



**TEXAS DEPARTMENT OF AGRICULTURE  
COMMISSIONER SID MILLER**

**Texas Community Development Block Grant Program**

**Financial Management  
Administrator Workshop**

Now let's talk about financial record keeping and how to request grant funds.



### Introduction

- Financial requirements for local governments
- 24 CFR Subpart I, governs the state CDBG program
- TxCDBG is responsible for monitoring compliance

Let's first address the who and why with respect to Financial Mgt

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The Grant Recipient must review the financial requirements of the grant agreement and set up a financial accounting system consistent with the requirements of the CDBG program. These requirements are governed by the United States Department of Housing and Urban Development (HUD), the Federal Office of Management and Budget (OMB), as well as federal, state, and local policies.

TDA, as the CDBG program administrator, is responsible for monitoring the Grant Recipient's **compliance** of the following:

- financial management standards
- The processing of payment requests in TDA-GO for program funds,
- And audit review.



## Project Start-Up

### Essential Steps and Concepts

- Pre-Agreement Period
- Grant Agreement Execution
- Establish a Local Administrative Structure
  - Record-keeping system
  - Review and comply with all local rules & regulations
  - Decide on an administrator

Prior to implementing any work on a TxCDBG project, a Grant Recipient should put systems in place to track and report on project activities as stated in the Grant Agreement. The Grant Recipient is responsible for ensuring that all CDBG project expenditures are authorized in the approved *budget* in the grant agreement.

The first concept to understand is the **Pre-Agreement Strategy**. This refers to pre-award costs incurred by the Grant Recipient before the grant is actually awarded and is directly in accordance with the proposed project and in anticipation of a CDBG Grant Agreement. Such costs must be necessary to comply with the proposed delivery schedule or period of performance and are allowable *only to the extent* that they would have been allowable after the regular start date of the TxCDBG Grant Agreement. Allowable costs must have the written approval by TDA. All **existing grant rules apply to the pre-agreement period**.

TDA will allow pre-agreement costs to be charged to the grant, provided that the activities are:

- Eligible costs
- Meet the objectives of the program; and
- Are authorized pursuant to applicable state and/or federal law.

To be eligible for either grant or match funding, costs incurred during the pre-agreement phase **must occur**:

- On or after the TDA pre-agreement date found in the Grant Agreement *Exhibit B*,

*Section B;*

- On or after the administrative or engineering services contract award date – formal approval by elected body; **and**
- During the contract identified in the administration/engineering services contract.

Aubrey-Ann provided information about the process to be completed to set up a TDA-GO account *before* a grant is executed. (The new Performance Report is where the Direct Deposit form is uploaded, if a direct deposit is used.)

Each Grant Recipient must **establish a local administrative structure** to complete the grant.

Each GR must:

- Establish a record-keeping system that keeps all grant files at the city/county offices or building where governmental records are maintained, keep the records accessible to the public throughout the grant agreement period AND retain the records for the greater of 4 years from the date TDA changes the status of a grant to Grant Closed in TDA-GO.
- The GR must review and comply with all local charters, resolutions, ordinances and policies relevant to the project; and
- GR must decide if the day-to-day administration of the project and activities in TDA-GO will be conducted by local staff or by a certified third-party consultant. (The GR has the final legal responsibility for locally maintained grant records.)

Best Practice: Review the Administrative Activities Checklist/ Form A102 for guidance on activities the GR staff will perform and those that will be done with outside assistance.



## Accounting Procedures

### Establish Internal Controls

- All federal, state, and local conflict of interest provisions apply
- Separate duties

Now let's talk about Accounting procedures. The Grant Recipient should establish internal controls that provide for responsible management of CDBG funds.

Duties should be separated so that one individual cannot complete a transaction from start to finish. No person should ever have complete control over every phase of a transaction. Local government should require at least 2 separate signatures on checks.

As a best practice - all fiscal record keeping for Texas CDBG agreements should be maintained separately from the general accounting operations.



### Establish/Maintain Document Files and Records and Responsible Persons

- Financial records
- Clearly identify costs
- Identify persons authorized to execute payment requests
- Establish a grant account with TDA

BEST PRACTICE: TDA strongly recommends that the Grant Recipient establish a separate, noninterest-bearing bank account for grant and local match funds. If a separate account is not used, separate financial records must be maintained and available upon request by TDA or other relevant agencies.

**Financial Records** must include the following:

Transaction Register : Financial records must include a log documenting all costs and transaction dates in sequential order by payment request, make sure to keep all of your source documentation

Source documentation, including for example the following:

- o Record of direct deposit payments;
- o Monthly bank statements with canceled checks;
- o Check register/transaction ledger;
- o Deeds, easements, etc.

Project costs must be clearly identified within the following categories:

- o Grant reimbursement
- o Match
- o Local Funds that exceed grant agreement match amount AKA Additional Local Funds

The Grant Recipient must identify by resolution (Form A100 in the manual) the persons authorized to execute payment requests. **BEST PRACTICE:** Identify persons in the resolution by position title rather than a name. This helps when there are staffing changes. An authorized official within the TDA-GO system must assign the payment processor or project director role to each of these individuals for each grant.

A minimum of two persons authorized to approved payments is required.

Other financial records were noted during the award process presented by Aubrey-Ann. During the FMS report, the Direct Deposit must be provided if being used. Other records include the Taxpayer Identification Number/TIN; the federal W-9 form that must be submitted during Group A reporting. Remember all these original records must be kept and maintained locally by the grant recipient.

TxCDBG Program

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Thresholds





## Thresholds for Funds Disbursement

### General Requirements

- Disbursement thresholds
- All costs must be incurred within the agreement period – exceptions
- Documents uploaded to TDA-GO
- Administrative and Engineering Services

Disbursement thresholds describe when grant funds may be requested, but they do not prevent the Grant Recipient from continuing to incur costs.

All costs must be incurred within the agreement period, except:

- Pre-agreement costs;
- Administrative costs - 60 days after grant agreement end date – finishing up closeout docs etc.; and
- Administrative costs to prepare a single audit.

All requested documents must be uploaded directly into TDA-GO and approved by TDA. Contact the Grant Specialist or submit a Support Ticket if there are any issues.

The TxCDBG **grant application guide** describes the maximum allowable expense for administrative and engineering costs for each specific fund category and/or competition. Unless stated otherwise:

- Administrative costs may not be more than 16% of the grant funds budgeted for (or expended for) combined construction and acquisition/relocation activities, or the maximum dollar amount,

whichever is less.

- Engineering costs may not be more than 25% of the grant funds budgeted for combined construction and acquisition/relocation activities (except in exceptional circumstances), or the maximum dollar amount, whichever is less.



## Thresholds for Funds Disbursement

Summary of Funding Thresholds	Grant Budget Available
<b>General Administration Grant Budget</b>	
Acceptance of all Group A documents	0 to 50%
Acceptance of all Groups A and B documents	51 to 90%
Acceptance of all <b>Project Complete Group</b> documents (approved after Issuance of Grant Closed notice by TDA)	91 to 100%
<b>Engineering Grant Budget</b> (Multiple line items may be considered cumulatively to determine thresholds)	
Acceptance of all Group A documents	0 to 50%
Acceptance of all Group A and Group B documents	51 to 90%
Acceptance of all <b>Construction Complete Group</b> documents and any regulatory approvals required by the Grant Agreement, such as Texas Commission on Environmental Quality (TCEQ) interim well approvals or Texas Department of Licensing and Regulation (TDLR) inspections	91 to 100%
<b>Construction Grant Budget(s)</b>	
Acceptance of all Group A and Group B documents	0 to 75%
Acceptance of all Group A, Group B, and Group C documents	76 to 95%
Acceptance of all Group A, Group B, Group C, and Construction Complete Group Documents	96 to 100%

This table summarizes the groups of required documents that must be submitted and accepted by TDA *before* a payment request will be processed and disbursed.

Please refer to Chapter 1 or the TDA-GO Checklist on the Implementation Manual webpage for the specific documents required within a specific group.

This is the breakdown for the amounts allowed as each group for documents is completed.

All Group A documentation must be accepted by TDA before the Grant Recipient can request up to 50% of the administration budget, and up to 50% of the engineering budget.

Once all Group B Documents are accepted, the Grant Recipient may request up to 90% of the administration budget, 90% of the engineering budget, and up to 75% of the construction activity budget(s).

Group C Documentation is new and required when a project is 75% complete. Once Group C is accepted by TDA, up to 95% of the construction activity budget(s) can be requested and disbursed.

Construction Complete Document must be accepted by TDA in order to request 91-100% of engineering funds and 96-100% of construction funds.

Project Complete Documents must be accepted by TDA for a Grant Recipient to receive the final 91-100% of administrative funds.



## Matching Funds

### Considered as matching funds only if the funds will be used for:

- Activities described in Exhibit A/Performance Statement
- Activities that are directly related to supporting the activities proposed for TxCDBG funding

Matching funds are defined as actual revenues provided by the Grant Recipient or other units of local government in a joint application and stated as committed in the Grant Agreement.

Please note that local match can only be counted for expenditures that would **not** occur if the TxCDBG grant agreement were not funded.

Matching funds are subject to all CDBG cost eligibility requirements

If matching funds for a CDBG project are provided by other federal or state sources (such as using ARPA American Rescue Plan Act ), the Grant Recipient must document those matching funds according to the rules and regulations of the funding agency. The Grant Recipient must submit documentation of the following via the TDA GO, Grant Overview tab – Special Request section:

- The amount of funds actually received from each source;
- The scope of the project funded through sources other than TxCDBG—to confirm that the funds are match to the TxCDBG-funded project; and
- Completion of the project as reported to all agencies.



## Payment Requests

### Introduction

- TDA staff will never increase grant funds
- Minimum payment request is \$2,500\*
- Ineligible Costs
- Program Income

\*exceptions

I want my money! These are key points to remember: Under no circumstances will any TDA staff member increase grant funds requested on behalf of the Grant Recipients.

The Minimum payment request is \$2,500, so be sure you have an invoice or invoices to reach this minimum. Exceptions include:

- a request that exceeds 25% of an activity budget and the GR is requesting funds only for that line item;
- Final retainage for construction;
- TDA has given prior approval for the request, or the request is the final request for 1 or more activity budgets.

The application guide contains information about the specific eligibility funding opportunities. It is important to know items that will not be approved for grant or match funding. There is a short list of common items found in Chapter 2. It is not an exhaustive list, and some project specific costs will need to be determined on a case-by-case basis which is why it is best to contact TDA for specific guidance *before* awarding a contract.

Some DRP grants will be assigned Program Income funding - this requires a little more

coordination with payment requests. Please follow the instructions from me, Beth Karwoski or the Grant Specialist assigned to manage Program Income grants.

**Best Practice:** Before starting a payment request, be sure there has not been a change to the bank account submitted since the FMS report was completed. If there has been a change, the DD form needs to be emailed to CDBGReporting and allow 10 business days for the account to be set up in TDA and the comptroller's system. If you start a payment request- the old information will be used.



## Starting a Payment Request

### Find the Grant

- Searches in the top header
  - Applications/Grants
    - Grant Agreement number, then Search

The screenshot shows the 'Applications/Grants' section of the TDA-GO web application. The top blue header bar contains 'Home' and 'Searches -' (circled in red). Below the header, the 'Document Search' form is displayed with the following fields:

Document Name	Year
CDM22-0022	
Document Type	Status
Organization	Person

Buttons for 'Clear' and 'Search' are located at the bottom right of the form.

Now the big question going through everyone's mind...how do I get my money...  
First you need to find the specific grant in TDA-GO

Log into your account and in the top blue header bar, click on Searches. Enter the full grant agreement number in the Document name and click Search.

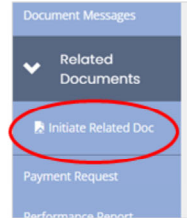




## Initiate Related Document

### Start Grant Payment

#### 1. *Initiate Related Document*



2. *Verify Parent Number*
3. *Select Payment Request*
4. *Create*

Once the grant agreement is open, use the left navigation bar to scroll all the way down to the Related Documents section.

Click Initiate Related Document. In the pop window that appears, complete step 2 Verifying the parent number which is also the grant number. They should be the same.

Then, for Step 3, under Available Documents you will need to specify the type of report to generate., select Payment Request and click on the **Create** button.



## Payment Request Summary

Forms

Payment Request

**CDBG - Payment Request Summary**

Itemized Invoice List

Status Options

Return Payment Request for Correction

Director/Funding Spec Review

Place Payment on Hold

### Summary

Cost Category	Source Description	IDIS Number	Budget	Amount Requested	Drawn to Date	Remaining Balance	% Drawn	Match Amount	Match to Date
03J	GV22 - AY23	52115	\$205,750.00	\$5,118.40	\$0.00	\$200,631.60	2.49	\$0.00	\$0.00
Engineering	GV22 - AY23	52115	\$51,437.00	\$0.00	\$20,718.00	\$30,719.00	40.28	\$0.00	\$5,000.00
Admin	GV22 - AY23	52114	\$32,920.00	\$1,105.00	\$20,440.00	\$11,375.00	65.45	\$20.00	\$2,060.00
<b>Total</b>			<b>\$290,107.00</b>	<b>\$6,223.40</b>	<b>\$41,158.00</b>	<b>\$242,725.60</b>	<b>16.33</b>	<b>\$20.00</b>	<b>\$7,060.00</b>

### Best Practice:

Click Summary page to confirm the balances available **before** entering payment details.

Once the new page opens, click on CDBG Payment Request Summary in the left navigation bar. Make sure to review this page to confirm the balances available for each detailed budget before entering data to ensure all balances are current and accurate.

Your budget might look slightly different than the one submitted in your application. TDA periodically needs to complete internal processes to move old money, so it's used up. When this happens, you may see an activity budget (03K) split into two or more separate rows in the table. All of this allows TDA to more accurately document the funds allocated to the project and the appropriate codes.

Once the balances are checked, click on the Itemized Invoices List tab in the left navigation bar to enter payment details.

**Itemized Invoice List**

Instructions: Please complete this page and press the save button. Required fields are marked with an \*

Grant Contract Period: 02/01/2019 - 02/01/2022

Service Period: 8/1/2021 - 11/30/2021

RTI, if applicable: 0 of 6

Final Payment:  Yes  No

Payee	Invoice Date	Invoice Number	Cost Category	Invoice Amount	Grant Amount Requested	Match Amount	TDA Amount Disallowed	Invoice Notes
Extraordinary Eng	10/1/2021	15864864	Engineers	3,000.00	3,000.00	2,000.00		
Extraordinary Eng	12/1/2021	16878795	Engineers	3,000.00	3,000.00			
Amazing Admin	12/1/2021	11111	Admin - Pn	4,000.00		4,000.00		
Cool Constructor	11/1/2021	484384	OSE - P120	173,750.00	150,000.00	3,750.00		
Cool Constructor	11/1/2021	484384	OSE - P119	173,750.00	20,000.00			
Totals				\$358,500.00	\$176,000.00	\$9,750.00	\$0.00	

If you see red text at the top of this page that says ON HOLD, it means the grant is on hold, the most typical reason is that the grant recipient is delinquent on the OCSAR (single-audit) reporting. TDA will not disburse funds until this requirement is met.

This is Itemized Invoice List in TDA-GO. This is where all the information, documents and amounts are entered and certified for TDA review.

The first fields are for the Service Period Dates. Enter the earliest date from the invoices being submitted and latest date. TDA wants to see the full period of time for the work completed and invoiced.

Ignore the RTI field as it is for TDA use.

If entering the Final Payment for the final 10% of administrative fees, select YES. Be sure to verify that Summary page shows \$0.00 in all other fund categories. If the Grant Recipient intends to *deobligate* the remaining balances shown on the Summary page, be sure to include a document stating this, as well as alert your Grant Specialist. TDA wants communities to receive as much funding available to them, so staff will review and assist with funding decisions or corrections needed before the PCR is started.

Now, it's time to enter invoice details – contractor name, invoice date, invoice number, select the appropriate cost category (fund type), and enter the invoice amount. Then enter the amount of grant or match funds requested in the named field. If additional local funds are being used, add a note to the Invoice Notes field.

When an invoice has *multiple* cost categories for construction funds, enter the first entry documenting 03K invoice and then add a new row (by clicking on the blue + sign). Use the same invoice details but in the cost category field, select the appropriate fund (ex 03L) and enter the amount of grant or match funds to be used for disbursement.

Each invoice to be paid must have its own line/row with details entered.


Remember to click the Save button in the upper right corner of page – especially if you need to come back to the PMT request. Once complete, click Save and click the CDBG Payment Request Summary tab to verify balances to be paid and remaining balances are accurate.

Now it's time to upload the invoices to the PMT request.



## Uploading Your Documents

**Additional Documentation**  
Please include any additional documentation and a description below.

Description	Upload
<input type="text" value="TRWA invoice # 113021 dated 11/30/21"/>	<input type="button" value="Select"/> <i>Drag Files Here</i>
	 TDA Apprent Inv P11 2021.pdf 31.20 KB <input type="button" value="x"/>

Documents that justify a payment request for each activity must be submitted.

Payments request for activities completed require backup documentation.

- All costs must be supported by invoices or similar documentation that includes the following information: vendor name, Grant Recipient, name grant agreement number, invoice date, invoice number, service period dates (from to from), quantity, price, percent complete (if applicable), detailed description of goods or services. Backup documentation must include enough information to confirm that an item is eligible under the TxCDBG grant agreement and that the work billed has been completed.
- A note must be added to an invoice to show the breakdown of amounts to be paid by different funds types or in split payments. EX for an invoice for engineering that is \$1100. Note on the invoice \$1000 grant funds and \$100 match funds or entering if it's PMT 2 > invoice note should be \$550 grant funds and \$550 will be requested on PMT-3. TDA needs to be able to reconcile the information stated in TDA-GO to the invoice.
- In the case where 1 vendor is completing more than 1 activity for a project, including match, the invoice must clearly indicate how the costs were allocated to the appropriate activity budgets. This is in addition to the note about the breakdown. EXAMPLE: For an invoice that includes both Activity 03J and Activity 14A, the Grant Recipient will need to clearly note/mark the items assigned to the

14A activity budget and a note what the 14A total is.

Best Practice: Use the invoice number to describe the file uploaded rather than a packet of invoices labeled Construction. Submitting 1 PDF of all invoices makes it more difficult to reconcile the list details to the invoice; as well as makes it riskier if 1 invoice has a correction needed..

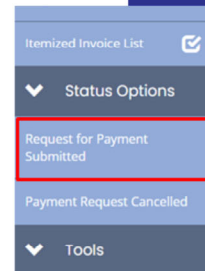


## Certifying & Submitting

<input type="checkbox"/>	Certified By	Title	Date
<input type="checkbox"/>	2nd Certified By (CDBG Only)	Title	Date
<input type="checkbox"/>	Banking Information is Accurate: (if applicable)	Last digits of bank account for direct deposit:	456
<input type="checkbox"/>	Approved as Revised by TDA	Title	Date

\*\*TDA USE ONLY\*\*

- Two certifications are required.
- **New** Grant recipient must certify the bank account detail, if using Direct Deposit.
- Under Status Options in left navigation, click *Request for Payment Submitted*.



2 different individuals listed as an authorized signatory for payments must certify that all of the information is correct. The 'new' payment request form now includes a field for one of the certifiers to confirm that the bank account information on file if using a direct deposit account is correct.

Once the 2 different certifications are complete, the status must be changed under Status Options. Click Request for Payment Submitted.



## TDA Review of a Payment Request

- Thresholds
- Certifications
- Eligibility, documentation, compliance
- Amounts stated in TDA-GO

During TDA's review of a payment request, the following situations and actions are taken:

If invoices and documentation do **not** meet the minimum requirements established in this chapter, the PMT request will be **returned**.

If a payment request is missing a second signature required by the CDBG program, the PMT will be **returned**.

If some or all costs are not eligible, or are not adequately supported with backup documentation, or if the Grant Recipient is out of compliance with one or more program requirements, TDA staff will either:

- place the payment request on hold, pending resolution of the issue; or
- return the payment request.

In either case, the Grant Recipient and administrator will be notified of the reasons for holding or denying payment requests.

If an item on the Itemized List has an amount for grant, match or additional local funds that does not align with documentation submitted, the PMT will be returned, and new certifications **must** be obtained.



Refer to *Acceptable Back-up Documentation for Eligible Costs (Form A207)*.

Question: Will a few of you be willing to help TDA understand why some invoices are submitted so late? TDA has had requests come in with invoices that were signed 9-12 months prior to the actual submission.



## Status of Payment Request

### - Landing page

CDV21-0108-PMT-01	Document Landing Page
Forms	Template: Payment Request 2021
Payment Request	Instance: Payment Request 2021
CDBG - Payment Request Summary	Document Name: CDV21-0108-PMT-01
Remitted Invoice List	Organization: Test Grantee Organization
	Document Status: Request for Payment Submitted
	Your Role: Authorized Official

### - Search from home page

Name	Organization	Type
CDM23-0014-PMT-01	Test Grantee Organization	Payment Request 2023
CDM23-0014-PMT-02	Test Grantee Organization	Payment Request 2023

Once a payment request has been submitted, the Grant Recipient may check the status of the payment in TDA-GO in 3 ways...

1. If TDA-GO savvy, open the grant payment request and review the landing page status.
2. I recommend using the Search option on the Home Page. Click Search – click Payments – enter the grant number and click Search. You'll see all the payments in TDA-GO and their status.
3. Contact your grant specialist.

# Questions/Comments



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