



Human Services Guide

Service Agreements, Funding Implementation and Monitoring

For Human Services Subrecipients and Grant Collaborations

Community Development Division
601 E. Hickory, Suite B
Denton, TX 76205

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CITY OF DENTON

MISSION STATEMENT:

Dedicated to Quality Service

The City of Denton will foster an environment that will deliver extraordinary quality services and products through Stakeholder, peer group, and citizen collaboration; Leadership & innovation; and Sustainable & efficient use of resources

VISION STATEMENT:

Destination Denton

Denton is an identifiable and memorable destination and a community of opportunities. We achieve this by providing high quality of life through excellence in education, entertainment, and employment; neighborhood vitality and sustainability; environmental and financial stewardship; and superior public facilities and services.

VALUES STATEMENT:

We Care

We care about our people, our community, and our work. We do this with integrity, respect, and fairness.

OVERVIEW

The City of Denton strives to deliver outstanding quality services through: citizen involvement, innovation, and efficient use of resources. The City expands human services by providing City of Denton General Revenue funds and Community Development Block Grant (CDBG) funds to community organizations through the Community Development Division. The City of Denton also administers other grants in collaboration with specific community organizations.

Monitoring is a systematic process of review and evaluation of compliance with contract and agreement terms, conditions and policies. Monitoring is a valuable tool to:

- (1) ensure funds are used in appropriately avoiding fraud, waste, and mismanagement,
- (2) improve performance, attain self-sufficiency, and increase management capabilities,
- (3) provide a continuous process for evaluation and improvement, and
- (4) develop a strong working relationship between the City and community organizations.

This process is designed help organizations increase their service capacity resulting in increased availability of human service programs for our citizens.

HELPFUL HINTS KEY

- ? Indicated a basic question that may be asked during a monitoring visit.
- ✓ Indicates specific information, in addition to the basic monitoring questions, reviewed during funding requests.

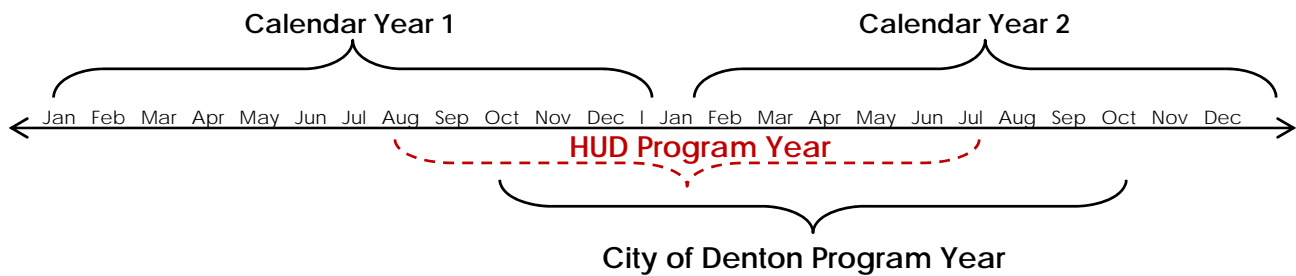
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SECTION 1: OVERVIEW

As a Human Services subrecipient or grant collaborator you have agreed to provide services and comply with the program requirements and responsibilities as outlined in the Service Agreement between the City of Denton and your organization. Service Agreements contain a comprehensive statement of expectations including goals, outcomes, reporting requirements, documentation, and specific services. This guide will review components of these agreements to assist with compliance, but it does not replace the articles of the Service Agreement. If there is any disagreement between executed agreements and this guide, the provisions contained within the agreement always take precedence.

Figure 1: Calendar Graphic



Funding, reporting and monitoring are key elements to be considered before accepting the City of Denton Human Services grant. Subrecipients must have the ability to expend funds within the program year, complete and file all required reports on time and submit to monitoring to ensure compliance. Community organizations must expend the funds during a program year that begins October 1st and ends September 30th. The funds must be spent during the program year for which the funds were awarded. Requests for reimbursements, documentation of beneficiaries of your program services, outcome achievement and other required monitoring documentation must be submitted throughout the year on time. A general schedule of reporting is provided in *Figure 2: Important Reporting Dates*.

In addition to reporting to the Community Development office, reporting requirements from HUD will also need to be met. HUD reporting requires that the beneficiary of services be reported for those served from August 1 to July 31, the HUD Program Year. This information is reported in the annual Action Plan filed by the City of Denton. Reports are covered in Section 2: Reporting Requirements.

Figure 2: Important Reporting Dates

Date	DOCUMENTATION
1-Oct Agreement Period Begins	<ul style="list-style-type: none"> <input type="checkbox"/> Audit (updates due upon approved audit) <input type="checkbox"/> Board Roster <input type="checkbox"/> Insurance Certificate (updates due upon renewal) <input type="checkbox"/> Cost Allocation Form <input type="checkbox"/> Performance Measures for RFR <input type="checkbox"/> Service Agreement
11/20	<ul style="list-style-type: none"> <input type="checkbox"/> Request For Payment w/ Documentation <input type="checkbox"/> Monitoring Items - Monthly: <ul style="list-style-type: none"> o Board Agenda o Board Minutes o Financials – Balance Sheet (Position) o Financials - Profit and Loss o Client List o Proof of payment of Payroll Tax
12/20	<input type="checkbox"/> Request For Payment w/ Documentation & Monitoring Items
01/20	<input type="checkbox"/> Request For Payment w/ Documentation & Monitoring Items
02/20	<input type="checkbox"/> Request For Payment w/ Documentation & Monitoring Items
03/20	<input type="checkbox"/> Request For Payment w/ Documentation & Monitoring Items
04/20	<input type="checkbox"/> Request For Payment w/ Documentation & Monitoring Items
05/20	<input type="checkbox"/> Request For Payment w/ Documentation & Monitoring Items
06/20	<input type="checkbox"/> Request For Payment w/ Documentation & Monitoring Items
07/20	<input type="checkbox"/> Request For Payment w/ Documentation & Monitoring Items
08/20	<input type="checkbox"/> Request For Payment w/ Documentation & Monitoring Items
08/31	<input type="checkbox"/> HUD’s Year-End Beneficiary Report (CAPER)
09/20	<input type="checkbox"/> Request For Payment w/ Documentation & Monitoring Items
10/15	<ul style="list-style-type: none"> <input type="checkbox"/> Request For Payment w/ Documentation & Monitoring Items <input type="checkbox"/> Close out Checklist

*if the 15th or 20th falls on a weekend, the reports are due the Friday before.

SECTION 2: SERVICE AGREEMENTS

The legal and contractual requirements of human services funding are numerous and may be confusing. This section explains many of the provisions in the Service Agreement.

2.1 Provisions

Service Agreements are standardized to consistently cover the program requirements. However, the City customizes some portions of the Service Agreements to cover considerations unique to a particular organization and program being funded. Standard Service Agreement provisions are listed below. Please refer to the executed Service Agreement provided to your organization for specific language and provisions.

2.1.1 The standard Service Agreement provisions generally are as follows:

1. TERM – establishes the time frame the agreement covers.
2. RESPONSIBILITIES – generally describes services to be performed, client's eligibility, for and service area.
3. OBLIGATIONS OF CITY & ORGANIZATION – establishes the amount of funds available for reimbursement of costs incurred for contracted services. It outlines required supporting documentation and rate of expenditure.
4. COMPLIANCE WITH FEDERAL, STATE and LOCAL LAWS – requires compliance with all applicable federal, state and city ordinances.
5. REPRESENTATIONS – requires the agreement to be signed by a person legally authorized to enter into agreements.
6. PERFORMANCE BY THE ORGANIZATION – establishes the organization must comply with applicable exhibits ie. Exhibit A: Scope of Services, Exhibit B: Budget.
7. PAYMENTS – provides the maximum funds available, refund policy, reimbursement, disallowed costs, reversion of assets, and contract close out process.
8. WARRANTIES – guarantees organizational is accurate in all reports and financial positions, is not entered into any legal proceedings, is not under lien or encumbrance, etc.
9. COVENANTS – establishes organization cannot transfer any asset acquired with City funding and establishes training requirements.
10. ALLOWABLE COSTS – restricts the funds to items specified in the agreement.
11. PROGRAM INCOME – establishes any income derived from City funding must be repaid.
12. MAINTENANCE OF RECORDS – explains the financial, program progress, and other reports required to be retained.
13. REPORTS AND INFORMATION – explains the financial, program progress, and other reports required to be submitted for review.
14. MONITORING & EVALUATION – requires an organization to allow on-site inspections, furnish information upon request, establishes audit and record maintenance requirements.
15. DIRECTOR'S MEETING – requires organization to allow attendance at organization board or advisory committee for monitoring to check on program progress, program management and its results.
16. INSURANCE REQUIREMENTS – specifies the types, amounts and limits of insurance coverage required in order for the subrecipient to receive CDBG funds from the City including:
 - a. Comprehensive General and Automobile Liability Insurance, Worker Compensation
 - b. City be listed as Additional Insured for the duration of the service agreement
 - c. Submission of certificates of insurance as proof of insurance coverage
17. CIVIL RIGHTS / EQUAL OPPORTUNITY – reviews applicable equal employment opportunity and affirmative action laws or regulations to include no discrimination against any employee or

- applicant for employment because of race, color, creed, religion, national origin, gender, age or disability.
18. PERSONNEL POLICIES – The personnel policies no more liberal than the City’s personnel policies, procedures, and practices, including policies with respect to employment, salary and wage rates, working hours and holidays, fringe benefits, vacation and sick leave privileges, and travel.
 19. CONFLICT OF INTEREST – prohibits interest, direct or indirect, which conflicts with the performance of services required including employees and members of the governing body.
 20. NEPOTISM – prohibits employment, any paid capacity, of a person who is an immediate family of a governing board member.
 21. POLITICAL OR SECTARIAN ACTIVITY – prohibits using funds for engaging in or conducting any political activity.
 22. PUBLICITY – requires statement in any publicity of city funded programs to acknowledge that city funding made the program possible.
 23. CHANGES AND AMENDMENTS – requires a written amendment executed by both parties, except when the Agreement provides another method. It also requires:
 - a. a written request from the organization and written approval from the Community Development Division Transfers between or among line items within budget categories require.
 - b. revised budget and program information when the total level of funding is altered by an organization.
 - c. notification of any change in physical location, personnel, or governing board composition.
 24. SUSPENSION OF FUNDING – explains if the agreement requirements are not performed, the City can withhold further payments to ten working days with written notification. A suspension will not exceed 30 calendar days. At the end of the suspension period, an organization is restored to full compliance status and paid all eligible funds withheld or the funding may be terminated.
 25. TERMINATION – defines reasons for termination of the Agreement.
 26. NOTIFICATION OF ACTION BROUGHT – requires the city to be notified if a legal action is taken against the organization.
 27. INDEMNIFICATION – provides legal protection to the City regarding an organizations action under the agreement. It also requires organizations to assume financial and legal responsibility for any problems arising out of the provision of services.
 28. NON-RELIGIOUS ACTIVITIES – establishes that organization will provide services that are exclusively non-religious in nature and scope.
 29. MISCELLANEOUS – covers limits on transfer of agreement, coverage of provisions, report ownership, debarment requirements, breach, entirety, disagreements and acceptance, etc.

2.1.2 Exhibits

The following are the standard exhibit forms attached to the Service Agreement:

Exhibit 1: SCOPE OF SERVICES - specifies a detailed description of the program's scope of service, the target population, program goals, and units of services.

? Describe the program for which City/C.D.B.G. funds are being used.

Exhibit 2: BUDGET SUMMARY - identifies the project budget by line item categories, including the dollar amounts for each budget line item.

✓ List the budget items for the program components that will be funded by the City of Denton Human Services Funds.

2.2 Records

Accurate record keeping is important for the successful management of your Human Services grant. Adequate record keeping tracks performance against agreement goals and enables adequate management support by the City. Organizations must maintain administrative records, financial records, and beneficiary records as necessary for the City to audit and monitor organization performance. Organization records must be available to examine, make excerpts and copies, and to conduct audits of all agreements, invoices, materials, payrolls, personnel records, and all other data requested by HUD and the City or its designated representatives.

2.2.1 Record Retention

Records including all books, records, documents, reports, and written accounting procedures pertaining to the operation of programs and expenditures of Human Services Funds must be retained for five years.

2.3 Reports

Organizations receiving Human Service funds are required to report on various items throughout the program year. On a monthly basis organizations must submit Request for Reimbursement with Performance and Beneficiary reporting; Board Meeting Agendas and Minutes; and Financial reports. In addition, organizations will submit a Year-End Beneficiary Report annually in August.

? Has the subrecipient submitted complete and accurate monthly and annual reports on time to the Community Development?

2.3.1 Request for Reimbursement

Organizations will request reimbursement for expenses incurred using the Request for Reimbursement form (RFR) with documentation of expenses (invoices and copy of check recording payment) attached. The Request for Reimbursement form also includes reporting on performance objectives (# of unduplicated clients served and outcomes) and beneficiary information (income, race, etc.) for all clients served with Human Services funds. Report will information is used to ensure compliance and for City of Denton to report to HUD. Details requested:

- Financial Request (RFR - Part I. - IV.)
- Performance Objectives (RFR - Part V.)
- Income category (RFR - Part VI.)
- Race/Ethnicity (RFR - Part VII.)
- Other Demographic Data (RFR - Part VII.)

2.3.2 Board Meeting Notices and Minutes

To ensure that the organization has regular and appropriate leadership and oversight, organizations are asked to submit the official records of the board of directors. Notices should include: date, time and location of the meeting; the agenda; and **should be delivered in a timely manner to allow for City staff attendance**. Minutes **should be submitted within ten working days of approval**.

2.3.3 Financial Reports

Strong financial management is important to the success and sustainability of any organization. Financial reporting requirements demonstrate the financial health of organizations receiving funding. The financial report must include information and data relative to the financial position of the organization.

2.3.4 HUD Year-End Beneficiary Report (CAPER)

As required by HUD, organizations are required to submit a Year-End Beneficiary Report. The report to HUD tracks information on a different program year than the Human Services Funding program year. The information included in the report will span two Human Services Funding program years. The report includes unduplicated client beneficiary information from August 1 to July 31. Shown in *Figure 1*

2.4 Financial Management

Organizations financial management system must:

- 1) provide effective control for all funds, property and other assets;
- 2) identify the source and application of funds for federally sponsored activities; and
- 3) permit the accurate and timely disclosure of financial results in accordance with the reporting requirements.

- ? Does the organization have at least 90 days in operating cash reserves?
- ? Is the organization seeking alternative/diverse funding sources?
- ? Are there Board approved fiscal policies and procedures?

2.4.1 Financial Records

Financial records must provide accurate, current, separate, and complete disclosure of the status of the Human Services funds. The RFR must have sufficient documentation to provide in detail full support and justification for each expenditure item. Monitoring financial report should outline detailed information about the financial health of the organization with a separate financial statement for each month. Each monthly statement must outline the income, expenses, assets, and liabilities/equities for each month. In addition, the City requests organizations include an approved budget to actual comparison in the financial reporting.

2.4.2 Internal Controls

Internal financial controls consist of a combination of procedures, processes, duties, and records. Internal controls create accountability in an organization's financial system to safeguard cash, property and other assets. Internal controls ensure:

- resources are used for authorized purposes
- resources are protected against waste, mismanagement, or loss; and
- reliable information on the source, amount, and use of resources

A basic element in a system of internal controls is the separation of duties. The separation of duties means no individual should have authority over an entire financial transaction. For separation of duties to be effective an organization no one person should have control over more than one of the responsibilities in a financial transaction: (a) authorization, (b) recording and (c) custody of the assets involved in the transaction.

2.4.3 Accounting Records

Accounting records must adequately identify the source and application of Human Services funds. Organization's files must contain complete copies of all reimbursement requests for Human Services funding (including supporting documentation), bank statements, cancelled checks or check copies, and other pertinent disbursement records.

2.4.4 Budget Controls

Your organization must have procedures to monitor obligations and expenditures. The City is under no obligation to reimburse expenditures exceeding approved budget items or the overall budget. Organizations should use an on-going system for comparing actual receipts, encumbrances, and expenditures against the agreement budget to ensure spending remains within the approval limits.

- ? Has the project been able to operate within its approved budget during the last two fiscal years?
- ? Explain any variances of more than 5%

2.5 Audits

Unless a written exemption has been granted an **annual** audit must be conducted by independent examiners, approved by the governing board and submitted (in its entirety including any management letter or audit responses) within ten days after board approval.

2.6 Insurance

Adequate bonding and insurance coverage is required for the contract services. The agreement explains the specific insurance requirements according to the program activities funded by the City of Denton.

2.6.1 Types of Insurance Required:

Tenant/Owner

Liability insurance is required for the premises on and in which the funded program activities are conducted, the employees conducting these activities, and the City of Denton named as an additional insured and be notified within 30s of any policy cancellation.

Employer and Participant Liability Insurance

Applicable workers' compensation statutes must be complied with and employers' liability coverage obtained where available as well as other appropriate liability coverage for program participants.

Vehicle Liability Insurance and Driver Requirements

Adequate and continuous liability insurance on all vehicles owned, leased or operated must be maintained. All employees who are required to drive a vehicle in the normal scope and course of their employment must possess a valid Texas driver's license and automobile liability insurance. Evidence of the employee's current possession of a valid license and insurance must be maintained on a current basis.

Loss Coverage

Actual losses not covered by the required insurance are not allowable costs under agreement.

Cancellation

Insurance policies must contain a clause that the City and Contractor be notified in writing of any cancellation or change in the policy at least thirty (30) days prior to such change or cancellation.

- ? Does the organization maintain adequate insurance?
- ? Is the City named as an additional insured?
- ? Is this on file with the Community Development?

2.7 Terminations

The City may terminate the agreement for the following reasons or for other reasons not specifically outlined:

- failure to attain compliance during a suspension
- failure to materially comply with agreement terms
- violation of covenants, agreements or guarantees
- termination or reduction of funding by the United States Department of Housing and Urban Development or City of Denton
- unsatisfactory financial condition as to endanger performance
- violation of any law or regulation

An organization will be notified in writing of the decision to terminate and the effective date of termination.

Subrecipients may terminate the Service Agreement by written notice to the City provided there was no occurrence of a breach of Agreement.

2.8 Client Eligibility

Reviewing of client the information in order to determine eligibility to obtain services under the CDBG contract is required. The Service Agreement will require funds to serve residents of the City of Denton who have a household income at a minimum 80% of the area median income (AMI) of the Dallas standard metropolitan statistical area. For organization reference, each agreement includes an income eligibility chart outlining the allowable income levels according to the number of person in a household.

A. Public Services

1. Determine if the client resides within the geographic limits (city/county).
2. Determine whether the client meets income guidelines, as described in the Service Agreement attachment, "HUD Income Limits".

B. Limited Clientele: Presumed Benefit

1. Determine if the client meets the specific population characteristic under the presumed benefit eligibility terms of your agreement.
2. Determine if the client resides within the City Limits

C. Limited Clientele: Nature and Location

1. Forms must be completed for each client served reflecting the client's address.

The review of the client certification forms for eligibility and determining which clients may be served should be assigned to staff that have been trained in the specific requirements of the grant and the Service Agreement.

Certification of income forms must be on file for each client served and must be updated every 12 months. If the organization serves more than one client in the household, a single certification form may be completed for the household, but all household members must be clearly identifiable on the form.

- ? What percentage of persons served by the project are extremely low, very low, or low income?
- ? What kind of information does the organization maintain in its client file?
- ? Are the record keeping requirements of the program being met?
- ? Total Number of Persons and HH's assisted?
- ? Income levels including verification and self-certification with a signature?
- ? Ethnicity of persons and HH's assisted?
- ? Race of persons and HH's assisted
- ? Number of persons and HH's who are disabled?
- ? Number of female heads of household?
- ? Is the organization serving a diverse client base? If not, what is the organization doing to market services to diverse groups?
- ? Service targeted to low-income households and marketing methodology reaches low-income households.
- ? Eligibility requirements relevant to program design, fair, and inclusive.

2.8.1 Application Packet:

In order to document the eligibility of each client to receive services under your Service Agreement, each client must require specific client information be documented at the time application for service. The minimum required client information includes address, income verification, number of persons in household, female head of household, disabilities, race, and ethnicity. Eligibility documentation must be included in each client's file and updated at least once during the agreement period.

Application and supporting forms must be filled out completely and truthfully. Rather than leaving any space blank it is preferable that "none" or NA (not applicable) be noted. The client should be made to understand that they are signing a legal document, and that they are certifying the truth of the information in the whole document.

2.8.2 Income Certification:

The City of Denton provides an Income Self-Certification form that organizations can include as part an application packet. Some organizations choose to add City of Denton required information to existing applications in order to minimize paperwork. If organizations chooses to alter the form provided, please make certain that none of the income categories, amounts, or certification statement is altered. Income certification must include a legal statement of verification that the information is true and accurate.

The City of Denton only requires the Income Self Certification. Additional verification on the household income may be collected but CDBG funded organizations must then follow Federal HOME income certifications. City of Denton will provide Income training for free to any organization collecting more income documentation.

2.9 Rules and Regulations

Organizations must attend all mandatory training sessions hosted by Community Development.

Organizations must adhere to applicable federal laws, laws of the State of Texas and ordinances of the City of Denton. All organizations must adhere to the following Federal regulations 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Guidance. In addition organizations receiving Community Development Block Grant Funds and other federal grants must adhere to the following and any other Federal regulations that apply: the Housing and Community Development Act of 1974 (P.L. 93-383) as amended and with regulations promulgated there under, and codified at 24 CFR 570

- ? Is the organization handicapped accessible?
- ? Does the organization have a cost allocation?
- ? Has the director or other staff that oversee funded program read CDBG and administrative regulations?

2.10 Scope of Services – Goals, Outcomes, and Unit of Service

City of Denton uses performance-based Service Agreements that clearly describe requirements. This tells the grantee what they are expected to do, not how to do it. It sets the expectations for services through client service goals, outcomes and a unit of service measure.

As a performance-based agreement, the City expects organizations to use their materials, resources, and processes to meet the needs of clients. The service goals provide the expectation for the program funded and includes where the program occurs and the hours of operation.

An agreement's outcomes measure the actual impacts/benefits/changes for participants during or after an organization's program. These changes, or outcomes, are usually expressed in terms of:

- knowledge and skills (short-term outcomes)
- behaviors (intermediate-term outcomes)
- values, conditions and status (long-term outcomes)

The expected outcomes may be described in terms of targets. These are the number and percent of clients expected to achieve the outcome, for example, an outcome goal of 5,000 teens (10% of teens in Denton) who quit smoking over the next year.

For the purpose of the Service Agreement, outcomes may be described in the terms of outcome indicators. These are observable and measurable "milestones" toward an outcome target. These are what you'd see, hear, read, etc., that would indicate to you whether you're making any progress toward your program mission or not -- these indicators give you a strong impression as to whether program services creating a positive change in clients and the community.

Units of service define the City's expectations regarding an organization program, for example, the number of people taught, counseled, sheltered, fed, clothed, etc. The units of service measure an organization's output performance and the cost of that output.

Organizations will submit Performance Reports on the expected outcome targets and/or indicators. These should show an organizations progress in obtaining the outlined goals in the agreement.

- ? Has the program met the outcome measures described in scope of services? Detail or provide statistics?
- ? Has the organization been able to provide the full scope of services?
- ? Is the project accomplishing what it was designed to? Describe any problems discussed with subrecipient relative to project development, future goals, etc.?
- ? Service supports goals benefiting the entire community?
- ? Program design appears to meet identified need?
- ? Services provided create measurable improvements in the lives of citizens in our community and enhance the entire community?

2.11 Budget

This section is designed to help you understand the monetary limits. Each Service Agreement will provide the limit of funding available as well as the items that are allowable expenditures. Simply nothing can be requested for reimbursement that is not clearly listed in the Service Agreement.

Based on the allowable expenditures, you will also be given details on what will be expected to be submitted as back-up to support any request for reimbursement. Examples will be discussed in Section 3.

2.12 Close-Out Procedures

This section is designed to help you understand the process for ending a Human Services funded agreement with respect to:

- general issues that must be addressed
- specific closeout procedures typically undertaken by subrecipients and,
- continuing subrecipient responsibilities

The closeout of an agreement is the process by which the grantee determines all required work has been completed. All financial, administrative and performance issues must be resolved to the satisfaction of both you and the City. Final reporting and documentation must be submitted within 15 working days following the close of the agreement period.

Close-Out procedures begin September 30th

The following is a general listing of steps for program closeout:

- Submission of a copy of the most recent annual budget, insurance certificate, audit and year-end beneficiary report.
- Submission of the required standard documentation including:
 - final request for reimbursement;
 - board agenda and minutes,
 - financial reports;
 - performance and beneficiary reports,

- Regardless of \$0 balance, you are required to report regularly through the term of the agreement.
- It is also required that all records be retained for a period of five years after the close out of the agreement.

SECTION 3: FUNDING IMPLEMENTATION

Subrecipients are to receive reimbursement for funds used to provide services. Funding is conditional on compliance with the program requirements and the responsibilities as outlined in the Service Agreement. The agreement only permits reimbursements to an organization for the expenditures specifically covered by the budget summary exhibit.

3.1 Requests for Reimbursement

Payment of funds will be paid for reimbursement of expenditures. Payments will not be made to advance funds. This means that even with an allocation of funds and an active agreement, your organization will not actually receive the funds prior to an expenditure on your part.

- Each agreement provides a limit to the percentage of the total budget that can be expended in a single month (Part 10. Allowable Costs).
- Expenses will be reimbursed as outlined in the Scope of Services (Exh A.) and the project Budget (Exh B.)
- Funds will be paid on a reimbursement basis to an organization within twenty days after receipt of all the required supporting documentation of eligible expenses.
- Expenditure supporting documents must accompany all requests for reimbursement. The type of source documents include:
 - Invoices or Receipts from vendors, signed by the subrecipient indicating that the goods were received (items purchased and amounts charged must be identified).
 - Cash Register Receipts - itemized and dated
 - Utility Bills - only current charges allowed
 - Rental Agreements to support payments on a monthly building lease.
 - Time Sheet - signed and dated by employee and supervisor
 - Payroll Check Stub, or third-party vendor printed payroll detail
 - Proof of Payment - Copies of Checks - check for salaries, utility and rental assistance, payment of benefit services, or other purchases.
- If funds are used to pay wages, the HUD Timesheet or comparable timesheet and third-party payroll detail are required. Payroll records can include computerized payroll printouts or copies of signed checks along with check stubs that must show gross to net wages paid. Only gross base wages are eligible. While reimbursement of base wages can include sick and holiday pay, overtime is not eligible to be reimbursed.
- Your reimbursement request should be monthly by the 20th. This will provide for a timely reimbursement by the City. Quarterly request options are available with written request and approval. These must be submitted by the 20th calendar day after the end of the quarter.
- Reimbursement delays may occur from missing or incorrect program reports, expenditure source documentation or required signatures.
 - The City reserves the right to hold or return reimbursement requests and withhold payments until all required reports, statements, certificates, monitoring items or other documentation have been submitted and approved.

3.1.1 Allowable Costs

The only costs reimbursed by human services funding are items specified in Exhibits A and B. Even though certain items may appear in the Service Agreement, approval of the budget summary does not constitute prior written approval. Prior written authorization for costs is required including but not limited to the following situations:

- encumbrances or expenditures during any one-month period which exceeds the fraction of the specified budget,
- obligation to any third parties, including any subcontractors or any contract service extending beyond the expiration of the contract,
- out of town travel,
- alterations or relocation of facilities,
- alterations, deletions or additions to the Personnel Schedule,
- costs or fees for temporary employees or services,
- fees or payments for consultant services, and
- fees for attending out of town meetings, seminars or conferences.

Written requests for prior approval are the organization's responsibility and must be made in sufficient time to permit a thorough review. Written approval must be obtained prior to the start of procedures to solicit or purchase services, equipment, or property.

3.1.2 Source Documentation

All expenditure records must be supported by source documentation. Supporting documentation must show costs charged were incurred during the effective period of the agreement, were actually paid out, were expended on allowable items, and were approved by the responsible officials in your organization. The source documentation must explain the basis of the costs incurred, as well as, showing the actual dates and amount of expenditures. For example:

- With respect to payroll, staff time charged must submit signed timesheet indicating time charged to human services funding, as well as, other funding sources and list of non-direct service delivery duties with attendance records.
- With respect to the cost of space and utilities, space costs must be supported by documentation such as rental or lease agreements. Utilities will be supported by bills and canceled checks.
- With respect to supplies, source documentation should include original invoice or receipt from the vendor.

- ? How does the organization maintain accounting records supporting payroll of this staff?
- ? How does the organization track employee time?
- ? Do the time sheets sufficiently show time distribution for CDBG eligible and non-CDBG eligible activities (if applicable)?

3.2. Refunds

An organization must refund any money to City within ten working days of the City's request, if at any time the City finds the reimbursement of expenditures to an organization:

- resulted in overpayment to the organization; or
- was for items not allowed by the agreement; or
- was not supported by adequate documentation to justify the expenditure; or
- was for an expense that is disallowed or disapproved as a result of any auditing or monitoring by the City, the Department of Housing and Urban Development, or any other Federal or State organization.

3.3. Disallowed Costs/Reversion of Assets

Upon termination of the Agreement, any expense or change for which payment has been made be subsequently disallowed or disapproved as a result of any auditing or monitoring by the City, the Department of Housing and Urban Development, or any other Federal or State organization, a refund in such amount will be made to the City of Denton within ten working days of a written notice.

If terms of the Agreement are not complied with, the City of Denton may require a refund of any and all money expended pursuant to this Agreement, as well as any remaining unexpended funds that shall be refunded within ten working days of a written notice to revert these financial assets. The reversion of these financial assets shall be in addition to any other remedy available either at law or in equity for breach of the Agreement.

Refunds of disallowed costs may not be made from any funds received from or through the City of Denton.

SECTION 4: MONITORING EVALUATION VISITS

The Community Development Department is responsible for monitoring subrecipient performance. Community Development performs monitoring of performance based on risk analysis to determine what level of monitoring visits will be required.

- ? How can the Community Development be helpful to your organization?
- ? What is your organizations' capacity to meet the agreement/reporting requirements?

4.1. Risk Analysis

A risk analysis methodology is used to assess the relative risk a program poses to the City. The process provides staff with consistent data to develop monitoring strategies to manage the risk. The risk analysis process determines the organizations to be monitored and the type of monitoring performed by city staff.

4.1.1 City of Denton Risk Analysis for Organization Monitoring

Each human service organization under agreement with the City of Denton will be scored using a risk analysis tool. Each organization will be monitored. The type of monitoring visit conducted with organizations is based on scoring the following criteria:

- Organizations within the first three years of operation, and/or organizations with a program in the first three years of funding from the City of Denton.
- Organizations with potential financial problems such as: (1) Organizations with less than 3 months of operating reserves; (2) Organizations who have not submitted an independent audit within 1 year of the completion of their most recent fiscal year; (3) Organizations whose most recent audit indicates one or more findings; (4) Organizations whose audit indicated internal control issues.
- Organizations with key leadership changes including executive and managerial staff.
- Organizations who have failed to submit reports and/or who have been at least thirty days late in submitting reports at least twice during the year.
- Organizations receive funds from the Community Development Block Grant Program.
- Organizations without a documented formal monitoring in the last two funding years.
- Organizations who do not meet the above criteria for an annual visit may receive a formal visit at the discretion of the Community Development.

4.2. Monitoring

The City of Denton utilizes several methods to monitor organization service performance and agreement compliance. These include: desk monitoring evaluation of monthly documents submitted including monthly reports, requests for reimbursement, financials and governance documents; informal monitoring involving routine record requests by email, phone, and letter; formal monitoring evaluation involving telephone interviews and required meetings and the on-site monitoring evaluation.

Monitoring and evaluation activities ensure adherence to the agreement and reporting requirements, as well as to other provisions in the agreement. Full cooperation is expected in the development, implementation and maintenance of record-keeping systems and provision of data determined to be necessary to effectively monitor and evaluate the program activities.

- ? ? Does the organization currently have any outstanding debts or have bills that are more than 90 days delinquent?
- ? ? Is the project manager (person responsible for carrying out the project) familiar with the basic requirements for the use of these funds?
- ? ? Does the organization participate in service coordination with other providers? to maximize program effectiveness?

4.2.1 Conducting a Formal or On-Site Monitoring Evaluation

Conducting an on-site monitoring evaluation includes a full review of the organization's administrative methods, program implementation and compliance with terms of the agreement. These evaluations focus on:

- * the extent to which the planned program has been implemented
- * measurable outcome achievement
- * effectiveness of program management; and
- * impact of the program

As provided in the agreement the City has the right to access all activities and facilities operated by your organization under the agreement. This level of monitoring is conducted by City staff at the organization and in locations where programs are delivered and facilities that include all files, records, and other documents related to the performance of services. On-site monitoring is conducted to ensure contractual compliance, highlight areas of concern, and to provide assistance as needed. If problem areas are identified, Community Development staff will be available to provide technical assistance to improve your organization's performance.

Organization must maintain a level of staffing that is sufficient to accomplish performance objectives. At a minimum, on-site monitoring involves the following elements:

- An entrance conference to communicate the objectives, scope and focus of the monitoring;
- File review, verification and documentation of performance data;
- Physical inspections, if appropriate; and,
- Exit conference.

Items that may be reviewed for monitoring purposes include including, but not limited to:

- Service Agreement ie. Scope of Services and Budget Summary per the terms.
- Board of Directors actions/minutes
- Personnel/Human resources: Policies, Time cards, Pay stubs, Fringe benefit plans, etc.

- Certified insurance policies and certificates of insurance. Maintain the types of insurance: Worker's Compensation, Comprehensive General and Automobile Liability, Errors and Omissions Liability, Professional Liability
- Program audit and pertinent correspondence
- Client fee schedules
- Client direct benefit documentation (client counts by race, ethnicity, female headed households and persons with disabilities) kept current, without double counting of clients
- Clientele Income Documentation meets the requirements
- Fiscal Management to ensure the organization has a fiscal system which accurately tracks its financial condition; program income documentation showing revenue, expenditures, profit/loss, and net income generated directly from use of funds; cash management policies, including petty cash transaction records; and audits. Fiscal documentation - Invoices, Receipts, Canceled checks, Mileage records, etc.
- Policy and Procedure Manual(s): that should cover items like Civil Rights/Equal Opportunity, Nepotism, Conflict of Interest, Records Retention, Political Activity/Lobbying, Non-Religious/Sectarian

4.2.2 Communication

General desk and informal monitoring can occur in writing by email/letter or by phone call. Notification of a formal or on-site monitoring visit will be provided in advance. Communicating the results of monitoring is essential for improving the performance of programs and enhancing the program capacity. Conclusions made during the monitoring will be summarized orally in the exit conference and followed-up in writing. After each formal/on-site monitoring visit, a written report of monitoring findings will be given to the organization. If there are any findings and concerns a written response to the City is expected within 60 days from the receipt of the monitoring report or audit review letter. Board Charis may be copied on ANY monitoring request.

4.2.3 Corrective Action Follow-up

City staff will assess the progress of program participants to ensure corrective actions are implemented and performance is maintained or improved. The monitoring process is completed only after an identified deficiency has been corrected, the corrective action produces improvements; and, it is decided that management action is not needed. City staff will conclude if corrective actions are acceptable or unacceptable and whether further action is needed and communicate their determination in writing.

4.2.4 Community Development Staff Information

If help is required in completing forms or if there are questions on any policies and procedures technical assistance is available from the Community Development staff. Community Development Administrator is the official City of Denton representative responsible for the administration of the Human Services Agreements. Human Services Coordinator is responsible for technical assistance, program support and organization monitoring.