


# UNITED STATES VIRGIN ISLANDS HOUSING FINANCE AUTHORITY



## FINANCIAL POLICY AND PROCEDURES

<b>SUBJECT: VIHFA Financial Management Policies and Procedures</b>	
<b>Version Number</b>	8
	July 5, 2024
Dayna Clendinen Chief Disaster Recovery Officer	Date

## Version History

<p><b>VERSION 2</b></p>	<p>05/15/2019</p>	<p>Approved by Board of Directors (BOD) (Resolution authorize the Executive Director to revise the Financial Policy as needed.</p>
	<p>07/18/2019</p>	<p>Inserted Addendum I: Financial Policies-Public Assistance Grants            Inserted Addendum II: CDBG-DR Program Requirements            Inserted Appendix: List of Standard Operating Procedures and Status</p>
<p><b>VERSION 3</b></p>	<p>10/01/2020</p>	<p>Added the role of the Chief Disaster Recovery Officer (CDRO)</p> <p>Added information of wire transfer payments Included the requirements of Gross Receipt Taxes</p> <p>Updated Addendum II: Applicable to the CDBG- Mitigation grant award</p> <p>Updated Addendum II: CDBG-DR and CDBG-Mitigation Program Requirements with changes relevant to the implementation of EMGrantsPro, Grant Management System (Effective October 1, 2020)</p> <p>Included information of the establishment of an indirect cost rate.</p>
<p><b>VERSION 4</b></p>	<p>June 14, 2021</p>	<p>Included Acronyms and Definitions section.</p> <p>Updated section on Gross Receipt Taxes to include overview on Tax Exemptions for Affordable Housing Projects.</p> <p>Updated Addendum II: CDBG-DR and CDBG-Mitigation Program Requirements with changes relevant to the following sections: Compliance Policies, System for Internal Controls, Budget and Expenditure Tracking, Procurement, Flow of Funds, Financial Records Retention, Cost Principles, HUD Approvals, Standard for Financial &amp; Program Management, Chart of Accounts, Monitoring and Closeout.</p>

VERSION 5	October 31, 2022	<p>Added language on the timely transfer of funds upon expiration of agreements.</p> <p>Expanded on HUD Approvals section to include notification to HUD of any changes to budget, scope and/or objectives.</p> <p>Included Record Retention Rules</p>
VERSION 6	February 6, 2023	<p>Updated Audit Section: Reporting package and Corrective Action Plan Steps, Direct Costs Verbiage, Payment Processing SOP</p> <p>Added language on compliance with laws, regulations and provisions of awards, administration of CDBG-DR/CDBG-MIT awards, Standards for Financial Management Systems, Subrecipients: Making of subawards and monitoring, Charging costs to CDBG-DR/CDBG-MIT awards, Direct Costing Procedures, Improper Payments, and Timely Expenditures of funds.</p>
VERSION 7	December 22, 2023	<p>Updated Audit Section: Advanced Payment Procedures specific to EnVision Program Timely Transmittal of CDBG-DR/MIT/EGRID Funds Cost Allocation Methodology</p> <p>Added language on Payment Processing: accountant to review and verify information on checks is correct for Payment Processing, Audit: VIHFA compliance with audit requirements contained in 2 CFR 200.501, preparation of and corrective action plan completion date, monthly reconciliation to balance all expenditures in DRGR, SAP and EMGrantsPro MIT: expending 50% of MIT funds by year 6</p>
VERSION 8	July 5, 2024	<p>Updated Policy to add Return of CDBG-DR/MIT and EGRID Funds and Cash Advance and Reimbursement Methods</p>

## Table of Contents

<b>1.0 ACRONYMS AND DEFINITIONS</b> .....	7
<b>2.0 Introduction</b> .....	7
<b>2.1 General Background</b> .....	8
<b>2.2 Code of Conduct</b> .....	8
<b>2.3 Principles and Practices</b> .....	8
<b>3.0 Financial Management Responsibilities</b> <sup>1</sup> .....	9
<b>4.0 Procurement Policy and Procedures</b> .....	11
<b>5.0 Financial Management Policies and Procedures</b> .....	11
<b>5.1 General Guidelines</b> .....	11
<b>6.0 Accounting Procedures and Documentation</b> .....	12
<b>6.1 Internal Controls</b> .....	12
<b>7.0 Finance Department Systems of Use</b> .....	13
<b>7.1 Financial Management Systems</b> .....	13
7.1.1 SAP Business One.....	13
<b>7.2 Time Management System</b> .....	14
<b>7.3 Federal Grant Program Systems</b> .....	14
7.3.1 Information Disbursement Integrated System (IDIS).....	14
7.3.2 Disaster Recovery Grant Reporting System (DRGR).....	15
7.3.3 Line of Credit Control System (ELOCCS).....	16
<b>8.0 Financial Documentation</b> .....	16
<b>9.0 Accounts Payable (A/P) Procedures</b> .....	18
<b>10.0 Improper Payments (2 CFR 200.53)</b> .....	19
<b>11.0 Cash Management</b> .....	20
<b>11.1 Signatories</b> .....	20
<b>11.2 Cash Receipts</b> .....	20
<b>11.5 Direct Debit Payments</b> .....	22
<b>11.6 Pay-by-Phone (Banco Popular Tele-Banking)</b> .....	22
<b>11.7 Payroll Deductions</b> .....	22
<b>11.8 Close Out Process</b> .....	23
<b>11.9 Disbursements</b> .....	23

11.10 Petty Cash.....	23
12.0 Electronic Funds Transfer (EFT) Disbursements.....	24
12.1 Roles and Responsibilities .....	24
12.2 Definitions and Bank Codes .....	25
12.3 General Requirements .....	25
13.0 Electronic Funds Transfer Procedures .....	26
14.0 Gross Receipt Taxes .....	27
15.0 Controls over Federal-Territory Funds Transfers, Cash Receipts, and Disbursements ..	27
16.0 Program Income .....	28
17.0 Capital Assets Policy .....	32
18.0 Record Retention Policy.....	32
19.0 Fraud, Waste and Abuse.....	33
20.0 Privacy Statement .....	33
<b>ADDENDUM I - FINANCIAL POLICIES- PUBLIC ASSISTANCE GRANTS .....</b>	<b>34</b>
<b>ADDENDUM II - COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY (CDBG-DR) AND CDBG-MITIGATION (CDBG-MIT) GRANTS PROGRAM REQUIREMENTS.....</b>	<b>38</b>
Purpose .....	38
Roles and Responsibilities .....	40
Compliance with Laws, Regulations, and Provisions of Awards.....	42
ADMINISTRATION OF FEDERAL AWARD FOR CDBG-DR/CDBG-MIT.....	43
Standards for Financial Management Systems .....	43
System for Internal Controls.....	44
Budgetary Controls.....	45
Program Income (See Program Income Policy for Full Scope).....	46
Procurement.....	47
SUBRECIPIENTS.....	47
Flow of Funds <sup>11</sup> .....	50
Financial Records Retention .....	1
CHARGING OF COSTS TO CDBG-DR/CDBG-MIT AWARDS.....	12
Principles for Determining Costs.....	12
Types of Cost.....	16
Classification of Cost.....	18

Direct Costing Procedures .....	18
Improper Payments.....	19
Timely Expenditures Overview (See Timely Expenditures Policy for Full Scope).....	19
<b>Frequency of Allocating Activity Delivery Costs.....</b>	<b>21</b>
Timely Expenditures Procedures .....	22
CDBG-DR/CDBG-MIT Chart of Accounts .....	23
Monitoring.....	29
Closeout.....	29
<b>ADDENDUM III - COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY (CDBG-DR) AND CDBG-MITIGATION (CDBG-MIT) GRANTS AWARD (SOP) .....</b>	<b>30</b>
<b>VIRGIN ISLANDS HOUSING FINANCE AUTHORITY .....</b>	<b>30</b>
<b>FINANCIAL MANAGEMENT: GRANT AWARD.....</b>	<b>30</b>
<b>ADDENDUM IV - COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY (CDBG-DR) AND CDBG-MITIGATION (CDBG-MIT) PAYMENT PROCESSING (SOP) .....</b>	<b>46</b>
<b>VIRGIN ISLANDS HOUSING FINANCE AUTHORITY .....</b>	<b>46</b>
<b>FINANCIAL MANAGEMENT: PAYMENT PROCESSING .....</b>	<b>46</b>

## 1.0 ACRONYMS AND DEFINITIONS

**Autonomous/Semi-Autonomous Agency** - An independent agency of the U.S. Virgin Islands, which exists outside of the territorial executive departments. These agencies are governed by a board of directors which sets rules and regulations and policy. These agencies are established by legislation.

**CDBG** – Community Development Block Grant Program

**CDBG-DR** – Community Development Block Grant – Disaster Recovery Program

**CDBG-MIT** – Community Development Block Grant – Mitigation

**Central Government Agency** An agency which is involved with the development of policy and monitoring of local government. These agencies receive most of their revenues from the government of the USVI's General Fund.

**Developer** - The Neighborhood Stabilization Program (NSP) and CDBG programs consider a developer as a for-profit or private nonprofit individual or entity that the grantee provides assistance to for (1) acquiring homes and residential properties to rehabilitate for use or resale for residential purposes and (2) constructing new housing in connection with the redevelopment of demolished or vacant properties. The term is used frequently in the rehabilitation and new construction industries. A community-based development organization carrying out a project can be a “developer”. However, a Public Housing Authority cannot be a developer. A grantee entrusts a developer with funds to complete a project. Developers must have site control (ownership or lease in some cases) and must plan, obtain permits, and manage the project from start to finish, assuming part of the risk of the project.

**Grantee** –The state entity (VIHFA) that has a binding agreement in place with the U.S. Department of Housing and Urban Development (HUD) to administer the CDBG Disaster Recovery program(s) and/or project(s). May also be referred to as Recipient.

**Subrecipient** – An entity that is provided federal funds which includes CDBG-DR and CDBG-MIT funds by VIHFA for their use in carrying out agreed-upon, eligible activities including autonomous and semi-autonomous, and other governmental agencies and non-profit organizations (see Chapter 1 of HUD Guidebook for Entitlement Grantees on Subrecipient Oversight).

## 2.0 Introduction

This Financial Policy Manual sets detailed guidelines for the Accounting Division and its staff to assist them in ensuring the orderly and efficient management and control of all program resources, and to render proper accountability to all stakeholders.

The Virgin Islands Housing Finance Authority (“VIHFA” or “Authority”) will manage and conduct its financial affairs with diligence, integrity and transparency, in compliance with the law.

- The policies and procedures convey for sound financial management and administration of the Accounting Division's work. In specific terms, the policies and procedures are designed to:
  - Promote orderly, economic, efficient and effective operations;
  - Minimize, prevent, and detect fraud and errors;

- Ensure accuracy and completeness of the accounting records;
- Minimize the time lapse between the transfer of funds from the U.S. Treasury and the disbursement of federal funds;
- Facilitate timely preparation of financial information and ensure that financial statements are fairly and accurately presented; and
- Safeguard agency assets

The VIHFA maintains financial records which demonstrate that federal grant funds have been administered in accordance with all applicable territorial and federal laws, rules, regulations and requirements. The VIHFA is responsible for the management and control of federal grant funds and has procedures to track all federal grant funds and document how the grant funds were spent as well as how the intended objectives and outcomes were accomplished. Financial records and activities are also subject to monitoring by the internal and external auditors to ensure compliance with all applicable federal grant funds regulations and requirements.

## **2.1 General Background**

The VIHFA is a public corporation and autonomous governmental instrumentality of the Government of the United States Virgin Islands authorized by law, 21 VIC §103 et seq and 29 VIC §930 et seq, to exercise powers conferred thereon for the administration of affordable housing programs. VIHFA was created in 1981 by the Virgin Islands Legislature through the enactment of Act No. 4636 – the “Virgin Islands Homeowners Construction and Mortgage Assistance Act”. Its fiscal year is October 1<sup>st</sup> through September 30<sup>th</sup>.

## **2.2 Code of Conduct**

The Code of Ethics requires directors, officers, employees and others directly associated with VIHFA to observe high standards of business and personal ethics in the conduct of their duties and responsibilities.

## **2.3 Principles and Practices**

Directors, officers, and employees shall:

- Perform duties with transparency and without favor and shall refrain from engaging in activities of financial or personal interest, including other employment, that could impair independence of judgment or prevent the proper exercise of official duties.
- Not, either directly or indirectly advise or assist any person to make any financial investment based on proprietary information.
- Not use or attempt to use their official position to secure unwarranted privileges for themselves, members of their family or others including employment or contracting for materials and services.
- Conduct themselves in a manner that avoids any appearance that they can be improperly or unduly influenced, that they could be affected by the position of or relationship with any other party, or they are acting in violation of their public trust.

- Not engage in any official transaction with an outside entity in which they have a direct or indirect financial interest that may reasonably conflict with the proper discharge of their official VIHFA duties.
- In matters specific to the VIHFA mission and best interest, act in a manner that first considers the best interest of VIHFA regardless of any other affiliations.
- Not use VIHFA property in a manner inconsistent with law or policy and VIHFA’s mission and goals.
- All directors, officers, employees and others directly associated with the VIHFA have a responsibility to report any action or suspected action taken within VIHFA that is illegal, unethical or violates any policy of VIHFA. Anyone reporting an alleged violation shall act in good faith and must have reasonable grounds.

### **3.0 Financial Management Responsibilities <sup>1</sup>**

It is the policy of the VIHFA to ensure an adequate segregation of responsibilities for all aspects of the financial operations of the Authority to include, but not limited to cash receipts, bank deposits, invoice approval, check preparation, check signing, expense reimbursement approvals, payroll, or reconciliation of bank accounts.

---

<sup>1</sup> Roles and responsibilities specific to the CDBG-DR/CDBG-MIT grants are defined in Addendum II: CDBG-DR/CDBG-MIT Program Requirements.

The **Board of Directors** is responsible for establishing financial management policies and overseeing VIHFA's financial operations and activities.

The **Executive Director** has the primary responsibility for the general management of the Authority's affairs and shall have general supervision over its operation and the administration of its business and affairs subject to the direction of the Board of Directors. As such, the Executive Director is responsible for formulating and implementing the financial management policies of the Authority.

The **Chief Financial Officer (CFO)** with oversight by the Executive Director has the management and operational responsibility for the Authority's financial affairs. The CFO oversees the Accounting, Collections & Servicing, and Federal Programs.-The CFO will assist with strategic and tactical matters as they relate to accounting and budget management, cost benefit analysis, management of investments, forecasting needs of securing new funding.

The **Community Development Block Grant Disaster Recovery (CDBG-DR) Finance Director** will oversee the financial management functions specific to the CDBG-DR program.<sup>2</sup>

The **Chief Disaster Recovery Officer (CDRO)** oversees the administration and management of the Virgin Islands Housing Finance Authority's (VIHFA) programs and projects and is responsible for the administration and management of the Community Development Block Grant– Disaster Recovery (CDBG-DR) Grant, the Community Development Block Grant – Mitigation (CDBG-MIT) Grant and Communications Divisions. The CDRO will also serve as the direct liaison with the Federal Emergency Management Agency (FEMA) for the closeout of the Sheltering and Temporary Essential Power (STEP) Program and with the Government of the Virgin Islands Office of Disaster Recovery.

The **Director of Accounting** with oversight by the Chief Financial Officer has day-to-day responsibility of ensuring that all accounting transactions are recorded in a timely and accurate manner and that financial accounting systems provide adequate financial data to support the Division needs and financial objectives.

The **Internal Auditor (IA)** reports to the Board of Directors, with oversight from the Executive Director. The (IA) manages, coordinates, plans and develops the Internal Audit Program for the VIHFA. This includes reviewing the degree of compliance with established policies and procedures and applicable laws; preparing reports and analyses setting forth results of audits with recommendations on improvements and corrective action plans. Additionally, the Internal Auditor oversees and manages, in conjunction with Virgin Islands Office of the Inspector General, all items related to fraud, waste and abuse.<sup>3</sup>

Roles specific to the Disaster Recovery Grant are noted in Addendum II.

---

<sup>2</sup> See Addendum II for CDBG-DR/CDBG-MIT Program Requirements

<sup>3</sup> See the Fraud, Waste and Abuse policy

## **4.0 Procurement Policy and Procedures**

The process by which VIHFA procures for goods and services prior to an executed Purchase Order (PO) and contract is the responsibility of procurement division. All procurements shall follow VIHFA's procurement policy and procedures.<sup>4</sup>

VIHFA shall:

- Provide a procurement system of quality and integrity;
- Provide for the fair and equitable treatment of all persons or firms involved in purchasing by the VIHFA;
- Ensure that supplies and services (including construction) are procured efficiently, effectively, and at the most favorable prices available to the VIHFA;
- Promote free and open competition in contracting; and
- Ensure that purchasing actions are in full compliance with applicable territorial and federal laws.

The procurement policy and procedures can also be found at [www.vihfa.gov](http://www.vihfa.gov).

## **5.0 Financial Management Policies and Procedures**

### **5.1 General Guidelines**

The VIHFA adheres to all territory and federal financial requirements and maintains financial records that comply with applicable territorial and federal laws, rules, regulations and requirements. The VIHFA's financial management system includes the following:

1. Accurate, current and complete disclosure of the status and financial results of the VIHFA programs in accordance with specified requirements;
2. Records that adequately identify, by activity, project, and program type the source and use of funds for each VIHFA supported project;
3. Effective controls over and accountability for all flow of funds, property, and other assets;
4. Procedures to comply with the requirement for timely distribution of funds as required by U.S. Treasury Circular I 075 and 24 CFR Section 570.494;
5. Procedures for determining that costs are necessary, reasonable, allowable and allocable in accordance with Cost Principles established in 2 CFR Part 200 Subpart E, as applicable;
6. Provision for a comparison of actual revenues and expenses with budgeted amounts, including grant funds and matching funds;

---

<sup>4</sup> See the Procurement Policy

7. Provision for a comparison of actual revenues and expenses with budgeted amounts, including grant funds and matching funds;
8. Accounting records supported by adequate source documentation; and
9. Proper internal controls and segregation of duties designed to prevent and eliminate fraud, waste, and abuse.

## **6.0 Accounting Procedures and Documentation**

The U.S. Virgin Islands Housing Finance Authority (VIHFA) will maintain its accounting records in accordance with territorial and federal law and regulations. The VIHFA will prepare its financial statements in accordance with generally accepted accounting principles (GAAP) applicable to governments in the United States.

The VIHFA continues to ensure proper and efficient administration of all federal grants. The following principles are applied in this system:

- Procedures are formalized and applied consistently. Ongoing (real time) monitoring activities are conducted throughout the life of the corresponding grant to identify and apply critical changes necessary to ensure accuracy and efficiency.
- Procedures are designed to ensure internal controls of flow of funds, promote effectiveness and efficiency of operations, reduce the risk of asset loss, enable compliance with applicable laws and regulations, and deter the risk of fraud, waste, abuse, and mismanagement of funds.
- Financial transactions are executed in compliance with the requirements applicable to the award and are adequately documented to create an audit trail, in addition to clearly separating transactions related to allowable grant activities from all other organizational transactions.

### **6.1 Internal Controls**

The VIHFA maintains a system of internal controls to protect the integrity of the flow of funds to help ensure that they are used for their intended purpose. The detailed internal controls procedures provide adequate separation of duties and accurate financial reporting so that no one individual has authority over all fiscal functions. Internal controls and its processes are fundamental and indispensable when there are specific program and financial management responsibilities.

At minimum, the VIHFA utilizes the following as a guide regarding segregation of duties:

- No individual has complete control over all phases of any significant transaction. In other words, the same person does not authorize payment, record the transaction, and sign the checks.
- Record keeping is separate from operations and the handling and custody of assets.
- Monthly reconciliations and verifications of cash balances with bank statements are made by employees who do not handle, record cash, or sign checks.
- Purchase orders, journal entries, expenses and expense approvals each require multiple levels of approval by different staff members.
- Adding, deleting and updating system access permissions are separated from all financial management activities.
- Staff preparing payrolls are not handling, approving or signing payroll disbursements.
- Lines of responsibility are clearly established and adhered to as closely as possible.

## 7.0 Finance Department Systems of Use

### 7.1 Financial Management Systems

#### 7.1.1 SAP Business One

The Virgin Islands Housing Finance Authority utilizes the SAP Business One Accounting Software (SAP) for accounting purposes. SAP accounting software is a financial accounting and reporting software that offers applications for general ledger, journal entries, project cost accounting, budget management approval process control, financial reporting, multi-currency support and other functions. It delivers tracking, management, analytics, reporting, compliance and collaboration processes that records transactions and reports operating data at the end of every month, quarter, or annually. Modules of the SAP accounting software include administration, accounting, reporting, purchasing, accounts receivable management, accounts payable, and inventory. All financial transactions are recorded by the Accounting Division in the SAP system in a timely manner. For HUD funding opportunities including the CDBG-DR and CDBG-MIT grant(s), financial management is administered both through the grant management system (see EMGrantsPro section below) and SAP Business One.

The VIHFA utilizes a four-segment chart of accounts structure to separate the activities of its various grant programs and operating funds. The structure is as follows:

Natural	5 digits	Account Type (Example: Assets, Liabilities, Equity, Revenue, Expenses, etc.)
Island	1 digit	Island (Example: St. Thomas, St. Croix, St. John)

Department / Grant	3 digits	Department (Example: Accounting, Homeownership, Executive, etc.) / Grant (Example: CDBG-DR Tranche1,)
Program / Project	3 digits	Program (Example: ESG, HOME, HOPE3) / Project (Example: Homeownership Rental and Reconstruction Program, Administration, Planning, etc.)

SAP's Project Code feature also provides an additional mechanism to further segregate funds to allow reporting at a detail level. The crosswalk for CDBG-DR/CDBG-MIT between HUD'S Disaster Recovery Grant Reporting (DRGR) system, EMGrantsPro and SAP's Project codes can be seen in Addendum II: CDBG-DR/CDBG-MIT Grant Program Requirements.

The Virgin Islands Housing Finance Authority will utilize EMGrantsPro as its grant management software designed for disaster recovery grants in collaboration with SAP Business One. EMGrantsPro main features are designed to facilitate efficient and compliant management of federal recovery grants to include:

- Process payments once funds are obligated or requested for which transactions can then be compiled for routing and further payment processing through VIHFA's Financial System, SAP Business One.
- Management of subrecipients as subrecipients' representatives can directly login to submit requests such as applications, payment requests, progress reports, or other forms, as well as view reports to be implemented in the future.
- Generation of reports for a birds-eye view and the ability for Excel reporting, quick search, document management and administrative tools.
- The EMGrantsPro system will not allow for payments that exceed the purchase order/contract amount or the grant award.

## 7.2 Time Management System

VIHFA utilizes ADP-a time and attendance base payroll system to accurately track the hours worked by employees on a bi-weekly basis. The time tracking system allows job costing allocation to projects and programs defined by the VIHFA to capture hours worked to specific programs, projects and grants to create activity audit logs which can be utilized for reimbursement purposes. ADP is a cloud based time tracking and attendance management system that captures time by ADP Kiosk, or all-in-one collection device or the ADP Time Kiosk application and remote access via the internet. Employees can clock in and out, and also has the ability to allocate employee cost between different programs and categories. Remote access is utilized for persons working remotely due to an approved Telework Agreement Policy. Monthly reports are generated from ADP which helps VIHFA to process payroll. Time, pay, benefits and other information can be accessed from the web in compliance with payroll related guidelines, rules and applicable local and federal regulations.

## 7.3 Federal Grant Program Systems

### 7.3.1 Information Disbursement Integrated System (IDIS)

Federally funded Community Planning and Development (CPD) formula-grant programs (i.e., CDBG, ESG, HOME,

and Housing Trust Fund) are properly set up and managed in HUD's Information Disbursement Integrated System (IDIS) by the Federal Programs Division. A nationwide database, IDIS serves two major purposes. Grantees use the system to track and draw down CPD funds and program income (the disbursement side of IDIS) and to record the results of CPD-funded activities (the information side).

IDIS enforces two types of security. The first type controls the functions a user may perform. Some of the functions controlled by user ID are set up activity, edit activity, create drawdown, and approve drawdown. The second type of security controls a user's access to IDIS data by grantee and by CPD program.

Drawdowns may be made for an activity after it has been funded and except for program income, may only be made from the funding sources (or grant years) from which the activity was funded in IDIS. The total amount of drawdowns cannot exceed the funded amount. Two security rules are applied to the approval of all drawdown vouchers in IDIS:

1. Only authorized users can approve draws.
2. The user who creates a draw cannot also approve it.

The VIHFA adheres to this policy by ensuring the separation of duties among the various employees who have drawdown and approval authorization in IDIS.

The VIHFA Federal Programs Division and Accounting Division staff use IDIS reports to manage their CPD formula grant programs more effectively. Some reports provide information on program accomplishments and disbursements, while others help reconcile records with local reporting systems. Reports may be downloaded and formatted to print on standard paper or converted into spreadsheet files. Each report brings information together in a unique way by subject, program year, program, or project. For example, the HUD Grants and Program Income report gives information for all program funds and fund types for each program year including program income. This report gives information that helps fulfill Citizen Participation requirements to report on the amount of funds available for the program year (including program income, how much was committed, and how much was expended). Another report, the List of Activities report (PR02) aggregates data on activity status, activity drawdown information, and balances. It gives information that allows a grantee to determine the progress of an activity, monitor the amount of funds by program that are funded and drawn for an activity, and ensure that activities are being completed in a timely manner. IDIS reports can also help grantees meet HUD's End of Year Reporting requirements. IDIS provides HUD with current information regarding the program activities underway - including funding data. HUD uses this information to report to Congress and other stakeholders and to monitor grantees.

### **7.3.2 Disaster Recovery Grant Reporting System (DRGR)**

The Disaster Recovery Grant Reporting (DRGR) system will be used for HUD Programs including the CDBG-DR and CDBG-MIT programs. The DRGR system was developed by HUD's Office of Community Planning and Development (CPD) for the CDBG Disaster Recovery (CDBG-DR) and CDBG Mitigation programs, in addition to other special appropriations such as the Neighborhood Stabilization Program (NSP). DRGR system is primarily used by grantees to access grant funds and report performance accomplishments for grant-funded activities. The DRGR system is used by HUD staff to review grant-funded activities, prepare reports to Congress and other interested parties, and monitor program compliance. Subrecipients are

required to report to VIHFA monthly their accomplishments towards meeting the CDBG-DR and CDBG-MIT National Objective requirements, comparisons from budget to actuals and performance narratives. The monthly information is utilized by VIHFA to prepare the Quarterly Progress Report (QPR) which is required to be reported in DRGR. The QPRs are also posted on VIHFA's website which provides external parties with information on the overall progress of the CDBG-DR and CDBG-MIT grants. The VIHFA has previously used DRGR for Neighborhood Stabilization Program (NSP) funds received in February 2009 as a part of the ARRA funding.

### **7.3.3 Line of Credit Control System (ELOCCS)**

The VIHFA uses HUD's Line of Credit Control System as the primary grant disbursement system as necessary for the majority of HUD programs. LOCCS is the U.S. Department of Housing and Urban Development's (HUD) primary grant disbursement system, handling disbursements for HUD programs. Grant disbursements are facilitated via the Internet through the ELOCCS system. In order to gain access to ELOCCS, grantees must obtain a Secure System's User ID and password. Customers (i.e., users and approving officials) gain access to Secure System or FHA Connection. Upon the user's completion of the appropriate registration process (which includes validation by the authorized approving official), the ELOCCS system will automatically generate an Access Authorization email to the user's personal email letting the user know the Access Authorization Form (HUD-27054E) has been processed, enabling grantees to access their ELOCCS account. The user will receive an access email that requires the grantee user to access ELOCCS by a certain date. If the system is not accessed by the date specified in the email, the user's authorization will be cancelled, and another original notarized User Access form must be resubmitted.

In accordance with IT Security guidelines, specifically National Institute of Standards and Technology SP 800-53, users shall not share Secure Systems User IDs and Passwords.

Once an employee is no longer employed with the organization, the ELOCCS authorization is terminated. The approving official completes the HUD-27054E ELOCCS Access Authorization Form and checks item 3 (i.e., terminate user). The form does not need to be notarized and does not require the signature of the employee being terminated. The completed form is then transmitted to the appropriate HUD Program Office for processing.

For each grant program which utilizes ELOCCS, VIHFA is required to identify a secured financial institution and bank account into which grant funds will be deposited. The Executive Director completes and submits a Direct Deposit Sign-up Form (SF-1199A) to the appropriate Program Office. This SF 1199A form identifies the name of the financial institution, American Banking Association (ABA) Transit Routing Number and bank account. Upon processing of draw vouchers, funds are electronically transferred from the U.S. Treasury directly into the VIHFA's bank account.

## **8.0 Financial Documentation**

Separate accounting records are maintained for each project so that revenues and expenditures can be easily

identified. In compliance with 2 CFR 200.302 para (3), VIHFA maintains "records that identify adequately the source and application of funds for federally funded activities." VIHFA financial records include the following accounting documents or their equivalent:

10. **Grant Awards and Authorizations.** The VIHFA coordinates requests for grant awards, and authorizations as well as publications of Consolidated plans, action plans and plan amendments, as applicable for the grant. The VIHFA tracks federal register notices, consolidated and action plan amendments and amendment approvals and any other grant award notices or authorizations. The VIHFA maintains accounting records of the amounts of grant awards and authorizations.
11. **Obligations and Unobligated Balances.** The VIHFA develops and submits requests for grant obligations and tracks the corresponding federal funding agency approval. The VIHFA maintains accounting records, records grant obligations and their authorizations. These records also identify unobligated balances.
12. **Assets and Liabilities.** Accounting records for assets and liabilities are recorded by the VIHFA based on financial and property transactions.
13. **Contractual Encumbrances.** VIHFA establishes an accounting record of vendor contracts, vendor task orders, subrecipient agreements and purchase orders in its SAP System for payment processing. Invoices are associated with these encumbrances in order to track expended and available balances for each contract, task order, subrecipient agreement or purchase order. For the CDBG-DR grant, the contractual encumbrances are established in EMGrantsPro.
14. **Cash Receipt/Federal Funding Source Records.** The VIHFA records the receipt of all funds applied to its federal programs, including program income. These records include the date of receipt, the amount received eligible activity and national objective as applicable by the grant program. The requests for drawdowns that use program income are subject to practices similar to line of credit drawdowns. The VIHFA does not earn interest in the process of administering federal grant funds.
15. **Recognition and Recording of Cash on Hand (excluding program income).** The VIHFA maintains records of cash on hand that results from voided checks, rebates, refunds, contract settlements, and audit recoveries. Cash on hand is recognized and identified on a drawdown request approved by the VIHFA Accounting Division Staff. Funds available from cash on hand are disbursed prior to requesting additional funds drawn down from grant funds.
16. **Expenditure/Application of Federal Funds Records:** The VIHFA records all disbursements in its accounting records. As requests from subrecipients, vendor invoices and internal cost for reimbursement are submitted, the Accounting Department reviews the payment requests for accuracy and compliance to all grant requirements before initiating a draw down request in the appropriate Federal grant management system and records a corresponding transaction in its internal financial system. Subsequent payments to subrecipients, vendors and reimbursement to

VIHFA for program related expenditures are also processed in VIHFA's internal financial system through its Accounts Payable process. The recording of these transactions allows the VIHFA to monitor amounts requested and disbursed through query reports with various filter options.

Accounting records in support of these transactions includes: type of disbursement (check, ACH, wire), warrant, payee, date and amount. The Accounting Division or the Disaster Recovery Finance Unit oversees the reconciliation of the appropriate grant record of expenditures and federal funds drawn down with the appropriate federal grant system, such as IDIS, DRGR or ELOCCS, each quarter. This reconciliation record is used in preparation and submission of Quarterly Performance Reports to the applicable federal funding agency.

17. **Journal Voucher or Adjustment:** The VIHFA maintains records and explanations of adjustments to accounts including adjustments related to corrective action for improper payments.
18. **Capital Asset or Property Management Ledger:** The VIHFA will maintain a listing of all properties acquired with federal grant funds. The listing is updated to reflect property sales. Capital Assets will be labeled to be readily identified.
19. **Detailed Activity Ledger/Source Documentation:** The VIHFA retains source documents which provide all details of the transaction. Certain invoice approval documents are created and maintained in electronic version. The VIHFA uses this documentation to show how grant monies are being utilized as well as how the grant requirements are being met. These documents include but are not limited to:
  - a. Purchase orders
  - b. Vendor contract agreements, subrecipient agreements, memorandum of understanding
  - c. Vendor task orders
  - d. Invoices and payment requests with approvals
  - e. Receipts
  - f. Travel vouchers
  - g. Time and effort documentation
  - h. Employee salary and payroll records
  - i. Bank Statements
  - j. Copies of checks and cancelled checks

## **9.0 Accounts Payable (A/P) Procedures**

1. All vendors and subrecipients are instructed to submit invoices to the VIHFA program staff. The VIHFA Accounting Division enters the check requests related to all expenses.
2. Grant related payments, invoices and grant disbursements are reviewed by two or more VIHFA personnel.
3. The program staff sends the check and draw request to the CFO, COO, CDRO or ED who approves the check request. The Accounting Division staff then executes the draw request from the federal funding agency. Available cash on hand or program income is applied as identified on the draw

request. The Director of Accounting approves the draw request and prints out the approval to include in the disbursement package.

4. The Accountant III or designee based on the specific grant performs the draw in the applicable federal program system.
5. The Accountant II or designee based on the specific grant verifies the funds have been received to the program designated bank account.
6. Journal vouchers or Account receivable invoices and corresponding applied deposits are prepared to record the receipt of cash and the program revenues.
7. The check request and draw request, including applicable documentation is then submitted to the Accountant I or designee based on the specific grant to prepare the disbursement.
8. The VIHFA Accounting Division staff prepares checks for vendors, subrecipients and to the VI Internal Revenue Bureau for the vendors' portion of gross receipt taxes and releases them within three (3) business days of receipt of federal funds.
9. VIHFA's ED and CFO or alternate check signers (COO and Director of Federal Programs), sign the checks and returns them to the Accounting Division for distribution. All checks require two (2) signatures.
10. The Accountant I routes the checks directly or returns them to the program staff for distribution within three (3) business days from receipt of funds confirmed to the bank account.

The VIHFA shall take all necessary steps to prevent the payment of improper funds.

## **10.0 Improper Payments (2 CFR 200.53)**

- a. Improper Payments means any payments that should not have been made or that were made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements and
- b. Improper Payment includes payments to an ineligible party, any payment for ineligible good or service, and duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Any point at which an improper payment is identified, the VIHFA will work to take corrective action.

If an improper payment is identified prior to disbursing a check, the Accounting Division staff will void the check and work to determine where the error was made. If the error was made between a check request and the processing of a check, the Accounting Division staff will work with the appropriate division staff to determine the correct amount and reissue the check through the necessary approval process.

- a. If an improper payment is identified after a check is issued but before it is cashed, the Accounting Division staff will contact the VIHFA's bank to place a stop payment on the check. The VIHFA will work to contact the recipient to notify them of the error and stop payment on the check. Notification is provided in writing to payee of any stop payments. The Accounting Division staff will monitor the stop payment activity and record the activity in VIHFA's accounting system.

- b. If an improper payment is identified after a check is issued and cashed, a letter will be provided to the recipient to provide notice of the error and a timeline to remit the funds back to the VIHFA within two weeks of receipt of notice. If the recipient is unable to comply, a repayment schedule will be developed with the recipient to repay within 45 calendar days, which may limit the request of subsequent funding until the repayment is made.

## **11.0 Cash Management**

The purpose of the cash management policy is to establish sound cash management practices and to provide procedures on internal controls to assure the safety of the Authority's assets while maintaining required liquidity to cover operating cost and maximize returns on investments.

### **11.1 Signatories**

The following positions are approved signatories by the Board of Directors for all VIHFA bank related matters:

- Chief Financial Officer- Level 1
- Executive Director -Level 2
- Chief Operating Officer- Level 2
- Director of Federal Programs - Level 3

All VIHFA checks require two (2) signatures. Level 1 and Level 2 are the primary signatories. The two alternate Level 3 signatures are allowed in the event, one of the two primary signatories are unavailable or out of the Territory.

### **11.2 Cash Receipts**

The Authority obtains the following categories of cash receipts:

- Receipts from repayments of HOME, land and mortgage loans.
- Government allotments and rentals.
- Miscellaneous receipts such as application fees, homebuyer's education classes, bid packages, conference room rental and other fees.

All receipt of funds by the Authority must be in the form of check, money order, debit or credit card. Cash is not accepted. Checks received must be deposited to the VIHFA's bank account promptly preferably within one (1) business day on St. Thomas and within three (3) business days on St. Croix, but no more than three (3) days beyond the receipt of the funds on both islands.

VIHFA also receives payments in the form of:

- Direct Debit of individual bank accounts
- Credit Card Authorization
- Pay-by-Phone (Banco Popular Tele-Banking)
- Payroll Deductions (Government, Semi-Autonomous Government and Private Entities)
- Web-Portal Payment (VIHFA Website)
- Electronic Check Deposit

Only persons authorized by the Director of Collections are approved to collect payments.

### **11.3 Check or Money Order Receipts**

Checks or Money Orders must be endorsed immediately with “For Deposit Only” upon receipt from a customer. A receipt is given to persons for funds collected in-person. A monthly statement will be issued for other monies collected. Paper receipts are issued consecutively. In the event of a “spoiled receipt”, the receipt shall be marked “VOID”, stapled together and left in the receipt book.

For funds received with the mortgage statement, the top portion serves as the receipt. The amount received is indicated and the collector confirming the receipt initials the statement. Both portions are date stamped and the bottom portion is retained for our records.

### **11.4 Credit Card Receipts**

When accepting in-person payments using a credit card, the collector must compare the credit card with the person’s identification to confirm that the card is signed and it belongs to the customer. Access to payment card transactions and data is restricted to only those members of staff who need access as part of their role. The approved methods for accepting card payments are as follows:

Approved Methods for Accepting Credit Cards

Customer NOT Present	Telephone	IOS/ Credit Card Terminal	When card details are provided during a telephone call, the information is securely stored for 30 days and then destroyed. The information should not be repeated back in such a way that it can be intercepted by a third party.
			Both the merchant and customer receipts must indicate that the payment was authorized by telephone and include the loan number(s) and the client's name.
	Credit Authorization	Credit Card Terminal	Credit card information is placed on file with and is securely stored. Payment is drawn from their credit card on a specified date. If payment is unsuccessful, the customer is contacted.
Payment Method	Approved Payment Services	Card Transaction	Mandatory Controls
Customer Present	Online	Web Portal Transactions	Payment via online customer service portal generates an email payment confirmation report. This report is reviewed by the assigned Collection & Servicing personnel.
			If a customer's payment has been unsuccessful or declined, the customer should contact their card provider.
	In Office	Credit Card Terminal	When the customer is present, the credit card is processed through the POS system via credit card terminals.
			If the transaction is successfully processed, the merchant copy is stored and the customer copy is given to the customer.

**11.5 Direct Debit Payments**

Payments made using this option are directly debited from the customer's checking or savings account on the 15<sup>th</sup> of each month unless it falls on a weekend or holiday; then it is debited the next business day.

Proof of ownership of the account (bank statement or canceled check) and a direct debit authorization form is required. Proof of payment appears on the VIHFA's customer's monthly statement. This remains in effect until notification is received in writing to terminate the agreement or the account is paid in full. At such time, the information is destroyed. If the amount of the customer's payment changes, the VIHFA will notify the customer at least 10 days before the next payment date.

**11.6 Pay-by-Phone (Banco Popular Tele-Banking)**

Payments are made utilizing Banco Popular Tele-Banking service. The Director of Collections and the Collection and Service Processor III tracks the payments made and credits the customer's account respectively.

**11.7 Payroll Deductions**

Payment are deducted from customer's paycheck and submitted via check from the compan

## **11.8 Close Out Process**

Collectors must balance checks and money orders received and prepare a bank deposit slip or slips as needed. A copy of all checks and money orders are made, along with a copy of the deposit slip. Daily deposits are then turned over to the Director of Collections at the end of the day to confirm accuracy. Deposits are made by members of the fiscal department.

Receipts are returned to Collections staff and transmittals and Statement of Remittance (“SOR”) are prepared with source documents attached. Documents are verified by the Collector III and the Director of Collections for accuracy and then turned over to the Accounting Division for posting.

Credit card payments are closed out and settled daily with a Settlement Report printed. Copies should be made of the credit card slips and the report. Transmittals and Statement of Remittance (“SOR”) are prepared with source documents attached. Documents are verified by the Collector III and the Director of Collections for accuracy and then turned over to the Accounting Division for posting.

## **11.9 Disbursements**

The main methods of disbursements utilized by VIHFA are a petty cash fund, checks, electronic funds transfers (EFT), VIHFA credit cards or Automated Clearing House (ACH). Disbursements are only for authorized and approved procurement of goods and services or other valid obligations of the VIHFA.

## **11.10 Petty Cash**

The petty cash custodians are the s Executive Assistant to the Executive Director and the Administrative Assistant to the Chief Operating Officer. The custodians are responsible for one fund and keeps all the receipts for purchases made from the petty cash fund. The petty cash funds are used only for purposes of cash advances or refunds to staff for smaller, time-sensitive purchases that do not require a Purchase Order or check approval process. The petty cash fund should not exceed \$1,000.00 and is kept in a lock box at all times. The lock box is kept in a secure undisclosed location. All expenditures from petty cash must be approved by the Executive Director (ED), Chief Financial Officer (CFO) or the Chief Operating Officer (COO) prior to being disbursed. The maximum amount of any single purchases should not exceed \$100.00.

To replenish the petty cash a check request is required. Completed petty cash vouchers with attached receipts of items previously purchased is submitted to the Director of Accounting. A check is issued to the custodian to replenish the petty cash.

Check Disbursements (See Appendix II for CDBG-DR/CDBG-MIT specific payment processing). All payment and check processing are performed by the Accounting Division. Check Requests are prepared by the requesting division when invoices or subrecipient requests are received and forwarded to the appropriate approving officer.

Check Requests, Electronic Funds Transfer (EFT) and Automated Clearing House (ACH) must be approved by the Chief Financial Officer (CFO), the Chief Operating Officer (COO), the Chief Disaster Recovery Officer (CDRO), or the Executive Director (ED). The Check Request form or Wire Request form and the supporting documentation are submitted by the divisions to the Director of Accounting no later than Thursday for checks to be paid on Wednesday of the following week. Any disbursement

Requests submitted after Thursday will be processed in the next check run. Special check runs may occur for emergency purposes. The disbursement packages are reviewed by the Director of Accounting. The Director of Accounting verifies that the documents provided support the disbursement, the disbursement shows signature of approval by the CFO, COO, CDRO or ED and the correct GL account has been used. The Director of Accounting provides the disbursement packages to the Accountant I for processing.

The Accountant I enters the invoice into the SAP system. Blank checks are secured in a locked cabinet. Only the Accountant I and the Director of Accounting have knowledge of the area where the key is hidden. After the checks are printed the checks and the supporting documents are again reviewed by the Director of Accounting. All checks require two signatures from the following; CFO, COO, Director of Federal Programs and the Executive Director. Checks are mailed out by the Accountant or picked up by authorized personnel of the vendor. The personnel are required to sign for receipt of the check and this documentation is retained on file by the Accounting Division. Federal checks are returned to the Federal Programs Division for distribution. Any disbursements to be made with federal grant funds will be disbursed within three (3) business days of receipt of funds from the federal funding agency. All Check Requests and Wire Request are processed at VIHFA's office in St. Thomas. Requests from St. Croix are sent to St. Thomas for processing.

## **12.0 Electronic Funds Transfer (EFT) Disbursements**

VIHFA Finance Team will ensure that Electronic Funds Transfer(s) (EFT) are initiated, approved, and executed in a secure manner. The policy objective is to certify the accuracy of the transaction details by using redundant verification of the payee and the payment amount by directly contacting the requestor of the EFT payment. This policy establishes requirements with respect to domestic and international payments via EFT for payments of obligations to vendors and other third parties

Electronic payment transfers provide a faster payment option and are available to all vendors. Electronic/ACH payments requires two (2) approvals in the bank's cash management system. Banks may take up to forty-eight (48) hours to process ACH payments. The procedure to initiate, approve and record an EFT payment are subject to the same VIHFA financial policies, procedures, and control that oversee disbursements made by any other means. See the most recent Electronic Fund Transfer Policy for established requirements with respect to domestic and international payments via EFT for payments of obligations to vendors and any other third parties. Further, this policy outlines the systems in place to manage EFT payments against wire fraud.

A wire transfer of funds in payment of an obligation of the Authority will only be used when the situation requires immediate funds to settle a transaction. If a more cost-effective mechanism can be utilized to effect payment of the obligation (i.e., ACH payment or paper check), which is true for most domestic payments, in coordination with Accounts Payable, the Executive Director, Chief Financial Officer, Chief Operating Officer and Chief Disaster Recovery Officer will reserve the right to change the method of payment. All other policies and procedures in relation to the purchase of goods and/or services must be adhered to.

### **12.1 Roles and Responsibilities**

The Accounting Division is responsible for ensuring proper documentation, authorization and accounting information are provided and accompany EFT payment requests.

The Chief Financial Officer is responsible for initiating and releasing EFT payments on behalf of the VI

Housing Finance Authority (VIHFA). Two separate individuals are required to initiate and release EFT payments through the VIHFA banking partner's computer-based system. The Accounting Division has the responsibility to confirm EFT instructions with the requestor if there is any question as to the validity of the EFT payment request.

The requestor of an EFT payment is responsible for obtaining and submitting proper support and approvals. For payments by wire transfer, the requestor must submit to Accounts Payable a completed and approved Wire Transfer Request form. Once reviewed and approved for payment, Accounts Payable will process the request in SAP in order to create the appropriate journal entries and payment references. The completed Wire Transfer Request form and supporting documents must be submitted to accounting at least seven business days prior to payment being needed.

## 12.2 Definitions and Bank Codes

**Definitions Electronic Funds Transfer (EFT):** The electronic exchange (transfer of money from one bank account to another), either within a single financial institution or across multiple institutions, through computer-based systems. Wire transfers and ACH payments are examples of EFTs.

**Automated Clearing House Payment (ACH Payment):** Generally refers to payments made via National Automated Clearing House and should be set up in the Bendor master that denotes this payment method. ACH Payments are processed through existing templates on the banking partner's computer based system or through secure FTP uploads into the banking partner's ACH processing system.

**Wire Transfer:** An electronic transfer of funds from one bank account to another initiated directly with the payer's bank. The preferred mechanism for executing wire transfers is by using the banking partner's computer-based system. Further, the preferred mechanism to execute wire transfers is by using a pre-existing wire template, where the banking information of the payee has been previously recorded in the banking partner's computer-based system. One-time wire transfer requests or requests for wires without a pre-existing wire template will be subjected to additional scrutiny.

**Banking Information:** Information from the payee or their bank regarding payee's account; including bank name, account name, account number, routing number, bank contact information and any other information necessary to transmit funds.

### Bank Codes

- ABA-American Banking Association
- BIC-Business Identifier Code
- IBAN -International Business Account Number
- IRC-International Routing Codes
- SWIFT-Society of Worldwide Interbank Financial Telecommunications

## 12.3 General Requirements

EFT payments will be coordinated and submitted through the CFO office. The Director of Accounting or his/her designee will review all wire payment requests, ensuring that the payment via wire is necessary, all required documentation is provided and appropriately approved, and the request and banking account information is accurate and valid.

## 13.0 Electronic Funds Transfer Procedures

To promote the safety of VIHFA assets in the EFT environment, all employees must adhere to the following procedures for requesting and processing EFT payments:

- The procedure to initiate an EFT payment is subject to the same financial policies, procedures and controls that govern disbursement by any other payment mechanism.
- EFT payments will not be executed without proper authorization of affected parties in accordance with federal and state statute and accepted business practices.

Authentication of new EFT template requests and changes to existing EFT template requests is required prior to the transaction being inputted into the computer-based banking system and includes the following steps:

- Validate all new electronic payment instruction requests received even if the request is internal including:
  - Amount being paid
  - Name and identification of the payer and payee Bank accounts of the payer and payee
  - Routing numbers
  - Date of payment
- **Contact** the supplier or requestor directly by phone to confirm the request for an EFT payment or the changes to the EFT template. Do not use the contact information provided on the EFT payment request; do use contact information known to be genuine such as the contact information in your master supplier file or information collected from the original contract. Have the contact confirm existing payment instructions on file prior to making changes to those instructions (i.e., current bank account and routing number provided in original instructions).
- **Verify** the new information provided on the payment instructions provided with the known contact (i.e., contact bank to confirm correct account name, number and routing information).
- **Document** the verification process that was followed to validate payment instructions. The person responsible for entering/updating wire instructions and the person approving new/updated wire instructions must approve the record of verification.

The person validating the EFT request will send an email to the to the Director of Accounting and will include the following details in the email:

- Who was contacted to verbally confirm the EFT request; At what time verbal contact was made;
- What contact information was used;
- How the source of contact information used was different than the contact information from the EFT transfer request;
- What amount was validated; What payee name was validated; The last 4 digits of the payee's bank account.

An approval response from at least one person from the EFT payee list and different from the EFT online transfer requestor is required before Accounting enters the EFT transfer request in the banking partner's system.

When EFT payments are approved, they will be set up as a template in the computer-based banking system and require the CFO, COO and the Executive Director to separately setup and approve the EFT template. Any changes to an existing template also require the above persons separate review and approval.

The process by which the EFT requests are communicated to the disbursing bank will have adequate controls to prevent unauthorized access to the bank account. These controls include password protected user accounts, a designated security administrator role and persona identification numbers (PINs). The CFO will ensure that adequate separation of duties exist to ensure that no one individual is authorized to fully execute an EFT in addition to protecting the integrity of the user profiles.

Bank balances will be monitored daily by the Accountant II or designee for unusual or unexpected transactions. Reconciliation of banking activity to the general ledger will be accomplished in a timely manner with investigation and resolution of reconciling items.

## **14.0 Gross Receipt Taxes**

VIHFA complies with

- a) VI Code 33 V 43: Establishes the gross receipts tax
- b) VI Code 33 V 44: Requires agencies and instrumentalities to deduct from vendor payments
- c) Act No. 7346: Setting the gross receipts tax rate at 5%

In reference to withholding of gross receipt taxes on vendors' disbursements once applicable, the 720VI tax forms are filed on behalf of the vendor and subsequently the form and payment are submitted to the Government of the Virgin Islands (IRB) for all taxes withheld on a monthly basis. Proof of filing and payment is provided to each vendor for their records.

### **Tax Exemptions for Affordable Housing Projects**

Pursuant to Title 29, Section 713(e) of the Virgin Islands Code, tax benefits may be granted to every person, firm, partnership, joint venture Corporation, which execute an approved Affordable Housing Development Agreement with the Government of the Virgin Islands for the production of affordable housing.

The developer, firm, partnership, joint venture or corporation, its subcontractors and local vendors are entitled to an exemption of all gross receipt taxes, excise taxes and customs duties in excess of 1%, applicable to the production of affordable housing. Additionally, all corporate income taxes allocable to the project will also be reduced to zero. No other entities are eligible for benefits under the Affordable Housing Program.

Upon execution of an Affordable Housing Agreement (AHDA), the VIHFA will issue tax exemption certificates to the developer, its subcontractors and local vendors. These certificates, which will include the estimated value of each recipient's gross receipts, will be forwarded to the Internal Revenue Bureau, U.S. Customs Service, Industrial Development Commission, Lieutenant Governor's Office, and to the Department of Labor to ensure all appropriate benefits are granted.

## **15.0 Controls over Federal-Territory Funds Transfers, Cash Receipts, and Disbursements**

The VIHFA has procedures to minimize the time lapse between the transfer of funds from the federal funding agency and their disbursement. The procedures are intended to ensure that the timing and amount of funds transfers are as close as is administratively feasible to VIHFA's actual cash outlay. For all ACH transfers, wire transfers and checks, there are generally three business days from the date of receipt of funds and the transfer or check date.

**Separation of Duties.** All persons preparing checks or directly supervising the preparation of checks are completely segregated from other duties or functions. Program roles with regard to requesting check payments are separate from accounting roles. In addition, all checks are prepared by the VIHFA Accounting Division.

**Bank Account Reconciliation.** Monthly bank reconciliations are prepared by the VIHFA Accounting Division staff and reviewed by an Accounting Division manager. General ledger accounts are also reconciled monthly by the VIHFA.

**Advances.** VIHFA may make advances to subrecipients as long as subrecipients maintain procedures to minimize the time elapsing between the transfer of funds from the VIHFA and their disbursement and reconcile advances against actually incurred costs on a regular basis.

## 16.0 Program Income

Any program income earned as a result of activities funded under a federal grant will be subject to alternate requirements of 24 CFR 570.489(e), which defines program income. Program income is defined as gross income received by a State, a unit of general local government, or a subrecipient of the unit of general local government that was generated from the use of Federal grant funds, regardless of when the funds were appropriated and whether the activity has been closed out, except for certain exemptions outlined at 570.489(e)(2). Any program income derived by the VIHFA will follow Federal requirements for administering program income found at the above-referenced section. Program income generated under individual contracts with the subrecipients shall be returned to the VIHFA each month. At VIHFA's discretion, program income could be allowed to remain with a program subrecipient.

A program income revolving fund is set up in SAP Accounting Software as revenue with a separate general ledger account that is specific to the fund. The program income expense is recorded in the same general ledger account as the funds drawn from IDIS. Program Income funds are deposited in the same bank account as the drawdowns from IDIS. The general ledger accounts serve as contra accounts which are used to track revenue, expenses and program income.

Upon receipt of any program income, Division of Accounting Staff will record the program income in the SAP accounting system and the Federal Program records program income in the appropriate federal grant system for the funding (IDIS, DRGR, ELOCCS) as part of the Reporting. In addition, Division of Accounting Staff will reconcile program income for each program at a minimum, as part of the quarterly reporting process. It will be required that program income be used prior to any additional grant funds being expended to the subrecipient.

## 17.0 Financial Statements

**Annual VIHFA Audited Financial Statement.** The VIHFA CFO and Accounting Director prepares financial statements to be audited each year. The Financial Statement identifies assets, liabilities, revenues, expenditures, and cash flows. It reflects the VIHFA's financial position, and results of operations/changes in net assets for the fiscal year audited.

**Accuracy of Reported Information.** The VIHFA accounting staff records all financial transactions at the time they are made and reconciles the amounts in its records with the amounts identified in the quarterly progress report each quarter, at a minimum.

**Schedule of Expenditure of Federal Awards (SEFA).** VIHFA prepares a SEFA for the period covered by its Financial Statement. The SEFA identifies programs by Federal agency and CFDA number as well as the amounts provided to subrecipients. The financial information contained in the VIHFA SEFA is then consolidated with other Virgin Island Territory agencies and published as part of the Territory-wide single audit.

**Audits.** VIHFA'S fiscal year shall be a twelve-month period beginning October 1 and ending September 30. An independent and reputable firm of certified public accountants shall be procured according to the Generally Accepted Government Auditing Standards (GAGAS) through a free and open competitive process using a request for proposals to perform an audit of the Housing Finance Authority fiscal year financial statements. The audit will be conducted in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and, with respect to Federal grants, will be contained in the Annual Financial Report. Results of the annual audit shall be presented to the Board of Directors in a timely manner. VIHFA will comply with all audit requirements pursuant to 2 CFR 200.50, which include filing a single audit each fiscal year.

- a. **Audit requirement for Federal Funds Received.** Non-Federal entities that expend \$750,000 or more in a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of 2 CFR 200 Subpart F. VIHFA is audited as part of the Virgin Islands Territory-wide audit in compliance with the provisions of 2 CFR 200 Subpart F.
  - i. VIHFA will monitor all audit findings to ensure all funds are spent responsibly.
  - ii. VIHFA will prepare a corrective action plan, which will include responsible individuals for each corrective action and an anticipated completion date to address all audit findings contained in the auditor's report.
- b. VIHFA will implement the following to ensure that the financial statements and single audit are prepared and filed on a timely basis (nine months after the financial statement year-end):
  - i. VIHFA will perform monthly and quarterly reconciliations of accounting data, variances will be analyzed, and errors corrected on an on-going basis.
  - ii. VIHFA will perform monthly reconciliations by program to balance all expenditures in EMGrantsPro, SAP and DRGR.
  - iii. VIHFA will prepare the financial statement closing package by three (3) months after the financial statements year end.
  - iv. VIHFA will provide a documented timeline to its auditors and agree to a timeframe

for audit completion which will be no later than one (1) month before the single audit filing deadline.

**c. Reporting Package**

The audit and the data collection form must be completed and reporting package must be submitted to the FAC within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.

The reporting package will include the: (1) Financial statements and schedule of expenditures of Federal awards discussed in § 200.510(a) and (b), respectively; (2) Summary schedule of prior audit findings discussed in § 200.511(b); (3) Auditor's report(s) discussed in § 200.515; and (4) Corrective action plan discussed in § 200.511(c).

**d. Procurement and Management of Audit Services.**

For purposes of conducting an audit in accordance with the provisions of 2 CFR 200 Subpart F, VIHFA procures its audit services through VIHFA procurement procedures. See the VIHFA's Procurement Policy and procedures. Standards for requests for proposal for audit services and its evaluation meet the requirements of 2 CFR 200.508 and 2 CFR 200.509. In addition, the VIHFA ensures that the selected auditor performs the audit in accordance with 2 CFR 200.510 and 2CFR 200.512.

At least every five years, the Housing Finance Authority will solicit independent audit services, through a request for proposal. The report of the independent auditors will be posted on the Housing Finance Authority's website.

e. The VIHFA has standards to comply with the above-mentioned audit requirements and to promptly follow up and take corrective action on any reported audit findings, including preparation of a summary schedule of prior audit findings and related Corrective Action Plan. Actionable items of the corrected action plan include but are not limited to:

- i. Determination of the root cause(s) of the reported audit finding
- ii. Outlining the proposed corrective action to address the root cause(s)
- iii. Outlining the application of the preventative action to eliminate future recurrence of the finding or related issue
- iv. A listing that provides the current status of the action items, name(s) of the contact person(s) responsible for corrective action, the proposed corrective action planned, and the anticipated completion date.
- v. The VIHFA will electronically submit the completed Corrective Action Plan to the Audit Report to the Federal Audit Clearinghouse within the earlier of 30 calendar days of the receipt of the Final Validated Auditor's Report or nine months after the end of the audit period.

f. Costs of the audit are charged to the appropriate federal award based on an auditor invoice that identifies the time and cost of auditing associated with that program. The VIHFA will use the time and costs tracked by the auditor related to the audit in order to ensure that only the portion related to the cost of auditing each award will be charged to the applicable federal program.

g. In its Subrecipient Agreements, VIHFA requires its subrecipients to conduct audits in compliance with 2 CFR 200 Subpart F, where applicable. The subrecipient agreements will communicate the terms, conditions and responsibilities to comply with all applicable rules and regulations of their sub- awards and HUD requirements. Subrecipient agreements may be modified periodically to communicate grant conditions as warranted.

h. The VIHFA's monitoring of subrecipients includes the verification that every subrecipient is audited, as required when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the \$750,000 expenditure threshold. The VIHFA's monitoring also includes collection and review of audits as well as follow up on findings identified in the audits.

## 17.0 Capital Assets Policy

Capital assets owned by the VIHFA shall be maintained on a regular schedule. The VIHFA will recognize the impact of wear and tear on existing capital assets on the annual operating budget. Maintenance costs (including renovations, preventative maintenance and service contracts) will be identified and incorporated into the annual operating budget. Any assets procured with the use of federal funds should be clearly labeled as necessary. Additionally, all transactions related to capital assets will be properly recorded and accounted for as outlined in the VIHFA's capital asset policy<sup>6</sup>. Responsibilities are defined in the policy in order to safeguard assets against loss, fraud, waste and abuse.<sup>7</sup>

## 18.0 Record Retention Policy

This policy is applicable to the VIHFA and all its divisions<sup>8</sup>. The objective of the Record Retention Policy is:

- To ensure that all legal, historical, fiscal and administrative requirements are satisfied before records are destroyed.
- To conserve the Housing Finance Authority resources, such as space and staff time, by managing records and removing inactive or obsolete material from office files.
- To maintain a regular controlled flow of records from offices to destruction or archive storage.
- To adhere to any applicable law or Federal Regulations that set forth rules regarding the retention and disposition of records.
- To ensure that documents related to the conduct of affairs of the VIHFA are properly stored and safeguarded in order that a complete and accurate record of business transactions is readily available consistent with the above other provisions.
- To ensure appropriate procedures exist for the disposition and destruction of records.

The categories will include records and documents created and stored in any form or media, including but not limited to:

- Handwritten, typed, or printed-paper documents.
- Electronic documents (e.g. email, web sites, zip files, CD rom or diskettes);
- Video or digital images;

---

<sup>6</sup> See the Capital Asset Policy

<sup>7</sup> See the Fraud, Waste and Abuse Policy

<sup>8</sup> See CDBG-DR/CDBG-MIT specific Record Retention Policy

- Recorded audio material;
- Graphic representations;
- Information contained in databases, on network servers and/or document management systems; and
- Reports and working papers.

The Internal Auditor is responsible for recommending, to the Executive Director, retention periods for categories of VIHFA documents consistent with applicable federal and local statutes and best management practices. The retention period will be no less than four (4) years. The Internal Auditor will also provide guidance on this matter to all divisions of the VIHFA and oversee the effectiveness with which the VIHFA stores and destroys all records.

Each division head is responsible for ensuring that their division adheres to the record retention practices recommended by the Internal Auditor and approved by the Board of Directors. The Internal Auditor will maintain procedures to satisfy the objectives of the Records Retention Policy and report to the Executive Director and the Board of Directors on an as needed basis, but no less frequently than annually, on the status of the Policy. Specific consideration will be given to the dating, confidentiality, and identification of official copies of records and conversion of paper documents to electronic record format whenever possible

## **19.0 Fraud, Waste and Abuse**

The VIHFA understands the importance of and are committed to implementing strategies to detect and prevent fraud, waste, and abuse across all staff, vendors, contractors and subrecipients. If suspected fraud is identified, it should immediately be reported to the VIHFA Internal Auditor. See the Fraud, Waste, and Abuse policy<sup>9</sup>.

Anti-fraud brochures and posters including a fraud tip-line will be distributed and prominently displayed throughout all VIHFA offices, the website and agency documents. The Virgin Islands Housing Finance Authority has established a Fraud, Waste and Abuse toll free number at 855-777-4656 or local US Virgin Islands number at 340-777-4656.

Employees, staff and personnel are on-boarded and informed of fraud, waste and abuse measures during the VIHFA orientation process. The VIHFA actively performs procedures as outlined in the VIHFA Fraud, Waste and Abuse policy to ensure compliance.

## **20.0 Privacy Statement**

VIHFA will respect the privacy of its staff, clients, customers and strategic partners and will act accordingly in the use and dissemination of information. Confidential, proprietary and personally identifiable information, including personnel and client files and records, investigations and disciplinary actions, business operating details shared, and payments billed and received shall not be inappropriately

---

<sup>9</sup> See the Fraud, Waste and Abuse Policy

shared, used or disclosed. Misuse of confidential or proprietary information by the VIHFA staff or contractors will be subject to corrective actions, including potential termination.

## **ADDENDUM I - FINANCIAL POLICIES- PUBLIC ASSISTANCE GRANTS**

### **Disbursements – FEMA Funded Projects**

All FEMA projects are documented per the Project Worksheet (PW). The PW is the form FEMA uses to document the details of the Applicant's project and costs claimed. Per the FEMA Public Assistance Handbook, the Project Worksheet is used as the subaward application. It is used to record eligible work and quantitative estimate for each home/site visited. All public assistance payments are reimbursement for approved disaster-related expenditures. Prior to costs being paid VIHFA has outlined a process which consists primarily of inspections of the damaged property and the review of documentation.

**Documentation review** –Documentation is required for sites completed and or payments made and consists of contractor payroll reports including time sheets, approved contract agreement including the labor rates and overall contract rates for other direct costs along with invoices.

The process begins after the Right of Entry (ROE) form is completed and a participation agreement is signed by the homeowner who also provides documentation which evidences proof of ownership. A copy of each of these items is maintained in the files at the VIHFA. The homeowner also must show a FEMA issued registration number. Contractors are required to prepare a scope of work after completing the site visit and assessing the level of damage. This scope of work is discussed with the team which includes the primary contractor, the VIHFA Program Inspector (this function was performed by Witt O'Brien Inc, a third-party contractor), sub-contractors if any, and the homeowner.

**Exclusions:** The Territory qualified for Public Assistance funding under Section 403 of the Stafford Act for a Sheltering and Temporary Essential Power (STEP) Pilot Program which covers disaster-damaged single family owner-occupied residential properties only, which includes duplexes and townhomes. Any other type of owner-occupied residence may only be approved by the Federal Coordinating Officer (FCO) on a case-by-case basis and supported by written justification from the Territory, including feasibility and cost effectiveness. Commercial properties and commonly owned areas, structures, or equipment are not eligible for removal, maintenance, repair, or replacement under this program. New construction is also not authorized.

**Reimbursable Costs:** As stated in the original agreement between FEMA and USVI Territory, the FEMA funding is limited to 90 percent of total eligible costs, except as may be outlined in Attachment 4 Subpart B which includes cost share adjustments for debris removal.

**Covered Levels:** Eligible emergency work under STEP is capped at \$25,000 unless an approved waiver is obtained. FEMA may provide permanent housing construction in the form of direct repairs in insular areas and other locations in which no alternative housing resources are available and temporary housing is unavailable or not cost-effective. Under an amendment to the Individual Assistance FEMA Territory agreement was amended to include Permanent Housing Construction repair.

Other federal assistance is provided through the Public Assistance grant.

**Covered Period:** All repairs must be completed for a period up to 18 months from the date of the Presidential declaration which ends on March 7, 2019.

### **Payroll and Related**

The VIHFA's personnel who work partially or totally on Public Assistance funded projects identify and track the hours worked separately. The total payroll costs have not been charged to the program, however, the following process outlined in the Payroll Section of the manual is used for processing and recording payroll. (See process in the Payroll Section of the Policies and Procedures)

### **Procurement** (See separate Policies and Procedures manual)

**Check Disbursements:** Construction contractors submit documentation which include time sheets, approved contract agreement including the labor rates and overall contract rates for other direct costs along with invoices. The program contractors conduct the initial review of the invoices and recommend that the payment process be continued. If there are issues with an invoice, the contracted program personnel contact the construction contractor to address the matter or area of concern. When this matter is resolved, the program manager sends an email to the VIHFA Internal audit personnel indicating that the invoices are ready for payment. The invoices are assigned to the accountants/auditors who review based upon the following process.

- The approval process includes the review of certified payroll of hours worked by contractor personnel along with time sheets approved by the supervisory personnel or equivalent. The accountants/auditors agree the hours on the timesheets to the invoices and verify the labor rates per contract agree with the employees' rates shown in the payroll/timesheet, or equivalent. For Other Direct Costs (ODC), contractors submit receipts in the form of invoices and other documents. The accountants/auditors verify that the amounts are allowable under Uniform Guidance 2 CFR PART 200. 403, Stafford Act, FEMA's Public Assistance Program and Policy Guide (PAPPG) and the FEMA Agreement. The scope of the verification/review of the invoices includes ensuring that to be allowable costs must:
  - Be necessary and reasonable
  - Conform to any limitations or exclusions set forth in the federal award/agreement or amount of cost items.

- Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-federal entity.
- Be accorded consistent treatment.
- Be determined in accordance with generally accepted accounting principles (GAAP).
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either current or prior period.
- Be adequately documented.

During the review, if findings are identified the internal audit personnel contact both the construction and program contractors and the matters are discussed, and invoices revised when applicable. At the end of this process when the accountants/auditors have completed the review of the invoices, the documents are emailed to the VIHFA Internal Auditor who develops a progress payment request which includes all supporting documentation and draw down request. VIHFA intern/staff assembles the digital file, including invoices and other support and submits the documents to VITEMA after the progress payment is properly approved. The final approval process involves the VIHFA's CFO and Executive Director and involves the following:

- Internal Audit submits the Progress Payment Package to VIHFA's CFO for review and submission to VIHFA Accounting Department
- Completed package is submitted to the Executive Director for review, approval and signature
- The completed package and the digital files are submitted to VITEMA for processing

### **Check Approval and Posting to the Accounting System**

The procedures outlined in Disbursement Section of the attached Policies and Procedures and used for other grants and programs are followed for the FEMA Public Assistance funded project.

**Inspections:** Inspections are performed with a team which comprises of the representatives from AECOM (prime contractor) and in some cases its sub-contractors, VIHFA Program Inspector-this function was performed by Witt O'Brien a third-party contractor and the homeowner. Inspections are done on an interim and final basis. These inspections allow the VIHFA to quantify the magnitude of the disaster, work eligibility, actual and potential cost overruns, timing, and to obtain information to be used in the periodic reporting to FEMA and the VI government.

**Grants Management:** The VIHFA has expanded its Grants Management function to include the Public Assistance programs. Consistent with federal regulations the VIHFA maintains all financial and programmatic records, supporting documentation in its financial records. These items are to be maintained for five (5) years after the last expenditure report is submitted to the awarding agency. If any litigation, claim, or audit is started before the expiration of the five-year period, the VIHFA shall retain the records until all litigation, claims, or audit findings involving the records have been resolved and final action taken. The VIHFA's policy is that grant funds are to be managed from its inception and modifications tracked to ensure that all requirements including amendments are met. The VIHFA has processes in place to ensure that all waivers are obtained if project costs are to exceed \$25,000 threshold. The VIHFA ensures that all

cost shares are sufficiently documented and approved by the awarding agency (FEMA). Proper grants management also requires that the VIHFA personnel have a clear understanding of allowable costs under 2 CFR Part 200.317-326 and the exclusions under the FEMA Agreement. Since this award involves multiple agencies VIHFA has implemented an efficient and timely reconciliation process to ensure that costs incurred and associated documents are forwarded to VITEMA for processing of drawdowns and reporting to FEMA.

## **ADDENDUM II - COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY (CDBG-DR) AND CDBG-MITIGATION (CDBG-MIT) GRANTS PROGRAM REQUIREMENTS**

### **Purpose**

Pursuant to the VIHFA Grant Agreement dated September 27, 2018, the Virgin Islands Housing Finance Authority (VIHFA) has been designated as the Grantee of the Community Development Block Grant Disaster Recovery (CDBG-DR) and Community Development Block Grant Mitigation (CDBG-MIT) funds to carry out the overall direction, administration, and coordination of the CDBG-DR and CDBG-MIT grants and shall be responsible for compliance with the terms of the grant agreement(s). This addendum is developed for use by the VIHFA to meet the program requirements specific to the CDBG-DR/CDBG-MIT grant funding and any subsequent disaster recovery grant awards issued in conjunction with VIHFA’s overall Financial Policies & Procedures Manual. In addition, the VIHFA leverages policies and procedures for overall project and financial management. These resources include, but are not limited to the VIHFA Employee Handbook, Fraud, Waste, and Abuse Policies and Procedures, Conflict of Interest Policies and Procedures, Timekeeping SOP, Program Income SOP, Procurement Policies and Procedures, and the Electronic Funds Transfer Policy and Procedures. See figure 1: Compliance Policies below.

Table 1: Compliance Policies

<b>Title</b>	<b>Relevant Content</b>	<b>Regulatory References</b>
VIHFA Employee Handbook	General guidelines for all employees; policies that govern employment at VIHFA; whistleblower policy	2 CFR 200.318
VIHFA Financial Policy	Code of conduct; description of roles and responsibilities by title; segregation of duties for cash management and payments, improper payments; fraud waste, and abuse	2 CFR 200.253 24 CFR 84-85 24 CFR 570.489 P.L. 115-123 P.L. 115-56 2 CFR 200 Subpart F 2 CFR 200.508-512 HUD Monitoring Exhibit 6-1: Overall Management of

		<p>CDBG Disaster Recovery Grants</p> <p>HUD Monitoring Exhibit 6-9: Review of Financial Management</p> <p>HUD Integrity Bulletin: Key Components of Financial Management for CPD Grants</p>
Fraud Waste & Abuse	Reporting mechanism, whistleblower protection; role of internal auditor	<p>False Claims Act</p> <p>18 U.S.C. 287, 1001 and</p> <p>31 U.S.C. 3729</p>
Conflict of Interest	Definition of conflict of interest, burden of reporting	2 CFR 200.112
Timekeeping	Bi-Weekly Time and Activity Reporting	<p>2 CFR 200.430</p> <p>2 CFR 200.431</p>
Program Income Policy	Definition of program income, administering program income, federal requirements, CDBG-DR/CDBG-MIT After Close Out	<p>24 CFR 570.489(e)</p> <p>FRN 45838, V.A.19.d</p>
Procurement Policies and Procedures	Procurement system, fair and equitable treatment of all persons or firms involved, free and open competition, compliance with territorial and federal laws	<p>2 CFR 200.320</p> <p>24 CFR 85.36</p> <p>HUD Monitoring Exhibit 6-8: Guide for Review of Procurement</p> <p>HUD Monitoring Exhibit 34-3: Guide for Review of Procurement (2 CFR Part 200)</p>
Electronic Funds Transfer Policy and Procedures	Initiation, approval and execution of Electronic Funds Transfer (EFT)	<p>Public Law (97-177)</p> <p>5 CFR Part 1315</p>

VIHFA will utilize EMGrantsPro, a grant management software system with automated integration to accounting system, SAP Business One, to facilitate the financial management of the CDBG-DR and CDBG-MIT grants. The Disaster Recovery Finance Unit will also utilize specific (SOPs) for financial management for CDBG-DR and CDBG-MIT, which include the Payment Processing and Grant Award SOPs to comply with the financial management of both grants. The SOPs are reviewed annually but updated and approved as needed and disseminated to all affected staff upon approval. User manuals for all systems including HUD DRGR manual is also utilized for the step-by-step instructions for various processes.

## **Roles and Responsibilities**

To effectively carry out its responsibilities, the VIHFA has created a Disaster Recovery Division, which includes Disaster Recovery Finance Unit which is integral in the financial responsibilities of grant management. Additional positions may be proposed to ensure staffing capacity for sound financial management of the CDBG-DR and/or CDBG-MIT grants. An overview of position duties are indicated below:

**CDBG-DR Finance Director:** Responsible for recommending and coordinating activities for the transparent, efficient disbursement of CDBG-DR/CDBG-MIT funds and ensuring that financial system and processes are compliant. Also responsible for assisting with all strategic and tactical matters as they relate to accounting, budget management, and forecasting needs for the CDBG-DR and CDBG-MIT grants.

**DR Finance Manager:** Responsible for approving and posting financial transactions in DRGR and the internal financial system to ensure all expenditures and revenues are recorded accurately and in a timely manner.

**DR Senior Accountant:** Responsible for reviewing and requesting reimbursement for Payroll related cost for VIHFA and subrecipients and fixed asset management in a timely manner.

**DR Accountant:** Review payment requests for accuracy and preparation of statements of activity and account analysis. Performs data entry of drawdown vouchers in DRGR.

**DR Accountant (Reconciliation duties):** Responsible for reconciliation of financial activity between HUD's DRGR, EMGrantsPro and internal financial system and all CDBG-DR/CDBG-MIT program related general ledger accounts.

**DR Financial Analyst:** Analyzes CDBG-DR and CDBG-MIT financial data by collection, monitoring and creating financial models to support decision making and provides support for reporting in DRGR. Assist with budget development for the Action Plan, Amendments, grantee administration cost and perform budget setups in DRGR, SAP and EMGrantsPro and assist with subrecipients budgeting functions.

**DR Accounts Payable Specialist:** Performs data entry of payment request in applicable financial systems and responsible for maintenance of supporting documents and files for payment processing.

The CDBG-DR Division is assisted by VIHFA's Accounting Division in some responsibilities of administering the financial management of the CDBG-DR and CDBG-MIT grants. The are as follows:

**Director of Accounting:** Oversees check and electronic transfer processing functions.

**Accountant III:** Serves as a back-up for drawdowns in DRGR.

**Accountant II:** Serves as a back-up for drawdowns in DRGR.

**Accountant I:** Processing of checks and electronic transfer payments to vendors.

**Chief Financial Officer, Chief Operating Officer, Executive Director, Director of Federal Programs:**

These positions are approved signatories by the Board of Directors for all VIHFA bank-related matters:

- Chief Financial Officer- Level 1
- Executive Director – Level 2
- Chief Operating Officer – Level 3
- Director of Federal Programs - Level 3

All VIHFA checks require two (2) signatures. Level 1 and Level 2 are the primary signatories. The two alternate Level 3 signatures are allowed in the event, one of the two primary signatories are unavailable or out of the Territory.

Electronic payment transfers provide a faster payment option and are available to all vendors. Electronic/ACH payments requires two (2) approvals in the bank's cash management system. Banks may take up to forty-eight (48) hours to process ACH payments.

**The Disaster Recovery Finance Unit will be responsible for:**

1. Maintaining the official financial records which demonstrate that CDBG-DR and CDBG-MIT funds have been administered in accordance with all applicable federal and territorial laws, rules, regulations, and requirements. The procurement process and official procurement documents that results in payments for the CDBG-DR and CDBG-MIT funds will be maintained by the Procurement Division. Project files will be maintained by the applicable Program staff directly responsible for overseeing those projects.
2. Managing and controlling CDBG-DR and CDBG-MIT flow of funds and establishing procedures to track all CDBG-DR and CDBG-MIT funding from and to subawards, to ensure funds are used for their intended purpose in conjunction with VIHFA Accounting Division, Program Staff Management and Executive Management Team.
3. Documenting how grant funds were spent as well as how the intended national objectives and outcomes were accomplished in conjunction with Program Staff personnel.
4. Liaising with Department of Housing & Urban Development (HUD) to ensure federal compliance is met.

5. Incurring expenses that are in line with the Grant Awards' Terms and Conditions.
6. Setting up and managing projects in HUD's Disaster Recovery Grant Reporting System (DRGR).
7. Setting up and managing projects in VIHFA's EMGrantsPro Grant Management System.
8. Recording federal funds properly in VIHFA's internal financial system – SAP Business One.
9. Reconciling of projects between DRGR, EMGrantsPro and SAP.
10. Drawing down of federal funds in a timely manner.
11. Disbursing funds in a timely manner in conjunction with VIHFA Accounting Division and Executive Management Team.
12. Assisting the CDBG-DR Compliance and Monitoring Unit with performing financial monitoring of Subrecipients as well as internal and external auditors to ensure compliance with all applicable CDBG-DR and CDBG-MIT regulations and requirements. Subrecipients are those entities receiving CDBG-DR and/or CDBG-MIT funds from the grantee (VIHFA) to carry out activities pertaining to the respective program. The VIHFA will sub-award other parties to implement programs identified in the Action Plan of the CDBG-DR/CDBG-MIT grants. Subrecipient agreements will communicate the terms, conditions, and responsibilities to comply with all applicable rules and regulations of their sub-awards and HUD requirements.

## **Compliance with Laws, Regulations, and Provisions of Awards**

The VIHFA recognizes that as a recipient of federal funds, the Agency is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grant management.

To ensure that the Agency meets this responsibility, the following policies apply with respect to every grant or contract received directly or indirectly from a federal agency:

1. For the CDBG-DR/CDBG-MIT federal award, the Senior Policy Manager will be designated as the employee within the Agency responsible for ensuring that the Agency is compliant with applicable statutory and regulatory provisions of contracts and grants relative to administering the award.
2. The Senior Policy Manager shall attend training and attend refresher/update courses on grant management as courses are offered or every two years as applicable and available.
3. The Senior Policy Manager shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract:
  - a) Review 2 CFR Part 200 Appendix XI, Compliance Supplement (updated annually) published by the Office of Management and Budget (OMB) for compliance requirements unique to the award and for compliance requirements common to all federal awards.
  - b) The Senior Policy Manager will communicate grant requirements to those who will be responsible for carrying them out or impacted by them.

4. The Senior Policy Manager and/or the Policy Department shall identify and communicate any special changes in policies and procedures necessitated by federal awards as a result of the review of each award.
5. The Senior Policy Manager shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals, reviewing annual revisions to 2 CFR Part 200 Appendix XI, Compliance Supplement, and communications with federal awarding agency personnel.
6. The Senior Policy Manager, and/or Agency Directors shall communicate known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors.

## **ADMINISTRATION OF FEDERAL AWARD FOR CDBG-DR/CDBG-MIT**

The VIHFA will administer its award in compliance with all applicable laws and regulations and shall be financially accountable for the use of all funds provided for CDBG-DR/CDBG-MIT funds (FRN 45855, V.A.8.a).

### **General Administration Cap (FRN 45855, V.A.8.b.)**

VIHFA CDBG-MIT program administration requirements will be in accordance and consistent with the Appropriations Act. Accordingly, 5 percent of the grant and 5 percent of program income generated by the CDBG-MIT grant may be used for administrative costs by VIHFA, and/or by subrecipients. Thus, the total of all costs classified as administrative for VIHFA CDBG-MIT must be less than or equal to the 5 percent cap. The VIHFA will be subjected to the requirements of the CDBG-MIT notice imposed by future Federal Register notices. In addition fifty percent (50%) of all CDBG-MIT funds must be used by year six (6) and one hundred percent (100 %), by year twelve (12).

The VIHFA will ensure proper and efficient administration of the grant by applying the following principles:

- a) Procedures are formalized, communicated, and applied consistently.
- b) Compliance with all applicable statutory and regulatory laws and/or provisions
- c) Procedures are designed to ensure internal control of funds.
- d) Financial transactions are documented to create an audit trail.
- e) Allowable activities are clearly separated from all other organizational transactions.
- f) Financial transactions are recorded in a timely manner.

### **Standards for Financial Management Systems**

In accordance with 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, WV maintains a financial management system that provides for the following: (specific procedures to carry out these standards are detailed in the appropriate sections of this manual)

1. Identification, in all its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
2. Accurate, current, and complete disclosure of the financial results of each federally sponsored project or program in accordance with the reporting requirements of 2 CFR Parts 200.327, Financial

- Reporting, and 200.328, Monitoring and Reporting Program Performance, and/or the award.
3. Records that identify adequately the source and application of funds for federally funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be fully supported by source documentation.
  4. Effective control over and accountability for all funds, property, and other assets. VIHFA must adequately safeguard all such assets and ensure they are used solely for authorized purposes.
  5. Comparison of outlays with budget amounts for each award.
  6. Information that relates financial data to performance accomplishments and demonstrates cost effective practices as required by funding sources. 2 CFR Part 301, Performance Measurement.
  7. Written procedures to minimize the time elapsing between the transfer of funds and disbursement by VIHFA. Advance payments must be limited to the minimum amount needed and be timed to be in accordance with actual, immediate cash requirements. 2 CFR Part 200.305 Payment.
  8. Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the 2 CFR Part 200 Subpart E, Cost Principles, and the terms and conditions of the award.
  9. No person will have complete control over every phase of a significant transaction. For example, the person who authorizes payments to contractors should not draft and issue the payment check.

## **System for Internal Controls**

The VIHFA maintains a culture of internal controls with the administration of CDBG-DR and CDBG-MIT grants to prevent and eliminate fraud, waste, and abuse. The VIHFA's internal controls follow the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework Standards and 2 CFR 200.303. The internal controls enable the protection of assets, ensure records are accurate, promote organizational efficiency, achieve the organizational mission and goals, and ensure compliance with applicable policies, rules, regulations and laws. The VIHFA draws on multiple policies to support compliance with CDBG-DR/CDBG-MIT program requirements and to strengthen internal controls (reference figure 1: Compliance Policies above).

No one individual has complete control over all phases of any significant transaction to include authorize payment(s), record the transaction(s), and sign checks. Lines of responsibility are clearly established and adhered to as closely as possible to aid in:

- Reconciliations: Monthly reconciliations and verifications of cash balances with bank statements are made by employees who do not handle, record cash, or sign checks.
- Recordkeeping: Record keeping is separate from operations and the handling and custody of assets.
- Approvals: Staff preparing payrolls are not handling, approving or signing payroll disbursements.

VIHFA's internal controls incorporate the following five internal control frameworks:

1. Control environment, which is evident through board oversight, security of assets, and reviews of operating performance which is further enhanced by the agency completing compliance and monitoring assessments and issuing compliance certification.
2. Risk Assessment, which can be seen in the programmatic reviews where risk management is embedded in all functions and activities.

3. Control Activities, which is evidenced by VIHFA's use of comprehensive fraud-waste-abuse prevention program to create a series of "checks and balances" that mitigate risks and ensure compliance with Federal and State regulations.
4. Information and Communication, which allows for contractors and subrecipients to build a working relationship with VIHFA representatives where issues are identified early and compliance violations are minimized due to open communication through document review, phone calls, and emails when desktop monitoring is conducted.
5. Monitoring through VIHFA's performance of periodic site visits to monitor progress of projects and evaluate sub-recipient's performance. These site visits may be impromptu or scheduled with subrecipients and subcontractors.

## **Budgetary Controls**

### 1. Financial Planning/Projection of Future Expenditures

The VIHFA Disaster Recovery Finance Unit facilitates a budgeting process that evaluates the estimated costs of implementing its CDBG-DR and CDBG-MIT programs and meeting respective recovery goals. In this budget process, each Program Manager, with the assistance and input of the CDBG-DR Finance Director and DR Budget Analyst, will prepare cost estimates and schedules of projected expenditure needs through the submission of an annual budget template to their respective Senior Manager. The respective CDBG-DR Director(s) and Chief Disaster Recovery Officer will review and submit for review to the VIHFA Chief Financial Officer and Executive Director. The Executive Director has final approval of the budgets.

The estimates and schedules will separately identify grant program expenditures, planning costs, project costs, activity delivery costs, and administrative expenses. Actual spending in all functional areas and categories of expenditure will be evaluated in conjunction with future projections. A complete review will be completed at least once a year.

### 2. Budget and Expenditure Tracking

Prior to project execution, disbursement and reimbursement account numbers should be designated to ensure proper CDBG-DR and CDBG-MIT fund tracking. All federal funds shall be tied to expense codes that provide a clear distinction between funds that were utilized to pay out approved costs, and funds directly reimbursed through HUD.

In preparation of HUD drawdowns, it is important to internally include account codes on all documentation related to CDBG-DR/CDBG-MIT expenses, which is inclusive of purchase orders, quotes, invoices, payments (checks or wire transfers) relevant to HUD expenses.

The VIHFA will utilize HUD's DRGR system, the VIHFA's grant's management system and SAP Business One to monitor expenditures. Grant programs, projects and activities will be set up in all systems with a naming convention to allow related activities in all systems to be readily identified.

The VIHFA Disaster Recovery Finance Unit will prepare a monthly expenditure report which identified at periodic intervals and inception to date expenditures in each grant and program area as compared to the

amount authorized in the VIHFA's CDBG-DR and CDBG-MIT Action Plans and subsequent amendments. The VIHFA Disaster Recovery Finance Unit will maintain and monitor records of all amounts paid to individual vendors and Subrecipients.

### 3. Virgin Island Action Plans for CDBG-DR and CDBG-MIT Programs

At least once a year, the VIHFA Disaster Recovery Finance Unit will review its CDBG-DR and CDBG-MIT Timely Expenditure of Funds projections and actual spending to determine whether the territory's respective Action Plan needs to be amended as a result of new expenditure and schedule information. VIHFA management will prepare Action Plan Amendments as necessary to reallocate funds to accommodate the financial needs of each CDBG-DR and CDBG-MIT program. As necessary, the VIHFA Disaster Recovery Finance Unit submits recommendations for revised terms and conditions that reallocate funds within Program categories of the grant agreement in order to align the grant budget with actual progress being made in implementing programs during the approved grant obligation time period. Funding is reallocated to:

- a) Provide additional funds for Program areas which have greater needs in the time period.
- b) Reprogram funds for activities which have lesser needs or stalled.

### 4. Grant Agreements

As necessary, the VIHFA Senior Program Managers submits requests for revised terms and conditions that reallocate funds within Program categories of grant agreement in order to align the grant budget with actual progress being made in implementing programs during the grant obligation time period.

- a) Provide additional funds for Program areas which have greater needs in the time period.
- b) Reprogram funds for activities which have lesser needs in a time period or stalled.

### 5. DRGR Action Plan

As needed, the DR Budget Analyst, Financial Analyst or alternate designee will update the Action Plans in the Disaster Recovery Grant Reporting (DRGR), EMGrantsPro grant management system and SAP accounting system. The update may reallocate funds, reflect actual expenditure trends, provide new information regarding expenditure timing, new projects or programs, new grant agreement obligations or amendments, and guidance from HUD with regards to national objective eligibility.

## **Program Income (See Program Income Policy for Full Scope)**

Upon receipt of any program income, VIHFA's Disaster Recovery Finance Unit will record the program income in EMGrantsPro, the SAP financial system and DRGR. Program income will be reconciled for each program as part of the quarterly reporting process. The report will identify any program income that is to remain with a program's subrecipient and agreed upon activities for the funding will be identified in the subrecipient's project agreement.

It will be required that program income is to be used prior to any additional grant funds being expended to the partner or subrecipient. All program income earned because of activities funded under this grant will be subject to alternate requirements of 24 CFR 570.489(e), which defines program income. Unless specified

otherwise in the award agreement, program income will be added to the award. The program income must be used for the purposes and conditions of the award agreement.

See the **Program Income Policies and Procedures, Section 6.0** for procedures on how funds available from program income are disbursed, reconciled, and transferred.

## **Procurement**

The CDBG-DR and CDBG-MIT programs will abide by all procurement and contract guidelines as defined in VIHFA's Procurement Policy.<sup>10</sup> To ensure sound and compliant procurement practices, the VIHFA will ensure that all transactions (including "covered" per 2 CFR 180.300) are substantiated with adequate documentation to determine that contractor or subrecipient were not debarred, suspended, or otherwise excluded from participation in federal programs or activities.

### **Repeat Vendor Designation**

- When processing payments for preferred vendors, in the interest of economy and efficiency, the VIHFA will procure frequently purchased goods and supplies (i.e., office supplies/cleaning supplies), which also includes costs for inter-island travel, up to maximum of Fifteen Thousand Dollars per year with an individual order cap not to exceed Five Thousand Dollars.
- Repeat vendors are recognized as those vendors for which the VIHFA has purchased goods and services on a regular basis (at a minimum of four times per year) and for which VIHFA anticipates utilizing on a reoccurring basis.
- VIHFA's procurement division has developed a list of repeat vendors.
- The CDBG-DR finance division will make payments or reimbursements to repeat vendors for which supporting documentation is provided with each payment request (PO, contract, hotel folio, invoice receipts, etc.)

## **SUBRECIPIENTS**

### **Making of Subawards**

The VIHFA makes subawards of federal funds to other organizations. All subawards shall be subject to the VIHFA conflict of interest policies. In addition, all subrecipients must agree to the subrecipient monitoring provisions described in the next section. Subrecipient Agreements include a provision to formally notify subrecipients of the audit requirements in 2 CFR 200, Subpart F (audit requirements).

The VIHFA is required to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward to determine the appropriate monitoring.

Evaluations may include such factors as: (2 CFR Part 200.331(b))

- The subrecipient's prior experience with the same or similar subawards;
- The results of previous audits including whether or not the subrecipient receives a Single Audit, and the extent to which the same or similar subaward has been audited as a major program;
- Whether the subrecipient has new personnel or new or substantially changed systems; and

---

<sup>10</sup> See VIHFA's Procurement Policy.

- The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

### **Monitoring of Subrecipients**

When VIHFA utilizes federal funds to make subawards to subrecipients, VIHFA is subject to a requirement to monitor each subrecipient in order to provide reasonable assurance that subrecipients are complying, in all material respects, with laws, regulations, and award provisions applicable to the program. The Compliance & Monitoring Unit within VIHFA will perform all monitoring of the subrecipients to ensure compliance with program requirements. VIHFA follows the requirements listed below along with its Compliance & Monitoring Policies and Procedures for all program monitoring activities.

A subrecipient annual audit will be required when it is expected that the subrecipient's federal awards expended during the respective fiscal year equals or exceeds \$750,000 (aggregated across all federal awards received by the subrecipient). Subrecipients will be required to submit monthly and annual financial and program reports to VIHFA for any and all federal awards expended during the fiscal year to determine when the \$750,000 threshold has been met. Annual audits may be performed regardless of the amount of federal funds expended during the fiscal year at the full discretion of the Compliance Unit within VIHFA.

In fulfillment of its obligation to monitor subrecipients, the following policies apply to all subawards of federal funds made by VIHFA to subrecipients.

The following required information will be provided to all subrecipients:

1. Federal Award Identification.
  - a. Subrecipient name (which must match registered name in DUNS);
  - b. Subrecipient's DUNS number;
  - c. Federal Award Identification Number (FAIN);
  - d. Federal Award Date;
  - e. Subaward Period of Performance Start and End Date;
  - f. Amount of Federal Funds Obligated by this action;
  - g. Total Amount of Federal Funds Obligated to the subrecipient;
  - h. Total Amount of the Federal Award;
  - i. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
  - j. Name of Federal awarding agency, pass-through entity, and contact information for awarding official,
  - k. Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414 Indirect (F&A) costs).
2. All requirements imposed by VIHFA on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.
3. Any additional requirements that VIHFA imposes on the subrecipient in order for VIHFA to meet its own responsibility to the HUD including identification of any required financial and performance reports;
4. An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal government or, if no such rate exists, either a rate negotiated between VIHFA and the subrecipient, or a de minimis indirect cost rate as defined in § 200.414 Indirect costs.

5. Adherence to compliance with 2 CFR 200, Subpart F audit requirements, including the allowance by subrecipient to allow VIHFA and auditors access to the subrecipient's records and financial statements as necessary for VIHFA to meet the monitoring requirements of 2 CFR Part 200; and
6. Appropriate terms and conditions concerning closeout of the subaward.
7. Subawards shall require that subrecipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.
8. Subawards shall require that subrecipients submit financial and program reports to VIHFA on a basis no less frequently than monthly.
9. VIHFA Compliance & Monitoring Unit will follow up with all subrecipients to determine whether all required audits have been completed. VIHFA Compliance & Monitoring Unit will cease all funding of subrecipients failing to meet the requirement to undergo an audit in accordance with 2 CFR Part 220.501. For subrecipients that properly obtain an audit in accordance with 2 CFR Part 200.501, VIHFA shall obtain and review the resulting audit reports for possible effects on VIHFA's accounting records or audit. If there are audit findings that relate to a subaward received by the subrecipient, VIHFA Compliance & Monitoring Unit will issue a management decision and take appropriate action as outlined in section 12 below. Furthermore, VIHFA Compliance & Monitoring Unit will confirm that the federal award is charged no more than a reasonably proportionate share of the costs of audits required by, and performed in accordance with 2 CFR part 200, Subpart F.
10. Management decisions issued by the VIHFA Compliance & Monitoring Unit will clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. If the auditee has not completed corrective action, a timetable for follow-up will be given. Prior to issuing the management decision, the Federal agency or pass-through entity may request additional information or documentation from the auditee. The management decision will also describe any appeal process available to the auditee.
11. Ongoing monitoring of subrecipients will vary from subrecipient to subrecipient based on the nature of work assigned to each. However, ongoing monitoring activities may involve any or all of the following:
  - a. Regular contacts with subrecipients and appropriate inquiries regarding the program.
  - b. Reviewing programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern.
  - c. Monitoring subrecipient budgets.
  - d. Performing site visits to the subrecipient to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the subaward.
  - e. Offering subrecipients technical assistance where needed.
  - f. Maintaining a system to track and follow up on deficiencies noted at the subrecipient in order to ensure that appropriate corrective action is taken in a timely manner. Item 13 below outlines possible actions that could be taken if a subrecipient does not take appropriate and/or timely corrective action.
  - g. Establishing and maintaining a tracking system to ensure timely submission of all reports required of the subrecipient.
12. Documentation shall be maintained in support of all efforts associated with monitoring of subrecipients.
13. In connection with any subrecipient that has been found to be out of compliance with provisions of its subaward with VIHFA Compliance & Monitoring Unit, responsive actions by the Agency shall be determined by, VIHFA Compliance & Monitoring Unit Director or designee. Such actions may consist of any of the following:

- a. Increasing the level of supporting documentation that the subrecipient is required to submit to VIHFA Compliance & Monitoring Unit on a monthly or periodic basis.
- b. Requiring that subrecipient prepare a formal quality improvement plan for submission to VIHFA Compliance & Monitoring Unit.
- c. Requiring documentation of changes made to policies or forms used in administering the subaward.
- d. Arranging for on-site (at the subrecipient's office) oversight on a periodic basis by a member of the VIHFA grant administration staff.
- e. Providing copies of pertinent laws, regulations, federal agency guidelines, or other documents that may help the subrecipient.
- f. Reimbursing after-the-fact, and not provide advances.
- g. As a last resort, terminating the subaward relationship and seeking an alternative.

## Flow of Funds<sup>11</sup>

### 1. Disbursement of Funds for Non-Federal Share (Match) for Disaster Recovery

For the CDBG-DR and CDBG-MIT Non-Federal Share (Match) Program, disbursement of funds will be dependent on the sub-applicant's organization structure within the US Virgin Island's Government as follows:

- If the sub-applicant of the subrecipient for the Local Match Program is a semi or autonomous agency, funds will be disbursed directly to the sub-applicant (Agency) to make payments directly to their vendors.
- If the sub-applicant of the subrecipient for the Non-Federal Share (Match) Program is a central government agency, the funds will be disbursed through the Subrecipient's payment processing agency, which is the Department of Finance, to make payments directly to the sub-applicant's vendors. Below is a listing of the central government, semi- autonomous, and autonomous agencies.

Table 2: Listing of Central Government, Semi-Autonomous and Autonomous Agencies

---

<sup>11</sup> Flow of funds is determined upon completion of a Capacity Assessment. The Capacity Assessment determines if the agency has the capacity to manage the disbursement. Should the agency be deemed unable to manage the disbursement, flow of funds will be remitted to appropriate vendor on behalf of the agency.

<b>Central Government</b>	<b>Semi-Autonomous</b>	<b>Autonomous</b>
Virgin Islands Police Department (VIPD)	Virgin Islands Housing Finance Authority (VIHFA)	UVI Research & Technology Park Corporation
Virgin Islands Fire Services (VIFS)	Schneider Regional Medical Center (SRMC)	Virgin Islands Water and Power Authority (WAPA)
Virgin Islands Department of Justice (DOJ)	Governor Juan F Luis Hospital (JFL)	Virgin Islands Housing Authority (HA)
Office of Collective Bargaining (OCB)	University of the Virgin Islands (UVI)	Virgin Islands Next Generation Network (VINGN)
Office of the Governor (OOG)	Public Service Commission	Magen's Bay Authority
Bureau of Correction (BOC)	TaxiCab Commission	West Indian Company Ltd.
Office of Veterans Affairs (VA)	Virgin Islands Port Authority (VIPA)	Kings Alley Mgmt., Inc
Virgin Islands Department of Planning & Natural Resources (DPNR)	Virgin Islands National Guard (VING)	
Virgin Islands Department of Labor (DOL)	Virgin Islands Public Finance Authority (PFA)	
Virgin Islands Department of Health (DOH)	Virgin Islands Waste Management Authority (WMA)	
Virgin Islands Department of Public Works (DPW)	Virgin Islands Public Broadcasting System (WTJX)	
Virgin Islands Department of Human Services (DHS)	USVI Economic Development Authority (EDA)	
Virgin Islands Department of Education (VIDE)	Government Employees Retirement System (GERS)	
Virgin Islands Department of Tourism (DOT)		
Virgin Islands Department of Sports, Parks & Recreation (DSPR)		
Virgin Islands Office of the Lieutenant Governor (LGO)		
Virgin Islands Department of Finance (DOF)		
Office of Management and Budget (OMB)		
Virgin Islands Bureau of Internal Revenue (VIBIR)		
Virgin Islands Department of Property & Procurement (DPP)		

Virgin Islands Territorial Emergency Management Agency (VITEMA)		
Virgin Islands Division of Personnel (DOP)		
Office of the Virgin Islands Inspector General (IG)		
Bureau of Motor Vehicles (BMV)		
Virgin Islands Department of Licensing & Consumer Affairs (DLCA)		
Bureau of Economic Research (BER)		
Virgin Islands Department of Agriculture (DOA)		

## 2. Non-Local Match Federal Cost Share (Other Projects)

For non-local match federal cost share projects, the CDBG-DR/CDBG MIT Capacity Assessment is conducted to identify the capacity and management practices of the potential Partners of funds being administered by the VIHFA and to determine the flow of funds. Based on the scoring matrix below in Table 3, if it is determined that the subrecipient is high through medium risk, funds will not be transferred to the development partner or subrecipient to make payments to their vendors and contractors for eligible work performed. Thereby, the VIHFA will make payments directly to the vendor and contractor on behalf of the partner or subrecipient.

If the subrecipient is considered low risk, approved draw requests for eligible work performed will be released to the Partner or subrecipient to make payments to their vendors and contractors within three business days from date of receipt of funds from the VIHFA. The Partners or subrecipients must submit copies of all cancelled checks or bank statements showing proof of payment that will be retained in the VIHFA's financial files.

Table 3: Capacity (Risk) Assessment Rubric

<b>Category</b>	Staffing, Experience, Leadership	Policy and Procedures	Compliance History	Complexity of Projects	Current Accounting Processes	Size of Grant	<b>Total</b>
<b>Score Range</b>	0-20	0-15	0-15	0-15	0-15	0-20	<b>0-100</b>

**Very Low Risk:** 0-20 **Low Risk:** 21-40 **Medium Risk:** 41 - 60  
**High Risk:** 61-80 **Very High Risk:** 81-100

For all disbursements, payment to the vendor should occur as quickly as feasibly possible. As a recommendation, within three (3) business days from receipt of the funds from HUD, the Grantee will issue

funds to the semi/autonomous agencies or Division of Finance. Subsequently, the semi/autonomous agencies or Division of Finance should issue payments to the vendors within the recommended timeframe of three (3) business days from receipt of funds from the Grantee.

Proof of payments are required to be submitted to the Grantee of the funds disbursed within 30 business days from receipt of funds. Proof of payment includes but is not limited to cancelled checks, bank statements, confirmed wire transfers, and ATH transaction approved documents. At times, additional proof of payment may be required due to the structure of the project and its related payments that utilizes mixed funding sources such as vendor statements, correspondence of no outstanding liability owed by VIHFA or its Subrecipients and completed audit confirmations.

The Grantee will monitor for compliance and if any remediation measures are necessary, will work with all parties to rectify issues and concerns which may include but not limited to:

1. Ceasing disbursement to the sub-applicant or Division of Finance until they submit an action plan to ensure compliance. Once agreed and implemented, the Grantee will resume disbursement of funds and continue to monitor for compliance.

2. Deeming the sub-applicant incapable of compliance thereby the Grantee will make all payments for the sub-applicant vendors directly.

## **Financial Records Retention**

The VIHFA will charge to the CDBG-DR and CDBG-MIT grants only allowable costs incurred during the period of performance and authorized pre-award costs. Additionally, the use of SAP and EMGrantsPro will be in a manner that captures effective control and accountability over all CDBG- DR/CDBG-MIT funds, property and additional assets to ensure solely authorized purposes.

### **Records Retention**

All financial records and documents pertaining to the CDBG-DR and CDBG-MIT grants will be maintained for a minimum period of three (3) years after closeout, as described in § 570.487 and § 570.488 per 24 CFR 570.490.<sup>12</sup> If electronic source documents are maintained, in accordance with 2 CFR 200.335, the documents will be easily retrievable and readable for review. During this period, the VIHFA will allow access to those records by the U.S. Department of Housing and Urban Development (HUD); territory officials and their representatives; internal and external auditors.

## **Return of CDBG-DR/MIT/EGRID Funds**

The Virgin Islands Housing Finance Authority will pay contractors, vendors and subrecipients for eligible and allocable CDBG-DR related expenses. In the event that a payment to a vendor, contractor or subrecipient is ineligible or if CDBG-DR funds are erroneously drawn down the funds **must** be returned.

The following procedures are to be followed, when returning CDBG-DR/MIT/EGRID funds:

- A written justification for ineligible payment must be maintained on file
- The funds must be received back from the vendor/contractor/subrecipient
- In the event that the contract is complete or if VIHFA is unable to recoup the funds from the contractor, VIHFA is liable for the repayment of funds from non Federal funds
- The repayment must be returned to VIHFA’s Line of Credit (LOC). The return of funds must come from a Non-Federal account (general funds)
- The original VPR or RFR must be reviewed and balanced (debited and credited) in EMGrantsPro, which will automatically sync to SAP financial system
- The original voucher must be reviewed and reclassified in DRGR and the funding must be returned to the proper project/activities.

## Chapter 26: Return Funds to Line of Credit | Financial Module


<b>Chapter 26: Return Funds to Line of Credit</b> .....	1
<b>A. Financial Module Access</b> .....	1
A1. Grantee   User Access.....	1
A2. HUD   User Access.....	2
<b>B. Return Funds to Line of Credit (Not a DRGR Function)</b> .....	2
B1. Grantee   Voucher Revision and Approval .....	3
B2. Grantee   Classification of Returned Funds .....	6
B3. HUD   Search and View Vouchers .....	9

## Chapter 26: Return Funds to Line of Credit


This Chapter provides instruction for authorized Grantee Users to return Grant funds to the Line of Credit for the appropriate Grant contained in the Manage my Financials module.

This Chapter describes actions for Grantee Users and HUD Users, and is divided into subsections. The following actions are covered in this Chapter:

### Grantee Users

Menu Option	Subsection	Action
 Search/Maintain Vouchers	B1 – B2	Search and revise existing Vouchers













### HUD Users


Menu Option	Section	Action
 Search/Maintain Vouchers	B3	Search and view existing Vouchers

### A. Financial Module Access


The Manage My Financials module contains all financial transaction-related functions.

#### A1. Grantee | User Access

User Role: Grantee Users	Menu Option:  Manage My Financials Module
Purpose: Allow Grantee Users to access Collection Voucher actions.	
 Complete the following steps to access the Manage My Financials Module:	
<ol style="list-style-type: none"> <li style="margin-bottom: 10px;">1 In the DRGR System, select the Manage My Financials module, or  icon, located in the navigation bar.</li> </ol>	
	
<ol style="list-style-type: none"> <li style="margin-bottom: 10px;">2 This opens the dropdown menu items for the Manage My Financials module. The DRGR System displays the relevant menu items based on user type and user roles.</li> </ol>	
<div style="display: flex; justify-content: center; align-items: center;"> <div style="text-align: left; margin-right: 20px;">  <b>Manage My Financials</b>  <div style="border: 2px solid orange; padding: 5px; margin-top: 5px;"> <p>DRAWDOWN</p> <ul style="list-style-type: none"> <li> Search/Edit Obligation</li> <li> Create a Voucher</li> <li> Search/Maintain Vouchers</li> </ul> </div> </div> <div style="text-align: left;"> <p>PROGRAM INCOME</p> <ul style="list-style-type: none"> <li> Create Receipt</li> <li> Add Program Income Account</li> <li> Search/Edit PI Accounts</li> <li> Search/Edit Receipts</li> </ul> </div> </div>	

User Role: Grantee Users	Menu Option:  Manage My Financials Module
--------------------------	---

## A2. HUD | User Access

User Role: HUD Users	Menu Option:  Manage My Financials Module
----------------------	--

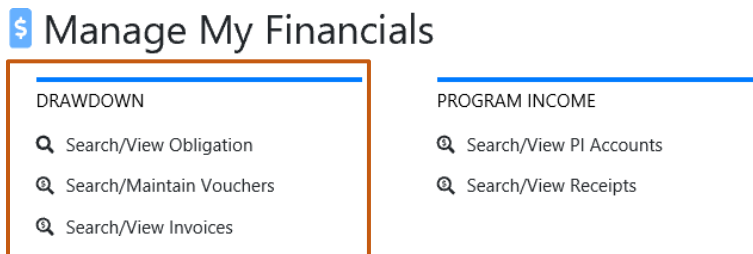
Purpose: Allow HUD Users to access View Voucher actions.

 Complete the following steps to access the Manage My Financials Module:

- 1 In the DRGR System, select the Manage My Financials Module, or  icon, located in the navigation bar.



- 2 This opens the dropdown menu items for the Manage My Financials Module. The DRGR System displays the relevant menu items based on user type and user roles.



## B. Return Funds to Line of Credit (Not a DRGR Function)

Grantees may need to wire funds back to LOCS if, for example, monitoring or audit events revealed an activity did not conform to the program requirements or Grant funds were drawn for an ineligible cost. Funds returned to LOCS appear in DRGR to “refund” the drawn amount that was returned to LOCS. Before performing tasks in DRGR, Grantees must first wire the amount of funds that need to be returned to LOCS using non-Federal sources. The following is an example Wire Transfer Instructions:

## Wire Transfer Instructions

U.S. Department of Housing and Urban Development
Abbreviated Wire-Transfer Instructions
<b>Bank Name:</b> <b>Bank Address:</b> <b>ABA Routing Number:</b> <b>Account Number:</b> <b>Account Holder:</b>
Memorandum or Third Party Information
Please indicate the project, grant, or loan number that the funds should be applied to including the Budget Line Item (BLI), if applicable. Also, if the funds are to be returned to the U.S. Treasury as Interest or HOPE III Resale Proceeds, please annotate as such.

The Grantee users of TA Providers are also allowed to wire funds through the <https://www.pay.gov> site. After LOCS processes the returned funds, a “Collection Voucher” will appear in DRGR with the status ‘Completed (Needs Revision)’. Follow the steps below to complete the process.

### B1. Grantee | Voucher Revision and Approval

User Role: Draw Requester	Menu Option:  Search/Maintain Vouchers
Purpose: Allow Draw Requesters to Revise Collection Vouchers.	
<input checked="" type="checkbox"/> Complete the following steps to Revise a Collection Voucher:	
1	Navigate to the Manage My Financials module and locate the Drawdown menu. See Step A1 above. Select <Search/Maintain Vouchers>. The “Search for Vouchers” page will load.



User Role: Draw Requester

Menu Option:  Search/Maintain Vouchers

- On the “Search for Vouchers” page, select <Collection> in the “Transaction Type” dropdown menu and select <Search>. Locate the desired “Collection Voucher” in the search results and select <Maintain> under the “Action” heading.

DRAWDOWN  
Search for Vouchers

Search Criteria

Voucher #:

Grant #: B-08-DN-13-000

Line Item Status: Select

Supporting Document Status: Select

Earliest Creation Date:  Select Date

Grantee Activity #:

Fund Type: Select

Display Supporting Document Details

**Transaction Type:**  
Collection

Search | Reset

Results Page 1 of 1 (10 voucher line items found)

Voucher #	Line Item #	Creation Date	Grant #	Grantee Activity #	Responsible Organization	Fund Type	Transaction Type	Drawdown Amount	Line Item Status	Supporting Documents Status	Action
247025	3	02/04/2014	B-08-DN-13-0001	5058-001-B-I Douglas	Douglas County	PROGRAM FUND	Collection	(\$77,334.93)	Completed	NA	Maintain
282615	2	07/20/2015	B-08-DN-13-0001	5062-14A-B-H Griffin	Griffin, City of	PROGRAM FUND	Collection	(\$6,799.00)	Completed	NA	Maintain
247025	8	02/04/2014	B-08-DN-13-0001	5052-001-B-H NW GA RC	Northwest Georgia Regional Commission1	PROGRAM FUND	Collection	(\$395.00)	Completed	NA	Maintain
247025	6	02/04/2014	B-08-DN-13-0001	5052-001-B-I NW GA RC	Northwest Georgia Regional Commission1	PROGRAM FUND	Collection	(\$2,000.00)	Completed	NA	Maintain
247025	7	02/04/2014	B-08-DN-13-0001	5052-013-A-H NW GA RC	Northwest Georgia Regional Commission1	PROGRAM FUND	Collection	(\$25,494.01)	Completed	NA	Maintain

- The “Maintain Voucher” page will load. Select <Revise> under the “Action” heading.

Voucher Item | Supporting Documents | Voucher Item Comments

DRAWDOWN  
Maintain Voucher

Classify Collection | Return to Search Voucher | Download PDF

Please click Classify Collection button if you wish to classify whether the Collection was applied to Grant Line of Credit in error.

Voucher #: 357039  
Created By: B55502 - Dana Mykytyn

Voucher Created for: Georgia  
Creation Date: 06/13/2017

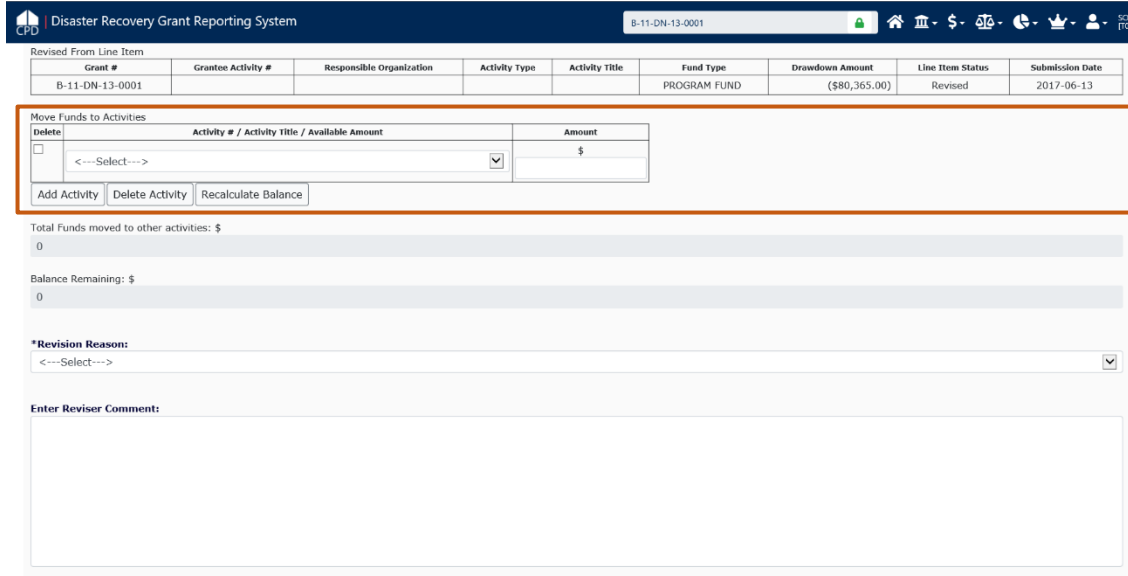
Line Item #	Grant#	Grantee Activity #	Responsible Organization	Activity Type	Activity Title	Fund Type	Drawdown Amount	Line Item Status	Revised From Line Item #	Submission Date	Action
2	B-11-DN-13-0001					PROGRAM FUND	\$0.00	Completed (Needs Revision)	1	06/13/2017	Revise   View
3	B-11-DN-13-0001	6011-001-B-I Griffin	Spalding County - City of Griffin	Acquisition - general	6011-001-B-I Griffin	PROGRAM FUND	(\$68,049.59)	Completed	1	06/13/2017	Revise   View
4	B-11-DN-13-0001	6011-14A-B-I Griffin	Spalding County - City of Griffin	Rehabilitation/reconstruction of residential structures	6011-14A-B-I Griffin	PROGRAM FUND	(\$12,315.41)	Completed	1	06/13/2017	Revise   View
<b>Voucher Completed Total:</b>							<b>(\$80,365.00)</b>				
1	B-11-DN-13-0001					PROGRAM FUND	(\$80,365.00)	Revised		06/13/2017	View
<b>Voucher Revised Total:</b>							<b>(\$80,365.00)</b>				

- The “Revise Voucher” page will load. Notice the “Drawdown Amounts” are a negative number, meaning once revised, the revision will reduce the drawn amount for an activity as opposed to increasing the drawn amount through the regular voucher creation/approval process. Select the activity that resulted in the funds being returned to LOCCS. If the “Collection Voucher” represents returned funds from more than one activity, select multiple activities by selecting <Add Activity>.

User Role: Draw Requester

Menu Option:  Search/Maintain Vouchers

Enter the amount of funds per activity until the full amount of the “Collection Voucher” is set to be revised to one or more activities.



The screenshot shows the 'Disaster Recovery Grant Reporting System' interface. At the top, there is a header with the system name and a user ID 'B-11-DN-13-0001'. Below the header is a table with columns: Grant #, Grantee Activity #, Responsible Organization, Activity Type, Activity Title, Fund Type, Drawdown Amount, Line Item Status, and Submission Date. The table contains one row with the following data: Grant # B-11-DN-13-0001, Fund Type PROGRAM FUND, Drawdown Amount (\$80,365.00), Line Item Status Revised, and Submission Date 2017-06-13.

Below the table is a section titled 'Move Funds to Activities'. It contains a table with columns: Delete, Activity # / Activity Title / Available Amount, and Amount. The table has one row with a checkbox in the 'Delete' column, a dropdown menu in the 'Activity # / Activity Title / Available Amount' column, and a text input field in the 'Amount' column. Below the table are three buttons: 'Add Activity', 'Delete Activity', and 'Recalculate Balance'.

Below the 'Move Funds to Activities' section are three summary rows: 'Total Funds moved to other activities: \$ 0', 'Balance Remaining: \$ 0', and '\*Revision Reason: <---Select--->'. Below these is a text area labeled 'Enter Reviser Comment:'.

Select <Save> when all required fields are complete.



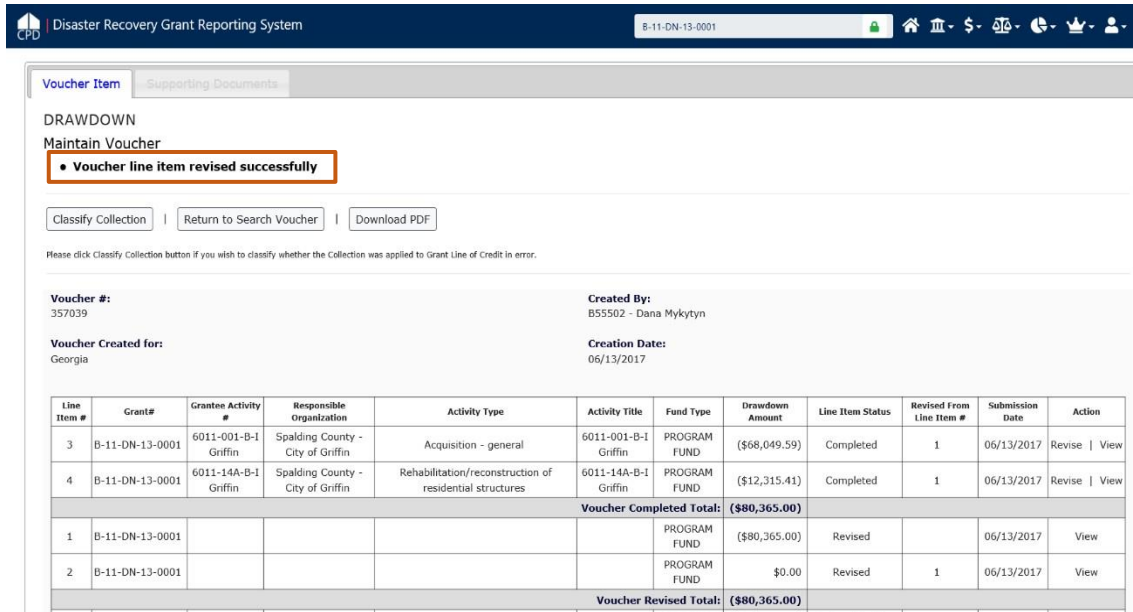
The screenshot shows two buttons: 'Save' and 'Return to Maintain Voucher'.

**TIP!** All voucher revisions must be approved by a user with the draw approval role. See step 5 of this section for instructions on approving revisions.

User Role: Draw Requester

Menu Option:  Search/Maintain Vouchers

- 5 The “Maintain Voucher” page will load with a message “Voucher line item revised successfully.” The drawn balance for the selected activities should now be reduced by the respective “Voucher Line Item” amounts, thereby allowing Grantees to draw those funds for the same or other activities.



Line Item #	Grant#	Grantee Activity #	Responsible Organization	Activity Type	Activity Title	Fund Type	Drawdown Amount	Line Item Status	Revised From Line Item #	Submission Date	Action
3	B-11-DN-13-0001	6011-001-B-1 Griffin	Spalding County - City of Griffin	Acquisition - general	6011-001-B-1 Griffin	PROGRAM FUND	(\$68,049.59)	Completed	1	06/13/2017	Revise   View
4	B-11-DN-13-0001	6011-14A-B-1 Griffin	Spalding County - City of Griffin	Rehabilitation/reconstruction of residential structures	6011-14A-B-1 Griffin	PROGRAM FUND	(\$12,315.41)	Completed	1	06/13/2017	Revise   View
<b>Voucher Completed Total:</b>							<b>(\$80,365.00)</b>				
1	B-11-DN-13-0001					PROGRAM FUND	(\$80,365.00)	Revised		06/13/2017	View
2	B-11-DN-13-0001					PROGRAM FUND	\$0.00	Revised	1	06/13/2017	View
<b>Voucher Revised Total:</b>							<b>(\$80,365.00)</b>				

- 5 After voucher revisions are submitted by the Drawdown Requestor, the revisions must be approved by a user with the drawdown approval role. To approve voucher revisions, the Draw Approver searches the “Maintain Voucher” page. The entire voucher is displayed, not just the revised voucher line item. Grantee Users with Draw Approver rights may take the following steps when approving voucher revisions.

- To view the details of a line item before approving or rejecting it, select the <View> link in the “Action” column next to the line item. After viewing it, select <Return to Maintain Voucher>.
- Select the <Approve> or <Reject> link in the “Action” column next to a revised line item to approve or reject line items individually. Alternatively, select all (or multiple) line item revisions using the checkboxes next to the line items and select <Approve Selected> or <Reject Selected>.

**TIP!** Vouchers cannot be revised to reallocate funds to other child grants if the applicable grant is a consolidated grant.

## B2. Grantee | Classification of Returned Funds

If funds were returned to LOCCS in error if, for example, the returned amount was incorrect or credited to the wrong Grant, DRGR users must “Classify the Collection Voucher in Error.”

User Role: Draw Requestor

Menu Option:  Search/Maintain Vouchers

Purpose: Allow Drawdown Users to Classify Collection Vouchers as errors.

 Complete the following steps to Classify Collection Vouchers as errors:

User Role: Draw Requestor

Menu Option:  Search/Maintain Vouchers

1 Navigate to the Manage My Financials module and locate the Drawdown menu. See Step A1 above. Select <Search/Maintain Vouchers>. The “Search for Vouchers” page will load.

2 Select <Collection> in the “Transaction Type” dropdown menu and select <Search>. Locate the desired Collection Voucher in the search results and select <Maintain> under the “Action” heading.

DRAWDOWN  
Search for Vouchers

Search Criteria

Voucher #:

Grant #: B-08-DN-13-000

Line Item Status: Select

Supporting Document Status: Select

Earliest Creation Date:  Select Date

Grantee Activity #:

Fund Type: Select

Display Supporting Document Details

**Transaction Type:**  
Collection

Search | Reset

Results Page 1 of 1 (10 voucher line items found)

Voucher #	Line Item #	Creation Date	Grant #	Grantee Activity #	Responsible Organization	Fund Type	Transaction Type	Drawdown Amount	Line Item Status	Supporting Documents	Action
247025	3	02/04/2014	B-08-DN-13-0001	5058-001-B-I Douglas	Douglas County	PROGRAM FUND	Collection	(\$77,334.93)	Completed	NA	Maintain
282615	2	07/20/2015	B-08-DN-13-0001	5062-14A-B-H Griffin	Griffin, City of	PROGRAM FUND	Collection	(\$6,799.00)	Completed	NA	Maintain
247025	8	02/04/2014	B-08-DN-13-0001	5052-001-B-H NW GA RC	Northwest Georgia Regional Commission1	PROGRAM FUND	Collection	(\$395.00)	Completed	NA	Maintain
247025	6	02/04/2014	B-08-DN-13-0001	5052-001-B-I NW GA RC	Northwest Georgia Regional Commission1	PROGRAM FUND	Collection	(\$2,000.00)	Completed	NA	Maintain
247025	7	02/04/2014	B-08-DN-13-0001	5052-013-A-H NW GA RC	Northwest Georgia Regional Commission1	PROGRAM FUND	Collection	(\$25,494.01)	Completed	NA	Maintain

3 The “Maintain Voucher” page will load. Select <Classify Collection>.

Disaster Recovery Grant Reporting System

B-08-DN-13-0001

Voucher Item | Supporting Documents

DRAWDOWN  
Maintain Voucher

Classify Collection | Return to Search Voucher | Download PDF

ton if you wish to classify whether the Collection was applied to Grant Line of Credit in error.

Voucher #: 247025  
Created By: B55502 - Diana Mykytyn

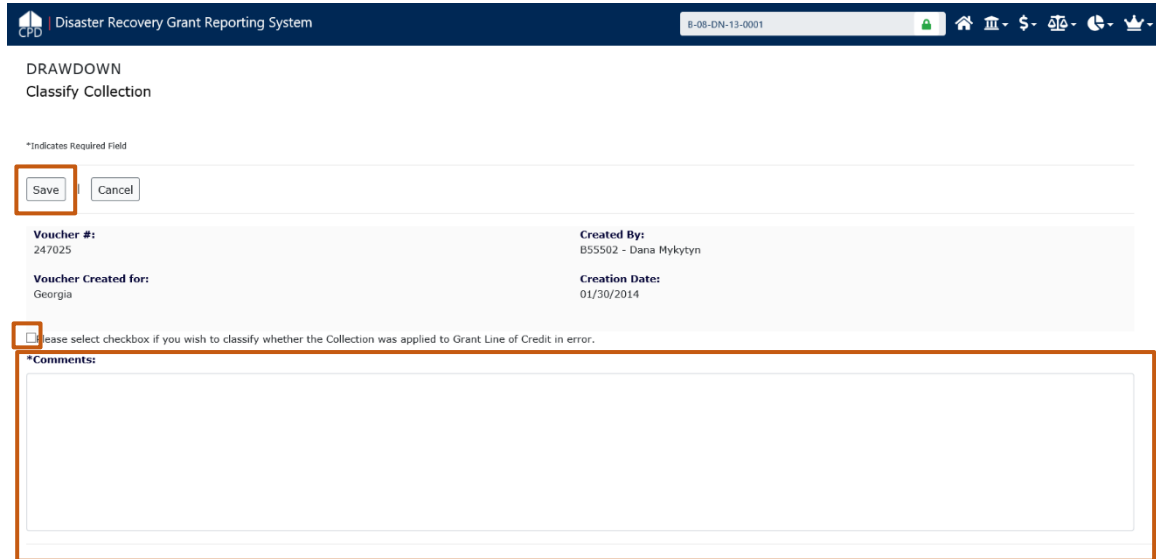
Voucher Created for: Georgia  
Creation Date: 01/30/2014

Line Item #	Grant#	Grantee Activity #	Responsible Organization	Activity Type	Activity Title	Fund Type	Drawdown Amount	Line Item Status	Reload From Line Item #	Submission Date	Action
3	B-08-DN-13-0001	5058-001-B-I Douglas	Douglas County	Acquisition - general	5058-001-B-I Douglas	PROGRAM FUND	(\$77,334.93)	Completed	1	01/30/2014	View
8	B-08-DN-13-0001	5052-001-B-H NW GA RC	Northwest Georgia Regional Commission1	Acquisition - general	5052-001-B-H NW GA RC	PROGRAM FUND	(\$395.00)	Completed	2	01/30/2014	View
6	B-08-DN-13-0001	5052-001-B-I NW GA RC	Northwest Georgia Regional Commission1	Acquisition - general	5052-001-B-I NW GA RC	PROGRAM FUND	(\$2,000.00)	Completed	2	01/30/2014	View
7	B-08-DN-13-0001	5052-013-A-H NW GA RC	Northwest Georgia Regional Commission1	Homeownership Assistance to low- and moderate-income	5052-013-A-H NW GA RC	PROGRAM FUND	(\$25,494.01)	Completed	2	01/30/2014	View
4	B-08-DN-13-0001	5052-013-A-I NW GA RC	Northwest Georgia Regional Commission1	Homeownership Assistance to low- and moderate-income	5052-013-A-I NW GA RC	PROGRAM FUND	(\$10,000.00)	Completed	2	01/30/2014	View

User Role: Draw Requestor

Menu Option:  Search/Maintain Vouchers

- The "Classify Collection" page will load. Select the checkbox to "Classify the Collection in Error," enter comments and select <Save>.



CPD | Disaster Recovery Grant Reporting System B-08-DN-13-0001

DRAWDOWN  
Classify Collection

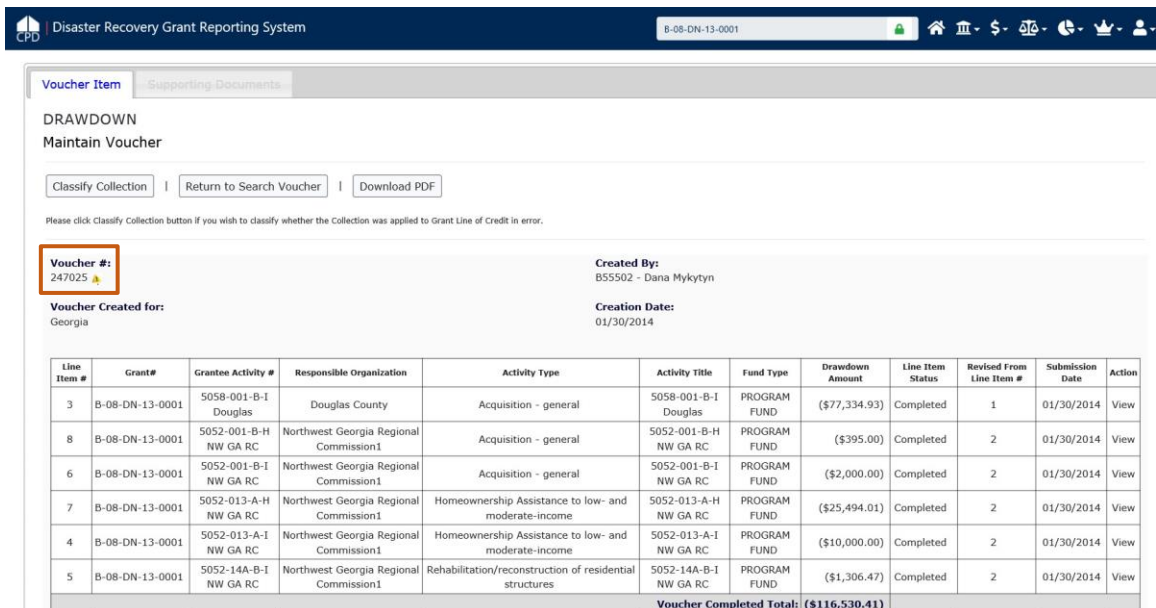
\*Indicates Required Field

**Voucher #:** 247025 **Created By:** B55502 - Dana Mykytyn  
**Voucher Created for:** Georgia **Creation Date:** 01/30/2014

Please select checkbox if you wish to classify whether the Collection was applied to Grant Line of Credit in error.

**\*Comments:**

- The "Maintain Voucher" page will load and a symbol will appear next to the "Voucher #" indicating the "Collection Voucher" was classified as an error.



CPD | Disaster Recovery Grant Reporting System B-08-DN-13-0001

Voucher Item Supporting Documents

DRAWDOWN  
Maintain Voucher

|  |

Please click Classify Collection button if you wish to classify whether the Collection was applied to Grant Line of Credit in error.

**Voucher #:** 247025 **Created By:** B55502 - Dana Mykytyn  
**Voucher Created for:** Georgia **Creation Date:** 01/30/2014

Line Item #	Grant#	Grantee Activity #	Responsible Organization	Activity Type	Activity Title	Fund Type	Drawdown Amount	Line Item Status	Revised From Line Item #	Submission Date	Action
3	B-08-DN-13-0001	5058-001-B-I Douglas	Douglas County	Acquisition - general	5058-001-B-I Douglas	PROGRAM FUND	(\$77,334.93)	Completed	1	01/30/2014	View
8	B-08-DN-13-0001	5052-001-B-H NW GA RC	Northwest Georgia Regional Commission1	Acquisition - general	5052-001-B-H NW GA RC	PROGRAM FUND	(\$395.00)	Completed	2	01/30/2014	View
6	B-08-DN-13-0001	5052-001-B-I NW GA RC	Northwest Georgia Regional Commission1	Acquisition - general	5052-001-B-I NW GA RC	PROGRAM FUND	(\$2,000.00)	Completed	2	01/30/2014	View
7	B-08-DN-13-0001	5052-013-A-H NW GA RC	Northwest Georgia Regional Commission1	Homeownership Assistance to low- and moderate-income	5052-013-A-H NW GA RC	PROGRAM FUND	(\$25,494.01)	Completed	2	01/30/2014	View
4	B-08-DN-13-0001	5052-013-A-I NW GA RC	Northwest Georgia Regional Commission1	Homeownership Assistance to low- and moderate-income	5052-013-A-I NW GA RC	PROGRAM FUND	(\$10,000.00)	Completed	2	01/30/2014	View
5	B-08-DN-13-0001	5052-14A-B-I NW GA RC	Northwest Georgia Regional Commission1	Rehabilitation/reconstruction of residential structures	5052-14A-B-I NW GA RC	PROGRAM FUND	(\$1,306.47)	Completed	2	01/30/2014	View
<b>Voucher Completed Total:</b>							<b>(\$116,530.41)</b>				

# B3. HUD | Search and View Vouchers

User Role: HUD User

Menu Option: Search/Maintain Vouchers

Purpose: Allow HUD Users to search and view vouchers.

Complete the following steps to Search and View Vouchers:

1 Navigate to the Manage My Financials module and locate the Drawdown menu. See Step A1 above. Select <Search/Maintain Vouchers>. The “Search for Vouchers” page will load.

1 Select <Collection> in the “Transaction Type” dropdown menu and select <Search>. Locate the desired Collection Voucher in the search results and select <Maintain> under the “Action” heading.

DRAWDOWN  
Search for Vouchers

Search Criteria

Voucher #:

Grant #:

Line Item Status:

Supporting Document Status:

Earliest Creation Date:  Select Date

Grantee Activity #:

Fund Type:

Display Supporting Document Details

**Transaction Type:**  
Collection

Results Page 1 of 1 (10 voucher line items found)

Voucher #	Line Item #	Creation Date	Grant #	Grantee Activity #	Responsible Organization	Fund Type	Transaction Type	Drawdown Amount	Line Item Status	Supporting Documents Status	Action
247025	3	02/04/2014	B-08-DN-13-0001	5058-001-B-I Douglas	Douglas County	PROGRAM FUND	Collection	(\$77,334.93)	Completed	NA	Maintain
282615	2	07/20/2015	B-08-DN-13-0001	5062-14A-B-H Griffin	Griffin, City of	PROGRAM FUND	Collection	(\$6,799.00)	Completed	NA	Maintain
247025	8	02/04/2014	B-08-DN-13-0001	5052-001-B-H NW GA RC	Northwest Georgia Regional Commission1	PROGRAM FUND	Collection	(\$395.00)	Completed	NA	Maintain
247025	6	02/04/2014	B-08-DN-13-0001	5052-001-B-I NW GA RC	Northwest Georgia Regional Commission1	PROGRAM FUND	Collection	(\$2,000.00)	Completed	NA	Maintain
247025	7	02/04/2014	B-08-DN-13-0001	5052-013-A-H NW GA RC	Northwest Georgia Regional Commission1	PROGRAM FUND	Collection	(\$25,494.01)	Completed	NA	Maintain

2 The “Maintain Voucher” page will load. Select <View> under the “Action” heading.

Disaster Recovery Grant Reporting System | 8-08-DN-13-0001

Voucher Item | Supporting Documents

DRAWDOWN  
Maintain Voucher

|  |

Please click Classify Collection button if you wish to classify whether the Collection was applied to Grant Line of Credit in error.

Voucher #: 247025  
Created By: B55502 - Dana Mykytyn

Voucher Created for: Georgia  
Creation Date: 01/30/2014

Line Item #	Grant#	Grantee Activity #	Responsible Organization	Activity Type	Activity Title	Fund Type	Drawdown Amount	Line Item Status	Revised From Line Item #	Submission Date	Action
3	B-08-DN-13-0001	5058-001-B-I Douglas	Douglas County	Acquisition - general	5058-001-B-I Douglas	PROGRAM FUND	(\$77,334.93)	Completed	1	01/30/2014	View
8	B-08-DN-13-0001	5052-001-B-H NW GA RC	Northwest Georgia Regional Commission1	Acquisition - general	5052-001-B-H NW GA RC	PROGRAM FUND	(\$395.00)	Completed	2	01/30/2014	View
6	B-08-DN-13-0001	5052-001-B-I NW GA RC	Northwest Georgia Regional Commission1	Acquisition - general	5052-001-B-I NW GA RC	PROGRAM FUND	(\$2,000.00)	Completed	2	01/30/2014	View
7	B-08-DN-13-0001	5052-013-A-H NW GA RC	Northwest Georgia Regional Commission1	Homeownership Assistance to low- and moderate-income	5052-013-A-H NW GA RC	PROGRAM FUND	(\$25,494.01)	Completed	2	01/30/2014	View
4	B-08-DN-13-0001	5052-013-A-I NW GA RC	Northwest Georgia Regional Commission1	Homeownership Assistance to low- and moderate-income	5052-013-A-I NW GA RC	PROGRAM FUND	(\$10,000.00)	Completed	2	01/30/2014	View

---

---

The following procedures should be followed if a vendor/contractor or subrecipient has not cashed a check payment:-

---

1. The Disaster Recovery Finance Unit will inform contract leads/program staff to ascertain the reason the payment has not been cashed and must retrieve the check from the vendor or instruct the vendor to return the check to VIHFA within five business days.
2. Should the check not be returned to the VIHFA within five business days, a stop order will need to be processed.

The CBDG-DR Finance Unit will then reclass the funds to “funds on hand” to be utilized toward another draw or project, as applicable.

## **CHARGING OF COSTS TO CDBG-DR/CDBG-MIT AWARDS**

The VIHFA charges costs that are reasonable, allowable, and allocable to a federal award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger to assure that unallowable costs are not charged to federal awards.

### **Principles for Determining Costs**

#### **Cost Principles**

The VIHFA will keep documentation that establishes that its CDBG-DR and CDBG-MIT funds are used for eligible activities and meet one or more of the national objectives. Further, the VIHFA’s accounting records will identify eligible activity classifications specified in the statute, regulations and/or grant agreement to identify the proper use of program funds for eligible activities. VIHFA will charge costs that are reasonable, allowable, and allocable to a federal award directly or indirectly. All unallowable costs will be appropriately segregated from allowable costs in the general ledger to ensure that unallowable costs are not charged to federal awards.

#### Separating unallowable from Allowable Costs

The following steps will be taken to identify and segregate costs that are allowable and unallowable with respective of each federal award:

- a) The budget, grant and/or contract for each award will be reviewed for costs specifically allowable or unallowable.
- b) Program Managers and Fiscal Staff will be familiar with the allowability of costs provisions outlined in 2 CFR Part 200.400-475, Cost Principles, particularly:
  - I. The list of specifically unallowable costs found in 200.421-475, selected items of Cost, such as alcoholic beverages, bad debts, contributions, fines and penalties, etc.
  - II. Costs requiring advance approval from federal agencies in order to be allowable in accordance with 2 CFR Part 200.407, Prior Written Approval, such as participant support costs, equipment purchases, etc.

c) No costs will be charged directly to any federal award until the cost has been determined to be allowable under the terms of the award and/or 2 CFR Part 200.400-475, Cost Principles.

---

- d) For each federal award, an appropriate set of general ledger accounts and/or account segments shall be established in the chart of accounts to reflect the categories of allowable costs identified in the award or the award budget.
- e) All items of miscellaneous income or credit, including the subsequent write-offs of uncashed checks, rebates, refunds and similar item, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to the charges that were originally charged to a federal award or to activity associated with a federal award. The reduction in expenditures will be reflected in the year in which the credit is received (i.e., if the expenditure that resulted in the credit took place in a prior period, the prior period shall not be amended for the credit).
- f) Consistent with 2 CFR 200.302 (b)(3), expenditures will be reviewed according to eligibility activity classifications specified in the statute, regulations, or grant agreement that clearly identify the use of the federal award for eligible activities.

### Criteria for Eligible/Allowable Costs

All costs must meet the following criteria from 2 CFR Part 200.402–406, Basic Considerations, in order to be treated as allowable direct or indirect costs under a federal award. The VIHFA ensures that all allowable costs meet the following general criteria in order to be allowable as a charge against any federal award:

- a) Be necessary and reasonable for proper and efficient performance and administration of federal awards;
- b) Be allocated to the grant;
- c) Be authorized under the Territory’s laws or regulations;
- d) Conform to any limitations or exclusions set forth in 2 CFR 200 Subpart E and other applicable laws and regulations;
- e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and Territory laws;
- f) Costs are not allowable to, or included as a cost of, any other federally financed program;
- g) Be accorded consistent treatment; and
- h) Be determined in accordance with generally accepted accounting principles (GAAP)
- i) Be adequately documented.

### Reasonable Costs

The cost must be “reasonable” for the performance of the award. A cost is reasonable if, in its nature and amount, it:

- a) Does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost;
- b) Is consistent with sound business practices; and
- c) Is consistent with market prices for similar goods and services.

### Allocable Costs

Cost are allocable if it:

- a) Is incurred specifically for the Federal award;

- b) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
- c) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles 2 CFR 200 Subpart E.

**HUD Approvals**

Program Managers or Directors will evaluate the need for HUD approval considering the requirements of all applicable laws, regulations, Federal Register notices and 2 CFR 200.407.

Procedures for HUD Approval for Special Costs Associated with General Purpose Equipment

- a. Concerning request(s) for the purchase of specialty items, Program Managers or Directors will forward a justification memorandum along with the necessary supporting documents to the Executive Director for initial review. The Executive Director, upon his/her approval, will then submit the request to HUD for approval along with all supporting documentation.
- b. Procurement and Legal departments may also review request(s) as applicable prior to submission to the Executive Director.
- c. Only after written approval is received from HUD are the specialty items procured for and/or paid with CDBG-DR/CDBG-MIT funds.

Deviations from HUD-Approved Scope and Budget

To avoid subsequent disallowances or disputes based on unreasonableness or non-allocability, specifically in instances where deviations from the HUD-approved scope and/or budget are proposed, the VIHFA will seek the prior written approval of HUD in advance. Prior written approval will include the timeframe or scope of the agreement.

**Standard for Financial & Program Management 2 CFR 200**

The absence of prior written approval of any element of cost will not affect the reasonableness or allocability of that element, unless prior approval is specifically required for allowability as described under certain circumstances in the following Sections of 2 CFR 200:

Table 4: Sections of 2 CFR 200

Part	Description
§200.201	Use of grant agreements (including fixed amount awards), cooperative, agreements <sup>14</sup> agreements, and contracts, paragraph (b)(5);
§200.306	Cost sharing or matching
§200.307	Program income
§200.308	Revision of budget and program plans
§200.311	Real property
§200.313	Equipment

§200.332	Fixed amount subawards;
§200.413	<del>Direct costs, paragraph</del>
§200.430	Compensation-personal services, paragraph
§200.431	Compensation- fringe benefits
§200.438	Entertainment costs
§200.439	Equipment and other capital expenditures
§200.440	Exchange rates
§200.441	Fines, penalties, damages and other settlements
§200.442	Fund raising and investment management costs
§200.445	Goods or services for personal use
§200.447	Insurance and indemnification
§200.454	Memberships, subscriptions, and professional activity costs, paragraph
§200.455	Organization costs
§200.456	Participant support costs
§200.458	Pre-award costs
§200.462	Rearrangement and reconversion costs
§200.467	Selling and marketing costs
§200.470	Taxes (including Value Added Tax)
§200.474	Travel costs

## Types of Cost

### 1. Program Administration Costs

Program administration costs are associated with salaries, wages, and related costs of the VIHFA's staff, including consultants and Subrecipients engaged in program administration for the awarded CDBG-DR Grant Award. Examples of eligible CDBG-DR and CDBG-MIT program administrative costs can include:

- a) Providing local officials and citizens with information about the CDBG-DR funded project;
- b) Internal meetings for general program administration and review that is not related to program delivery activities;
- c) Preparing program budgets and schedules, and amendments thereto;
- d) Developing systems for assuring compliance with CDBG-DR program requirements;
- e) Costs associated with the Environmental Review Record for the overall program, including the release of funds;
- f) Preparing for Requests for Proposals (RFP) with consultants for grant administration or other related work and Requests for Qualifications (RFQ);
- g) Monitoring program activities for progress and compliance with the program requirements;
- h) Coordinating the resolution of audit and monitoring findings;

- i) Evaluating program results against territory objectives;
- j) Managing or supervising persons whose primary responsibilities with regard to the program include such assignments as those described above;
- k) Purchase of capital equipment, such as file cabinets, and used exclusively for CDBG-DR grant administration; and
- l) Prorated costs of obtaining audits in compliance with Subpart F of 2 CFR 200.

## 2. Planning Costs

Planning costs are the costs of data gathering, studies, analysis, and preparation of plans and the identification of actions that will implement such plans. Planning costs include:

- a) Comprehensive plans;
- b) Community development plans;
- c) Functional plans;
- d) Capital improvement programs;
- e) Individual project plans, excluding engineering and design costs related to a specific activity;
- f) Environmental studies and project specific environmental assessments; and
- g) Policy planning management capacity building activities which enable VIHFA to:
  - Determine its needs;
  - Set long-term goals and short-term objectives
  - Devise programs and activities to meet these goals and objectives;
  - Evaluate the progress of such programs and activities in accomplishing these goals and objectives; and
  - Carry out management, coordination and monitoring of activities necessary for effective planning implementation excluding the costs necessary to implement such plan

## 3. Activity Delivery Costs

Activity Delivery Costs are costs which can be attributed directly to the delivery of the specific proposed activities such as:

- a) Compensation of employees for the time devoted to the performance of implementing and carrying out a specific eligible CDBG-DR activity;
- b) Cost of materials acquired, consumed, or expended by staff in carrying out a specific eligible CDBG-DR activity;
- c) Travel costs incurred specifically for carrying out eligible activities, such as visits made to the job site of a construction activity to ensure legitimate progress payments; and
- d) Consultant and subrecipient costs directly attributable to the implementation of specific activities.

## Classification of Cost

---

### 1. Direct Costs

Direct costs are those costs that identify specifically with the CDBG-DR funded project and are required for the implementation of the CDBG-DR program. Direct costs can be identified with a specific cost objective, or that can be directly assigned to such activities relatively easily with a high degree of accuracy (2 CFR Part 200.413(a)). VIHFA identifies and charges these costs exclusively to each award or program. Typical direct costs chargeable to Federal awards include:

- a) Cost of labor and materials acquired, consumed and expended specifically for the CDBG- DR award. Each invoice shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure. Subrecipient invoices are approved by the appropriate Program Manager.
- b) Equipment or other approved capital expenditure. Equipment purchased for exclusive use on a federal award and reimbursed by a federal agency shall be accounted for as a direct cost of that award (i.e., such equipment shall not be capitalized and depreciated for grant purposes but will be capitalized and depreciated at year-end for financial statement purposes).
- c) Salaries of staff devoted specifically to the implementation of the CDBG-DR funded project if the approved project is a public service project. Time sheets and payroll reports are also submitted on a regular basis, reflecting employees' work and which programs directly benefited from their effort. Time sheets shall serve as the basis for charging salaries directly to federal awards and nonfederal functions.
- d) Grant or loan payments to eligible beneficiaries.

## Direct Costing Procedures

Direct and joint costs are allocated to the benefiting programs using cost pools under the following policies and procedures:

1. Costs will be allocated to all programs on an equitable basis regardless of any limits imposed by funding sources.
2. As much as possible, costs will first be charged directly to benefiting programs.
3. All remaining shared costs will be allocated on the most meaningful measures. The following are examples of bases to be used:
  - a. Facilities and related costs will be allocated based on square footage occupied.
  - b. Administrative expenses directly related to programs are charged to the respective program. The administrative share of common costs is generally allocated based on the # of direct employees in each program.
4. Program-related costs will be allocated based on relevant activity measures, such as number of meals served, number of children or clients.

### 2. Indirect Costs

Indirect costs are those costs that cannot be specifically identified with the CDBG-DR funded project. These costs are incurred for a common or joint purpose benefiting more than one cost objective and are not readily assignable to that cost objective. The VIHFA may allow indirect costs of its Subrecipients. They must be recovered either using the de minimis 10% of modified total direct costs rate identified in 2 CFR 200.414 or through an approved cost allocation plan that must be kept on file and a copy must be provided to VIHFA. A cost allocation plan provides the methods and procedures that will be used to allocate costs to various programs. Information on establishing an allocation plan can be found in 2 CFR 200 Subpart E - Cost Principles.

Indirect costs include support costs associated with implementation such as, but not limited to:

- Administrative and accounting salaries and benefits;
- Auditing expenses;
- Office related fees such as payroll services, office machines, equipment repairs, and fees for telecommunication services; and occupancy costs.

On October 12, 2023, VIHFA addressed a letter to Laura Rivera-Carrion requesting for an extension of provisional indirect cost rate for four (4) years. In the past, VIHFA operated with an approved 36.9% indirect cost rate with a three (3) effective period. Every three years, the VIHFA will submit a proposal to its cognizant agency to establish billing indirect costs rates for each fiscal year allowable in accordance with the requirements of the Federal award(s) to which they apply. All costs included in the proposal will be properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further the same costs, which have been treated as indirect costs, will not be claimed as direct costs and similar types of costs will be accounted for consistently.

## **Improper Payments**

In the event an improper payment is discovered through an audit or financial finding, the subrecipient/grantee shall be informed via a certified letter. The letter will instruct the sub-recipient/grantee of the improper payment and provides direction as to how the funds should be returned. The VIHFA Chief Disaster Recovery Officer and Executive Director are informed, and the funds will be wired back to HUD upon the receipt of funds by VIHFA.

## **Timely Expenditures Overview (See Timely Expenditures Policy for Full Scope)**

The Finance Unit and Program Managers will be responsible for reviewing and monitoring actual and budgeted expenditures monthly to ensure (1) federal funds are spent in a timely fashion, (2) only allowable costs and authorized pre-award costs are incurred prior to and after disbursement, and (3) federal awards will be fully expended within the period of performance. Each federal award will have an established grant program code indicating the number of months or years to closeout for accurate expenditure projections and monitoring.

Actual and budgeted expenditure reports will be generated monthly to monitor timely expenditures and expending of funds within the period of performance. Monthly reports will include unexpended fund ratios and expenditures rates, considering program income, to analyze trends and determine if funds are distributed

and spent in a timely fashion. Expenditure budgets will be revised monthly based on actual expenditures to ensure allocated funds are expended on eligible activities within the period of performance.

---

## Cost Allocation

### Allocating Activity Delivery Costs

**Vendor's Activity Delivery Costs-** Activity Delivery Costs are costs incurred by a grantee or subrecipient directly related to delivery of a specific CDBG-DR, CDBG-MIT and EGRID project or service. These costs must be tied to delivering CDBG-DR, CDBG-MIT and EGRID eligible project. Inclusive, but examples of activity delivery costs that will be incurred in the CDBG-DR, CDBG-MIT and EGRID program are as follows:

1. Vendor (Company XYZ) costs not tied to a specific applicant's Estimated Cost to Repair (ECR). Costs would be for professional fees, vendor reimbursements (travel costs), or purchases (leased space for intake and client eligibility screening) made to implement the Program.
2. Vendor (Company ABC) costs for the development of policies and procedures necessary to implement program.

**Payroll Activity Delivery Costs-** Payroll costs charged to the CDBG-DR, CDBG-MIT and EGRID grant for salaries and wages, whether treated as direct or indirect costs, will be based on documented and approved payroll records and timesheets. Salaries and wages of staff charging time to the grant are documented with timesheets and support/documentation that the work performed is related to the grant.

Payroll records and timesheets used in support of federal projects should:

- A. Accurately reflect a post-accounting of all hours, activity, and work performed, inclusive of paid leave.
- B. Be supported by a system of internal controls that provides reasonable assurances that charges to both federal and non-federal sources are recorded accurately and allocated properly.
- C. Comply with internal accounting policies and practices.
- D. Be incorporated into official payroll records and reconciled accordingly.

Payroll records used in support of federal projects should not (1) be based on a pre-determined estimate or allocation between cost objectives and (2) include uncompensated time.

For employees working on multiple federal cost objectives, working on a federal and non-federal cost objective, or working on a direct and an indirect cost objective, detailed timesheets should be maintained on a weekly, biweekly, or monthly basis. Staff should record and certify the hours charged to which CDBG activity program. These hours will determine how salaries are charged to CDBG-DR activities. A supervisor should verify that each staff member's time is recorded accurately to different programs before approving.

- **Personnel Costs-** Employee time charged to eligible CDBG program activity. In the early stages of the CDBG-DR program, staff was assigned specifically to a CDBG-DR program but was erroneously paid from the administrative cost. For staff hours not clearly charged to either program on timesheets, first determine how much of the hours are associated with the overall program, then use the current allocation methodology across each program to charge the costs to the right CDBG-DR activity.

## Frequency of Allocating Activity Delivery Costs

---

In situations where costs cannot be determined to serve a single program (Housing, Public Services and Public Facilities, Infrastructure, Economic Revitalization and Planning and Administration), The Virgin Islands Housing Finance Authority CDBG-DR, CDBG-MIT and EGRID will allocate ADCs to the program using **quarterly** percentage splits based on the number of **active** applicants in both programs.

CDBG-DR/MIT and EGRID staff will provide vendors, on a regular interval, a quarterly percentage split for each program to be applied to ADCs that do not tie to a particular beneficiary and therefore benefit the entire program or set of programs. These splits will be developed based on the best available data during that quarter.

In cases where a program is underway, this analysis will review the current active applicant population. In cases where a program is not yet underway, this analysis will look at the projected beneficiaries in the Disaster Recovery Grant Reporting System (DRGR) Action Plan or based on program estimates for that program to determine the appropriate percentage splits to be used. Generally, the allocation across CDBG-DR programs should occur prior to allocation between DRGR Activities within a program.

In the case of, CDBG-DR/MIT and EGRID will try to align the update of the quarterly percentage splits with the updating of HUD's Quarterly Performance Reporting cycle. For example, if CDBG-DR/MID and EGRID generates program data as of the first week of July, then that percentage split can apply for invoices and drawdowns during the period between July 1, 2023 - September 30, 2023. The next update will occur during the first week of September and apply from September 1, 2023 to December 31, 2023. The overlap in date allows for a new allocation to be developed and the person performing the allocation to use the 'best available data' to make those allocation splits, even if those allocation splits take time to review and approve.

To provide adequate support in the event of a monitoring or audit and justify the allocation of costs, be sure to include the allocation used with the invoice documentation.

CDBG-DR/CDBG-MIT subrecipients' actual and budgeted expenditures will also be monitored by Program staff monthly through actual and budgeted expenditure reports submitted by the subrecipient. Expenditures will be monitored as outlined above, based on the subrecipient's period of performance.

Reprogramming of CDBG-DR/CDBG-MIT funds will be required when grantees or subrecipients actual expenditures are more than 20% below budgeted expenditures for 6 consecutive months. The Program Director will be responsible for determining the amount of funds to reprogram, and how to reallocate funding. The Program Director will determine any necessary budget modifications per policies and procedures outlined in the Financial Management Policies section.

As outlined above, Program Managers and the Finance Unit are responsible for segregating unallowable from allowable costs prior to disbursement. The Compliance & Monitoring Unit within VIHFA will be responsible for auditing unallowable and allowable costs after disbursement, to ensure cost eligibility criteria is met. Following are the specific procedures for the timely expenditure of funds.

### **Timely Expenditures Procedures**

Projection of Expenditures and Outcome Template, together with the Disaster Recovery Grant Reporting System will be utilized whenever program changes impact projected outcomes, funding levels or recovery timelines. HUD will be provided revised projections.

The Grantee will track all requests for payment and will keep spreadsheets for expenditures. All programs and projects will provide a draw-down summary and balance sheet monthly. Program and project timelines will be submitted to the Grantee Program Director, DR Finance Director and/or Chief Financial Officer, along with a detailed plan with measurable benchmarks and critical milestones. In the case of any failure to meet benchmarks, program and project managers will be required to provide an action plan to detail corrective actions that will ensure the program meets benchmarks. Technical assistance and monitoring will be provided as needed. If the event that the corrective action is not successful in meeting stated benchmarks, the program or project may be terminated and the funds re-obligated.

A program or project shall be re-obligated if it fails to correct identified program deficiencies (i.e., Findings), or demonstrate that corrective actions are being implemented to address identified deficiencies, within sixty (60) days of receipt of monitoring letter or other correspondence outlining deficiencies to be corrected. A Finding is defined as a deficiency in program performance based on noncompliance with a Federal statute or regulation. If there is an unexpended balance remaining after payment/reimbursement of all eligible, approved program costs upon the completion of the project, remaining funds will be re-obligated.

Once a project has met one or more of the criteria listed above, the re-programming process shall proceed as follows:

1. Supporting documentation shall be compiled to justify the recommendation for re-obligation of funds. The documentation shall include a summary of technical assistance provided to date and any other documents as may be applicable. The VIHFA Program Director, DR Finance Director and/or Chief Financial Officer shall review the facts of the case and together make the recommendation for re-obligation, as necessary.

2. A first notice letter shall be developed that includes the specific reason(s) the project is being considered for re-obligation. The letter will provide thirty (30) days from receipt of letter to implement corrective actions.

3. The CDBG-DR/CDBG-MIT Program staff shall take the appropriate measures to ensure that the subrecipient receives the first notice - i.e., the notice shall be sent via first-class certified mail with a copy sent via read/receipt e-mail. Within ten 10 days of issuance of the first notice, CDBG-DR/CDBG-MIT staff shall follow-up with the subrecipient to offer technical assistance specific to the deficiencies. The outcome of the initial outreach (as well as any subsequent contacts) to be documented in file notes.

4. If corrective measures have not been implemented by thirty (30) days after the initial letter been received, a Notice of Termination shall be developed and transmitted following the delivery methods described above. The second notice provides a deadline of fifteen (15) days from receipt of letter to demonstrate that corrective actions have been implemented. The letter further advises that at the end of the 15-day deadline the funds will be de-obligated.

5. Upon the expiration of the 15-day termination notice, the request for approval of reprogramming/recommendation for termination shall then be prepared and submitted to the Executive Director through the Chief Disaster Recovery Officer. Once the Executive Director has approved the re-obligation action, the final letter is signed by Executive Director and transmitted via certified mail.

Note: When monies are being re-obligated as the result of completion of a project with an unexpended balance of funds, upon acceptance of the Close-out Report, CDBG-DR/CDBG-MIT will transmit a letter acknowledging successful close out of the project and confirming the balance to be re-obligated.

When funds are re-obligated the Grantee will identify additional eligible recipients or projects, in accordance with the Action Plan that require additional funding or can move forward immediately and expended fund and achieve program goals and comply with all program requirements.

**CDBG-DR/CDBG-MIT Chart of Accounts**

To segregate the expenditures of the CDBG-DR and CDBG-MIT grants and accurately record them both in the financial system and the DRGR reporting system, the CDBG-DR Division has created chart of accounts segments to readily identify the respective activity. A combination of all four segments creates a unique General Ledger (GL) account code, data which will be consistent with the applicable award/subaward document(s), per 2 CFR 200.302(b)(1). The current SAP financial system four-segment structure is as follows:

Table 5: SAP Financial System Structure

Natural	5 digits	Account Type (Assets, Liabilities, Equity, Revenue Expenses)
Island	1 digit	Island (St. Thomas, St. Croix, St. John)
Department / Grant	3 digits	Department (Accounting) / Grant (CDBG-DR Tranche1)
Program / Project	3digit	Program (ESG) / Project (Homeownership Rental and Reconstruction Program)

Naming convention is as follows:

Table 6a: Naming Conventions (3<sup>rd</sup> Segment)

Grant (3rd segment of GL Code)

Numeric Value	Description	Short Name
401	CDBG-DR Tranche 1	DR1
402	CDBG-DR Tranche 2	DR2
403	CDBG-DR-Tranche 3	DR3
410	CDBG-MIT	DR10

Table 6b: Naming Conventions (4<sup>th</sup> Segment)

Project (4<sup>th</sup> segment of GL Code)

Numeric Value	Description	Short Name
600	CDBG-DR Admin	DR-Admin
602	DR CDBG-Planning	DR-Plan
610	DR CDBG HO Rehab & Reconstruct	DR-HRRP
612	DR CDBG HO New Construction	DR-HNCH
614	DR CDBG HR Rehab & Reconstruction	DR-HRRRP
616	DR CDBG HP Affordable Housing	DR-HPAHD
618	DR CDBG HS Supportive & Sheltering	DR-HSHSP
620	DR CDBG Local Match	DR-LMFDR
622	DR CDBG Infrastructure Repair & Resilience	DR-IRR
624	DR CDBG Electrical Power Sys Enhance & Imprv	DR-EPSEI
630	DR CDBG Ports & Airports Enhancement	DR-ERPAAE
632	DR CDBG Tourism Industry Support	DR-ERTISP
634	DR CDBG Work Force Development	DR-ERWD
636	DR CDBG Neighborhood Revitalization	DR-ERNR
638	DR CDBG Small Business & Technical Support	DR-ERSBTS

To track expenditures to DRGR, Activity Project Codes were created that provides a crosswalk between the grant management system and accounting system. As additional activities are created in DRGR, corresponding activity project codes will be created in EMGrantsPro and SAP. The VIHFA will create

Activity Project Codes once a project application is approved in order to begin to track cost to the project. In figures 2, 3, 4, and 5 below the cross walk between all systems used for financial management are depicted.

Figure 1: **Micro-Strategy Report**

Page by:  
 Program: DR CDBG  
 Appropriation Code: 2017 HIM  
 Appropriation: 2017 Hurricanes Harvey, Irma and Maria  
 Grantee: Virgin Islands  
 Grant Number: B-17-DM-78-0001

Project Number	Project Title	Activity Number	Activity Title	Total Budget (PF&PI)	To O (P)
Administration	Administration	Admin-VIHFA	Admin-VIHFA	\$12,134,200.00	
Housing	Housing	H-HRRP-LMI	Homeowner Rehab. & Reconstruction Program	\$8,000,000.00	
Housing	Housing	H-HRRP-UN	Homeowner Rehab. & Reconstruction Program - UN	\$2,000,000.00	
Housing	Housing	H-NCH-LMI	New Construction & First Time Homeownership	\$9,000,000.00	
Housing	Housing	H-NCH-UN	New Construction & First Time Homeownership - UN	\$1,000,000.00	
Housing	Housing	H-PAHD-VIHA-LMI	Public & Affordable Housing Development	\$32,000,000.00	
Housing	Housing	H-RRRP-LMI	Rental Rehab. & Reconstruction	\$4,000,000.00	
Housing	Housing	H-RRRP-UN	Rental Rehab. & Reconstruction - UN	\$1,000,000.00	
Housing	Housing	H-SHSP-DHS-LMI	Supportive Housing	\$15,000,000.00	
Infrastructure	Infrastructure	I-EPSEI-WAPA-LMI	Elec. Power Systems Enhancement & Improvement -LMI	\$36,000,000.00	
Infrastructure	Infrastructure	I-EPSEI-WAPA-UN	Elec. Power Systems Enhancement & Improvement - UN	\$9,000,000.00	
Infrastructure	Infrastructure	I-LMFDR-LMI	Local Match for Federal Disaster Recovery - LMI	\$36,439,840.00	
Infrastructure	Infrastructure	I-LMFDR-UN	Local Match for Federal Disaster Recovery - UN	\$9,109,960.00	
Infrastructure	Infrastructure	I-RR-DPW-LMI	Infrastructure Repair & Resilience	\$19,500,000.00	
Infrastructure	Infrastructure	I-RR-DPW-UN	Infrastructure Repair & Resilience - UN	\$10,500,000.00	
Economic Revitalization	Economic Revitalization	ER-PAE-VIPA-LMI	Ports and Airports Enhancement - LMI	\$4,600,000.00	
Economic Revitalization	Economic Revitalization	ER-PAE-VIPA-UN	Ports and Airports Enhancement	\$18,400,000.00	
Economic Revitalization	Economic Revitalization	ER-TISP-TOURISM-LMI	Tourism Industry Support Program- Business Support	\$1,000,000.00	
Economic Revitalization	Economic Revitalization	ER-TISP-TOURISM-UN	Tourism Industry Support Program - Marketing	\$4,000,000.00	
Economic Revitalization	Economic Revitalization	ER-WD-VIDOL-LMI	Workforce Development	\$5,000,000.00	
Planning	Planning	Planning	Planning	\$5,000,000.00	
<b>Total</b>				<b>\$242,684,000.00</b>	

Fin Rept07a CUM - Grant Funds

Figure 2: **SAP Project Report**

File Edit View Data Go To Modules Tools Window Help

Projects - Setup

#	Project Code	Project Name	Active	Budget	Budget Adjustment	Program Area	National Objective	Grant Nbr	Program Income
1288	DR1-Admin-VIHFA	Admin-VIHFA	<input checked="" type="checkbox"/>	12,134,200		Administration	NA	B-17-DM-78-0001	
1289	DR1-ER-PAE-VIPA-UN	Ports and Airports Enhancement	<input checked="" type="checkbox"/>	23,000,000		Economic Revitalization	Urgent Need	B-17-DM-78-0001	
1290	DR1-ER-TISP-TOUR-LMI	Tourism Industry Support Program Business Support	<input checked="" type="checkbox"/>	1,000,000		Economic Revitalization	LMI	B-17-DM-78-0001	
1291	DR1-ER-TISP-TOUR-UN	Tourism Industry Support Program Marketing	<input checked="" type="checkbox"/>	4,000,000		Economic Revitalization	Urgent Need	B-17-DM-78-0001	
1292	DR1-ER-WD-VIDOL-LMI	Workforce Development	<input checked="" type="checkbox"/>	5,000,000		Economic Revitalization	LMI	B-17-DM-78-0001	
1293	DR1-H-HRRP-LMI	Homeowner Rehab. & Reconstruction Program	<input checked="" type="checkbox"/>	8,000,000		Housing	LMI	B-17-DM-78-0001	
1294	DR1-H-HRRP-UN	Homeowner Rehab. & Reconstruction Program - UN	<input checked="" type="checkbox"/>	2,000,000		Housing	Urgent Need	B-17-DM-78-0001	
1295	DR1-H-NCH-LMI	New Construction & First Time Homeownership	<input checked="" type="checkbox"/>	9,000,000		Housing	LMI	B-17-DM-78-0001	
1296	DR1-H-NCH-UN	New Construction & First Time Homeownership - UN	<input checked="" type="checkbox"/>	1,000,000		Housing	Urgent Need	B-17-DM-78-0001	
1297	DR1-H-PAHD-VIHA-LMI	Public & Affordable Housing Development	<input checked="" type="checkbox"/>	32,000,000		Housing	LMI	B-17-DM-78-0001	
1298	DR1-H-RRRP-LMI	Rental Rehab. & Reconstruction	<input checked="" type="checkbox"/>	4,000,000		Housing	LMI	B-17-DM-78-0001	
1299	DR1-H-RRRP-UN	Rental Rehab. & Reconstruction - UN	<input checked="" type="checkbox"/>	1,000,000		Housing	Urgent Need	B-17-DM-78-0001	
1300	DR1-H-SHSP-DHS-LMI	Supportive Housing	<input checked="" type="checkbox"/>	15,000,000		Housing	LMI	B-17-DM-78-0001	
1301	DR1-I-EPSEI-WAPA-UN	Elec. Power Systems Enhancement & Improvement - UN	<input checked="" type="checkbox"/>	45,000,000		Infrastructure	Urgent Need	B-17-DM-78-0001	
1302	DR1-I-LMFDR-UN	Local Match for Federal Disaster Recovery - UN	<input checked="" type="checkbox"/>	45,549,800		Infrastructure	Urgent Need	B-17-DM-78-0001	
1303	DR1-I-RR-DPW-LMI	Infrastructure Repair & Resilience	<input checked="" type="checkbox"/>	19,500,000		Infrastructure	LMI	B-17-DM-78-0001	
1304	DR1-I-RR-DPW-UN	Infrastructure Repair & Resilience - UN	<input checked="" type="checkbox"/>	10,500,000		Infrastructure	Urgent Need	B-17-DM-78-0001	
1305	DR1-Planning	Planning	<input checked="" type="checkbox"/>	5,000,000		Planning	NA	B-17-DM-78-0001	

**Figure 3 :EMGrantsPro**

Project Program	Activity Number	Activity Title	Total Budget	Total Awarded	Grant Funds Available
Program: DR CDBG					
Appropriation Code: 2017 HIM					
Appropriation: 2017 Hurricanes Harvey, Irma and Maria					
Grantee: Virgin Islands					
Grant Number: B-17-DM-78-0001					
As of: Sep 08, 2020					
Administration	DR1-Admin-VIHA	DR1-Admin-VIHA	\$12,134,200.00	\$12,134,200.00	\$12,134,200.00
	DR2-Admin	DR2-Admin-VIHA	\$38,960,850.00	\$0.00	\$38,960,850.00
	DR1-ER-TISP-TOURISM-MARKETING CMPGN-UN	Tourism Industry Support Program - Marketing	\$5,000,000.00	\$0.00	\$5,000,000.00
	DR1-ER-PAE-VIPA-UN	DR1-Ports and Airports Enhancement - LMI	\$23,000,000.00	\$0.00	\$23,000,000.00
	DR1-ER-WD-VIDOL-LMI	DR1-Work Force Development - LMI	\$5,000,000.00	\$0.00	\$5,000,000.00
Economic Revitaliz	DR2-ER-TI-MKGCPCGN-UN	DR2-Tourism Industry Support Program - Marketing - UN	\$4,000,000.00	\$0.00	\$4,000,000.00
	DR2-ER-TISP-LMI	DR2- Tourism Industry Support Program - Business Support - LMI	\$1,000,000.00	\$0.00	\$1,000,000.00
	DR2-PAE-LMI	DR2-Ports & Airports Enhancement - LMI	\$13,600,000.00	\$0.00	\$13,600,000.00
	DR2-PAE-UN	DR2-Ports & Airports Enhancement - UN	\$3,400,000.00	\$0.00	\$3,400,000.00
	DR2-WD-LMI	DR2-Workforce Development - LMI	\$5,000,000.00	\$0.00	\$5,000,000.00
Housing	DR1-H-HRRP-LMI	DR1-Homeowner Rehab. & Reconstruction Program - LMI	\$8,000,000.00	\$4,075,038.73	\$8,000,000.00
	DR1-H-HRRP-UN	DR1-Homeownership Rehab. & Reconstruction - UN	\$2,000,000.00	\$0.00	\$2,000,000.00
	DR1-H-NCH-LMI	DR1-New Construction & First Time Homeownership-LMI	\$9,000,000.00	\$0.00	\$9,000,000.00
	DR1-H-NCH-UN	DR1-New Construction & First Time Homeownership - UN	\$1,000,000.00	\$0.00	\$1,000,000.00
	DR1-H-RRRP-LMI	DR1-Rental Rehab. & Reconstruction Program - LMI	\$4,000,000.00	\$0.00	\$4,000,000.00
	DR1-H-RRRP-UN	DR1-Rental Rehab. & Reconstruction - UN	\$1,000,000.00	\$0.00	\$1,000,000.00
	DR1-H-SHSP-LMI	DR1- Supportive Housing - LMI	\$15,000,000.00	\$0.00	\$15,000,000.00
	DR1-PAHD-LMI	DR1-Public & Affordable - LMI	\$32,000,000.00	\$0.00	\$32,000,000.00
	DR2-H-SHSP-LMI	DR2-Supportive Housing - LMI	\$75,000,000.00	\$0.00	\$75,000,000.00
	DR2-HRRP-LMI	DR2-Homeowner Rehab. & Reconstruction Program - LMI	\$40,000,000.00	\$0.00	\$40,000,000.00
	DR2-HRRP-UN	DR2-Homeowner Rehab. & Reconstruction Program - UN	\$10,000,000.00	\$0.00	\$10,000,000.00
	DR2-NCH-LMI	DR2-New Construction & First Time Homeownership - LMI	\$36,000,000.00	\$0.00	\$36,000,000.00
	DR2-NCH-UN	DR2-New Construction & First Time Homeownership - UN	\$4,000,000.00	\$0.00	\$4,000,000.00
	DR2-PAHD-LMI	DR2-Public & Affordable Housing Development - LMI	\$36,000,000.00	\$0.00	\$36,000,000.00
	DR2-PAHD-UN	DR2-Public & Affordable Housing Development	\$4,000,000.00	\$0.00	\$4,000,000.00
	DR2-PAHD-LMI	DR2-Rental Rehab. & Reconstruction Program - LMI	\$20,000,000.00	\$0.00	\$20,000,000.00

**Figure 4: EMGrantsPro Hierarchy**

Hierarchy/Top-Down Structure

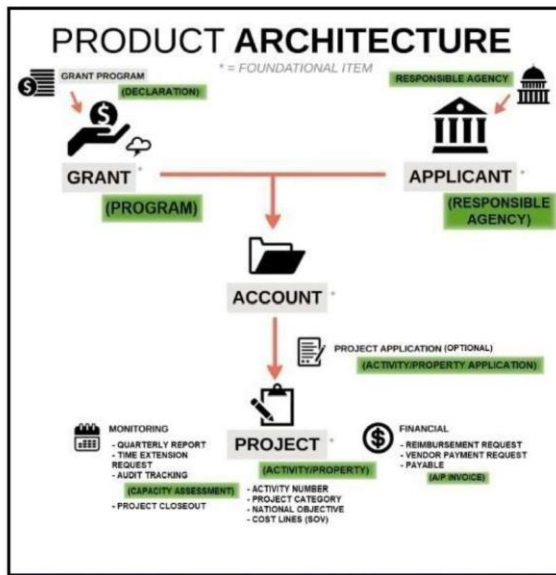


Table 7: EMGrantsPro Hierarchy

	<b>EM Grants Manager Example</b>	<b>Envision Case Management Example</b>
<b>Grant Program (Declaration)</b>	CDBG-DR	CDBG-DR
<b>Grant (Program)</b>	Housing Program	Housing Program
<b>Project (Activity/Property) Title</b>	Magen's Junction Phase II	Case ID
<b>Applicant (Responsible Agency)</b>	JDC	VIHFA
<b>Project Type (Project Area)</b>	PAHD	HRRP, RRRP
<b>Activity Number</b>	H-PAHD-MagensJunction-LMI	H-RRRP-LMI, H-RRRP-UN, H-HRRP-LMI, H-HRRP-UN
<b>National Objective</b>	LMI	LMI
<b>Program Area</b>	Housing	Housing

However, cost will not be drawn until an approved project agreement, legal agreement, interagency agreement or Memorandum of Agreement is executed with subrecipients, Virgin Island's autonomous or semi-autonomous agencies and developer in addition to the appropriate Environmental Review has been approved. As such, the steps to a project agreement are shown in the subrecipient checklist below.

**Figure 5: Subrecipient Checklist**



## VIHFA CDBG-DR SUBRECIPIENTS CHECKLIST

FROM CAPACITY ASSESSMENT TO NOTICE TO PROCEED

DO NOT BEGIN PROCUREMENT UNTIL NOTICE TO PROCEED IS ISSUED.

### CAPACITY ASSESSMENT STAGE

The purpose of this stage is to initiate the capacity assessment process where the VIHFA Compliance and Monitoring team will review submitted policies and procedures. The Capacity assessment is performed annually.

- Accounting Policies and Procedures
- Retention Policy
- System of internal controls
- Procurement Policies and Procedures
- Source documentation policy (i.e. cancelled checks, invoices, payroll, time and attendance, corporate credit card, and travel and expenses)
- Grants Management Policies and Procedures
- Fraud, waste and abuse reporting
- Organizational Chart
- Copy of most recent A-133 Single Audit final report
- Copy of most recent Annual Audit Report
- Copy of most recent Internal Audit Report

A site visit will be conducted to further assess the capacity of prospective sub-recipients to gauge their ability to manage proposed projects using CDBG-DR funds. Special conditions may arise from this process to assist in the development of the Sub-recipient agreement.

### SUBRECIPIENT'S AGREEMENT STAGE

1. Appendix A. General Conditions of the Contract
2. Appendix B. HUD Rider
3. Appendix C. Special Conditions

### CDBG-DR Application Stage | Required for each submitted project.

*See its form concurrently with Capacity Assessment*

This document will provide necessary information on the CDBG-DR program or project for the development of a Subrecipient Agreement between VIHFA and the Implementing Partner.

- CDBG-DR Application:** This form is used to determine if the project is eligible per HUD's guidelines to receive CDBG-DR funds. Subrecipients will have to work closely with the VIHFA staff to fill out this form to translate their project activity to the vernacular of HUD. A critical component of this form is the "Tie to the Disaster" section. Expect to do many drafts of the Tie to the Disaster to ensure compliance with HUD rules. The form will also provide a project detail overview and the detail budget.

### ENVIRONMENTAL REVIEW STAGE | Required for each submitted project.

An environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards. The level of Environmental review is determined from the project eligibility stage. Below are four levels of reviews of which one will be required.

- i. **Full Environmental Assessment:** For all projects that disturb the soil such as new construction and demolition. Environmental letters to all the cognizant agencies including but not limited to DPNR, Health, Public Works, WAPA, VPD, ENERGY, Human Services, Waste Management, Etc.
  - ii. **Categorically Excluded subject to Section 58.5:** Examples include rehabilitation and reconstruction projects. Environmental letter sent to DPNR.
  - iii. **Categorically excluded not subject to Section 58.5:** Items such as tenant based rental assistance, supportive services such as health care, day care, operating cost etc.
  - iv. **Exempt:** Usually purchase of insurance, tools, engineering, technical assistance and training. Signed by the VIHFA not required to be sent to HUD.
- A.** HUD requires Environmental Review to be posted for Public Comment for 7 – 15 days after HUD's approval of Environmental Assessment. Published in local newspapers.
- B.** Request for Release of Funds.

### PROJECT ADDENDUM STAGE

1. Appendix D. Project Agreements
2. Appendix E. Payment Requirements and Draw Request
3. Appendix F. Monthly Performance Report
4. Appendix G. Records Requirements and Records Retention
5. Appendix H. Board Authorizations

### NOTICE TO PROCEED | PROJECT START

Subrecipient can begin procurement.

## **Monitoring**

The VIHFA has the ongoing responsibility to monitor all programs funded by the CDBG-DR and CDBG-MIT programs. VIHFA has established a plan to monitor and evaluate program performance and compliance for the respective funds awarded to partners and subrecipients. Periodic monitoring is an essential element of the overall grant management process and is necessary to observe whether project goals, objectives, timelines, budgets, and other related program and financial criteria are being met.<sup>13</sup>

## **Closeout**

A project can be closed once it is completed, all reports have been received from the Partner or Subrecipient, there are no open findings from monitoring assessments, and all funds have been disbursed for the project in accordance to the subrecipient agreement. An official closeout is then performed in DRGR for the specific project and a final closeout is conducted once the overall grant is completed. All records associated with CDBG-DR/CDBG-MIT Grant Awards will be maintained for a period of three (3) years.

---

<sup>13</sup> See Monitoring Policy.

**ADDENDUM III - COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER  
RECOVERY (CDBG-DR) AND CDBG-MITIGATION (CDBG-MIT) GRANTS AWARD  
(SOP)**

**VIRGIN ISLANDS HOUSING FINANCE AUTHORITY**



**COMMUNITY DEVELOPMENT BLOCK GRANT:  
DISASTER RECOVERY and MITIGATION  
(CDBG-DR & CDBG-MIT)  
FINANCIAL MANAGEMENT: GRANT AWARD**

# STANDARD OPERATING PROCEDURE (SOP)

<b>VI</b> <b>Housing</b> <b>Finance</b> <b>Authority</b> CDBG-DR CDBG- MIT STANDARD OPERATING PROCEDURE NO: <u>ACC 005</u>	SOP TITLE:	CDBG-DR Financial Management: Grant Award SOP		
	DEPARTMENT:	CDBG-DR Finance Unit		
	ISSUED BY:	Judy-Ann Frederick, DR Finance Director	DATE:	02/06/2023
	APPROVED BY:	Valdez Shelford, Chief Financial Officer	DATE:	02/06/2023
	APPROVED BY:	Dayna Clendinen, Interim Executive Director	DATE:	02/06/2023
	EFFECTIVE DATE:		DATE:	

## **PURPOSE**

The purpose of this document is to establish a grant award set-up protocol for Community Development Block Grant Disaster Recovery Program (CDBG-DR) and Community Development Block Grant Mitigation (CDBG-MIT) funds awarded to the U.S. Virgin Islands Housing Finance Authority (VIHFA) under the authority of Public Law 115-56, Grant Number B-17-DM-78-0001, and as made available by Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (approved February 9, 2018).

This document will outline standards and protocol in accordance with the requirements set forth by HUD's CDBG-DR and CDBG-MIT programs, found in 24 CFR 570, as well as 2 CFR 200 and Federal Register Notices FR-6066-N-01, FR-6109-N-01, FR-6109-N-02, FR-6109-N-03, FR-6182-N-01, and FR-6239-N-01 pertaining to funds awarded in response to Hurricanes Irma and Maria. Additionally, this document will encapsulate local and territory regulations unique to VIHFA to ensure overall compliance.

The VIHFA will utilize EMGrantsPro as its grant management software specifically designed for disaster recovery grants to manage the entire disaster recovery grant process in collaboration with SAP Business One. EMGrantsPro main features are designed to facilitate efficient and compliant management of federal recovery grants.

## **GRANT AWARD SETUP**

As VIHFA is awarded a grant within the CDBG-DR Program and/or CDBG-Mitigation Program, the following procedures shall occur:

1. A copy of the Grant Award Form is routed to the CDBG-DR Finance Director to perform set ups in SAP Business One, to include but not limited to, defining the new Chart of Accounts segmentation for the grant. (See SAP User Guide for step-by-step instructions to create the new GL account segmentation and project setup.)

To promote compliant records retention practices, all pertinent documents must be retained for three years after grant closeout per 24 CFR 570.490.

### All executed documents include:

- a. Copy of proof of payment (Signed check, wire transfer document, ATH approval document, etc.)
- b. DRGR Approval Voucher
- c. DRGR Open Voucher Document
- d. HIM Document
- e. Final Executed Draw Down Voucher Coversheet
- f. A/R Invoice
- g. Executed Drawdown Voucher Request Form
- h. Final Executed Check Request with indication of payment processing references completed by the Accounting Division, (i.e. payment number, payment date, etc.)
- i. Allocation of Indirect Cost Spreadsheet (if applicable)
- j. Invoices, Receipts and supporting documentation

- k. Executed contracts (only required to be included with first invoice against contract)
- l. Justification memo for procurement items or services not through an executed contract on Purchase Order. (See Procurement Policy and Procedures to identify those categories.)
- m. Executed Purchase Order
- n. Incoming Payment document
- o. Memo to File (if applicable)

Note, the CDBG-DR Director or CDBG-DR Director of Programs or Operations may complete a Grant Award Set Up Form to assist with setup (See Exhibit X).

**Figure 1: Quick Guide Set Up**

<b>Q SHEET – ENTER A PROGRAM OR ACTIVITY</b>	
<small>QUALITATIVE SYSTEMS</small> Enter a Program or Activity	
<b>STEP 1</b>	Access the Project Screen: Administration → Setup → Financial → Project
<b>STEP 2</b>	“Project Code” - Enter the Project Code from the Project Scheme Excel sheet.
<b>STEP 2a</b>	“Project Name” - Enter a descriptive name for the Project.
<b>STEP 2b</b>	“Valid From” and “Valid To” – If the Program has a start and end date enter the dates.
<b>STEP 2c</b>	“Active” – If you want transactions posted to the Project check the Check box, otherwise uncheck the check box.
<b>STEP 2d</b>	“Activity-ProgID” – If this is a HUD Program enter the same Project entered in STEP 2, otherwise if this is a new Activity enter the HUD Program this Activity is derived from.
<b>STEP 2e</b>	“Category” – This is a VIHFA Field.
<b>STEP 2f</b>	“Sub-Category” – Enter the Tranche associated with the Program or Activity. Select from List: Tranche I, Tranche II or Tranche III
<b>STEP 2g</b>	“Program/Activity” – If this is a Program enter Program, otherwise if this is an Activity enter Activity.
<b>STEP 2h</b>	“Program Area” – For both Programs and Activities, enter the Program Area, ie: Housing, Infrastructure or Economic Revitalization.
<b>STEP 2i</b>	“National Objective” – Enter the National Objective from the List.
<b>STEP 2j</b>	“Budget” – Enter the Budget associated with Program or Activity.
<b>STEP 2k</b>	“Budget Adjustment” – Enter the Budget Adjustment if any. Enter a negative adjustment with a minus sign.
<b>STEP 2l</b>	“Grant Number” – Enter the Grant Number assigned by HUD.
<b>STEP 2m</b>	“Program Income” – Enter the Program Income Budget.
<b>STEP 2n</b>	“Program Income Adjustment” – Enter a Program Income Budget adjustment if any. Enter a negative adjustment with a minus sign.
<b>STEP 2o</b>	“CDBG Project” – Enter the name of the CDBG-DR Program ID from the DRGR system.
<b>Step 3</b>	Select the “Add” button to add the Project to the system.

**Figure 2: Setup Programs & Activities Part I**

To Access the Project Setup form, from the SAP Menu select: Administration+ Setup+ Financial+ Projects. The new fields will be detailed on the following screen.

**Setup Programs & Activities - Part I**

The screenshot displays the SAP 'Projects - Setup' interface. The main window shows a list of projects with columns for Project Code, Project Name, Program, Activity, and Budget. A summary table at the bottom explains the coding scheme for Tranche I funds.

Project Code	Description
DR1	The current Projed{Program coding scheme for Tranche I funds identifies these Programs by denoting the first three characters as "DR 1".
Foran	"Activity" the first four characters of the Project Code will be uDR1A".
Program/Activity	This identifies the Project as a Program or an Activity.
Program Area	This identifies the Grant Fund Area such as Housing, Infrastructure or Economic Revitalization. This information can be obtained from the VIHFA action Dian.

**Figure 3: Setup Programs & Activities – Part II**

Virgin Islands Housing Finance Authority												
National Objective	The National Objective is determined by the purpose of the grant allocation such as LMI – Low to Moderate Income or Urgent Need. This information can be obtained from the VIHFA action plan.											
Activity-Program ID	Enter either Program or Activity.											
Setup Programs & Activities – Part II												
Projects - Setup												
#	Project Code	Project Name	Sub_Category	Valid From	Valid To	Active	Budget	Budget Adjustment	Program Income	Income Adju...	Grant Nbr	CDBG Project Name
1296	DR1-Admin-VIHFA	Admin-VIHFA	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	12,134,200				B-17-DM-79-0001	
1297	DR1A-HOTILMNCF-100	Jackson Robert - Home Site Williams Delight	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	175,000				B-17-DM-79-0001	
1298	DR1A-HOTILMNCF-101	Sanders Jason - Estate Diamond	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	175,000				B-17-DM-79-0001	
1299	DR1A-HOTILMNCF-102	Rhymer Jean Home East Diamond	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	175,000	10,000			B-17-DM-79-0001	
1300	DR1A-HOTILMPAH-100	21 Estate Paradise	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	2,550,000				B-17-DM-79-0001	
1301	DR1A-HOTILMPAH-101	Sugar Estates Senior Community	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	1,750,000				B-17-DM-79-0001	
1302	DR1-ER-PAE-VIPA-LMI	Ports and Airports Enhancement - LMI	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	4,600,000				B-17-DM-79-0001	
1303	DR1-ER-PAE-VIPA-UN	Ports and Airports Enhancement	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	18,400,000	2,000,000			B-17-DM-79-0001	
1304	DR1-ER-TISP-TOUR-LMI	Tourism Industry Support Marketing LMI	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	1,000,000				B-17-DM-79-0001	
1305	DR1-ER-TISP-TOUR-UN	Tourism Industry Support Program Marketing	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	4,000,000				B-17-DM-79-0001	
1306	DR1-ER-WD-VIDOL-LMI	Workforce Development	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	5,000,000				B-17-DM-79-0001	
1307	DR1-H-HRRP-LMI	Homeowner Rehab. & Reconstruction Program	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	8,000,000	2,000,000	250,000		B-17-DM-79-0001	
1308	DR1-H-HRRP-UN	Homeowner Rehab. & Reconstruction Program - UN	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	2,000,000		350,000		B-17-DM-79-0001	
1309	DR1-H-NCH-LMI	New Construction & First Time Homeownership	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	9,000,000				B-17-DM-79-0001	
1310	DR1-H-NCH-UN	New Construction & First Time Homeownership - UN	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	1,000,000				B-17-DM-79-0001	
1311	DR1-Housing	TRI-Housing	Tranche I - CDBG-DR			<input type="checkbox"/>						
1312	DR1-H-PAHD-VIHA-LMI	Public B. Affordable Housing Development	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	32,000,000				B-17-DM-79-0001	
1313	DR1-H-RRRP-LMI	Rental Rehab. & Reconstruction	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	4,000,000				B-17-DM-79-0001	
1314	DR1-H-RRRP-UN	Rental Rehab. & Reconstruction - UN	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	1,000,000				B-17-DM-79-0001	
1315	DR1-H-SHSP-DHS-LMI	Supportive Housing	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	15,000,000				B-17-DM-79-0001	
1316	DR1-I-EPSEI-WAPA-LMI	Elec. Power Systems Enhancement & Improvement-LMI	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	36,000,000				B-17-DM-79-0001	
1317	DR1-I-EPSEI-WAPA-UN	Elec. Power Systems Enhancement & Improvement - UN	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	9,000,000				B-17-DM-79-0001	
1318	DR1-I-LMFOR-LMI	Local Match for Federal Disaster-LMI	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	36,439,840				B-17-DM-79-0001	
1319	DR1-I-LMFOR-UN	Local Match for Federal Disaster Recovery - UN	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	9,109,960				B-17-DM-79-0001	
1320	DR1-Infrastructure	TRI-Infrastructure	Tranche I - CDBG-DR			<input type="checkbox"/>			5,000			
1321	DR1-I-RR-DPW-LMI	Infrastructure Repair & Resilience	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	19,500,000				B-17-DM-79-0001	
1322	DR1-I-RR-DPW-UN	Infrastructure Repair & Resilience - UN	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	10,500,000				B-17-DM-79-0001	
1323	DR1-Planning	Planning-VIHFA	Tranche I - CDBG-DR			<input checked="" type="checkbox"/>	5,000,000				B-17-DM-79-0001	

Field	Description
Sub-Category	Enter the Tranche number from the list. I.e: Tranche I
Valid From	Enter the beginning date for posting transactions in the system for this project.
Valid To	Enter the ending date for posting transactions in the system for this project.
Active	Check the box if the project is Active or uncheck the box to Inactivate the Project.
Budget	Enter the Budget amount for the Program or Activity.
Budget Adjustment	Enter an adjustment amount to the Budget. A negative number is used to subtract while a positive number is used to add to the budget.
Program Income	Enter a budget for Program Income.
Program Income Adjustment	Enter an adjustment amount to Program Income. A negative number is used to subtract while a positive number is used to add to the budget.
Grant Number	Enter the Grant Number assigned by HUD.

2. A copy of the executed Grant Agreement from the awarding agency is uploaded to EmGrantsPro along with pertinent grant conditions, federal register notices or program requirement documentation. EmGrantsPro capabilities allow document type management categories to allow ease of identifying documents. VIHFA will develop file naming conventions for consistency for each document type.
3. Subsequent programs and project set ups will occur when the Action Plan for the corresponding grant is approved.

**GRANT BUDGET ALLOCATION**

When VIHFA’s Action Plan is approved, the following procedures shall occur:

1. The Budget Analyst or Financial Analyst will create the Action Plan Budget in DRGR. (*See DRGR user guide for steps on creating a budget; reference HUD Exchange website [www.hudexchange.gov](http://www.hudexchange.gov) for the latest version*).
2. The DRGR Action Plan Budget will be reviewed and submitted by the CDBG-DR Director or CDBG-DR Director of Programs or Operations in DRGR for final approval by HUD.
3. Once the Action Plan is approved by HUD, the Budget Analyst, or designee, will create the corresponding Grant Budget set up in SAP. (*See steps in SAP User Guide*). A report is also printed for review to ensure accuracy.
4. Subsequently, the Grant Budget is also set-up in EmGrantsPro (*See Step 2 in EMGrantsPro Implementation guide or training video in resources within the software*). A budget report is also printed for review by the CDBG-DR Finance Director to determine accuracy.
5. Once all budget set-ups are deemed accurate, the established budgets in all systems will allow reporting by grants, activities and projects to coincide with identified HUD DRGR reports to allow reconciliation between all systems utilized for financial management.

## **PRE-AWARD COSTS**

VIHFA may incur costs specific to a grant award or to a particular project of the award for which the Action Plan, grant agreement or project agreement is not yet finalized. VIHFA may pay these costs from its local funds (non-federal programs bank accounts) in anticipation of reimbursement. Once costs are then defined to be reasonable, allowable and allocable, and were procured in compliance with grant requirements, VIHFA may request reimbursement for these pre-award costs against the grant or project in compliance with applicable laws, rules and guidelines.

To identify these pre-award costs in the designated accounting system or time and attendance system (for personnel costs) the following will occur:

1. The Director of Accounting will establish in SAP Business One, a project code as a mechanism to segregate and group the related grant expenses for future reimbursement from the specific grant. (i.e. “CDBG-DR”, “CDBG-MIT”).
2. The Director of Accounting will create a unique general ledger (GL) receivable code and description name “Due from, (Grant Name)” to record expenses in the account in anticipation of the reimbursement.
3. The Director of Accounting, CFO or Finance Director will make a request to the Human Resources Director to create in VIHFA’s time and attendance system (TimeClockPlus) a cost code with the Grant Name to classify the payroll cost to grant payroll expenses.
4. The Human Resources Director shall communicate to all affected staff that the cost code is available to allocate actual time and effort to the new grant in anticipation of reimbursement from the grant.
5. Once specific projects are executed for the grant, a project code report is run from SAP by date range which lists all expenses coded with the established project codes.

6. The Accounting Department will then ascertain the supporting documentation necessary for the potential specific grant and/or project for the eligible expenses and submit to the CDBG-DR Finance Unit to request reimbursement from HUD.
7. If any cost is deemed not eligible, the Finance Unit will communicate as such so the cost can be reclassified from the Due from (Grant) General Ledger (GL) account to VIHFA's appropriate Operating GL accounts.

The two methods that are available to subrecipients to request a drawdown of CDBG-DR/MIT and EGRID funds to pay for project and program costs are the cash advance method and the reimbursement method.

### **CASH ADVANCE METHOD**

The cash advance method involves a transfer of CDBG-DR/MIT and EGRID funds to the subrecipient. This method must be determined eligible for payment, but not yet paid by the subrecipient.

### **REIMBURSEMENT METHOD**

The reimbursement method involves a transfer of CDBG-DR/MIT and EGRID funds to the subrecipient based on invoices and other supporting documentation submitted to substantiate payment request and costs already paid by the subrecipient before a drawdown is requested. Most payment made for VIHFA CDBG-DR/MIT and EGRID program is made through this method.

All request for reimbursement by the subrecipient are submitted via EMGrantsPro portal.

### **TYPE MANAGEMENT FUNCTIONS**

To perform various functions in the grant management system, EMGrantsPro, "Type Management" data must be entered to allow dropdown menus, access to Project and Activity setups, vendors, applicants and more. The below list, not all inclusive, identifies the Type Management categories (*See EMGrantsPro Implementation Guide in Appendix 2*).

**Figure 4: Type Management – Administrative Set Up**

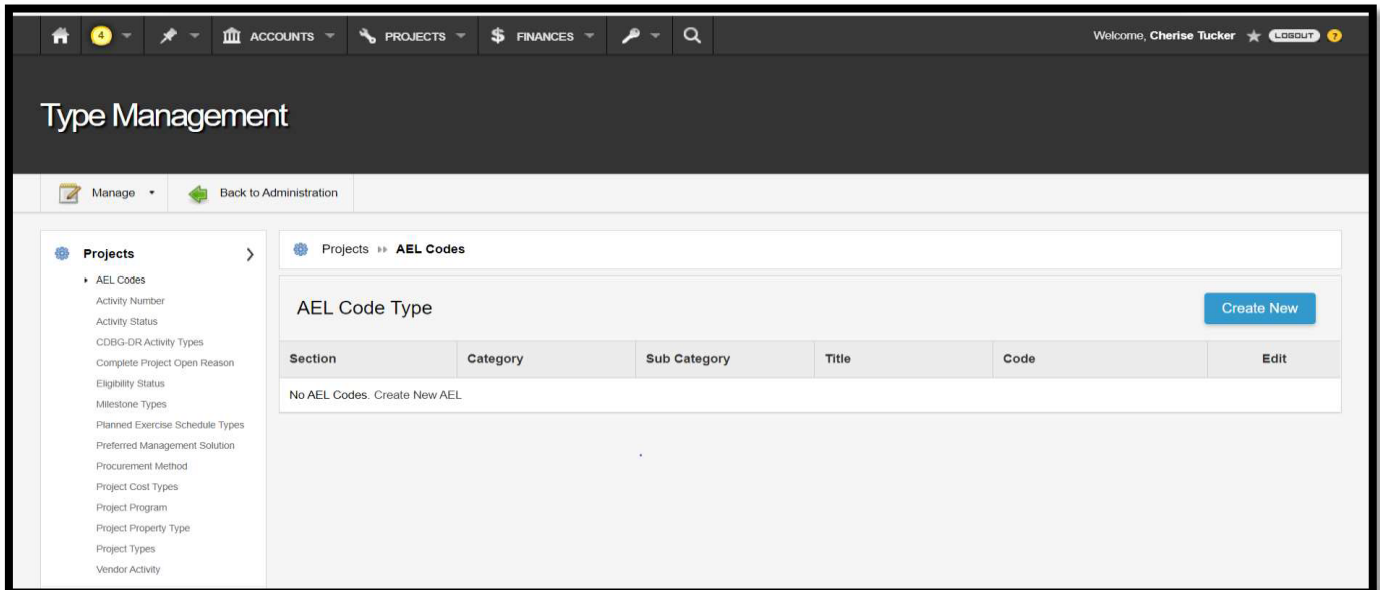
**Step 0: Type Management (Administrative Set Up)**

As a best practice to set yourself up for success in the Full EM Grants Manager Process, it's always best to ensure the Type Management is up-to-date.

The screenshot displays a web-based administrative interface for 'Type Management'. It is organized into four main sections, each with a list of sub-items and numbered callouts (1-7) indicating specific configuration points:

- Projects:** Includes 'AEL Codes' (with callout 1 for 'Activity Number' and 2 for 'COBG OR Activity Types'), 'Complete Project Open Reason', 'Eligibility Status', 'Milestone Types', 'Planned Exercise Schedule Types', 'Preferred Management Solution', 'Procurement Method' (callout 3), 'Project Cost Types' (callout 4), 'Project Program' (callout 5), 'Project Property Type', 'Project Types' (callout 6), and 'Vendor Activity' (callout 7).
- Finances:** Includes 'Contractor' (callout 3), 'Adjustment Types', 'Expense Types' (callout 6), 'GL Accounts' (callout 7), and 'Payment Request' (callout 1).
- Accounts:** Includes 'Appeal' (with callout 2 for 'Applicant Types'), 'Audit Finding Types', 'Capacity Assessment' (callout 1), 'District Regions', 'Districts' (callout 2), 'PSAPs', and 'Region Classifications'.
- System:** Includes 'Assignment Types', 'Department Types', and 'Meeting Types'.

**Figure 5: Type Management – AEL Codes**



### **CREATION OF A PROJECT (ACTIVITY)**

Projects (activities) are proposed through an application workflow process as defined in the VIHFA Subrecipient's checklist (*See Appendix I*).

For financial management, once an application is approved, the following shall occur:

1. The Project Manager will complete the "Activity / Project Set Up Form" and submit the document to their Senior Program Manager or CDBG-DR Director for approval (*See Exhibit I*).
2. The executed document will be forwarded to the DR Financial Analyst or Budget Analyst to enter the project (activity) in DRGR.
3. The CDBG-DR Director of Programs or Operations will review the Action Plan with the newly created projects/activities and submit in DRGR for final approval by HUD.

The approved DRGR Action Plan print-out is routed to the DR Finance Director to create the corresponding project codes and budget amounts in SAP. Amounts will be decreased in the overall projects by entering the reduced amount and then adding the new project and corresponding amount.

4. Once approved, the "Activity / Project Set Up Form" and excerpt from the DRGR approved Action Plan for the specific project will be forwarded to the to the Budget Analyst or CDBG-DR Finance Director for "Applicant" and "Account" type management set up in EMGrantsPro.
5. Once all applicable "Type Management" set up has occurred, the project/activity can be created in EMGrantsPro by the Financial Analyst (*see Steps 3-6 in the Implementation User Guide or training video within the EMGrantsPro system resources*).

6. The CDBG-DR Finance Director will also make a request to the Human Resources Director to create a specific cost code in TimeClock Plus for the approved project.
7. The HR Director will communicate to VIHFA employees the cost code is available for use during the specific pay cycle.
8. Subsequently, VIHFA's employees will begin to allocate actual time and effort for this project/activity to the cost code to capture cost(s) in order to request reimbursement from the established activity. Cost(s) will only be requested in DRGR for reimbursement from the grant once an Environmental Review is completed and a Release of Grant Funds or Exemption document is received.
9. Due to timing, cost(s) may be originally requested from the Administration activity and then reclassified to the appropriate project(s) later in DRGR through the HUD's system reclass option.
10. The completed Environmental document will be attached to the project in EMGrantsPro upon completion so all users can review and confirm when cost(s) against the specific project(s) can be drawn.

#### **PROJECTS (ACTIVITIES) WITH REQUIRED ESCROW DEPOSITS**

Based on EMGrantsPro hierarchy, each client within the HRRP and RRRP is considered a separate project that rolls up to the overall HRRP project and RRRP project budgets. Review of duplication of benefits may yield a client is required to make an escrow deposit (see HRRP and RRRP program policies). As a result, the following occurs:

1. The client is contacted through verbal and written communication by the Case Management contractor on the amount that is required for escrow.
2. Once the Case Manager confirms an escrow payment will be made, the following information is forwarded to the CDBG-DR Finance Manager, DR Senior Accountant, appropriate Housing Senior Program Manager and the Director of Collections with the following information:
  - a. Client ID
  - b. Client Name
  - c. Client Property
  - d. Amount of escrow
  - e. Expected date deposit will be made
2. The Accounts Payable Specialist or Senior Accountant will create an escrow Accounts Receivable invoice in SAP Business One and forward a copy to the Director of Collections and appropriate Senior Program Manager.

3. A copy is also sent to the DR Financial Analyst and DR Budget Analyst who has the permissions to enter the escrow amount in the project in EMGrantsPro. This will ensure funds are first drawn from the escrow amount held before any payments are made from grant funds.
4. Upon receipt of the funds, the Collection Division processes an Incoming Payment against the open A/R invoice and sets up the Escrow Payable in the loan processing system, MITAS.
5. A monthly report is issued by the Collection Division to the Director of Finance, Finance Manager and Senior Program Managers communicating the amount of funds held in escrow for each client.
6. If subsequent deposits are required during the progress of periodic duplication of benefits review, steps 1 through 4 are repeated.

### **CDBG-DR VENDOR SET UP**

As associated costs and services are procured to be attributed to the CDBG-DR, CDBG-MIT or CDBG-EGRID grant for VIHFA, a Vendor Set Up form is provided by the Procurement Division to all selected vendors at the completion of a procurement process (see procurement policy and procedures). These forms are also provided to subrecipients by Program Managers as part of the package upon project agreement execution (see Vendor Set Up Form in Appendix 3). Subrecipients are required, in turn, to provide these forms to vendors for which they will be contracting to complete as well if VIHFA will be making payments directly to their vendors. If not, only the subrecipient will be required to submit these forms with only their applicable information.

Completed forms are routed to VIHFA's Accounting Division to create vendor (BP business partner code) in SAP. Once created, the BP code is communicated along with the executed vendor setup form via email to the DR Finance Unit to establish vendor in EMGrantsPro.

To establish vendors, the following shall occur:

1. The completed form will be routed to the CDBG-DR Budget Analyst or designee to create the vendor in EMGrantsPro (*see Step 7 in the EMGrantsPro User Guide*).
2. The DR Budget Analyst or designee will then set up the procurement (Contract or Purchase Order, Legal Agreements, etc.) in EMGrantsPro.

### **PROCUREMENT/CONTRACT SETUP**

1. The Procurement Division will forward all executed POs that require setup. The Legal CDBG-DR Unit will forward all executed contracts, legal agreements, etc. that require setup. All travel and training approved documents will be forwarded from the DR Administrative Assistant. All expenses to be reimbursed to VIHFA for CDBG-DR/CDBG-MIT previously paid from local funds, will be forwarded by the Accounting Division on a monthly basis.
2. The CDBG-DR Budget Analyst, Financial Analyst or designee, will ensure the procured cost is within the CDBG-DR and/or CDBG-MIT established grant budget and enter the contract, associated cost lines, applicable GL codes and defined approval workflow in EmGrantsPro.

3. Estimated allocation of contract costs to the appropriate programs and projects will be communicated by Program staff to allow contract set up. Revisions to the estimates may be needed as actual cost is identified to the specific projects based on actual products or services are provided under the approved contract.
4. Documents will also be uploaded and attached to the contract/project agreement to include but not limited to:
  - ✓ Executed Purchase Order
  - ✓ Executed Vendor Contract
  - ✓ Executed Project Agreement
  - ✓ Memo to File, if applicable
5. The procurement (contract/purchase order) will then be “Advance” to the CDBG -DR Finance Director and/or CFO; CDBG-DR Director and/or CDBG-DR Director of Programs or Operations in the established approval workflow which is established based on the products or services that will be provided. *(See steps 8 through 9 in the EMGrantsPro user guide.)*

A Contract Set Up Form may be utilized to allow review of the information before entering data into EMGrantsPro, although this is not required.

6. The contract/project agreement set up will be reviewed from the uploaded documents to ensure the following:
  - a. Associated cost lines were entered as identified on the executed documents.
  - b. General Ledger coding is correct for the contracted cost(s).
  - c. Defined approval process is consistent with established workflow approval requirements and separation of duties as identified below:

**Table 1 – Payment/Reimbursement Review Levels (See review workflow table below)**

<b>Review Level</b>	<b>Reviewer</b>	<b>Example1: Construction Contractor Contract</b>	<b>Example 2: Purchase Order IT related supplies</b>
<i>1<sup>st</sup> through 3<sup>rd</sup> Review Levels</i>	One or more end user area of the service, product or associated project.	Construction Manager Group / Senior Construction Manager/ Senior Housing Program Manager	IT staff
<i>Finance Review Level</i>	Finance Staff	Finance Unit Group	Finance Unit Group
<i>Finance Management Review Level</i>	Finance Management	DR Finance Manager / DR Finance Director	DR Finance Manager / DR Finance Director

<i>Executive Review Level</i>	Executive Officers	Executive Director	CFO / COO / CDBG-DR Director of Programs or Operations

There must be a review level 1 for each vendor payment/reimbursement request in order to proceed to the Finance Review Level and all remaining levels. Only review levels 2 and 3 may be skipped (see depiction of review workflow below).

**Figure 6: Review Workflow**

1. Submission
2. Preliminary Finance R...
3. Initial Review
4. Second Review
5. Third Review
6. Finance Review
7. Finance Manager Rev...
8. Finance Director
9. Executive Approval
10. Escrow Processing
11. Issue Payment
12. Approved

A reviewer level group allows all within a group to receive notification that a payment request needs approval but only one can sign out the document for review and “Advance” to the next reviewer level. If a specific name not a group is created in any review level, only that person will receive notification that a payment is pending their approval.

If any specific person is out for an extended period or a change is required on the approval workflow, the CDBG-DR Directors or a member of the Executive Team will instruct the EMGrantsPro administrators to reassign that approval authorization to another staff who does not compromise the separation of duties until their return. Although individuals within a program area may not be reviewers within a specific contract approval workflow process, viewing rights can be assigned so that they may see the review process and associated documents as it flows through the approval process. At any review level, the request can be returned to the prior review level with a note entered into the system as to the reason for the return and method of remedy.



## VIHFA CDBG-DR SUBRECIPIENTS CHECKLIST

FROM CAPACITY ASSESSMENT TO NOTICE TO PROCEED  
DO NOT BEGIN PROCUREMENT UNTIL NOTICE TO PROCEED IS ISSUED.

### CAPACITY ASSESSMENT STAGE

The purpose of this stage is to initiate the capacity assessment process where the VIHFA Compliance and Monitoring team will review submitted policies and procedures. The Capacity assessment is performed annually.

- |   |   |
|---|---|
| ↓ Accounting Policies and Procedures  | ↓ Grants Management Policies and Procedures           |
| ↓ Retention Policy  | ↓ Fraud, waste and abuse reporting                    |
| ↓ System of internal controls   | ↓ Organizational Chart                                |
| ↓ Procurement Policies and Procedures   | ↓ Copy of most recent A-133 Single Audit final report |
| ↓ Source documentation policy (i.e. cancelled checks, invoices, payroll, time and attendance, corporate credit card, and travel and expenses) | ↓ Copy of most recent Annual Audit Report             |
|   | ↓ Copy of most recent Internal Audit Report           |

A site visit will be conducted to further assess the capacity of prospective sub-recipients to gauge their ability to manage proposed projects using CDBG-DR funds. Special conditions may arise from this process to assist in the development of the Sub-recipient agreement.

### SUBRECIPIENT'S AGREEMENT STAGE

1. Appendix A. General Conditions of the Contract
2. Appendix B. HUD Rider
3. Appendix C. Special Conditions

### CDBG-DR Application Stage | Required for each submitted project.

This document will provide necessary information on the CDBG-DR program or project for the development of a Subrecipient Agreement between VIHFA and the Implementing Partner.

- ↓ CDBG-DR Application: This form is used to determine if the project is eligible per HUD's guidelines to receive CDBG-DR funds. Subrecipients will have to work closely with the VIHFA staff to fill out this form to translate their project activity to the vernacular of HUD. A critical component of this form is the "Tie to the Disaster" section. Expect to do many drafts of the Tie to the Disaster to ensure compliance with HUD rules. The form will also provide a project detail overview and the detail budget.

### ENVIRONMENTAL REVIEW STAGE | Required for each submitted project.

An environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards. The level of Environmental review is determined from the project eligibility stage. Below are four levels of reviews of which one will be required.

- A. *Full Environmental Assessment*: For all projects that disturb the soil such as new construction and demolition. Environmental letters to all the cognizant agencies including but not limited to DPNR, Health, Public Works, WAPA, VIPD, ENERGY, Human Services, Waste Management, Etc.
- B. *Categorically Excluded* subject to Section 58.5: Examples include rehabilitation and reconstruction projects. Environmental letter sent to DPNR.
- C. *HUD requires Environmental Review* to be posted for Public Comment for 7 – 15 days after HUD's approval of Environmental Assessment. Published in local newspapers.
- D. *Request for Release of Funds*.
  - (i). *Categorically excluded* not subject to Section 58.5: Items such as tenant based rental assistance, supportive services such as health care, day care, operating cost etc.
  - (ii). *Exempt*: Usually purchase of insurance, tools, engineering, technical assistance and training. Signed by the VIHFA not required to be sent to HUD.

### PROJECT ADDENDUM STAGE

- |  |   |
|--|---|
| 1. Appendix D. Project Agreements                    | 4. Appendix G. Records Requirements and Records Retention |
| 2. Appendix E. Payment Requirements and Draw Request | 5. Appendix H. Board Authorizations                       |
| 3. Appendix F. Monthly Performance Report            |   |

### NOTICE TO PROCEED | PROJECT START

Subrecipient can begin procurement.

3202 ~~Quincy~~ Plaza - Suite 200 - St. Thomas, USVI 00802-6447 | Telephone: (340) 777-4432 • Fax: (340) 775-7913  
Email: vihfa@vihfa.gov

v2\_07.24.19

**ADDENDUM IV - COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER  
RECOVERY (CDBG-DR) AND CDBG-MITIGATION (CDBG-MIT) PAYMENT  
PROCESSING (SOP)**

**VIRGIN ISLANDS HOUSING FINANCE AUTHORITY**



**COMMUNITY DEVELOPMENT BLOCK GRANT: DISASTER  
RECOVERY and MITIGATION**

**(CDBG-DR & CDBG-MIT)**

**FINANCIAL MANAGEMENT: PAYMENT PROCESSING**

**STANDARD OPERATING PROCEDURE (SOP)**

**VI Housing**  
**Finance Authority**  
 CDBG-DR CDBG-MIT  
 STANDARD OPERATING  
 PROCEDURE NO:  
ACC 006

SOP TITLE:	CDBG-DR Financial Management: Payment Processing SOP		
DEPARTMENT:	CDBG-DR Finance Unit		
ISSUED BY:	Judy-Ann Frederick, DR Finance Director	DATE:	02/06/2023
APPROVED BY:	Valdez Shelford, Chief Financial Officer	DATE:	02/06/2023
APPROVED BY:	Dayna Clendinen, Interim Executive Director	DATE:	02/06/2023
EFFECTIVE DATE:		DATE:	

## **PURPOSE**

---

The purpose of this document is to establish a payment processing protocol for the Community Development Block Grant Disaster Recovery Program (CDBG-DR), Community Development Block Grant Mitigation (CDBG-MIT) and Community Development Block Grant Electrical Grid (CDBG-EGRID) funds awarded to the U.S. Virgin Islands Housing Finance Authority (VIHFA) under the authority of Public Law 115-56, Grant Number B-17-DM-78-0001, and as made available by Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (approved February 9, 2018).

This document will outline standards and protocol in accordance with the requirements set forth by HUD's CDBG-DR and CDBG-MIT programs, found in 24 CFR 570, as well as 2 CFR 200 and Federal Register Notices FR-6066-N-01, FR-6109-N-01, FR-6109-N-02, FR-6109-N-03, FR-6182-N-01, and FR-6239-N-01 pertaining to funds awarded in response to Hurricanes Irma and Maria. Additionally, this document will encapsulate local and territory regulations unique to VIHFA to ensure overall compliance.

The VIHFA utilizes EMGrantsPro as its grant management software specifically designed for disaster recovery, mitigation and egrid grants to manage the entire disaster recovery grant process in collaboration with SAP Business One. EMGrantsPro main features are designed to facilitate efficient and compliant management of federal recovery grants.

Periodic payment processing and reporting remain essential elements of the overall grant administration and management processes to ensure all HUD funds are leveraged in compliance and in accordance with federal and territory statutes and regulations throughout the lifecycle of the respective grant. VIHFA will reconcile its systems periodically with the HUD Disaster Recovery Grant Reporting System (DRGR).

## **I. PAYMENT REQUESTS**

### **SUBMITTAL METHODS**

A vendor or subrecipient can submit a payment request via the following methods.

**Option 1:** Mail request or invoice to VIHFA's mailing address to the attention of the CDBG-DR Division Accounts Payable:

3202 Demarara Plaza, Suite 200  
St. Thomas, VI 00802-6447

**Option 2:** Email request or invoice to [drawrequestcdbgdr@vihfa.gov](mailto:drawrequestcdbgdr@vihfa.gov).  
*Users in the email group includes the DR Finance Unit staff.*

**Option 3:** Enter request in EMGrantsPro payment request portal.  
*Due to the estimated frequency of requests, complexity and the nature of the product or services rendered, some vendors and subrecipients will only be allowed to submit via option 3 once external users are given access to EMGrantsPro .*

For payment request submitted via options 1 and 2, the Accounts Payable Specialist will initiate the payment request in EMGrantsPro. For option 3, vendors and subrecipients will initiate the payment request themselves directly into EMGrantsPro.

Access for the external parties identified on the Delegation of Authority form to submit payment requests will be granted after an email is sent to the vendor's designees. Access is approved through a defined workflow process controlled by the Admin users in EMGrantsPro (*Option 3 will be available after initial training sessions occur with subrecipients and vendors on EMGrantsPro and access to view training videos in the resources library becomes available*).

## **VENDOR PAYMENT REQUEST**

Vendors and subrecipient staff will request access to EMGrantsPro to submit request for payment. As identified above, the approval process for payment request would have been established during the contract set up in EMGrantsPro as identified for each executed contract, purchase order, legal agreement or project agreement budget. Every invoice or request for payment review process will, at a minimum, have four levels of review as identified in Table 1 above.

The approval process occurs electronically in the EMGrantsPro system via the "Advance" option in the system. At a minimum, the payment request documents will include and be added at various workflow stages during the process in compliance with record retention:

**a. Payment Request Coversheet**

**b. Invoice and supporting receipts and documents (Submission Workflow)** - Payment request coversheet may be utilized (See Exhibit 1). For subrecipients, the submittal must show evidence of approval by authorized personnel within the responsible agency and in compliance with the subrecipient's approval process as identified in their Financial Policies and Procedures, which was submitted during their Capacity Assessment phase or updated during a subsequent submittal).

*Note: Procurement process and supporting documentation is the responsibility of VIHFA's Procurement Division. The Finance Unit receives the final executed contracts, purchase orders, legal and binding agreements, approved travel and training requests, which are entered in EMGrantsPro during contract and award setup. See Contract and Award Setup SOP.*

**c. Cost Allocation Sheet, if required (Submission Workflow)**

**d. Program Payment Review Checklist (Initial, 2<sup>nd</sup> and 3<sup>rd</sup> Review Workflow) (for contracts only but excluding construction contracts for the Envision Program (HRRP and RRRP)** - To assist initial through 3<sup>rd</sup> review levels – with the review of payment requests and show evidence of approval; this executed document is uploaded before advancing to the next review level (See Exhibit 2).

**e. Finance Payment Review Checklist (Finance Review Workflow) (for contracts only but excluding construction contracts for the Envision Program (HRRP and RRRP)** - To assist the Finance Group with the review of payment requests and show evidence of approval; this executed document is uploaded before advancing to the next review level (See Exhibit 3).

**f. Draw Down Voucher Form** - Coversheet for each draw request invoice package; this executed document is uploaded before advancing to the DR Finance Director and Executive Level (See Exhibit 4).

**g. Check Request** - To show GL coding, project code classification and Executive Level approval; this executed document is uploaded before advancing to Finance Processing (See Exhibit 5). A check request and Internal Revenue Bureau Form 720 V.I are also prepared if gross receipts tax is applicable.

### **VENDOR PAYMENT REQUEST WITH ESCROW**

If a payment request is submitted for which an escrow deposit has been received, the following occurs:

1. The vendor request in EMGrantsPro follow the normal workflow process as defined by the contract set up through to the Finance Group.
2. For projects with an escrow, the defined next step is for Escrow Processing where a notification is sent to the Collections Group and Finance Management group. The Collection group includes the Director of Collections, and the Finance Management Group includes DR Finance Manager and DR Finance Director.
3. The Collections group will then initiate a funds transfer from the DR Escrow bank account to the CDBG-DR bank account via their escrow processing procedures and process in MITAS.

### **REIMBURSEMENT REQUEST**

Based on the project type, whether (Non-Federal Share (Match) or Stand- Alone project, if the applicant's set up for the subrecipient, is "Direct funds will not be transferred to subrecipients to make payments to their vendors and contractors for eligible work performed. Thereby, VIHFA will make payments directly to the vendor and contractor on behalf of the subrecipient. If the applicant is set up as XXX in the XXXX field, request for payments will be sent to the subrecipient for further payment to the vendors within three business days. Verify if system controls are by applicant or project.

List of documents for reimbursement request includes the following and see above for detailed description of documents:

1. Payment Request Coversheet
2. Invoice and supporting documents
3. Cost Allocation Sheet
4. Finance Review Checklist
5. Drawdown Voucher Form
6. Check Request
7. Payment Request Form (Submission Workflow) - Subrecipients requests only (See Exhibit 6).

*(See EMGrantsPro Implementation Guide for step-by-step instructions for both payment processes identified above.)*

## **DRAW VOUCHER FORM APPROVAL**

1. All payment request documents are advanced to the DR Finance Director or Chief Financial Officer for signature approval on the Drawdown Voucher Request Form.
2. If approved the DR Finance Director or Chief Financial Officer will forward to the CDBG-DR Chief Disaster Recovery Officer for signature approval.
3. The fully executed draw voucher form is uploaded EMGrantsPro after all approvals are received and advanced.

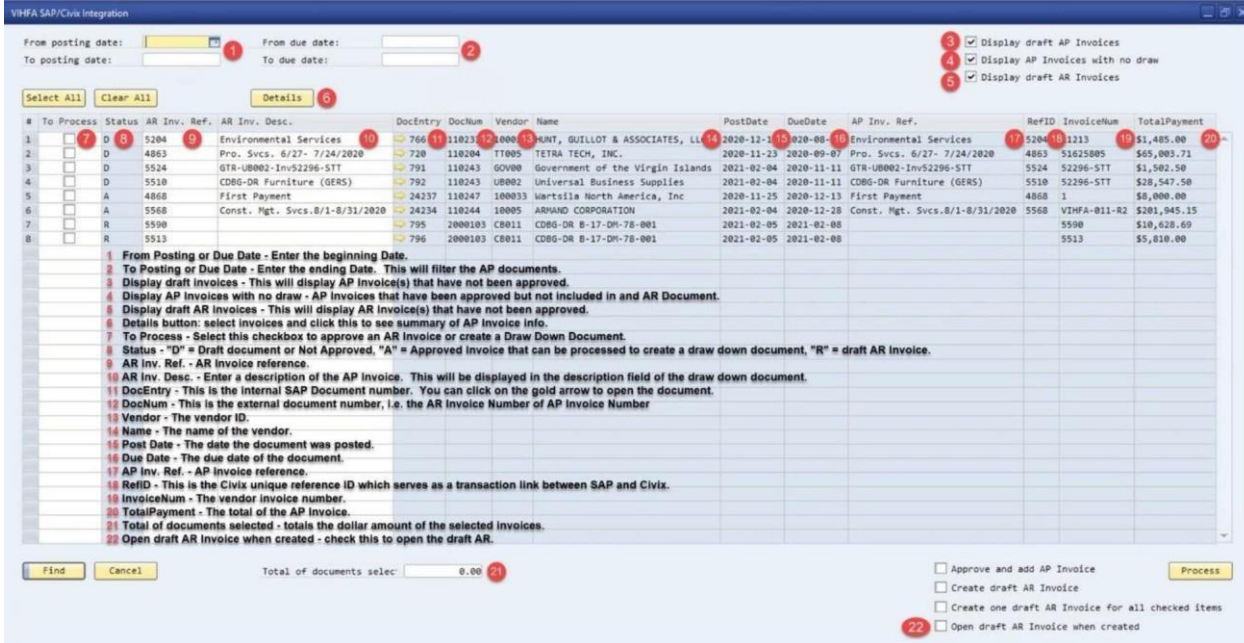
## **II. EMGrantsPro PAYABLE INTERFACED TO SAP BUSINESS ONE**

1. After a vendor payment has been advanced from Executive Approval it is now routed the “Issue Payment” step in the workflow.

The Finance Manager again reviews the vendor payment request and selects “Advance” and further selecting "Yes" in the Confirm Dialog to approve the invoice, completing the vendor payment request workflow process, and create a Payable.

- a. Payables are automatically created from Approved Vendor Payment Requests Reimbursement Requests that will result in funds being paid to an Applicant or Vendor.
  - b. Select the ‘Payables’ option in the ‘Finances’ menu at the top of your screen. This will take you to a list of Payables.
  - c. Select a Payable to process and a new screen will appear. Review payables to ensure amounts.
  - d. In the Payables Workflow ‘Step 2. Send to SAP’, click ‘Send to SAP’ to send the Payable to SAP, where the process continues in SAP.
2. Once a payment request goes through the entire review process in EMGrantsPro, the request must be “Sent to SAP” for Accounts Receivable and Accounts Payable processing and ultimately checks to be issued. See below for quick reference steps and refer to the SAP Manual for more detail.

Figure 1: SAP Field Descriptions




Note: MB3 will send an invoice\*.xml file to a shared directory (\\[server name]\IN). The SAP system will monitor this directory, and when a file appears, create the AP Invoice. A daily AP Invoice log file is updated with the status of the created invoice (i.e. success, failure). A copy of the incoming invoice file is saved to an archive (\\[server name]\Archive) file.

For AR Invoices, SAP will trigger an event any time an AR invoice is created. Only invoices associated with the CardCode CB011 will be sent to MB3. In SAP upon creation of an outgoing payment, a subsequent draw\*.xml file is created and placed in an (\\[server name]\OUT) directory for MB3. A daily draw log file is updated with the status of the AR invoice (i.e. success, failure).

Further filtering is done using the Draw Date and Draw Approval Date. If both dates are blank, no information is sent to MB3. If either field has data, the information is sent to MB3.

Table 1: Approving an AP Invoice

 <b>Q-Sheet – Approving an AP Invoice</b>	
<b>STEP 1A</b>	<b>Access the VIHFA SAP/Civix Integration Addon: From the main menu: Select Purchasing – A/P → VIHFA SAP/Civix Integration</b>
<b>STEP 2</b>	<b>The VIHFA SAP/Civix Integration screen will be displayed.</b>
<b>STEP 2A</b>	<b>Displayed are AP Invoices with a “Draft/Added” status of “A” have been approved and have not been associated with a draw down document.</b>
<b>STEP 2B</b>	<b>The VIHFA SAP/Civix Integration will filter documents based on the user, document owner, that is signed into SAP. Note: If AP Invoices are not displaying, please verify the document owner of the AP Invoice. Managers can view everyone’s AP Invoices and should be consulted in the event documents are not displayed. Also, make sure you have selected “Display Draft Invoices” and “Display invoices with no draw” on the top right of the screen.</b>
<b>STEP 3</b>	<b>You may select one or more invoices to create Draw Down document/s by checking the check box associated with the AP Invoices that will be included in Draw Down document.</b>
<b>STEP 3A</b>	<b>The data entered in the “AR Inv. Desc.” field will update the description of the Draw Down document that will be created.</b>

STEP 4	On the bottom right corner there are three options: "Approve and add AP Invoice" does not apply. If you select the check box for "Create AR Invoice" – A Draw Down document will be created for <u>each</u> AP Invoice that is selected. If you select the "Create AR Invoice" and "Create one AR Invoice for all checked items" – <u>one</u> Draw Down document will be created for all the AP Invoices selected.
STEP 5	Select the "Process" button on the bottom right of the screen.
STEP 6	A system message will be displayed indicating the number of AR Invoices or Draw Down documents that will be created. Select "Cancel" to cancel the process or select "Proceed" to create the Draw Down document/s.
STEP 7	Upon completion, a system message will be displayed indicating the AP Invoice numbers utilized to create the Draw Down document and invoice number of the Draw Down document created.
STEP 8	A System message will be generated to Alert Accounts Receivable – Draw Down Document/s created today.

Once the above steps are performed, the transactions update the general ledger A/R accounts and Revenue accounts. The SAP system creates a unique identifier A/R document number, which is entered on the Draw Down Voucher Request Form.

### III. DRAWDOWNS IN DRGR

Once the Accounts Payable and Accounts Receivable entries are updated in SAP, the following occurs:

1. The DR Staff Accountant runs a DRGR Coversheet required to be included with the uploaded documents to HUD through the DRGR System. The report lists all open A/R invoices entered by the specific DR Accountant for the specific request entered by the user (see SAP User Guide for steps to run DRGR Coversheet).
2. Compare the report with the physical documentation to ensure they both agree. All documents required to be uploaded with the draw are zipped from MB3, and then attached to the DRGR Coversheet to include but not all inclusive:
  - a. Approved legal binding documents (contracts/agreements on first invoice submittal against the contract or agreement, purchase order, etc.)
  - b. Invoice and supporting documents showing evidence of approval
  - c. Allocation Cost Spreadsheet (if required)
  - d. Payment Review Checklists (if required)
  - e. Finance Payment Review Checklist (if required)
  - f. Executed Check Request (signed by a member of the Executive team)
  - g. A/R Invoice
  - h. HIM DRGR Voucher Coversheet Harvey Irma Maria (HIM)
  - i. Drawdown Voucher Request

Figure 2: DRGR Cover Sheet

A/R DRGR Voucher Coversheet

DRGR Voucher Cover Sheet  
For the Dates: 06/26/19 through 06/26/19

Print Date: 07/11/19 11:02:40AM      Preparer: Makijjah      Crabbe

Activity	Program	Expenditure	Resp Agency	Vendor Name	Date	Invoice #	Expenditure
Admin-VIHFA	Administration	Vendor	VIHFA	Discount Travel	12/03/18	41075	1,114.03
Admin-VIHFA	Administration	Vendor	VIHFA	Discount Travel	11/30/18	41077	1,163.53
Admin-VIHFA	Administration	Vendor	VIHFA	Discount Travel	12/03/18	41078	1,163.53
Admin-VIHFA	Administration	Vendor	VIHFA	Discount Travel	11/30/18	41079	4,786.12
Admin-VIHFA	Administration	Vendor	VIHFA	Discount Travel	11/30/18	41080	2,090.52
Admin-VIHFA	Administration	Vendor	VIHFA	Discount Travel	11/30/18	41081	1,196.53
Admin-VIHFA	Administration	Vendor	VIHFA	Discount Travel	11/30/18	41082	1,125.03
Admin-VIHFA	Administration	Vendor	VIHFA	Discount Travel	11/30/18	41085	1,105.12
Admin-VIHFA	Administration	Vendor	VIHFA	Hilton Atlanta	11/29/18	122018	6,408.43
Admin-VIHFA	Administration	Vendor	VIHFA	Teltek, LLC	06/14/18	28-180830	10,025.92
Admin-VIHFA	Administration	Vendor	VIHFA	Sherweb	09/28/18	PF	4,800.00
Admin-VIHFA	Administration	Vendor	VIHFA	Executive Office1E408/18	1009703		1,351.99
Admin-VIHFA	Administration	Vendor	VIHFA	Darin Richardson10/08/18	067644		371.88
Admin-VIHFA	Administration	Vendor	VIHFA	King's Alley Hotel1/05/18	13630		347.04
Admin-VIHFA	Administration	Vendor	VIHFA	King's Alley Hotel1/06/18	13635		173.52
Admin-VIHFA	Administration	Vendor	VIHFA	King's Alley Hotel1/06/18	13640		173.52
Admin-VIHFA	Administration	Vendor	VIHFA	King's Alley Hotel1/06/18	13641		173.52
Admin-VIHFA	Administration	Vendor	VIHFA	Virgin Islands H08/22/19	VIHFA-REQ1 OFFSET		-35,536.88
<b>DRGR Activity SubTotal Admin-VIHFA</b>							<b>2,033.35</b>
<b>DRGR Voucher Total</b>							<b>2,033.35</b>

DRGR Voucher No:

Preparer Signature, Date: \_\_\_\_\_

Voucher Entered in DRGR by: \_\_\_\_\_

Signature, Date: \_\_\_\_\_

Voucher Reviewed by: \_\_\_\_\_

Print Name, Title: \_\_\_\_\_

Signature, Date: \_\_\_\_\_

Voucher Approved in DRGR by: \_\_\_\_\_

Print Name, Title: \_\_\_\_\_

Signature, Date: \_\_\_\_\_

Current Page No: 1      Total Page No: 1      Zoom Factor: Page Width

07/11/19 11:10

3. The DR Staff Accountant then enters the draw into DRGR (see DRGR user manual).
4. The Drawdown Voucher Request form and all supporting documentation including the DRGR Coversheet are uploaded to DRGR for review by HUD.
5. A copy of the voucher document is printed from DRGR, and the voucher number created is then indicated on the DRGR Cover Sheet.
6. The staff who entered the drawdown signs the DRGR Coversheet.
7. The draw date and voucher number are also then entered into the Draw Date field and Voucher number field in the corresponding A/R Invoice in SAP. This will allow the data to flow to EMGrantsPro and update the payable record to allow users to know the status of the draw.
8. All documents are then forwarded to the DR Finance Manager or alternate DRGR approver.
9. The entire voucher or specific voucher line items can be approved or disapproved. The steps to approve a draw are found in the DRGR manual.
10. Once the draw is approved in DRGR, the date of the approval is entered into the A/R Invoice Draw approved date in SAP.

## IV. RECORDING RECEIPT OF FUNDS (Incoming Payments)

1. The DR Accountant, Senior Accountant or VIHFA's Accountant II with bank viewing rights verifies funds received from HUD through ELOCS.
2. After verification of receipt of funds for any vouchers requested in DRGR, the DR Senior Accountant enters the receipt (Incoming Payment) against the open A/R invoice in SAP which posts the receipt of the funds to the bank account and closes the A/R Invoice. The DR Senior Accountant then updates the A/R Invoice funds received box with the date that the funds are received.
3. See SAP User manual for step-by-step instruction for entering an incoming payment.
4. The results of applying an incoming payment are as follows:
  - An Incoming Payment document is created which debits the bank account and closes the receivable.
  - The paid AR invoices are closed, and they no longer appear in the Open items list in the Incoming Payments window, as documents for payments.
5. The journal entries of the incoming payments and the paid invoices are reconciled.

Figure 3: Incoming Payment

The screenshot displays the SAP 'Incoming Payments' window. The interface includes a menu bar (File, Edit, View, Data, Go To, Modules, Tools, Window, Help) and a toolbar with various icons. The main area is divided into several sections:

- Header Fields:** Code (CB011), Name (CD88-DR B-17-DM-78-001), Bill To (HUD), Contact Person, and Project.
- Radio Buttons:** Customer, Vendor, and Account.
- Metadata:** No. (1189), Primary, Posting Date (07/03/19), Due Date (07/03/19), Document Date (07/03/19), Reference (00436953), and Transaction No. (85396).
- Table:** A table with columns: Selected, Document No., Installment, Document Type, Date, Total, Balance Due, Blocked, Total Payment, Distr. Rule, and Payment Order Run. One row is highlighted with a yellow background, showing Document No. 2932, Installment 1 of 1, Document Type IN, Date 06/26/19, Total \$ 2,033.35, and Total Payment \$ 2,033.35.
- Summary Fields:** Payment on Account (0.00), Total Amount Due (\$ 2,033.35), and Open Balance.
- Remarks:** A text field containing 'END DRAWDOWN REQUEST' and 'Incoming Payments - CB011'.
- Buttons:** OK, Cancel, Deselect All, Select All, and Add in Sequence.
- Status Bar:** Shows the date 07/10/19, time 06:38, and the SAP Business One logo.

## **V. PAYMENT PROCESSING (Outgoing Payment)**

---

Confirmation of funds receive initiates the payment process (see SAP User manual for step-by-step instructions to process a check, wire or electronic funds payment). The following will occur:

1. The DR Finance Manager or DR Senior Accountant transmits the complete draw package to the Director of Accounting.
2. The Director of Accounting indicates receipt of documents by writing the date received and signs.
3. The Director of Accounting forwards the documents to the Accountant I who processes the checks or electronic payment requests within three (3) business days of receipt of funds. The DR Accountant will serve as a back for the electronic payment processing. *Checks are processed and provided to the Director of Accounting for review. For Electronic Payments automatic notification goes to the approver (s) for further review and action.*
4. The Accountant I will verify that all the information and amounts referenced on the check is correct. Thereafter, the check(s) or electronic payment requests are routed to the VIHFA CFO for signature/approval who then forwards them to the Executive Director (ED) for the additional required signature/approval. All payment requests require two levels of signatures/approvals.  
VIHFA's CFO is the primary signatory, and the ED is the secondary signatory. VIHFA's Chief Operating Officer (COO) and the Director of Federal programs alternates only in the event the CFO or Executive Director is unable to sign.
5. The signed checks or approved electronic payment requests are returned to the Accounting Division, and a copy of the signed check(s) or the approved electronic payment request is added to the draw package.
6. The check is released to the vendor via mail or in person pick up. Electronic payments are deposited into the vendor's account within 24-48 hours of approval.
7. For reimbursements to VIHFA's non-federal bank account, the check is forwarded to VIHFA's Collections Division to deposit to the VIHFA's local funds bank account as reimbursement for the grant costs.
8. Final Documents for Financial Management Record Retention:  
All records pertinent to the reporting process must be retained for three years after grant closeout per 24 CFR 570.490.

### All executed documents to include:

- p. Copy of proof of payment (Signed check, wire transfer document, ATH approval document, etc.)

q. DRGR Approval Voucher

r. DRGR Open Voucher Document

---

- s. HIM Document
- t. Final Executed Draw Down Voucher Coversheet

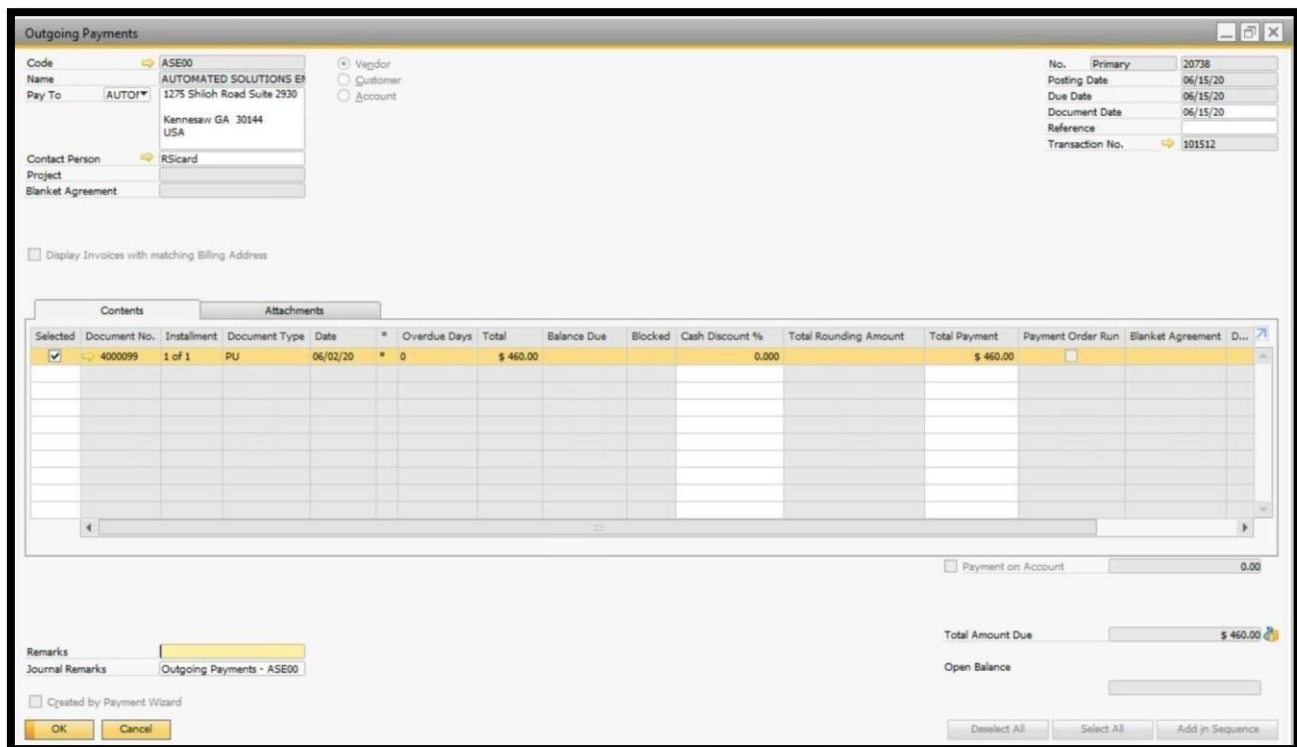
---

- u. A/R Invoice
- v. Executed Drawdown Voucher Request Form
- w. Final Executed Check Request with indication of payment processing references completed by the Accounting Division, (i.e., payment number, payment date, etc.)
- x. Allocation of Indirect Cost Spreadsheet (if applicable)
- y. Invoices, Receipts and supporting documentation
- z. Executed contracts (only required to be included with first invoice against contract)
- aa. Justification memo for procurement items or services not through an executed contract on Purchase Order. (See Procurement Policy and Procedures to identify those categories.)
- bb. Executed Purchase Order
- cc. Incoming Payment document
- dd. Memo to File (if applicable)

9. These executed documents are attached to the A/R transaction in the SAP financial management system.

For outgoing payments, SAP will trigger an event any time an outgoing payment is created. Only payments associated with the General Ledger account “11027- 1-000-000 – CDBG-DR Bank Account (STT, ADMN, ADMN) will be sent to MB3. In SAP upon creation of an outgoing payment, a subsequent payment\*.xml file is created and placed in an (\\[server name]\OUT) directory for MB3. A daily Payment log file is updated with the status of the outgoing payment (i.e., success, failure).

Figure 4: Outgoing Payments



## **VI. DEPOSIT TO VIHFA LOCAL FUNDS BANK ACCOUNT**

If the request was to reimburse VIHFA's local funds for eligible expenses for the CDBG-DR program, the following occurs:

1. The check is given to VIHFA's Collection Division.
2. The Collection's Division deposits the check to VIHFA's local account as identified and directed by the VIHFA's CFO.
3. The deposit is journalized by the Collections Division in SAP and provided to the Director of Collections to review for accuracy.
4. If correct, a copy of the deposit and a printed copy of the journal voucher is provided to the VIHFA's Accountant III to post.
5. If the journal voucher is correct, the VIHFA's Accountant III post the transaction which debits the local funds bank account that the reimbursement check was deposited to and credits the original accounts booked. This zero's out these cost that were originally booked to the "Due from CDBG-DR" GL account and the reimbursement process correctly records the expenses as grant expenses. The DR Finance Manager reviews and signs off as evidence of approval on the printed bank reconciliation report from SAP.
6. Corrections in the General Ledger are processed by preparing a Journal Voucher and entering the transaction in SAP.
7. Authorized individuals to include the DR Finance Director, DR Finance Manager, Director of Accounting and CFO with posting permissions can post to update the GL with the correction.
8. If adjustments to bank records are required, the DR Finance Manager will send an email to the CFO detailing the discrepancy and recommend correction action needed to be taken by the bank institution.
9. On a weekly basis, reconciliations between DRGR, SAP and MB3 will be performed by running identified reports from all systems.
10. The Director of Accounting indicates receipt of documents by writing the date received and signs.
11. The Director of Accounting forwards the documents to the Accountant I who processes the checks or electronic payment requests within three (3) business days of receipt of funds. The DR Accountant will serve as a back for the electronic payment processing. *Checks are processed and provided to the Director of Accounting for review. For Electronic Payments automatic notification goes to the approver (s) for further review and action.*
12. The Accountant I will verify that all the information and amounts referenced on the

---

check is correct. Thereafter, the check(s) or electronic payment requests are routed to the VIHFA CFO for signature/approval who then forwards them to the Executive Director (ED) for the additional required signature/approval. All payment requests require two levels of signatures/approvals.

VIHFA's CFO is the primary signatory, and the ED is the secondary signatory. VIHFA's Chief Operating Officer (COO) and the Director of Federal programs alternates only in the event the CFO or Executive Director is unable to sign.

13. The signed checks or approved electronic payment requests are returned to the Accounting Division, and a copy of the signed check(s) or the approved electronic payment request is added to the draw package.

## **VII. ADVANCED PAYMENT PROCEDURES**

2 CFR 200.3 defines Advance payment as an awarding agency or pass-through entity that makes an appropriate payment mechanism, including a predetermined payment schedule, before the non-Federal entity disburses the funds for program purposes.

VIHFA will continue to follow 24 CFR Part 85.21(b), 2 CFR 200.305(b) and 24 CFR 570.502(b)(3)(i) -the time frame in which advanced funds to subrecipients must be disbursed and the subrecipient should ensure that all received CDBG-DR/MIT.EGRID funding is held in an insured and interest bearing account.

Advance payments will not be approved for work not completed or invoiced. In addition, the advance payment procedures is specific to the EnVision program and only for mobilization of payments.

In addition, when an advance payment is approved:

- Payment for work performed to contractors should be no more than 85 percent of invoiced amount, with a 15 percent retention;
- Subrecipients must pay all invoices in that is attached to the advance request within three business days;
- Advance payments would be paid for completed work
- Per 2 CFR 200.302(a) Source documentation is required

The following supporting documentation must be submitted to VIHFA if subrecipients are requesting advance funds:

1. A request for an advance must be indicated on the Finance Unit Payment Request Review Checklist with the following supporting documentation:
  - Written description of how the advanced funds will be used;
  - Invoice(s) (with date, received date by subrecipients, vendor name, project name, location, total amount due and work covered in invoice) for the advanced request

- Inspection Certification (inspector name, date of inspection, description of work inspected, and certification that the work was completed)
- Other supporting documentation (copy of budget, third party contracts, etc.)

### **VIII. TIMELY TRANSMITTAL OF CDBG-DR/MIT/EGRID FUNDS**

24 CFR Part 85.21(b) / [2 CFR 200.305(b)] [also referenced at 24 CFR 570.502(b)(3)(i)] states that recipients and subrecipients are required to have procedures in place to minimize the amount of time that elapses between the transfer of CDBG funds and the disbursement of those funds by the grantee or subrecipient in accordance with Treasury regulations at 31 CFR Part 205. Recipients (and subrecipients) must include accurate information in drawdown requests. CDBG-DR/MIT/EGRID funds must be used within three (3) business days they are drawn down. If disbursement takes longer than three (3) business days, VIHFA will be required to submit a written justification.

The following are steps VIHFA will take the following steps in order to ensure that funds are transmitted in a timely manner (3 business days) after drawn down. The VIHFA will also ensure that staff are trained on the below steps to ensure compliance.

20. The subrecipient/vendor/contractor will complete a pay request to the Program staff.
21. The program staff uploads and review all source documentation and any other supporting documentation via EMGrantsPro. The Program staff reviews all supporting documentation for accuracy. During the review the program staff may require additional information or may find a discrepancy. The request at this time may be returned to the subrecipient/vendor/contractor with comments.
22. The Program Staff then approves and send the payment request to DR Accountant for review;
23. EMGrantsPro alerts DR Accountant that a payment request was submitted for review and EMGrantsPro records submittal by recording date and time stamp;
24. The request is then reviewed by DR Senior Accountant, Finance Manager and Finance Director;
25. DR Senior Accountant creates voucher in DRGR System;
26. The Director of Accounting approves the draw request and prints out the approval to include in the disbursement package;
27. The Accountant III or designee based on the specific grant performs the draw in the applicable federal program system;
28. The Accountant II or designee based on the specific grant verifies the funds have been received to the program designated bank account. This process from initial payment request to processing of payment takes approximately 10-12 days;
29. The Director of Accounting forwards the documents to the Accountant I who processes the checks or electronic payment requests within three (3) business days of receipt of funds. The DR Accountant will

serve as a back for the electronic payment processing;

---

30. The VIHFA Accounting Division staff prepares checks for vendors, subrecipients and to the VI Internal Revenue Bureau for the vendor's portion of gross receipts taxes and releases them within three (3) business days of receipt of federal funds;
31. VIHFA's ED and CFO or alternate check signers (COO and Director of Federal Programs), sign the checks and returns them to the Accounting Division for distribution. All checks require two (2) signatures;
32. The Accountant I notifies the vendor/contractor that the checks are ready for distribution within three (3) business days from receipt of funds confirmed to the bank account.

## Appendix A



### VIHFA CDBG-DR SUBRECIPIENTS CHECKLIST

FROM CAPACITY ASSESSMENT TO NOTICE TO PROCEED

DO NOT BEGIN PROCUREMENT UNTIL NOTICE TO PROCEED IS ISSUED.

#### CAPACITY ASSESSMENT STAGE

The purpose of this stage is to initiate the capacity assessment process where the VIHFA Compliance and Monitoring team will review submitted policies and procedures. The Capacity assessment is performed annually.

- ↓ Accounting Policies and Procedures
- ↓ Retention Policy
- ↓ System of Internal controls
- ↓ Procurement Policies and Procedures
- ↓ Source documentation policy (i.e. cancelled checks, invoices, payroll, time and attendance, corporate credit card, and travel and expenses)
- ↓ Grants Management Policies and Procedures
- ↓ Fraud, waste and abuse reporting
- ↓ Organizational Chart
- ↓ Copy of most recent A-133 Single Audit final report
- ↓ Copy of most recent Annual Audit Report
- ↓ Copy of most recent Internal Audit Report

A site visit will be conducted to further assess the capacity of prospective sub-recipients to gauge their ability to manage proposed projects using CDBG-DR funds. Special conditions may arise from this process to assist in the development of the Sub-recipient agreement.

#### SUBRECIPIENT'S AGREEMENT STAGE

1. Appendix A. General Conditions of the Contract
2. Appendix B. HUD Rider
3. Appendix C. Special Conditions

#### CDBG-DR Application Stage | Required for each submitted project.

This document will provide necessary information on the CDBG-DR program or project for the development of a Subrecipient Agreement between VIHFA and the Implementing Partner.

- ↓ CDBG-DR Application: This form is used to determine if the project is eligible per HUD's guidelines to receive CDBG-DR funds. Subrecipients will have to work closely with the VIHFA staff to fill out this form to translate their project activity to the vernacular of HUD. A critical component of this form is the "Tie to the Disaster" section. Expect to do many drafts of the Tie to the Disaster to ensure compliance with HUD rules. The form will also provide a project detail overview and the detail budget.

#### ENVIRONMENTAL REVIEW STAGE | Required for each submitted project.

An environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards. The level of Environmental review is determined from the project eligibility stage. Below are four levels of reviews of which one will be required.

- i. Full Environmental Assessment: For all projects that disturb the soil such as new construction and demolition. Environmental letters to all the cognizant agencies including but not limited to DPNR, Health, Public Works, WAPA, VFD, ENERGY, Human Services, Waste Management, Etc.
- ii. Categorically Excluded subject to Section 58.5: Examples include rehabilitation and reconstruction projects. Environmental letter sent to DPNR.
- iii. HUD requires Environmental Review to be posted for Public Comment for 7 – 15 days after HUD's approval of Environmental Assessment. Published in local newspapers.
- iv. Request for Release of Funds.
- iv. Categorically excluded not subject to Section 58.5: Items such as tenant based rental assistance, supportive services such as health care, day care, operating cost etc.
- v. Exempt: Usually purchase of insurance, tools, engineering, technical assistance and training. Signed by the VIHFA, not required to be sent to HUD.

#### PROJECT ADDENDUM STAGE

1. Appendix D. Project Agreements
2. Appendix E. Payment Requirements and Draw Request
3. Appendix F. Monthly Performance Report
4. Appendix G. Records Requirements and Records Retention
5. Appendix H. Board Authorizations

#### NOTICE TO PROCEED | PROJECT START

Subrecipient can begin procurement.

---

## Appendix B

**VIRGIN ISLANDS HOUSING FINANCE AUTHORITY**

3202 Demara Plaza Suite 200 • St. Thomas, USVI 00802

Telephone (340) 777-4432 • Fax (340) 775-7913



**COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY  
PROGRAM STAFF PAYMENT REQUEST CHECKLIST**

Sub Recipient/Vendor Name: \_\_\_\_\_

CDBG-DR Subrecipient Agreement/ Contract#: \_\_\_\_\_

Project#: \_\_\_\_\_

Payment Request or Invoice#: \_\_\_\_\_

Payment/ Invoice Request Date:

Payment/ Invoice Amount:

Approved Amount:

**Check Appropriate Boxes:**

Vendor Invoice  Yes  No

Subrecipient Staff Time Invoice  Yes  No

**Final Payment Request for:**

Subrecipient's Vendor:  Yes  No

Project:  Yes  No

Subrecipient:  Yes  No

Vendor:  Yes  No

Review Areas	Frequency of Review	Check
1. Verify that the appropriate environmental review has occurred to allow vendor/subrecipient to incur cost.	First Invoice	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
2. Verify that all procurement/contractual agreements have been executed to allow payment or reimbursement for the cost incurred.	First Invoice	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
3. Verify that subrecipient and vendor(s) are in compliance with reporting.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
4. Verify payment request form has been submitted and completed in accordance with its instructions.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
5. Verify amount shown for each invoice on the payment request form matches actual invoice amount.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
6. Examine agreement for deliverables and review charges in concert with compensation method: Lump Sum, Percent Complete, Time and Materials.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
7. Check daily labor and expense logs are complete and that deliverables are reflected in documents.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA



**VIRGIN ISLANDS HOUSING FINANCE AUTHORITY**

3202 Demara Plaza Suite 200 • St. Thomas, USVI 00802

Telephone (340) 777-4432 • Fax (340) 775-7913

**COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY  
PROGRAM STAFF PAYMENT REQUEST CHECKLIST**

Review	Frequency of Review	Check
8. Verify that rates and quantities agree with what is stated in the executed agreement.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
9. Review timesheets (daily labor logs) for excessive hours, supervisor signatures, authorization for overtime, and that subcontractors are approved.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
10. Confirm that all elements of the invoice have been associated with the proper program, agreement, subrecipient, vendor, and sub-contractor.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
11. Produce a spreadsheet indicating a summary of costs, rates, and final invoice cost.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
12. Produce a signature line located on the summary sheet for Program Manager(s) approval.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
13. Request/Inform contractor immediately of deficiencies in payment request package. Obtain and document revised request.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
14. Produce Payment Request Rejection Letter as needed.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> ONA
15. Complete Payment Request Rejection Letter; document the deficiencies and corresponding charges.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> ONA
16. Verify that subrecipient and vendor(s) agreement is in good standing; value has not been exceeded, period of performance is current, and revisions are executed.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
17. Recommend reductions identifying specifics.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> ONA
18. Document corrections by the subrecipient and vendor(s) following the payment request review.	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> ONA
19. Has the payment request been approved by VITEMA (if applicable)?	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
20. Are the staff or other resources mentioned in this invoice qualified to do the work?	All Invoices	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA

**REVIEWED BY:** \_\_\_\_\_

Name: \_\_\_\_\_

Position Title: \_\_\_\_\_

Signature/ Date: \_\_\_\_\_ / \_\_\_\_\_

**Review Comments:**

## Appendix C



### VIRGIN ISLANDS HOUSING FINANCE AUTHORITY

3202 Demara Plaza Suite 200 • St. Thomas, USVI 00802  
 Telephone (340) 777-4432 • Fax (340) 775-7913

#### FINANCE UNIT PAYMENT REVIEW CHECKLIST

**VENDOR/ SUBRECIPIENT NAME:** \_\_\_\_\_

**INVOICENUMBER:** \_\_\_\_\_

**INVOICEAMOUNT:** \_\_\_\_\_

**APPROVED AMOUNT:** \_\_\_\_\_

		Yes	No	N/A
1. Verify that the Payment Request Coversheet is included, and the certification statement is signed by an approving officer of the company or Responsible Agency head as identified in the contract or subrecipient agreement.	All invoices	D	D	D
2. Verify that the program area has been identified on the payment coversheet and request.	All Invoices	n	n	n
3. If vendor/ contractor payment is for a particular program, verify the request shows proof of review by the program staff approver(s). Check for signoff/approval on payment request documents.	All invoices	D	D	<input type="checkbox"/>
4. Verify procurement documentation for consistency with procurement procedures? For request against a contract or subrecipient agreement, verify that the contract or subrecipient agreement has been executed.	All Invoices	D	<input type="checkbox"/>	<input type="checkbox"/>
5. For a vendor/contractor's first invoice, ensure that a SAMS check has been performed and included in supporting documentation.	First Invoice	D	D	<input type="checkbox"/>
6. Was an environmental review completed to allow cost to be incurred?	First Invoice	D	<input type="checkbox"/>	<input type="checkbox"/>
7. Verify that the costs were incurred for eligible items as outline in the grant/contract agreement and as per 2 CFR Part 200 Subpart E.	All Invoices	D	D	<input type="checkbox"/>
a. Costs are necessary and reasonable.	All Invoices	D	<input type="checkbox"/>	<input type="checkbox"/>
b. Costs are allocable.	All Invoices	D	<input type="checkbox"/>	<input type="checkbox"/>
c. Costs are allowable.	All Invoices	D	<input type="checkbox"/>	<input type="checkbox"/>
8. If the invoice includes an equipment purchase, ensure that it was approved in the contract or subrecipient agreement and an Asset Purchase Form has been submitted.	All Invoices	D	<input type="checkbox"/>	<input type="checkbox"/>

9. Verify that the invoiced funds do not exceed allocated or authorized amounts in <b>contract or agreement.</b>	All Invoices	D	<input type="checkbox"/>	<input type="checkbox"/>
10. Verify that the costs were Incurred during the effective period of the agreement.	All Invoices	D	<input type="checkbox"/>	<input type="checkbox"/>
11. Verify that work is within the approved scope of work in contract/procurement document.	All Invoices	D	<input type="checkbox"/>	<input type="checkbox"/>
12. Verify the purchase order, vendor invoice, and the receiving report match if applicable.	All Invoices	D	<input type="checkbox"/>	<input type="checkbox"/>



# VIRGIN ISLANDS HOUSING FINANCE AUTHORITY

3202 Demara Plaza Suite 200 • St. Thomas, USVI 00802  
 Telephone (340) 777-4432 • Fax (340) 775-7913

## FINANCE UNIT PAYMENT REVIEW CHECKLIST

**VENDOR/ SUBRECIPIENT NAME:** \_\_\_\_\_

**INVOICE NUMBER:** \_\_\_\_\_

**INVOICE AMOUNT:** \_\_\_\_\_

**APPROVED AMOUNT:** \_\_\_\_\_

	Frequency of invoices	V..	No	8/A
13. Verify that all costs are clearly documented and detailed and support current amount billed (invoiced).	All Invoices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Verify that all supporting documentation is included to support cost billed.	All Invoices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Approved for Payment:	Disapproved for Payment:
<p><i>Name of Reviewer</i></p> <hr/> <p><i>Signature,</i></p> <hr/> <p><i>Title</i></p> <hr/> <p><i>Date</i></p> <hr/>	<p>Request was returned on _____</p> <p>to _____</p> <p>See attached Payment Request Rejection Letter.</p> <hr/> <p><i>Name of Reviewer</i></p> <hr/> <p><i>Title</i></p> <hr/> <p><i>Date</i></p> <hr/>

# Appendix D

VIRGIN ISLANDS HOUSING FINANCE AUTHORITY  
3202 Demara Plaza Suite 200 • St. Thomas, USVI 00802  
Telephone (340) 777-4432 • Fax (340) 775-7913



VIHFA

COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY

## DRAWDOWN VOUCHER REQUEST

Requested By: CDBG-DR FINANCE UNIT Request Date: \_\_\_\_\_

Original Submission \_\_\_\_\_

Revision \_\_\_\_\_

	LMI AMOUNT	URGENT NEED AMOUNT
HUD Activity Number: _____	\$ _____	N/A

Project Name: \_\_\_\_\_

Project Address: \_\_\_\_\_

Type of Expenditure: \_\_\_\_\_

Vendor / Agency Name: \_\_\_\_\_

Payroll or Invoice Date \_\_\_\_\_

Vendor Ref. No. (Invoice No.): \_\_\_\_\_

Draw Amount: \_\_\_\_\_ Partial: \_\_\_\_\_ Final: \_\_\_\_\_

.....  
Description:

Prepared By: 

ALLIYAH MODESTE, DR ACCOUNTANT

  
Print Name, Signature, Title, Date

Reviewed By: 

JUDY-ANN FREDERICK, CDBG-DR FINANCE DIRECTOR

  
Print Name, Signature, Title, Date

Approved By: 

DAYNA CLENDINEN, INTERIM EXECUTIVE DIRECTOR/CHIEF DISASTER RECOVERY OFFICER

  
Print Name, Signature, Title, Date

System Generated # (SG#):

## Appendix A

<b>VIRGIN ISLANDS HOUSING FINANCE AUTHORITY</b> <b>CHECK REQUEST</b>				
Version: 10-13-19				
TO:		FROM:		
DATE:		<b>CODES</b>		
FUNDING SOURCE:	CDBG-DR BANK ACCOUNT	PROJECT CODE:	CLICK HERE FOR DROP DOWN	
PAYEE:		EIN/TIN / SS#:		
ADDRESS:		DUNS No.:		
		Check if first invoice:	<input type="checkbox"/> If payment will be made from grant funds, please include SAMS check to allow processing.	
If this payment is part of a contract or series of payments on a purchase order, please indicate the contract end date in the box.				
TOTAL INVOICE AMOUNT:		MAIL:	HOLD FOR PICK UP:	
RETURN TO: CDBG-DR DIVISION (Finance Unit)				
Vendor Ref. No. (Invoice No.)			<input type="checkbox"/> Check if Includes Capital Assets Purchase	
DESCRIPTION OF WORK, SERVICES, OR MATERIALS BEING PAID FOR:				
Activity Number	GL Description & GL Code No.	Responsible Agency	Description of Expenditure or Services	AMOUNT
		VIHFA		
TOTAL AMOUNT OF CHECK:				\$
<b>APPROVED FOR PAYMENT:</b>		<b>PAYMENT INFORMATION:</b>		
BY:		BANK:		
		ACCOUNT NO:		
DATE:		CHECK NO:		DATE:
		AMOUNT:		

**GOVERNMENT OF THE VIRGIN ISLANDS, BUREAU OF INTERNAL REVENUE  
GROSS RECEIPTS WITHHOLDING TAX RETURN**

FORM 720-G

	RECIPIENT'S NAME AND ADDRESS (1)	RECIPIENT'S IDENTIFICATION # (2)	TOTAL AMOUNT OF PAYMENT (3)	GROSS RECEIPTS TAX WITHHELD (Column 3 multiplied by 5% or .05) (4)
1.				0.00
2.				\$0.00
3.				\$0.00
4.				\$0.00
5.				\$0.00

6. **TOTAL AMOUNT OF WITHHELD GROSS RECEIPTS TAX:** Enter the sum of column 4 and remit to the Bureau of Internal Revenue within ten (10) days following the calendar month concerned.

\$0.00

Column 1. Enter the name and address of each person, partnership, firm, corporation, or other business association from whom you withheld gross receipts taxes from a payment.

Column 2. Enter the employer identification number or social security number of the recipient named in Column 1.

Column 3. Enter the amount of the payment owed to the recipient named in Column 1.

Column 4. Enter the amount withheld from the payment in Column 3. The amount to be withheld is 5% of Column 3.

I declare under penalty of perjury that this return has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return of withheld gross receipts taxes for the month concerned, pursuant to Title 33 VIC section 44.

<input type="text"/>	Valdez Shelford	Chief Financial Officer, VI Housing Finance Authority
Date	Print Your Name	Title & Agency
Signature: <input type="text"/>	Telephone Number	340-774-4432, Ext. 2260

Please indicate the month concerned by placing an "X" in the appropriate box.

January <input type="checkbox"/>	May <input type="checkbox"/>	September <input type="checkbox"/>
February <input type="checkbox"/>	June <input type="checkbox"/>	October <input type="checkbox"/>
March <input type="checkbox"/>	July <input type="checkbox"/>	November <input type="checkbox"/>
April <input type="checkbox"/>	August <input type="checkbox"/>	December <input type="checkbox"/>

GOVERNMENT OF THE VIRGIN ISLANDS  
V.I. BUREAU OF INTERNAL REVENUE  
6115 ESTATE SMITH BAY - SUITE 225  
ST. THOMAS, V.I. 00801

Employer Identification Number (EIN)

Social Security Number (SSN)

Name & Address of Payer  
VIRGIN ISLAND HOUSING FINANCE AUTHORITY  
3202 DEMARARA #3  
FRENCHTOWN PLAZA, SUITE 200  
ST. THOMAS, V.I. 00802