POLICY STATEMENT #17

Subject:  CDBG Program Financial Administration Policy

Revised:  02/14

The CDBG program allows for some latitude in how a community chooses to maintain financial accountability for receipt and expenditure of program funds. However, there are certain specific requirements that must be met. The most overlooked of these requirements are listed below.

Municipal officials are responsible for administering their Maine CDBG Program and are also responsible for its integrity. As municipal officials you must ensure that sound administrative practices and standards prescribed by industry standards and program regulations are followed, not only to protect grant funds, but also those who administer the program. These and other requirements will help to prevent fraud and program abuse by alerting essential officials to appropriate standards of administration.

The following list of activities and administrative requirements must be followed by all CDBG recipient communities regarding financial management/administration.

(1) Establish internal controls to safeguard cash, inventory and equipment. One person shall not be responsible for completing drawdowns, approving invoices, receiving funds, and disbursing funds. Generally Accepted Accounting Principles require a segregation of duties.

(2) Establish a revenue and expense account for all CDBG monies and track all cash receipts and disbursements to maintain status of each CDBG program. A checkbook and attached register will not be acceptable.

(3) Do not request or draw down more funds than needed. Invoices documenting the drawdown request must be kept in the community’s financial files. They must be dated, signed, (by the contractor, architect or engineer, if applicable, and the program administrator), indicate itemized activities completed including materials and labor provided and the corresponding amounts due, dates for the activities completed, and the total amount being billed. Maintain a record of drawdowns, funds received, and balance of funds.

(4) The Funds Disbursement Summary section of each drawdown request submitted must be completed. This describes who is to be paid and how much. The amount of this section must match the amount of funds being requested. Drawdown requests without the Funds Disbursement Summary completed will not be processed.
(5) Use program income for approved eligible activities before drawing additional grant funds to pay for allowable program expenses.

(6) The municipality’s Finance Officer must be the individual to submit via e-mail the drawdown request form.

(7) OCD will allow for actual Single Audit costs attributable to CDBG program expenditures up to $750.00 for each required Single Audit during the contract period. In addition, in order to allow for a timely closeout of CDBG grants, a grantee community is allowed to retain a pre-approved amount of CDBG administrative funds for eligible Single Audit costs. If applicable, this amount will be the lesser of $750.00 or the actual amount for Single Audit costs attributable to CDBG contract expenditures.