



Richland County

COMMUNITY DEVELOPMENT BLOCK GRANT –
DISASTER RECOVERY

Policies & Procedures Manual

Financial Management

Detailed Plan for Financial Management of the HUD Disaster Recovery
Community Development Block Grant



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SECTION 1: INTRODUCTION

The fundamental purpose of Richland County’s (RC) financial management plan is to ensure the appropriate, effective, timely and honest use of funds. Specifically, Richland County ensures that:

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

SECTION 2: REQUIREMENTS

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

The CDBG-DR Regulations include but are not limited to:

Regulation	Description
24 CFR Part 570 "Community Development Block Grant Program"	Subpart 1 governs the State CDBG-DR program. Section 570.489 details program administrative requirements.
2 CFR 200, Part 220 , formerly OMB Circular A-21 "Cost Principles for Educational Institutions"	This circular establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions.
2 CFR 200, Part 225 – Formally OMB Circular A-87 "Cost Principles for State, Local, and Indian Tribal Governments"	This circular establishes principles and standards for determining allowable costs under federal grants. OMB Circular A-110 establishes principles for determining allowable costs to nonprofit organizations.

2 CFR 200, Part 230, formerly OMB Circular A-122 "Cost Principles for Non-Profit Organizations"	This circular establishes principles for determining costs of grants, contracts, and other agreements with non-profit organizations.
OMB Circular A-133 "Audits of Institutions of States, Local governments and Non-Profit Organizations"	This circular provides guidance to be directly followed regarding audits. These requirements include the type and level of audit required, reports issued by auditors, and audit review and resolution."
Specific Provisions of 24 CFR Part 84 "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations"	These regulations set forth uniform requirements for financial management systems, reports and records, and grant close-outs for recipients of federal grant funding. Subjects covered in Part 84 include financial management, standards, budget controls, accounting controls, cash management, and procurement and contracting.
Specific Provisions of 24 CFR Part 85 "Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Federally Recognized Indian Tribal Governments"	Commonly referred to as the "Common Rule." These regulations set forth uniform requirements for financial management systems, reports and records, and grant close-outs for recipients of federal grant funding. Subjects covered in Part 85 include financial management standards, budget controls, accounting controls, cash management, and procurement and contracting.

24 CFR Part 85 requires that the CDBG-DR grantee’s financial management system provide the following:

- Accurate, current, and complete disclosure of financial results;
- Records that identify adequately the source and application of grant funds;
- Comparison of actual outlays with amounts budgeted for the grant;
- Procedures for determining reasonableness and allowable costs;
- Accounting records that are supported by appropriate source documentation such as cancelled checks, paid bills, payroll records, time and attendance records, contracts and sub grant award documents etc.; and
- A systematic method to assure timely and appropriate resolution of audit findings and recommendations.

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

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

SECTION 3: Definitions, Acronyms, or Terminology

Please reference these terms for explanation of commonly used names, acronyms, and phrases used within this section.

1. **Administrative Cost** - Cost activities that are required to meet federal regulations that include things like grants management, monitoring, financials, reporting, etc. General rule of thumb is that if it crosses multiple projects, it is probably an administrative cost. Contact the RCCD for additional guidance and specific examples of activities and under which categories by program area these activities should be budgeted and/or invoiced.
2. **Allowable Cost** – Costs that are in line with 24 CFR Part 85 and OMB Circular A-87
3. **CDBG-DR** Community Development Block Grant
4. **Direct Cost** – Any project cost/project delivery cost that is identified specifically with a particular final cost objective. Direct costs are not limited to items that are incorporated in the end product as material or labor. Costs identified specifically with a contract are direct costs of that contract. All costs identified specifically with other final cost objectives of the contractor are direct costs of those cost objectives.
5. **FDIC** – Federal Deposit Insurance Corporation
6. **FEMA** – Federal Emergency Management Agency
7. **HUD** – US Department of Housing and Urban Development
8. **Indirect Cost** – Any cost not directly identified with a single final cost objective, but identified with two or more final cost objectives or with at least one intermediate cost objective.
9. **Program Income** – Gross income received by the grantee directly generated from the use of CDBG-DR funds or matching contributions
10. **Project Cost** – Total of CDBG-DR funds, local or other matching funds, and total business investment in the project.
11. **Project Delivery Cost** – Costs similar to administrative costs, but are used specifically to meet the requirements to complete a particular project, especially as it applies to meeting CDBG-DR requirements.
12. **RCCD** – Richland County Community Development
13. **Real Property** – Land, including all the natural resources and permanent buildings on it.
14. **Taxpayer Identification Number (TIN)** -The number required by the IRS to be used by the offeror in reporting income tax and other returns. The TIN may be either a Social Security Number or an Employer Identification Number.

SECTION 4: Financial Management System

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

Section 4.1: Documenting Use of Funds

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

Section 4.2: Accounting Records

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

Section 4.3: Supporting Documentation

Accounting records are supported by source documentation such as cancelled checks, paid bills, invoices, purchase orders, payrolls, and grant agreements, etc. (24 CFR 85.20 (b)(6)). Source documentation will explain the basis of the costs incurred and the actual dates of the expenditure. Richland County must ensure that all funds are spent on only reasonable and necessary costs associated with the approved projects and activities. Richland County will use purchase orders when preparing expenditures for payment of any goods or services associated with the project. These documents are prepared in accordance with local policies and procedures as well as those required by federal regulations. For those occasions when a purchase order is not necessary, i.e. a mileage reimbursement, the expenditure shall still be supported by source documentation and appropriate written approval.

Section 4.4: Duplication of Benefits

Section 312 of the Stafford Act, as amended, generally prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster for which such person, business concern, or other entity has received financial assistance under any other program or from insurance or any other source.

The County Grants Manager, in conjunction with RCCD, shall use the best, most recent available data from FEMA, the Small Business Administration (SBA), insurers and other sources of funding to prevent the duplication of benefits.

SECTION 5: ADVANCED FUNDING

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

SECTION 6: LUMP SUM DRAWDOWNS

Richland County will not request lump sum drawdowns from HUD. Any draw down will be as a reimbursable activity and supported with appropriate documentation.

SECTION 7: INTERNAL CONTROLS

Internal Controls refer to the combination of policies, procedures, defined job responsibilities, personnel, and records that allow an organization to maintain adequate oversight and control of its cash, property, and other assets.

The detailed procedures are designed to include internal controls required to provide for adequate safeguarding of assets and accurate financial reporting. The concepts, elements, and objectives of internal controls include the following:

Concepts:

- The establishment and maintenance of a system of internal control is the responsibility of management and should be under continuous review and monitoring.
- Accounting control provides reasonable, but not absolute, assurance that the objectives of the system are met.
- Underlying effective internal control are the competence and integrity of personnel. Independence is their assigned function, and their understanding of defined procedures.

Elements:

- Personnel with clear lines of authority and responsibility.
- Adequate segregation of duties.

Objectives:

- Adequate controls over cash receipts, cash disbursements and purchases, payroll, account reconciliation, and record keeping.

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

The Budget Office is responsible for preparing the annual county budget, assembling, correlating, and revisiting the estimates and requests for appropriations of the various departments and Agencies of the County.

The Treasurer's Department is responsible for all tax collections and distributing those collections, after the reconciliations have passed through the defined approval process in IFAS and are approved by multiple levels of management.

The approval hierarchy in IFAS is designed to segregate duties. The principle RCCD accountant is responsible for initiating vouchers that are subsequently reviewed by multiple individuals. Requests reviewed for accuracy by RCCD are forwarded to Finance for review and processing. Generally, only requests with final approval are forwarded to Accounts Payable for disbursement.

The multiple levels of review by County offices help to reduce the risk of errors and irregularities.

SECTION 7.1: Lines of Authority

In establishment of its CDBG-DR Program, the County focuses on creating a cohesive, cross-functional organizational structure that incorporates both horizontal and vertical lines of communication. In doing so, County has met its organizational goals to:

- Assign segregation of duties to effectively reduce the opportunity for program participants to perpetrate or conceal errors or irregularities in the normal course of duties;
- Institute guidelines and policy that make clear all personnel are responsible for communicating upward the program participant's operating problems and noncompliance with laws and regulations; and
- Create clear approval controls that provide reasonable assurance that appropriate individuals approve recorded transactions in accordance with management's general or specific criteria;
- Establish controls over the design and use of documents that provide reasonable assurance that transactions and events are properly documented, recorded, and auditable;
- Develop internal control standards that support the Department's ability to prepare financial statements that are fairly presented in conformity with generally accepted or other relevant and appropriate accounting principles and regulatory requirements.

SECTION 8: PROGRAM ADMINISTRATION

RCCD has developed specific program controls that provide staff with guidelines and metrics to measure accomplishments.

Grant and Budget Establishment

The Richland County Finance Department is responsible for the use and maintenance of the IFAS financial system. All grant awards, obligations, unobligated balances, assets, liabilities, expenditures, and program income are tracked within the IFAS system. The County recognizes that the County IFAS financial system is the final source of financial activity for all programs and is recognized to be an accurate reflection of the grant activity. All other systems must be reconciled monthly to match the IFAS system or appropriate and timely documentation must be provided by the program manager to make adjustments to the IFAS balances.

Once the CDBG-DR Action Plan is approved by HUD, RCCD Program Manager must forward the award to the Grants Coordinator in Administration, who will coordinate the appropriate paperwork for the grant to be setup. A grant set-up form be completed by the grant accountant and approved by the Budget Manager, Payroll Manager and Controller for set-up accuracy. The approval packet will include the set-up structure, approval documents from County Council budget approval, a journal entry for the appropriate budget establishment, a copy of the grant award from HUD, and the grant acceptance letter approved by the County Administrator. The completed form and supporting documentation are then sent to the Chief Financial Officer for final approval.

After CFO approval, the grant set-up, accounts and budget are setup in the IFAS system according to the approved documentation. All grant budgets are keyed into the IFAS system and will never be uploaded in order to meet the internal control requirements and provide the necessary audit trail. Upon posting of the budget by the budget office personnel, the Grants Accountant will notify the RCCD Director and provide the necessary account information. Once notified, the department can begin use of the funds. No spending or commitment of grant funds by the County is allowable without a prior approved spending resolution by County Council and Granting Agency. It is the Director of Community Development's responsibility to notify the appropriate staff within her office of the grant information so that the program is not delayed.

Once RCCD is notified that the award is received and set-up in the County's financial system, there are three independent systems that must be balanced and maintained monthly by RCCD and the Finance Department for internal control;

- a. **IFAS** – County's financial system. The financial system is the key control component to ensure that the County is compliant with OMB A-133 and that all activity is accurately recorded and reported. Failure to comply with this structure will increase the County's risk assessment as an auditee and potentially erode confidence in the County by the Community, external bond markets, Granting Agency, and any others that rely on the County providing accurate reporting data. A budget is established and kept internally for each grant in IFAS. Accounts are adjusted periodically throughout the month based on activity processed (ex. AP pays Vendors, Payroll pays employees, all cost allocation journal entries are processed). The RCCD is responsible for providing the Grant Accountant a certified reconciliation by the 15th of each month for all balances as of the end of the prior month.
- b. **RCCD internal database** – internal database to control all program information by the Department. This is to assist the department to ensure compliance with maintaining balance in all systems, not only from a financial aspect but also from a programmatic perspective. This internal RCCD grant record includes grant awards, award budgets, obligations, un-obligated balances, assets, liabilities, expenditures, and program income. All expenditures will be cross-referenced against all FEMA, FHWA, and NRCS grants to ensure no duplication of benefits. Expenditures are also detailed to identify their specific relation to eligible scope of work. If multiple funding sources are used for any particular project the internal system will allow for an allocation of project expense based on eligible work performed.
- c. **HUD (IDIS, DGDR)** - An additional financial requirement is management of the IDIS and DGDR systems for RCCD. The RCCD Director or their designee will be responsible for

entering all information related to expenses and draw-downs into the appropriate HUD system and will certify that the activity matches the data reporting in the County financial system - IFAS.

Project Delivery

County departments are required to send the scope and budgets for the awarded projects to Finance prior to the commitment of funds. All recipients of funds from the County must be current on all County taxes, fees and may not have any unresolved code violations, per Richland County policy. A full review of all documents, as well as eligibility and fiscal review, is completed by the Compliance Officer and the Grant Accountant. Once the Compliance Officer and the Grant Accountant approve the information it is reviewed and approved by the Program Manager for contract assembly and processing.

Throughout the project life-cycle the RCCD Program Manager and Grant Accountant are responsible for receiving and tracking Project Status Reports and invoices for each contract. The Program Manager will review the Project Status Reports submitted by the sub-recipients. The RCCD Grant Accountant matches the invoice to the correct contract and purchase order and reviews the fiscal expenditure draw for contract compliance. Following the review, the Program Manager must sign the invoice authorizing payment and submit it to Finance. If no negative finds are identified, the Finance Accountant signs off on the invoice and forwards it to AP for processing.

The expenditure is then entered into IFAS. The expense will be charged against the purchase order and approved within IFAS by the Finance Grant Manager and AP Manager. Once verified and approved, a check is generated from IFAS. The Accounting process is as follows; all AP checks will be issued weekly on Wednesday and released to departments on Thursday at 2:00pm. That is, all items that are received in Finance with the appropriate documentation, appropriate encumbered and available budget, and all required approvals by 5:00pm of the previous Friday. Items received after Friday at 5:00pm or are received without the appropriate documentation or budget availability will be processed for the subsequent weeks check run. Payments will not be made in IFAS in situations where payments/encumbrances exceed the purchase order/contract amounts or the grant award.

Financial Management

All drawdowns from HUD or other funding agencies are prepared by Finance Grant Accountant monthly based on actual expenditures in IFAS. The Grants Manager reviews the draws against IFAS. Once approved, the Grants Manager generates a bill to RCCD for the previous month's activity. The RCCD Accountant then enters the request into the HUD system DGDR. The RCCD Director then approves the draw in DRGR and sends the expected funds alert to the Treasurer. This alert tells the Treasurer's office of an incoming wire and for what project the funds are associated and where to deposit the funds.

The County will be pre-funding the activity and therefore will be committing County cash that's made unavailable for other purposes until the reimbursement is received. In order to minimize the impact on the county cash flow needs for all other county services, timing reimbursement is critical.

Therefore, all reimbursements will be made and reconciled monthly. If at any point the CFO determines that the grant activity level and monthly reimbursement plan could create unnecessary pressure on the county cash flow, a memo will be sent to the Director of RCCD and the timing of reimbursement requests will be accelerated as allowed in the grants terms to a frequency that reduces the exposure of the County.

All funding of activities, drawdowns, and closeouts in IDIS, DRGR, Internal database, and IFAS will be reconciled monthly by the RCCD accountant and approved by the RCCD Director. Monthly, the RCCD accountant will balance the internal control spreadsheet against IFAS and DRGR. The Project Manager will review and approve all spreadsheets and confirms account balances. The certification will be provided monthly to the Finance grant Manager by the 10th of the month.

The RCCD Program Manager and the Finance Grants Manager meets each month by the 10th to certify the account reconciliation, billing and processing of the draw. Any reimbursements not received by Finance within 5 days of the certification date will be considered delinquent. The Finance Manager will draft a memo to go to RCCD Director, CFO, County Administrator, and HUD office for immediate action for resolution.

Payment Processing

Invoices can be submitted monthly or quarterly depending on the arrangement between the subrecipient and the Program Manager. The sub-recipient submits their requests for reimbursement based on the budgets attached to the contract. Funds are released on a reimbursement basis only and source documentation is always required. Source documentation may include, but not limited to, time and attendance records, payrolls, invoice, cancelled checks, paid bills, purchase orders, and other sufficient documentation to justify the expenditures. The RCCD accountant matches the invoice to the correct contract and purchase order and reviews the fiscal expenditure draw for contract compliance.

Following the review, both programmatic and fiscal, the Program Manager and the Accountant must sign the invoice authorizing payment and submits it to the Finance Accountant. If deficiencies are found, the sub-recipient is contacted immediately. Payment is contingent upon:

1. Expenditures being in accordance with the contract;
2. Budget Funds being available;
3. Satisfactory monitoring with no other outstanding issues;

If no negative finds are identified, the Finance accountant signs the invoice and forwards for processing.

SECTION 8.1: PROGRAM INCOME

Program Income are earnings realized from Entitlement support activities and may include such items as loan repayments, rent received, proceeds from sale of property, and lien repayments.

Richland County will comply with HUD requirements found in 24 CFR 570.489. In the event the County's activities generate program income, those funds, to the maximum extent feasible, shall be distributed before the County makes additional withdrawals from HUD.

All sub-recipients funded through the CDBG-DR grant who generate program income shall comply with all of HUD requirements. All program income derived from activities funded under CDBG-DR and all program income generated after the expiration of any contract/agreement shall be turned over to the County within 10 days of receipt by the sub-recipient as stated in the contract. No program income will be retained by a sub-recipient.

All program income payments are recorded in the Program Income Report file, maintained by Community Development's Program Manager, and balanced against IFAS monthly. Program Income is also recorded in the appropriate database (DRGR) on a monthly basis and used before any entitlement funds are drawn. The internal Program Income Report, IFAS and DRGR are balanced monthly and certified by the financial analyst and CDBG-DR Program Manager to insure accurate and timely reporting of program income.

RCCD currently services all CDBG-DR assisted loans. All loans have written contracts that clearly describe the repayment terms, what constitute a default, how it can be cleared, and what actions will be taken if the default is not cured. If applicable, detail of pledged security or collateral is also included in the contract. All loans, when applicable are recorded at the register of deeds.

Loans receivable are recorded in a Loans Receivable database by the Community Development accountant upon receipt of an authorized encumbrance order. The following information is recorded for each loan, as applicable:

- Contract number
- Borrower
- Property address
- Date of encumbrance and/or loan document
- Type of note (funding source or program)
- Face of note
- Loan amount
- Grant amount
- Interest rate charged
- Terms
- Payment amount
- Principle balance
- Date of most recent payment
- Is loan current?
- Notes and comments

Billable loans are invoiced monthly, on or about the 15th of each month (ex; billed Jan 15th for payment due Feb 1st), unless payment structure is different per the loan documents, and approved by the Program Manager. Each invoice shows the following information:

- Loan (contract) number
- Prior month balance
- Date and amount of last payment received
- Interest and principle charged for month
- Total amount due

Upon receipt of a loan payment, a deposit voucher is prepared by RCCD Program Manager for the transfer of funds to the County Treasurer for deposit and processing. All funds are deposited within 3 business days of receipt. Program income is recorded and the loan database is updated for the date of the current payment. The loan database is reviewed monthly for loan maturity dates and any other updates as required.

By the 10th of every month the RCCD Program Manager will review the status of all delinquent loans. A first notice of late payment is sent out 15 days after the payment due date. A 2nd notice is sent out 45 days after the payment due date and a 3rd notice is sent out 75 days after the payment due date. If not payment is received and no payment arrangements have been made with the loan holder, the loan documents are sent by the Program Manager to the County Legal Department to pursue legal action. A monthly meeting is held between the RCCD Program Manager and Legal Department for updates and status of delinquent loans.

By the 5th of every month, the RCCD Program Manager will provide to the County Finance Grants Manager an updated report on the status of all outstanding loans. The Grants Manager will use the data to adjust account balances as appropriate and reconcile loan amounts in IFAS. A monthly meeting is held between the RCCD Program Manager and the Finance Department to review account balances of department database, DRGR system and IFAS for accuracy. Any discrepancy is researched and corrected by the 15th of each month.

SECTION 8.2: SALARIES AND WAGES

Richland County utilizes the IFAS payroll system for the recording and reimbursement of administrative and program support staff. All County staff must complete weekly timesheets which are collected and reviewed by each employee's immediate supervisor. Approved payrolls are then submitted to the payroll department bi-weekly. The Grant accountant receives copies of all timesheets and accrues salary costs to CDBG-DR accordingly.

All approved CDBG-DR grant funded positions are mandated to maintain a daily timesheet (pay codes) to document the grants and programs worked on. The County cost allocation of salary time and associated cost is based on the hours charged to these codes. The payroll expense based on actual hours worked on each grant is charged to the County's financial reporting system IFAS. This allows the County to charge the exact hours worked pertaining to CDBG-DR as completed by staff.

SECTION 8.3: INDIRECT COSTS

The County intends to charge indirect cost to the CDBG-DR grant consistent with the grant award. Indirect Costs (incidental costs) will include:

- Costs incurred benefitting more than one cost objective (or funding source)
- Indirect costs must be billed in accordance with an approved Cost Allocation Plan or agreed upon Indirect Cost Rate pursuant to OMB 2 CFR 200
- Example: shared utilities/equipment usage/building space; common janitorial or security services

SECTION 9: Anti-Fraud, Waste and Abuse Policy for HOME grant Programs

Purpose

The Richland County Department of Community Development (Department) is the recipient of Community Development Block Grant funds from the United States Department of Housing and Urban Development (HUD).

As a steward of public money, the Department is actively working to combat fraud, waste and abuse in its programs. The Department will work with the Richland County Department of Finance to implement this policy. However, primary enforcement responsibility lies with the Department of Community Development.

This policy is directed specifically to the Community Development Block Grant programs and is intended to establish procedures and processes that will aid in the detection and prevention of fraud, waste, and abuse in the CDBG-DR programs.

Any discovered, suspected or reported fraud, waste and abuse within the CDBG-DR programs will be documented and reviewed by RCCD in conjunction with the Finance Department.

Definitions & Examples

Fraud is the intentional (willful or purposeful) deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to him/herself or some other person. There are many forms of fraud.

Waste includes over-utilizing Department of Community Development or County services, supplies or equipment, or causing unnecessary costs through carelessness or inefficiency.

Abuse includes activities that result in unnecessary costs to the Department of Community Development or County. Note that this is financial abuse, not physical or emotional abuse of a person. Physical and emotional abuse of a person should be reported to the police.

Examples of fraud include, but are not limited to, misrepresentation of:

- Income (Unreported or under-reported)
- Household composition
- Financial resources (transferred or hidden resources)
- Residency (reside outside of the County)
- Citizenship status

Other types of fraud include, but are not limited to:

- Using another person's identification
- Forging signatures or documents
- Concealing access to duplicate funding
- Misrepresenting a medical condition to obtain additional benefit
- Misusing funds (diverting them for an unintended use)

Other actions constituting fraud, waste and abuse include, but are not limited to:

- Any dishonest or fraudulent act
- Misappropriation of funds, supplies or assets
- Impropriety in handling or reporting money or financial transactions
- Profiting as a result of insider knowledge
- Unauthorized disclosure of confidential or private information
- Accepting or seeking anything of material value from contractors, vendors or any person that seeks a beneficial decision, contract, or action from the County or the Department
- Accepting or seeking anything of material value from contractors, vendors or any person that is providing services for CDBG-DR activities
- Unnecessary cost or expenditures
- Diversion of program resources

Scope

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

Confidentiality

Confidentiality is important to avoid retaliation against reporting individuals and to protect the reputations of any accused individuals who are subsequently found innocent of wrongful claims.

Complainants may remain anonymous. Complainants should not discuss the case, facts, suspicions, or allegations with anyone if they wish to remain anonymous.

All information received about suspected fraud, waste and abuse will be treated confidentially. Further, all investigation materials developed and interviews conducted to substantiate the

allegations of fraud, waste or abuse will be treated confidentially. Information will only be disclosed on a need-to-know basis.

Administration

The Richland County AFWA policy will be reviewed annually and revised as necessary to comply with Federal and local requirements. The CDBG-DR Program Manager is responsible for the administration, revision and application of this policy.

SECTION 10: REPORTING

The County will complete reconciliations and reimbursement on a monthly basis.

SECTION 11: AUDITS

Units of local government are required to adhere to OMB Circular A-133, which provides federal requirements for audits of governmental entities and non-profit organizations. Richland County will comply with all applicable state and federal audit requirements. Audits are required for non-Federal entities that expend at least \$750,000 in a year of Federal awards.

Richland County undertakes an annual outside audit performance according to the standards of OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations." As allowable with the grant award, additional audit cost related to the HUD funding will be charged to the grant as part of the administration cost.

An outside audit pursuant to OMB-A133 is required for all sub-recipients expending \$750,000 or more a year. The requirement is included in all sub-recipient agreements. Audits must be undertaken annually and provide a copy to Richland County and HUD.

Audit concerns and findings are first submitted to departments for response. The final report and department responses are presented to the County Administrator and County Council for review.

In the contract documents, sub-recipients are required to certify that they will give the Department of Housing and Urban Development, and Richland County access to and the right to examine all records, papers, documents, and other materials related to the use of grant funds.

Suspected illegal acts and irregularities shall be reported to the HUD field office and the HUD Office of the Inspector General.

SECTION 12: PRIVACY POLICY

Richland County takes active steps to protect the privacy and integrity of all individualized information.

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

SECTION 13: RECORDS RETENTION

Richland County is subject to the recordkeeping requirements as written in 24 CFR 570.490(b).

Additionally, records of the State and units of general local government, including supporting documentation, shall be retained for the greater of three years from closeout of the grant to the state, or the period required by other applicable laws and regulations as described in § 570.487 and § 570.488.

SECTION 14: IN-KIND DONATIONS

All donated goods will be recognized in the Financial Statements of Richland County at the “fair value” of the good being donated. Fair value represents “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

There is a fair value hierarchy which seeks to help organizations “maximize the use of observable inputs and minimize the use of unobservable inputs.” SFAS 157 ranks these into three levels with Level 1 (most preferred) and Level 3 (least preferred.)

- Level 1 would be “quoted prices... in active markets for identical assets... that the reporting entity has the ability to access as of the measurement date.”
- Level 2 would be other observable market data. For nonprofits, this would be referred to as a “like-kind” valuation. For example, if a building were donated, the value may be the price per square foot for similar buildings in similar locations. Data from a number of markets would need to be obtained, not just a single example.
- Level 3 would be “unobservable” inputs for the asset. For example, the fair value as identified by the donor.

Donated services and promises to give services are also recognized as contributions/revenue (and as assets and expenses) in audited financial statements when they meet certain criteria (SFAS 116.)

Donated services can cover a variety of non-material assistance such as:

- Providing legal, accounting, and other professional services
- Donating office space
- Donating free use of equipment such as computers

To be recognized, the contributed services must:

1. Create or enhance nonfinancial assets (e.g., constructing a building), **or**
2. Require specialized skills, are provided by individuals possessing those skills (e.g., carpenters, doctors, and accountants) and would typically need to be purchased if not provided by donation.

In addition, if an affiliated organization is providing donated services (such as accounting, information technology and administrative services) that meet the above criteria, these services will be recognized as contributions.

Richland County will use the above criteria to estimate the “fair market value” of donated goods/services and recognize them on the audited financial statements.