those instances where the departments determine that purchase from a vendor with a Competitive Solicitation Exemption (sole source provider) is in the best interest of the City, justification must be presented to Council with the request to approve an ordinance awarding the purchase on the basis of sole source provider. In this instance, the vendor of choice must be identified within the ordinance in order to allow Council to consider the request and, if approved, authorize the Procurement Office to release a purchase order to that particular vendor. In summary, the decision of which vendor will receive the City's business for purchases over \$50,000 for construction and \$35,000 for all supplies, apparatus, equipment, materials and commodities rests in the hands of Council and must be demonstrated through formal action (specifically, (a) a voice acceptance of a bid; (b) passage of an ordinance for a waiver of bid or (c) passage of an ordinance authorizing use of a sole source vendor). A sole source vendor form must be completed by the department making a sole source purchase and filed in the City Clerk's office.

The determination of whether a purchase exceeds the threshold for bid requirements will require some degree of professional judgment at the department level and may necessitate consulting with the Procurement Office. The purchase of component parts which would not have been purchased separately but require each of the components in order to function for the purpose intended by the City would be viewed as one purchase in the aggregate. Another consideration is the accumulated expenditures of a specific item from one particular vendor. The bid threshold will also be considered to have been reached if the aggregate of similar items from one vendor will exceed the bid threshold over a reasonable period of time, such as a calendar year. Repeated small quantity procurements which intentionally or unintentionally circumvent the competitive bid limits are considered by state law to be failure to obtain competitive bids without justification and are deemed to be a violation of purchasing procedures.

Established bid thresholds apply to any expenditure made through the City of Conway, regardless of the funding source. For example, purchases made with federal funding must adhere to the bid threshold established by the City Council and are not subject to the higher federal bid threshold.

Goods and services purchased at state bid and GSA (U.S. General Services Administration) prices are exempt from the bid requirements noted above. However, departments are responsible for researching and obtaining quotes, if necessary, in order to document that the state bid price is the lowest price available.

Goods and services purchased through Procurement Cooperatives should follow guidelines set forth through Arkansas State Statute 19-11-249 and 19-11-206. By these statutes cooperative purchases are permissible, if approved by the Mayor, below the sum of two hundred thousand dollars (\$250,000) and within budget limit. However, departments are responsible for researching and obtaining three quotes, when available and reasonable, in order to document that the cooperative price is the lowest price available.

State statute will be applied for multiyear contracts, resolution of protested solicitations and awards and any other purchasing situations not specifically addressed in the City code.

#### **IV. Purchasing Procedures**

The City's purchase order ("PO") system provides management with the tools to process purchase requests and is required for any purchase beginning January 1, 2011 (Springbrook Requirement). The PO system verifies that budgeted funding is in place for any purchase and encumbers, or "reserves" funds for subsequent payment. If funds are not available, the department will be required to prepare and submit a budget transfer form to transfer funds from another account, if available, or to request Council that funds be appropriated through approval of an ordinance. Currently, items for Council consideration must be submitted to the Mayor's office by noon on the Tuesday prior to the Council meeting. Transfers between the budgeted accounts require approval of the Mayor (or his designated representative) and, at his discretion, Council approval.

Purchases equal to or in excess of \$3,500 require the approval of the Mayor and are routed automatically to his office for consideration. Purchases are not considered approved until the department receives back the PO, initialed by the Mayor for those purchases equal to or in excess of \$3,500.

Departments are authorized to make purchases of less than \$3,500 on behalf of the City only upon receipt of an approved PO.

Approved POs are routed by the departments as follows:

Original PO is returned to Finance with the invoice for payment. Invoices will not be paid without an attached PO.

Purchases equal to or in excess of \$3,500 but less than \$50,000 for Construction and \$35,000 for all supplies, apparatus, equipment, materials and commodities require three quotes. These quotes may be verbal or written but are to be included as documentation of the request and must be included on the face of the PO. Repair and

maintenance may sometimes require the use of Original Equipment Manufacturers (OEM). Departments may respectfully request the Mayor to waive the requirement to obtain quotes for OEM parts, when they can only be purchased from vendors of the original manufacturer. A department may determine that the City's interest will be better served by obtaining competitive sealed bids for purchases below \$35,000 and may do so.

Purchases in excess of \$50,000 for Construction Projects and \$35,000 or all supplies, apparatus, equipment, materials and commodities must indicate on the face of the PO the date Council considered and approved bids or the ordinance number approved by Council authorizing Competitive Solicitation Exemption (previously known as sole source) or bid waiver, the procurement cooperative contract number, or the state contract number. Once approved, departments may purchase the goods or services from the vendor. Upon receipt of an invoice, the original invoice and PO are forwarded to the Finance Department for payment.

## **V. Federal Grant Requirements**

The City of Conway receives significant funding from Federal grants. It is important that City purchasing procedures insure that Federal requirements are met. Specifically, purchases that are funded with Federal money require government wide debarment and suspension review. Additionally, vendor verification must be performed by checking the Excluded Parties List System ([www.epls.gov](http://www.epls.gov)). Individual Conflict of Interest statements must be obtained from persons responsible for procurement of goods and services. Other requirements based on individual Federal grants must be completed.

## **VI. Conflict of Interest Policy**

Purpose – The City of Conway must ensure that all its transactions are completed according to its policies and procedures. An important aspect of this vision is to make sure that no real or perceived “conflicts of interest” arise. Therefore, the city requires a statement from persons responsible for procurement of goods and services, if a conflict of interest may exist. The statement is attached as Exhibit A.

City of Conway  
Conflict of Interest Disclosure Statement

1. Name \_\_\_\_\_

2. Capacity \_\_\_\_\_

I HEREBY CONFIRM that I am in compliance with the City of Conway purchasing policies and procedures. I am not aware of any real or perceived conflicts that would limit my effectiveness in performing my duties for the city. I agree that if I become aware of information that might change this disclosure or that I have not complied with this policy; I will notify the mayor immediately.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Record-Keeping Checklist for Tracking Activities**

- This information should be included in the files if applicable.

Documents to be Maintained	Document Source		Status	
	Source	Date	Complete ?	Location
<b>Project Application/proposal</b>			<b>Y N</b>	
<input type="checkbox"/> Original Application/proposal	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Amendments to Application/proposal	<input type="checkbox"/> Subrecipient/Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Approval of Amendments	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Notice of Award	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Correspondence	<input type="checkbox"/> Subrecipient/Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<b>Pre-Award Documentation</b>			<b>Y N</b>	
<input type="checkbox"/> Articles of Incorporation/Bylaws	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Non-profit Determination	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> List of Board of Directors	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Authorization to Request Funds	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Authorized Official	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Organizational Chart	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Résumés of Chief Admin. and Chief Fiscal Officers	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Financial Statement and Audit	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Conflict of Interest Statement	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Plan for Compliance with National Objectives	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Lobbying Statement	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<b>Subrecipient Agreement</b>			<b>Y N</b>	
<input type="checkbox"/> Subgrant/Subaward Amount	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Date of Subgrant/Subaward	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Statement of Work	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Budget by Task/Activity	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Schedule by Task/Activity	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Standard Provisions Included?	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Amendments (Dates)	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____

Documents to be Maintained	Document Source		Status	
	Source	Date	Complete	Location
<b>Financial Records</b>			Y N	
<input type="checkbox"/> Current Approved Budget	<input type="checkbox"/> Subrecipient/Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Authorization Letter/Signatures	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Financial Management Systems (accounting books, software, reporting systems)	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Chart of Accounts	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> List of Source Documents to be Maintained	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Financial Status Report (total budget, amount expended, unliquidated obligations, unobligated balance)	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Drawdown Request Forms	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Drawdown Request Reports	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Executed Contracts/Bid Docs	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Board Minutes for Approval of Contracts or Bids	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Copy of Most Recent Audit Report	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Certification of Insurance Coverage/Bonding	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> CDBG Payroll Records	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Certified Construction Payroll Records (Davis-Bacon applicable)	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Approved Cost Allocation Plan	<input type="checkbox"/> Subrecipient/Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Relevant Financial Correspondence	<input type="checkbox"/> Subrecipient/Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<b>Project Monitoring and Control</b>			Y N	
<input type="checkbox"/> Completed Monitoring Reports	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> National Objectives Documentation	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Eligible Activities Documentation	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Activity Status Report (scope, cost, schedule/actual vs. agreement)	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Drawdown Requests/Reports	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Subrecipient Staffing	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Meeting Minutes	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Telephone Log/Notes	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Correspondence	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____

Documents to be Maintained	Document Source		Status	
	Source	Date	Complete?	Location
<input type="checkbox"/> HUD Monitoring Results	<input type="checkbox"/> HUD/Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Real Property Inventory, Management and Change of Use	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Anti-discrimination, Fair Housing, EEO, ADA/504 Certifications	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Procurement, Bonding, Insurance	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Labor Standards	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Acquisition, Displacement, Relocation, Replacement Housing	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Environmental Review	<input type="checkbox"/> Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Loan Status Reports (Economic Development, Rehabilitation)	<input type="checkbox"/> Subrecipient/Grantee	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Administrative Activities	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Flood Insurance Purchase	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<b>Other Project/Activity Files</b>			Y N	
<input type="checkbox"/> Plans and Specs (rehabilitation, historic preservation)	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Orientation and Training	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/> Special Case Records	<input type="checkbox"/> Subrecipient	_____	<input type="checkbox"/> <input type="checkbox"/>	_____

## Citizen Participation Plan

### Introduction

In 1994, the U.S. Department of Housing and Urban Development (HUD) issued new rules consolidating the planning, application, reporting and citizen participation processes of four formula grant programs: Community Development Block Grants (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grants (ESG) and Housing Opportunities for Persons with AIDS (HOPWA). The new single-planning process was intended to more comprehensively fulfill three basic goals: to provide decent housing, to provide a suitable living environment and to expand economic opportunities.

Provision of decent housing may involve assisting homeless persons in obtaining appropriate housing, retaining the affordable housing stock, increasing the availability of permanent affordable housing for low-income households without discrimination, and / or increasing supportive housing to assist persons with special needs. Providing a suitable living environment might entail improving the safety and livability of neighborhoods, including the provision of adequate public facilities; deconcentrating housing opportunities and revitalizing neighborhoods; restoring and preserving natural and physical features with historic, architectural, and aesthetic value; and conserving energy resources. Expanding economic opportunities can involve creation of accessible jobs, providing access resources for community development, and assisting low-income persons to achieve self-sufficiency.

The Consolidated Plan is actually a three-part planning process required by HUD. It comprises developing a five-year strategic plan, preparing annual action plans and submitting annually performance reports. These three parts are intended to furnish the framework whereby the City of Conway can identify its housing, homeless, community, and economic development needs, identify resources that will be tapped and actions to be taken that will address the needs, as well as look back and evaluate the City's progress toward achieving its strategic goals. Completing these documents on time and in a manner that is acceptable to HUD ensures program funding.

The precursor to the Consolidated Plan is the Citizen Participation Plan (CPP). The objectives of the CPP are to ensure that the citizens of Conway, particularly persons of low- and moderate-income, persons living in slum and blight areas, units of local government, housing agencies and other interested parties, are provided with the opportunity to participate in the planning and preparation of the Consolidated Plan, including amendments to the Consolidated Plan and the Annual Performance Report. In doing so, the CPP sets forth general policies and procedures for implementing and carrying out the Consolidated Planning process, such as how the Consolidated Plan will be developed, dates and milestones along which the process will proceed, and methods for citizens to offer the City of Conway assistance and guidance in the formulation of the Consolidated Plan. Furthermore, the provisions of the CPP fulfill statutory and regulatory requirements for citizen participation specified in the U.S. Department of Housing and Urban Development's rules for the Consolidated Plan, the HOME Investment Partnerships (HOME) Program, the Community Development Block Grant (CDBG) Program, the Emergency Shelter Grants (ESG) Program and the Housing Opportunities for Persons with AIDS (HOPWA) Program. In the City of Conway, the Community Development Department administers CDBG funds. The Community Development Department is the lead agency for developing the Consolidated Plan.

In order to ensure maximum participation in the Consolidated Planning process among all populations and needs groups, and in order to ensure that their issues and concerns are adequately addressed, the CDBG Administrator for Community Development will follow the standards set forth in its adopted CPP during development of its Consolidated Plan, Action Plan and Annual Performance Report.

## **Encouraging Citizen Participation**

The Consolidated Plan is designed to enumerate the City of Conway's overall strategy for coordinating federal and other housing and community development resources to provide decent housing, establish and maintain a suitable living environment, and expand economic opportunities, particularly for low- and moderate-income persons.

Interested groups and individuals are encouraged to provide input into all aspects of Conway's Consolidated Planning activities, from assessing needs to setting priorities through performance evaluation. By following the CPP, numerous opportunities for citizens to contribute information, ideas and opinions about ways to improve our neighborhoods, promote housing affordability and enhance the delivery of public services to local residents will occur.

If virtual hearings are used, real-time responses and accommodation for persons with disabilities and/or with limited English proficiency will be made available to the greatest extent possible. Also, the virtual hearing method will only be used in lieu of in-person hearing if national or local health authorities recommend social distancing and limit public gatherings for public health reasons.

The City of Conway is committed to keeping all interested groups and individuals informed of each phase of the Consolidated Planning process and of activities being proposed or undertaken under HUD formula grant programs. Opportunities to comment on or participate in planning community development and affordable housing activities and projects will be publicized and disseminated throughout the City of Conway.

For CDBG-CV funding under PY 2019 and, and the Coronavirus Aid, Relief, and Economic Security Act or CARES Act, and/or any additional funding granted in response to COVID-19 health crisis, the city may provide a 5-day notice/comment period of a substantial amendment beginning May 9, 2020 as allowed under a HUD waiver. This includes any new activities proposed. A public hearing is not required but documentation relative to substantial amendment activity planning applies.

## **Public Hearings and Meetings**

The City will conduct at least two (2) public hearings to obtain citizens' views and to respond to proposals and questions. The hearings will take place at different stages of the Consolidated Planning process. At least one will occur prior to development of the Draft Plan and will be intended to solicit public input regarding distinct issues, thereby aiding policy formation. At least one more will occur after the Draft Plan has been released for public review, allowing interested parties an opportunity to review the strategies and how they were developed, designed and presented.

Information about the time, location and subject of each hearing will be provided to citizens at least fourteen (14) calendar days in advance through adopted public notice and outreach procedures. This notification will be disseminated to local governments and other interested parties. Public notification of the hearings will be published in the local newspaper. Community Development Department staff may also attend other meetings and conventions in the City of Conway throughout the year, thereby providing an opportunity for additional public information on the Consolidated Plan.

Every effort will be made to ensure the public hearings are inclusive. Hearings will be held at convenient times and locations and in places where people most affected by proposed activities can attend. The CDBG Administrator for Community Development will utilize hearing facilities that are accessible to persons with mobility impairments. If written notice is given at least seven (7) days before a hearing date, the City of Conway will provide appropriate

materials, equipment and interpreting services to facilitate the participation of non-English speaking persons and persons with visual and / or hearing impairments. Interpreters will be provided at public hearings where a significant number of non-English speaking residents can be reasonably expected to participate. All public hearings and public meetings associated with the Consolidated Planning process will conform to applicable Arkansas open meeting laws.

However, the CDBG Administrator for Community Development may, at his or her discretion, actively solicit input on housing and community development issues in during the course of the year with other forums, townhall meetings and other venues, as they may present themselves.

### **Publication of Consolidated Plan Documents**

The CDBG Administrator for Community Development will publish the Draft Consolidated Plan for public review in a manner that affords citizens, public agencies and other interested parties a reasonable opportunity to examine its contents and submit comments. The Draft Plan will be a complete document and shall include:

- The amount of assistance the City of Conway expects to receive; and,
- The range of activities that may be undertaken, including the estimated amount that will benefit persons of low- and moderate-income.

A succinct summary of the Draft Plan will be published in a newspaper of general circulation at the beginning of the public comment period. The summary will describe the contents and purpose of the Consolidated Plan (including a summary of specific objectives) and include a list of the locations where copies of the entire proposed Consolidated Plan may be obtained or examined. The following are among the locations where copies of the public comment Draft Plan will be made available to inspections:

- Community Development Department located at 1111 Main Street
- City Hall located at 1111 Main Street.
- City of Conway's website at [www.conwayarkansas.gov](http://www.conwayarkansas.gov)

Citizens and groups may obtain a reasonable number of free copies of the proposed Consolidated Plan by contacting the CDBG Administrator at (501) 450-6100 or the document may be downloaded from the City's website at [www.conwayarkansas.gov](http://www.conwayarkansas.gov).

### **Public Comments on the Draft Consolidated Plan and Annual Action Plans**

The City of Conway's Community Development Department, as lead agency, will receive comments from citizens on its Draft Plan for a period not less than thirty (30) days prior to submission of the Consolidated Plan or Annual Action Plans to HUD. The Draft Annual Action Plan will be scheduled for release in November of each year.

All comments or views of citizens received in writing during the thirty (30) day comment period will be considered in preparing the final Consolidated Plan. A summary of these comments or views and a summary of any comments or views not accepted and the reasons therefore shall be attached to the final Consolidated Plan.

For CDBG-CV funding under PY 2019 and, and the Coronavirus Aid, Relief, and Economic Security Act or CARES Act, and/or any additional funding granted in response to COVID-19 health crisis, the city may provide a 5-day notice/comment period of a substantial amendment beginning [May 9, 2020](#) as allowed under a HUD waiver. This

includes any new activities proposed. A public hearing is not required but documentation relative to substantial amendment activity planning applies.

### **Public Notice and Outreach**

An informed citizenry is critical to effective and responsive housing and community development programs. Efforts to educate residents and empower their participation are an ongoing element of the Consolidated Planning process.

As the fundamental means of notifying interested citizens about the Consolidated Plan and related activities, such as the Annual Action Plan or the Consolidated Annual Performance and Evaluation Report, the CDBG Administrator for Community Development will utilize advertisement notices in newspapers of general circulation. Such notices will be published at least fourteen (14) calendar days prior to public hearings. All notices will be written in plain, simple language and direct efforts will be undertaken to publish and / or post information at locations that will elicit maximum low- and moderate-income and minority participation.

Public education and outreach will be facilitated through the use of Public Advertisements that describe the Consolidated Planning process, opportunities for citizen participation and available funding through the CDBG program. The City's Consolidated Plan mailing list will likely include social service organizations, local jurisdictions, low- income housing consumers, neighborhood groups, previous participants and commentators, and others expected to desire input on the Plan. This list is updated periodically and is available for inspection at the Community Development Department.

For CDBG-CV funding under PY 2019 and, and the Coronavirus Aid, Relief, and Economic Security Act or CARES Act, and/or any additional funding granted in response to COVID-19 health crisis, the city may provide a 5-day notice/comment period of a substantial amendment beginning [May 9, 2020](#) as allowed under a HUD waiver. This includes any new activities proposed. A public hearing is not required but documentation relative to substantial amendment activity planning applies.

### **Technical Assistance**

Groups or individuals interested in obtaining technical assistance to develop project proposals or applying for funding assistance through HUD formula grant programs covered by the Consolidated Plan may contact the CDBG Administrator for Community Development. Such assistance may be of particular use to community development organizations, non-profit service providers, and for-profit and non-profit housing development groups that serve or represent persons of low- and moderate-income. Pre-application/proposal workshops offer basic program information and materials to potential project sponsors, and the CDBG Administrator for Community Development will provide in-depth guidance and assistance to applicants and program participants on an on-going basis. Emphasis is placed on capacity development of community-based organizations.

### **Amendments to the Consolidated Plan**

Pursuant to HUD regulations, an amendment to the Consolidated Plan is required whenever the Jurisdiction determines to:

- Substantially change the allocation priorities or its method of distributing HUD formula grant funds;
- Utilize formula grant funds (including program income) to carry out activities not previously described in the Action Plan; and,
- Change the purpose, scope, location or beneficiaries of an activity.

Such changes, prior to their implementation, are reviewed under various federal or local requirements, particularly rules on procurement and / or policies on the allocation of public resources. Substantial amendments to the Consolidated Plan are, in addition, subject to a formal citizen participation process. Notice and the opportunity to comment will be given to citizens through public notices in local newspapers and other appropriate means, such as direct mail or public meetings. A public comment period not less than thirty (30) days will be provided prior to implementing any substantial amendment to the Consolidated Plan. The CDBG Administrator for Community Development will prepare a summary of all comments received in writing and, in cases where any citizens' views are not accepted, provide reasons for the decision. This documentation will be attached to the substantial amendment, which will be available to the public and submitted to HUD.

### **Substantial Amendments**

Occasionally, public comments warrant an amendment to the Consolidated Plan. The criteria for whether to amend is referred to by HUD as Substantial Amendment Criteria. The following conditions are considered to the "Substantial Amendment Criteria":

1. Any change in the described method of distributing funds to local governments or non-profit organizations to carry out activities. Elements of a "method of distribution" are:

- A. Application/proposal process for non-profits;
- B. Allocation among funding categories;
- C. Grant size limits; and,
- D. Criteria selection.

2. An administrative decision to reallocate all the funds allocated to an activity in the Action Plan to other activities of equal or lesser priority need level, unless the decision is a result of:

- A. Federal government recall of appropriated funds, or appropriates are so much less than anticipated that the City makes an administrative decision not to fund one or more activities; or
- B. The governor declares a state of emergency and reallocates federal funds to address the emergency; and,
- C. A unique economic development opportunity arises where the City administration asks that federal grants be used to take advantage of the opportunity.

### **Citizen Participation in the Event of a Substantial Amendment**

In the event of a substantial amendment to the Consolidated Plan, the CDBG Administrator for Community Development, depending on the nature of the amendment, will conduct at least one additional public hearing. This hearing will follow a comment period of no less than thirty (30) days, where the proposed substantially amended Consolidated Plan will be made available to interested parties. Citizens will be informed of the public hearing through newspaper notification prior to the hearing, and the notice will appear in at least one newspaper which is circulated city-wide.

- Citizens will be notified of the substantially amended Consolidated Plan's availability through newspaper notification prior to the thirty (30) day substantially amended Consolidated Plan comment period. The notification will appear in at least one newspaper that is circulated throughout the City. The substantially

amended sections of the Consolidated Plan will be available on the City of Conway's website, [www.conwayarkansas.gov](http://www.conwayarkansas.gov), for the full public comment period.

- For CDBG-CV funding under PY 2019 and, and the Coronavirus Aid, Relief, and Economic Security Act or CARES Act, and/or any additional funding granted in response to COVID-19 health crisis, the city may provide a 5-day notice/comment period of a substantial amendment beginning [May 9, 2020](#) as allowed under a HUD waiver. This includes any new activities proposed. A public hearing is not required but documentation relative to substantial amendment activity planning applies.

### **Consideration of Public Comments on the Substantially Amended Plan**

In the event of substantial amendments to the Consolidated Plan, the City will openly consider any comments on the substantially amended Consolidated Plan from individuals or groups. Comments must be received in writing or at public hearings. A summary of the written and public hearing comments on the substantial amendments will be included in the final Consolidated Plan. Also included in the final Consolidated Plan will be a summary of all comments not accepted and their reasons for dismissal.

### **Changes in Federal Funding Level**

Any changes in federal funding level after the Consolidated Plan's draft comment period has expired and the resulting effect on the distribution of funds will not be considered an amendment or a substantial amendment.

### **Standard Amendments**

"Standard amendments" are those that are not considered substantial in nature and pertain chiefly to minor administrative modifications of the programs. Thus, they do not require in-depth citizen participation.

### **Annual Performance Reports**

Performance reports on programs covered by the Consolidated Plan are to be prepared by the CDBG Administrator for Community Development for annual submission to HUD within ninety (90) days of the start of each program year. Draft performance reports will be made available upon written request. The draft performance report will be available for comment for no less than fifteen (15) days, and any public comments received in writing will be reported in an addendum to the final performance report.

### **Access to Records**

To the extent allowed by law, interested citizens and organizations shall be afforded reasonable and timely access to records covering the preparation of the Consolidated Plan, project evaluation and selection, HUD's comments on the Plan and annual performance reports. In addition, materials on formula grant programs covered by the Consolidated Plan, including activities undertaken in the previous five (5) years, will be made available to any member of the public who request information from the Community Development Department. A complete file of citizen comments will also be available for review by interested parties. After receiving notice of HUD's approval of its Consolidated Plan, the CDBG Administrator for Community Development will inform those on its mailing list of the availability of the final Plan document and of any HUD comments on the Consolidated Plan.

### **Complaints and Grievances**

Citizens, administering agencies and other interested parties may submit complaints and grievances regarding the Consolidated Plan. Complaints should be in writing, specific in their submit matter, and include facts to support allegations. The following are considered to constitute complaints to which a response letter is due:

- The administering agency has purportedly violated a provision of this Citizen Participation Plan;
- The administering agency has purportedly violated a provision of federal CDBG program regulations; and,
- The administering agency, or any of its contractors, has purportedly engaged in questionable practices resulting in waste, fraud or mismanagement of any program funds.

Residents may also present complaints and grievances orally or in writing at the community meetings and / or public hearings. All public comments, including complaints and grievances, made either orally or in writing with the thirty (30) day public comment period, will be included in the final Consolidated Plan. Such complaints or grievances shall be directed to the Consolidated Plan representative, the City's CDBG Administrator for Community Development.

### **Timely Response to Complaints or Grievances**

Upon receipt of a written complaint, the CDBG Administrator for Community Development shall respond to the complainant within fifteen (15) calendar days and maintain a copy of all related correspondence, which will be subject to Community Development Department review.

Within fifteen (15) calendar days of receiving the complaint, the CDBG Administrator for Community Development shall discuss the matter with the Mayor and respond to the complainant in writing. A copy of the response from the CDBG Administrator for Community Development will be transmitted, concurrently, to the complainant and to the Mayor. If, due to unusual circumstances, the CDBG Administrator for Community Development finds that he / she is unable to meet the prescribed time limit, the limit may be extended by written notice to the complainant. The CDBG Administrator for Community Development's notice must include the reason for the extension and the date on which a response is expected to be generated, which may be based on the nature and complexity of the complaint.

Public review materials and performance reports will include data, as appropriate under confidentiality regulations, on any written complaints received and how each was resolved.

### **Activities Exempt from Substantial Amendment Citizen Participation Requirements**

#### **Disaster/Emergency Events**

It may be necessary to amend the Consolidated Plan in the event of an emergency such as a natural disaster. There are three types of disasters/emergency events that may necessitate an expedited substantial amendment including (1) Man-Made-disasters, (2) Natural disasters, and (3) Terrorism. Man-made disasters can include chemical spills, mass rioting, power outages, dam failure, plant explosions, etc. Natural disasters can include earthquakes, hurricanes, tornadoes, wildfires, flooding and public health issues such as wide-spread disease such as the recent coronavirus disease 2019 (COVID-19). Terrorism events include bomb threats, biochemical attacks like the spread of anthrax, or cyber-attacks like hacking, phishing, and virus distribution, etc.

These expedited substantial amendments may include funding new activities and/or the reprogramming of funds including canceling activities to meet needs resulting from a declared disaster or emergency. Therefore, the LACDA

and/or participating cities may utilize CDBG, HOME, or ESG funds to meet these needs with a 5-day public comment period instead of a 30-day public comment period, which is otherwise required for substantial amendments. For CDBG-CV funding under PY 2019 and, and the Coronavirus Aid, Relief, and Economic Security Act or CARES Act, and/or any additional funding granted in response to COVID-19 health crisis, the city may provide a 5-day notice/comment period of a substantial amendment beginning [May 9, 2020](#) as allowed under a HUD waiver. This includes any new activities proposed. A public hearing is not required but documentation relative to substantial amendment activity planning applies; however, the City will publish how the CDBG-CV funding has or will be used on the City of Conway's website at [www.conwayarkansas.gov](http://www.conwayarkansas.gov)

With respect to a declared disaster, the City may elect to use CDBG, HOME, or State of Arkansas funds to address needs not provided for by the Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA), or other disaster relief efforts. Funding for disaster relief may not duplicate other efforts undertaken by federal, state or local sources unless allowed by the federal government. Potential eligible uses of funds are those that are included in this Citizen Participation Plan, the Consolidated Plan, or any other CDBG, HOME, or State eligible use. HUD may provide new guidance on eligible uses in which the City will comply with and may utilize as well.

All eligible CDBG activities, including those to address declared disasters or emergencies, must meet one of three national objectives which are: (1) Benefit to low- and moderate-income (LMI) persons; (2) Aid in the prevention of slums or blight; and (3) Meet a need having a particular urgency (referred to urgent need). The City may carryout eligible CDBG activities to meet needs resulting from declared disasters or emergencies under any one of the three national objectives.

### **Responding to the COVID-19 Pandemic**

The City may reprogram up to 50% of PY 2019 and/or PY 2020 and future CDBG, HOME, and State funding to respond to the COVID-19 pandemic.

Funding for activities that have required in-person interaction including, but not limited to, housing rehabilitation assistance, and a variety of community services may be reprogrammed into activities that allow for social distancing such as grab and go or home-delivered meal services, online programming for a variety of clientele including, but not limited to, youth and senior citizens, and various business and microenterprise assistance identified below to respond to or recover from the effects of the COVID-19 pandemic. Please see below for other possible activities that may be funded. Any other possible eligible activity not included below may also be considered. The City will coordinate with an informal committee of subject matter experts before undertaking any activity to respond to the COVID-19 pandemic.

**Potential eligible CDBG Activities that may be undertaken to support the COVID-19 response include, but are not limited to:**

- Building and Improvements, including Public Facilities such as constructing testing and diagnosis, or treatment facility; rehabilitation of a community facility to establish an infectious disease treatment clinic; acquisition and rehabilitation, or construction of a group living facility that may be used to centralize patients undergoing treatment; rehabilitation of a commercial building or closed school building to establish an infectious disease treatment clinic, e.g. by replacing the HVAC system; acquisition and rehabilitation of a motel or hotel building to expand the capacity of hospitals to accommodate isolation of patients during recovery; or to make interim improvements to private properties to enable an individual patient to remain quarantined on a temporary basis;

- Assistance to Businesses, including Special Economic Development Activities such as providing grants or loans to support new business expansion to create jobs and manufacture medical supplies necessary to respond to infectious disease; avoid job loss caused by business closures related to social distancing by providing short-term working capital assistance to small businesses to enable retention of jobs held by low- and moderate-income persons; or to provide technical assistance, grants, loans, and other financial assistance to establish, stabilize, and expand microenterprises that provide medical, food delivery, cleaning, and other services to support home health and quarantine;
- Public Services such as job training to expand the pool of health care workers and technicians that are available to treat a disease within a community; provide testing, diagnosis or other services at a fixed or mobile location; increase the capacity and availability of targeted health services for infectious disease response within existing facilities; provide equipment, supplies, and materials necessary to carry out a public service; deliver meals on wheels to quarantined individuals that need to maintain social distancing due to medical vulnerabilities; rental/mortgage assistance for up to 3 consecutive months; utility assistance for up to 3 consecutive months;
- Planning, Capacity Building, and Technical Assistance such as gathering data and developing non-project specific emergency infectious disease response plans; and
- Any other activity allowed under current CDBG regulations.

### **Urgent Needs**

It may be necessary to amend the Consolidated Plan in the event of an emergency such as a natural disaster. These amendments may include funding new activities and / or the reprogramming of funds including canceling activities to meet community development needs that have a particular urgency. Therefore, the City of Conway, acting through the Community Development Department may utilize its CDBG funds to meet an urgent need without the normal public comment period, which is otherwise required for substantial amendments.

To comply with the national objective of meeting community development needs having a particular urgency, an activity will alleviate existing conditions that the City of Conway certifies:

- Pose a serious and immediate threat to the health and welfare of the community;
- Are of recent origin or recently became urgent;
- The City and the Community Development Department are unable to finance the activity on their own; and,
- Other resources of funding are not available to carry out the activity.

A condition will generally be considered to be of recent origin if it is developed or became critical within eighteen (18) months preceding the Community Development Department's certification

If HUD allows, such as through a waiver, activities under the urgent need national objective to be funded without the requirement that the City is unable to finance the activity on its own and other resources of funding are not available to carry out the activity, the Community Development Department will only certify that the activity poses a serious and immediate threat to the health and welfare of the community and is of recent origin or recently became urgent.

**Urgent need activities may include, but not limited to, the following:**

- Clearance of debris;
- Provision of extra security patrols;
- Demolition, clearance and/or reconstruction of damaged property posing an immediate threat to public safety;
- Emergency reconstruction of essential water, sewer, electrical, medical, and telephone facilities;
- Emergency repair of streets and sidewalks; and,
- Providing a variety of relief services to individuals.

#### **Administrative Updates**

Changes to the Consolidated Plan that do not meet the criteria for standard or substantial amendments and do not require citizen participation are defined as administrative updates. Examples of administrative updates include grammatical or structural edits that do not substantially change the scope or meaning of activity; and changes in the coding or eligibility determination of a project that does not change the scope, location, or beneficiaries.

#### **Availability of the Citizen Participation Plan**

Copies of the Citizen Participation Plan may be obtained by contacting the CDBG Administrator (501) 450-6100 or on the City's website at [www.conwayarkansas.gov](http://www.conwayarkansas.gov). Upon request, the CDBG Administrator will make the Citizen Participation Plan available in an alternative format accessible to persons with disabilities.

**PROCUREMENT CARD  
POLICY & PROCEDURES**

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## 1. INTRODUCTION

The **City of Conway** has entered into an agreement with Security Bankcard Center to provide qualified employees with a Visa Purchasing Card. The purpose of this document is to establish responsibilities and to implement procedures to be followed in the distribution and use of procurement cards.

- A Purchasing Card is a credit card that enables employees to purchase authorized goods and services on behalf of the City of Conway. The Purchasing Card works like any other credit card. However, the differences are as follows:
  1. Cardholders may have online access to real-time transaction information.
  2. The Coordinator of the Program can make real-time changes such as, increase limits, close cards, as well as, review authorizations and declines.
  3. Additional information about the transaction may be available. For example, what was actually purchased at Lowe's.
- Purchasing cards can be used anywhere VISA is accepted, except for unauthorized vendors that have been specifically blocked from use by the City of Conway. Any vendor from whom you currently purchase goods should be considered a potential vendor of the Purchasing Card.
- A Department Head with the appropriate approving authority may request cards for employees responsible for providing goods and services by completing a Purchasing Card Request Form (Appendix A). Dollar limits for purchases will be set on this form. Cardholder's will be required to sign the Cardholder Agreement (Appendix B)
- Automatic restrictions may be setup on individual cards.
  1. For instance: Sam Smith is only allowed to purchase Office Supplies. Therefore, if Sam tries to use his card at a gas pump, it will be declined by Visa and the City of Conway will be able to view the decline online.
- The purchasing cards are NOT for personal use or unauthorized purchases.
- All purchasing cards are issued through the Purchasing Office.
- Card usage will be audited and may be rescinded at any time. The authorized cardholder is the only person who may use the Purchasing Card. After completion of a training session with the Purchasing Card Coordinator, you will receive your card.
- Recordkeeping is essential to ensure success of this program. Standard payment policies require retention of receipts, and other documentation. As with any credit card, you must retain original, itemized sales slips, cash register receipts, invoices or any other pertinent documentation.
- The Purchasing Card is to be used in accordance with the guidelines established within this Handbook. You are to treat this program with the same sense of responsibility and security you would use with your personal credit cards.

## 2. CARD PROCEDURES

### How to Obtain a Card

- Your supervisor or Department Head must indicate approval by completing and signing the Purchasing Card Request Form (Appendix A) and submitting the form to the Purchasing Card Coordinator in the Purchasing Office.
- The Purchasing Card Coordinator will order the card, arrange for cardholder training, and will notify you when it is available to be picked up. Prior to receipt of the card you must read the Purchasing Card Procedures Handbook and sign the Purchasing Card-Cardholder Agreement Form (Appendix B).
- When you receive the card, you must sign the back of the card immediately and always keep it in a secure place. Although the card is issued in your name, it is the property of **City of Conway** and is only to be used for **City of Conway** purchases as defined in this Handbook and in the City of Conway Purchasing Policy.

### How to Cancel a Card

- Contact your Supervisor or the Program Administrator for instructions.

### Card Renewal

- A renewal card will automatically be mailed to the Purchasing Card Coordinator. You will be notified when the card is available.

### Reporting a Lost or Stolen Card

- The cardholder must notify his or her immediate supervisor of the lost or stolen card within one (1) business day after discovering the card missing.
- Should a lost or stolen card be subsequently discovered by the cardholder, the card shall be cut in half and sent to the Purchasing Card Coordinator.

### Cardholder Separation from Service

- Prior to separation from the City of Conway, the cardholder shall surrender the purchasing card with the proper receipts and expense report documenting each transaction.
- The supervisor shall cut the card in half, and notify the City of Conway Purchasing Card Coordinator.

### Purchasing Card Security

- Always keep the card in a safe place. The Purchasing Card will have the employee name embossed on the card and shall only be used by the authorized cardholder. **NO OTHER PERSON IS AUTHORIZED TO USE THE CARD.**
- The cardholder is responsible for all transactions procured with their card. Cards and card numbers must be safeguarded against use by unauthorized individuals in the same manner that a cardholder safeguards his or her personal banking information. Although the card is issued in the individual's name, it is the property of **City of Conway**.

### Card Cancellation

- The City of Conway reserves the right to cancel any card at any time.

#### *Misuse of the purchasing card includes:*

1. Purchase of unauthorized item(s).
2. Use of the purchasing card by someone other than the cardholder.
3. Fraudulent or inaccurate recordkeeping.
4. Failure to obtain original, itemized receipts.
5. Failure to maintain the Purchasing Transaction Log.
6. Failure to reconcile the monthly statement by 22<sup>nd</sup> of each month.
7. Purchasing items for personal use.

### 3. ACCEPTABLE VISA CARD PURCHASES

- The following information provides examples of purchases that are appropriate for the purchasing card:
  1. Approved supplies for your building, department or program
  2. Conference and seminar registrations
  3. Federal Express, United Parcel Service, United States Postal Services expenses
  4. Office Supplies
  5. Hardware stores and Discount stores
  6. Other miscellaneous items that apply to your budget
  7. Conference expenses (with pre-approved travel forms)

This list is not intended to be all inclusive. If you have specific questions, please call the Purchasing Card Coordinator for assistance.

#### **4. UNACCEPTABLE VISA CARD PURCHASES**

- The following items are examples of unacceptable uses of the VISA Purchasing Card:
  1. Alcoholic beverages
  2. Tobacco
  3. Lottery Tickets
  4. Cash Advances
  5. Travel
  6. ATM withdrawals
  7. Gift certificates or gift cards
  8. Any personal purpose

This list is not intended to be all inclusive. If you have specific questions, please call the Purchasing Card Coordinator for assistance.

#### **5. PROGRAM RESTRICTIONS**

- Each VISA Purchasing Card has been assigned a transaction and/or monthly credit limit determined by the supervisor of the cardholder. All limit changes must be submitted to the Purchasing Card Coordinator using the form Appendix A.
- The Purchasing Card will be accepted for purchases of generally approved goods and services.
- Levels of credit authorization are in place to clearly define the individual purchasing limit controls. Each cardholder will have a transaction limit and/or monthly limit. Transaction limit options are listed on the Request for a Visa Purchasing Card form.
- Certain City of Conway-wide cards may have unlimited transaction amounts. Transactions falling outside the assigned level will be declined at the point of sale.
- If your card is declined by a merchant and you feel the decline should not have occurred, contact the Purchasing Card Coordinator. Do NOT ask the cashier to “try it again”. This is a fraud red-flag and could (after 3 times) lock your account from any other charges. If this occurs Security BankCard Center must unlock the account.

#### **6. RECOURSE FOR IMPROPER USE**

- In the event that improper usage of the Purchasing Card is discovered, written notification will be sent from the Purchasing Card Coordinator with a copy given to the supervisor of the cardholder.
- Corrective action may occur up to and including termination.

#### **7. CARDHOLDER RESPONSIBILITIES**

- As the person whose name appears on the Purchasing Card, you are responsible for keeping track of how the card is used, and for keeping it safe. And just like any credit card, you should protect against fraudulent use of the card.
- You must keep the original receipts for ALL purchases made with your Purchasing Card. Specifically, be sure to keep original, itemized cash register tapes, invoices showing detail of items purchased, or other relevant documentation. Your receipts help you reconcile account activity to your monthly Cardholder Statement.
- Training will be provided prior to a Purchasing Card being issued to the cardholder. During the training session, cardholders must read and sign the Acknowledgement of Receipt of the VISA Purchasing Card and Terms of Revocation Form prior to cards being issued. When the card is received, the cardholder must immediately sign the back of the card.
- When utilizing the card to purchase supplies and materials, the cardholder will check as many sources of supply as reasonable to assure best price and delivery.
- If an item is not satisfactory, received in error, damaged, defective, duplicate order, etc., the following steps should be followed:

1. The cardholder contacts the vendor to obtain authorization to return the item(s). Every vendor is different for return policies; make sure the return meets the vendor's criteria without incurring a restocking fee or shipping and handling fees. If available, the item(s) to be returned should be re-packed in original manufacturer's packaging.
2. If a vendor has not replaced or corrected the item by the statement cutoff date, then the purchase of that item will be considered in dispute. Attach the completed Dispute form and send as instructed or go to [www.securitybankcard.com](http://www.securitybankcard.com). Click on COMMERCIAL CARDS and select the Disputes link. Complete the form and submit as requested. A copy of the dispute form should be sent to the Purchasing Office
3. Standard auditing procedures require retention of receipts and other documentation. As with any transaction you must retain the original itemized sales slips, cash register receipts, invoices, order forms and receiving documents.
4. Statement cut-off is the 15<sup>th</sup> of each month. Every cardholder must review their statement for all transactions made on the VISA Purchasing Card.
5. Reconciled, approved statements and appropriate documentation are due to the Business Office by the 22<sup>nd</sup> day of each month.
6. If a transaction receipt is misplaced or not received, the cardholder shall be responsible for contacting the vendor and obtaining a duplicate copy of the receipt.
7. Disputed billing can result from failure to receive goods or services, fraud or misuse, altered charges, defective merchandise, incorrect amounts, duplicated charges, credits not processed, etc.
8. The cardholder is responsible for contacting and following up with the vendor on any erroneous charges or disputed charges as soon as possible. Most issues can be resolved this way. Attach the completed Dispute form and send as instructed or go to [www.securitybankcard.com](http://www.securitybankcard.com). Click on COMMERCIAL CARDS and select the Disputes link. Complete the form and submit as requested. A copy of the dispute form should be sent to the Purchasing Office.

***Travel Policy & Procedures:***

Any employee, during the course of his/her employment with the City of Conway, may be required to travel outside the city limits of Conway on official business, thereby incurring certain expenses for accommodations, meals and other travel related expenses. Reimbursement for travel is for employees only. Reimbursement of actual out-of-pocket expenses requires proof of purchase and original detailed itemized receipts submitted with a completed and approved Travel Expense Reimbursement form. (Copies of receipts will be accepted). No reimbursement will be allowed for any travel related item without a detailed itemized receipt. It is inherently understood in this policy, however, that an employee traveling on official City business is expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business and expending personal funds. Excess costs, circuitous routes, delays or luxury accommodations and services unnecessary, unjustified, or solely for the convenience or personal preference of the traveler in the performance of official City business are not acceptable under this standard, and travelers will be held responsible for unauthorized costs and additional expenses incurred for personal preference or convenience.

All employee travel must have proper authorization by a department head and mayor **prior** to its occurrence. A travel request form should be submitted at least 30 days prior to all city travel to the Mayor's Office for approval; even if it's funded through grant monies. The travel request form should include all pertinent information required for travel including conference information, hotel & airfare choice, rental car/travel advance if applicable and any other related travel documents. All travel related documents with all corresponding documentation, will be kept on file within the Mayor's Office. Upon the completion of the trip, a purchase order should be submitted for the traveler expenses to the Finance Department with the travel expense reimbursement form and all original detailed itemized receipts for expenditures.

All transportation shall be by the most economical means—taking into consideration the direct cost of the carrier, the cost of the employee's time away from the office, and expenses incurred for additional nights lodging and meals.

**City Credit Card:** Airline reservations & hotel reservations will be made by the Mayor's office using the City credit card. Airlines charges are due and payable upon receipt of the provided for airfare by the mayor's office and hotel reservations payments are due immediately upon travelers return. Travelers must obtain a receipt for all hotel accommodations prior to departure. If the traveler request to purchase an airline ticket or book hotel reservations due to a spouse traveling or other reasons approval must be obtained from the Mayor's Office.

**Airlines:** All commercial air travel shall be by the least expensive service available, generally coach rates. An employee may be asked for documentation justifying the means of transportation and/or cost savings. Advance planning should be used to take advantage of various special airline rates. When airfare rates are considerably less leaving a day earlier, the City may consider paying the extra day's meals and lodging. However, the reduced airline rate must compensate for the additional meals and lodging. In those cases where an employee decides to have a family member accompany him or her on a business trip, the employee must pay all additional expenses. No adjustment is permitted to cover the expenses of accompanying family members (e.g., exchanging a regular round trip fare for two excursion fares).

**Lodging:** City travelers are expected to seek accommodations that are comfortable, convenient, meet business and personal needs and offer good value. The City will reimburse only for the single occupancy rate. Hotel lodging will be booked by the least expensive accommodation near the travelers' location or at the host hotel. These rates will be compared with the current lodging rates with the U.S. General Services Administration website

[www.gsa.gov](http://www.gsa.gov) to ensure the most economical rate. When an employee is accompanied by a spouse or other guest, the lodging invoice shall note the single occupancy rate or conference rate for the hotel. The employee is responsible for the difference and any room charges not pre-approved. Travel distance greater than 60 miles is required for reimbursement of lodging expenses.

**City Vehicle:** Whenever possible, employees should use City vehicles for official City business. Only City employees, elected officials, city appointed board members attending meetings, conferences, tours, or any other official business not described within this policy may drive or be a passenger in a city vehicle. However with prior permission from the Mayor and Department Head, employees may transport spouses in city vehicles while attending conferences or meetings. City vehicles shall be legally and appropriately operated and/or parked at all times. If an employee chooses to use their personal vehicle in lieu of a city vehicle, when a City of Conway vehicle is available, the reimbursement of mileage must be approved by the Department Head and Mayor. If expenses for gasoline or other repairs occur, the employee shall submit original detailed itemized receipts for such expenses to obtain reimbursement. The City has insurance coverage on City vehicles being driven on official business and each vehicle should have an insurance card in the vehicle. However, this does not cover accidents which occur while **NOT ON OFFICIAL BUSINESS**. Employees will be responsible for their own liability insurance coverage in this situation.

**Personal Vehicle:** Use of a personal vehicle, if approved, will be reimbursed at the mileage rate in use by the City at the time of the travel. The reimbursement rate established by City Council is at the State of Arkansas mileage reimbursement rate for use of privately-owned vehicles on official business. The rate is available from the City's Finance Office or through the state's DF&A website. Reimbursement will be on a per mileage basis based on the shortest route by using Mapquest.com or Google.com. When using a personal automobile for a trip which originates from home, the mileage reported for reimbursement should be from home or from City offices, whichever is less. Additional vehicle related expense incurred will be the responsibility of the vehicle owner and are not the responsibility of the City. All personal vehicles used for City business must be adequately insured for liability, personal injury and property damage. Mileage shall not exceed the cost of airfare unless pre-approved by the Mayor and with proper documentation regarding cost of the airfare at time of booking.

**Economy measures:** When practical, employees will carpool when attending the same conference or training. Cost-sharing measures are encouraged when practical and appropriate.

**Other:** Reimbursement for expenses incurred for taxi/bus/shuttle services shall be allowed in conjunction with official City business. Original detailed itemized receipts should be obtained for these services. Note that reimbursement for taxis taken between places of lodging or business and places where meals are taken is included in and limited by the Incidental portion of Meals & Incidentals discussed below. Reimbursement for rental car expenses must be pre-approved by the Department Head and included with the travel request form for Mayor's approval. A justification for the need for a rental car must be included with the Travel Request form submitted to the Mayor's Office indicating approval by the Department Head prior to the date of travel. Expenses necessarily associated with authorized automobile travel such as tolls and parking will be fully reimbursed upon presentation of the original detailed itemized receipt.

Reimbursement for business related telephone calls, and necessary conference or training materials will be reimbursed with the appropriate original detailed itemized receipts. Whenever possible all conference, registration or material costs should be pre-paid through the City purchase order system; however, if necessary can be booked through the Mayor's Office with the City's credit card.

Meals & tips (tips should not exceed 20% pre-tax) will be reimbursed based on actual original detailed itemized receipts not to exceed the current rate of reimbursement established by the U. S. General Services Administration and available on the federal agency's website at [www.gsa.gov](http://www.gsa.gov). This provides meals & incidentals ("M&I") rate for various cities and modifies the reimbursement rate currently utilized by the City for travel incurred on or after the effective date of this ordinance. Any meal related expense in excess of the stated daily rate is the responsibility of the employee. The cost of meals is not to be averaged over the length of travel. Meal allowances for the first and last day of travel is limited to 75% of the daily M&I rate, with appropriate detailed itemized receipts.

**Travel Advances:** Travel advances will not be issued for less than \$300 or more than 80% of the anticipated cost of travel determine by the [www.gsa.gov](http://www.gsa.gov) reimbursement rate; excluding the hotel and airfare rates. Immediately upon return, the employee must return to the Finance Department any unspent advance funds. The employee must submit a Travel expense reimbursement form and original detailed itemized receipts regardless of whether the employee owes advance monies back to the City or is due additional reimbursement. Each employee requesting a cash advance must sign a travel advance/payroll deduction authorization form which will allow the City to recover the advance from any salary owed the employee in the event of termination of employment.

**Unauthorized Expenses:** Notwithstanding the above provisions, the City will not reimburse items of a personal nature. Such items include but are not limited to: movies, premium television services, alcohol, dry cleaning, spas, gyms, barber/hairstylist, magazines, shoeshine, clothing, toiletries, fines or traffic violations, and spouse/guest accommodations. The City will not pay for any entertainment expenses, including but not limited to rental of movies, attendance to non-seminar or non-job related activities or for alcoholic beverages.

If unauthorized expenses have been paid by the City, the employee will be responsible for immediate reimbursement to the City either by cash, personal check or if necessary payroll deduction.

It shall be the responsibility of each Department Head to examine and approve all travel and reimbursement requests, provide written authorization and justification for all travel request from employees. Department heads should always be cognizant of the costs for employees to attend seminars, meetings and training institutes, for determining feasible use of financial resources provided in your annual operating budget. Any deviation from the above stated policy requires advance approval from the Mayor.

***Standards of Conduct:*****Complaint Reporting and Investigation**

The City is committed to diligently enforcing its harassment policy by promptly and impartially investigating all complaints. When harassment is discovered, the City shall take appropriate disciplinary action, up to and including termination. The complaint procedure is designed to deal with complaints in a fair, discreet, and timely manner to:

- ☐ Determine if the conduct alleged in the complaint took place and constitutes harassment which violates federal and/or state law and City policy or constitutes harassment in the form of inappropriate or offensive behavior which violates City policy.

- Stop the offending behavior.
- Restore the complainant's working environment.
- Take steps to prevent retaliation and repetition of the harassment.
- Educate, sanction, or discipline the harasser consistent with the seriousness of the offense.

It is every employee's and official's responsibility to ensure that his/her conduct does not include or imply harassment in any form. If, however, harassment or suspected harassment has or is taking place:

- An employee must immediately report the harassment or suspected harassment, in writing, to the employee's supervisor immediately. If the employee's supervisor is the source of alleged harassment or is so closely associated with the source of the harassment that the employee does not feel comfortable reporting to that person, the employee may report the complaint to the Department Director the Human Resources Director. Employees should not wait to report the harassment or discrimination until the acts become so pervasive or offensive that they create a hostile working environment.
- Any supervisor or department head who learns of or receives a complaint of harassment is obligated to report it to the Human Resources Director.
- Each complaint shall be fully investigated, and a determination of the facts and an appropriate response will be made on a case-by-case basis.

If it is determined that harassment has occurred, the City shall take appropriate corrective disciplinary action, which may include but not limited to, verbal and/or written warnings, probation, suspension, demotion and/or termination.

**RETALIATION**

No employee shall be the subject to any form of retaliation or discipline for pursuing a harassment complaint, and no witnesses shall suffer retaliation against an employee who has either instigated or cooperated in the investigation of alleged harassment. Disciplinary action will be taken against those who are found to have violated the City's policy against such retaliation.

If the investigation does not find that harassment occurred or that the alleged incident(s) did not constitute harassment, the matter shall be referred back to the Department Director for further appropriate action. For example, if workplace misconduct may have occurred but not harassment, the Department Director shall determine the manner in which to act upon the findings set forth in the investigation report.

**FALSE ACCUSATIONS**

Employees who have genuinely been subjected to harassment are encouraged to come forward and report it, so that the city can take action to stop the problematic behavior. This is because harassment is harmful to others and cannot be tolerated. Conversely, if false accusations are proven to have been intentionally made against others by an employee who knows (or has reason to know) that the allegations are false, this would be considered equally

harmful by the city, and—as is the case of someone proven to be harassing others—would result in appropriate disciplinary action.

### **Guidelines for Appropriate Conduct**

Every employee of the City of Conway is expected to accept certain responsibilities, adhere to acceptable principles in matters of personal conduct and exhibit a high degree of personal integrity at all times. This not only involves a sincere respect for the rights and feelings of others, but also demands that both while at work and in their personal lives, employees refrain from behavior that might be harmful to themselves, co-workers, the citizens and/or the City. Whether you are on duty or off duty, your conduct reflects on the City. You should observe the highest standards of professionalism at all times.

### **Serious Inappropriate Behaviors**

Generally, if an employee's performance, work habits, overall attitude, conduct or demeanor becomes unsatisfactory, disciplinary action may result. Some behaviors are so serious that disciplinary action up to and including termination could result. Examples of such behaviors include, but are not limited to the following:

- Conviction of a felony
- Falsifying employment or other City records
- Violating any City nondiscrimination and/or harassment policy
- Unauthorized access to employee records
- Soliciting or accepting gratuities from citizens
- Excessive absenteeism or tardiness
- Breach of confidentiality
- Excessive, unnecessary, or unauthorized use, misuse, destruction of or damage to City or employee property
- Reporting to work intoxicated or under the influence of non-prescribed drugs or participation in the illegal manufacture, possession, use, sale, distribution, or transportation of drugs
- Buying or using alcoholic beverages while on City property or using alcoholic beverages while engaged in City business, except where authorized
- Theft or sale of property from co-workers, citizens, or the City
- Unauthorized use of City premises
- Unauthorized use, duplication, or possession of City keys
- Unauthorized possession of firearms on City premises or while on City business
- Fighting on the job, except in self-defense
- Threatening, intimidating, or coercing others including abusive, profane, or threatening language or gestures
- Disregarding safety or security regulations
- Insubordination
- Neglect or carelessness resulting in damage to City property or equipment
- Engaging in any intentional work stoppage or strike
- Fraudulent misuse of benefits
- Inappropriate political activity.
- Working outside employment while on paid or non-paid leave of absence from the City.
- Smoking in restricted areas.