OFFICE OF AUDIT
REGION 10
SEATTLE, WA

City of Spokane, WA

Lead-Based Paint Hazard Control Recovery Act Grant Program

2013-SE-1003

April 26, 2013

Issue Date: April 26, 2013

Audit Report Number: 2013-SE-1003

TO: Jon L. Gant, Director, Office of Healthy Homes and Lead Hazard Control, L

//**signed**//

FROM: Ronald J. Hosking, Regional Inspector General for Audit, 0AGA

SUBJECT: The City of Spokane Did Not Always Appropriately Procure, Match, or Report Funds in Accordance With Lead Hazard Control and Recovery Act Requirements

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of the City of Spokane's Lead-based Paint Hazard Control Recovery Act grant.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, section 8L, requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at http://www.hudoig.gov.

If you have any questions or comments about this report, please do not hesitate to call me at 913-551-5870.

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April 26, 2013

The City of Spokane Did Not Always Appropriately Procure, Match, or Report Funds in Accordance With Lead Hazard Control and Recovery Act Requirements

Highlights

Audit Report 2013-SE-1003

What We Audited and Why

We audited the City of Spokane, WA's Lead-Based Paint Hazard Control program funded by the American Recovery and Reinvestment Act to determine whether the City complied with procurement, matching, and reporting requirements when executing its grant. This audit was part of the mandate to monitor grant activities funded by the Recovery Act. We selected the City because it received the largest Lead Hazard Control grant in the U.S. Department of Housing and Urban Development's (HUD) Region 10 (Alaska, Idaho, Oregon, and Washington) that had not already been audited by our office.

What We Recommend

We recommend that HUD require the City to (1) conduct cost analyses for the four contracts totaling more than $1.1 million and reimburse any unsupported amount, (2) support $426,130 in eligible matching funds or return almost $1.4 million in grant funds, (3) make the necessary changes to the reported final total expenditure and final vendor payments figures, and (4) obtain training on HUD's procurement and matching requirements.

What We Found

The City failed to ensure cost reasonableness for four Lead Hazard Control contracts. As a result, it had no assurance that it received the best price for its contracted services.

In addition, the City did not maintain adequate records of its matching contributions. Consequently, HUD had no assurance that the City contributed all pledged matching funds.

Finally, the City did not accurately report the final total expenditure amount, the number of jobs created, and the amount of its vendor payments in FederalReporting.gov. Therefore, the public did not have access to accurate information on the total funds expended, the number of jobs created, and the payments to vendors.

TABLE OF CONTENTS

Background and Objective 3

Results of Audit

Finding 1: The City Did Not Always Ensure Cost Reasonableness 4

Finding 2: The City Did Not Maintain Adequate Records of Its Matching Contributions 6

Finding 3: The City Did Not Accurately Report Recovery Act Grant Information in FederalReporting.gov 8

Scope and Methodology 10

Internal Controls 11

Appendixes

A. Schedule of Questioned Costs 13

B. Auditee Comments 14

C. Example of Vendor Payments: Reported vs. Actual 16

D. Criteria 17

BACKGROUND AND OBJECTIVE

City of Spokane, WA

The City of Spokane, WA, was awarded a $2.85 million American Recovery and Reinvestment Act Lead Hazard Control grant (grant number WALHB0429-08), which was administered by the City's Community Development Department. This grant funded the continuation of the City's Lead Safe Spokane program, which allowed it to continue increasing awareness of lead hazards and expanding lead safe housing choices for low-income home buyers and renters. The City integrated Lead Safe Spokane with other U.S. Department of Housing and Urban Development (HUD)-funded rehabilitation programs, all of which were managed under a contract with Kiemle and Hagood, a local real estate firm.

Recovery Act Lead-Based Paint Program

The Recovery Act included a $100 million appropriation for the Office of Healthy Homes and Lead Hazard Control. Of the Recovery Act appropriation, $78 million was announced as Lead Hazard Control awards. The purpose of this program was to assist States, Native American tribes, cities, counties or parishes, or other units of local government in undertaking comprehensive programs to identify and control lead-based paint hazards in eligible privately owned rental or owner-occupied housing.

The Recovery Act Lead Hazard Control grants were first awarded to entities that applied and were eligible for funding under the 2008 Notice of Funding Availability but did not receive grants due to funding limitations. The 2008 Notice required Lead Hazard Control grantees to earmark at least 65 percent of the grant awarded for direct lead hazard control costs and spend no more than 10 percent of the grant on administrative costs.

Our objective was to determine whether the City complied with procurement, matching, and reporting requirements when executing its Recovery Act Lead Hazard Control grant.

RESULTS OF AUDIT

Finding 1: The City Did Not Always Ensure Cost Reasonableness

The City did not ensure cost reasonableness for four Lead Hazard Control contracts. This condition occurred because the City did not realize that cost analyses were required for sole-source procurements, nor did it understand what was required when shovel-ready projects were awarded funding after the initial procurement process had occurred. As a result, the City had no assurance that it received the best price for more than $1.1 million in contracted services.

Missing Cost Analyses

The City entered into a contract with its existing management agent without performing an independent cost estimate or a detailed costs analysis. It selected Kiemle and Hagood to manage its Lead Hazard Control program using sole-source procurement. Kiemle and Hagood had managed the City's prior Lead Hazard Control grant and was already under contract to run its HUD-funded rehabilitation programs. However, according to 24 CFR (Code of Federal Regulations) 85.36(f)(1), users of sole-source procurement must perform a cost analysis, and the City failed to do so.

In addition, the City did not ensure that its management agent determined cost reasonableness for three of its larger, complex projects through either competitive procurement or cost analyses. One of the largest projects was complicated by additional historical preservation requirements. The other two projects were large in scope, and the owners had already secured general rehabilitation contractors before their inclusion in the program. Although 24 CFR 85.36 stresses open competition and requires a cost or price analysis for every procurement action, the grant funds committed for each of these three projects were not supported by either competitive procurement or a cost analysis.

Misunderstood Requirements

The City did not realize that cost analyses were required for sole-source procurements, nor did it understand what was required when shovel-ready projects were awarded funding after the initial procurement process had occurred. In its 2008 Notice of Funding Availability, HUD encouraged applicants to integrate the program with existing rehabilitation efforts. Further, another City department stated that a specific brand was required for historically compliant windows, and some contractors were already in place. In these cases, the City assumed that it was unable to freely choose other vendors and contractors, causing it to believe that no cost analyses were required.

Lack of Assurance

Without the necessary bids or cost analyses, the City had no assurance that it received the best price for more than $1.1 million in contracted services.

Recommendations

We recommend that the Director of HUD's Office of Healthy Homes and Lead Hazard Control require the City to

1A. Conduct cost analyses for the four contracts totaling $1,169,405 and reimburse any unsupported amount to the U.S. Treasury from non-Federal funds.

1B. Obtain training on HUD's procurement requirements.[1]

[1] The City has arranged to have local HUD staff conduct onsite training that will include Federal procurement requirements.

Finding 2: The City Did Not Maintain Adequate Records of Its Matching Contributions

The City did not maintain adequate records of its matching contributions because it thought that keeping summary-level data was sufficient. Therefore, HUD had no assurance that the City contributed all of the pledged matching funds.

Unverifiable Records

The City pledged to contribute $757,940 in matching funds. The Residential Lead-Based Paint Hazard Reduction Act of 1992 requires that grantees provide matching funds of not less than 10 percent of the grant funds received. Grant applicants were allowed to pledge additional matching funds to increase their application score and help secure funding. Since the City's pledge of more than $757,000 was included in the grant agreement, it superseded the statutory amount of $285,000 as the required level of match contributions.

The City obtained support for only about $332,000 of the required amount. Federal Regulations at 24 CFR 85.24(b)(6) instruct grantees to maintain verifiable records of their matching contributions, but the City kept summary data instead and used the data to prepare its reports. The City reported more than $3 million in matching funds contributed, but almost $16,000 of this amount came from program income and more than $25,000 from another Federal grant, both ineligible sources according to 24 CFR 85.24(b)(1) and 24 CFR 85.24(b)(4). Although the City gathered documentation supporting some of the eligible matching contributions for salaries, savings from discounted services, sponsored training, and contractor donations, it was unable to support about $426,000.

Incomplete Documentation

The City thought that keeping summary-level data was sufficient. Instead of maintaining the necessary support, the City tracked the matching funds and planned to gather the supporting documentation upon request. It was updating its policies concerning eligible matching contributions and the associated documentation.

Lack of Assurance

HUD had no assurance that the City contributed all of the pledged matching funds. The grant's terms and conditions stated that if grantees were not able to satisfy the matching requirement, HUD could proportionally reduce the amount funded by the grant.

Recommendations

We recommend that the Director of HUD's Office of Healthy Homes and Lead Hazard Control require the City to

2A. Support $426,130 in eligible matching funds or return up to $1,399,554[2] of the grant funds spent for which matching funds remain unsupported.[3]

2B. Obtain training on HUD's matching requirements.

[2] This figure represents the proportion of grant funds equal to the proportion of unsupported match. The City was unable to support $426,130 of the required $757,940, or 56.22 percent, and 56.22 percent of the $2.49 million grant funds spent equals $1,399,554.

[3] The repayment amount from either recommendation 1A or 2A can be applied to the amount owed for the other recommendation. Therefore, after repayment amounts are determined for recommendations 1A and 2A, the total repayment amount should be limited to the larger of the two.

Finding 3: The City Did Not Accurately Report Recovery Act Grant Information in FederalReporting.gov

The City did not accurately report the final total expenditure amount, the number of jobs created, and the amount of its vendor payments in FederalReporting.gov. These figures were inaccurate because the City misunderstood reporting and time-keeping requirements and lacked review procedures. Therefore, the public did not have access to accurate information on the total funds expended, the number of jobs created, and the payments to vendors.

Inaccurate Reporting

The City overstated the final total expenditure amount in its final Recovery Act report by almost $19,000. It reported the final amount drawn but did not consider the amount it did not spend and returned to HUD.

The City did not correctly calculate the number of jobs created. According to HUD's Updated Guidance to Grantees, grantees must report job estimate totals by dividing the hours worked in the reporting quarter by the hours in a full-time schedule in that quarter. For projects combining Lead Hazard Control with general rehabilitation, the City did not accurately allocate the proportional labor hours to the lead program. The labor hours worked on some projects were not included in the calculations, while others were counted twice. Further, 2 CFR 225, appendix B, section 8(h), states that salary distributions across multiple activities must be supported by personnel activity reports that reflect an after-the-fact distribution of the actual activity of each employee. However, the City used estimated time instead of actual labor hours to account for the administrative staff time of City and management agent employees.

The City did not report the aggregate amount paid to its vendors. Instead, it inaccurately and inconsistently reported the sum of individual payments made to vendors each quarter and failed to provide sufficient detail regarding each significant transaction. HUD's Updated Guidance to Grantees states that vendor payments should be reported as a running total throughout the grant, not summarized per quarter. An example of these aggregate vendor payment reporting errors can be found in appendix C. In addition, OMB's Recovery Act Reporting Guidance states that grantees must report additional data elements, including the amount of the payment and a description of what was obtained for it, for each payment over $25,000.

Misunderstood Requirements

The City did not understand that it needed to revise its reported expenditure amount for funds returned to HUD. When preparing its quarterly Recovery Act reports, the City calculated total expenditures as the total of all of its draws from

HUD to date. However, the City returned almost $19,000 after the final reporting period and did not adjust the total expenditures down by this amount.

In addition, the City did not understand that it was required to record actual staff hours worked on its various programs. Intending to reduce the workload of its staff, the City estimated in advance the percentage of time each staff member would work on each program and charged salaries and benefits accordingly. The number of jobs created by the grant award cannot be accurately estimated without a mechanism to track actual staff hours worked on the program. This issue was also identified by the Washington State Auditor's Office during its 2011 single audit of the City, and in response, the City had begun implementing a time-keeping system that allows employees to record and track their hours by activity.

The City also did not understand that vendor payments were to be reported in aggregate over the term of the grant.

Nonexistent Review Procedures

The City did not have review procedures for reporting jobs data. The same employee compiled the data, estimated the number of jobs created, and submitted the data to FederalReporting.gov. Nobody else reviewed these figures or their underlying support before their submission. Having another employee review the figures would have reduced the risk of inaccurate calculations being reported.

Lack of Transparency

The public did not have access to accurate information on the total funds expended, the number of jobs created, and the payments to vendors.

Recommendation

We recommend that the Director of HUD's Office of Healthy Homes and Lead Hazard Control require the City to

3A. Make the necessary changes to the final total expenditure and final vendor payment figures in FederalReporting.gov. Note that the reporting system only allows the final totals to be changed; the quarterly jobs figures cannot be adjusted.

SCOPE AND METHODOLOGY

Our scope was the period between April 2009 and March 2012. We performed our onsite audit work between October and December 2012 at the City's office located at 808 West Spokane Falls Boulevard, Spokane, WA.

To accomplish our objective, we reviewed applicable applications, agreements, and HUD requirements; interviewed HUD and City staff; reviewed the City's policies and procedures; read the City's single audit reports; reviewed the City's project files; analyzed the City's disbursements; reviewed contractor payrolls; and read the City's Recovery Act reports.

Sample Selection

From a total of 367 transactions, we sampled and reviewed 10 of the largest transactions from the City's 11 cost categories to determine cost eligibility and proper classification. These included the largest salary amount for a single pay period, the two largest travel charges, the largest supply charge, the two largest management fees charged, the largest risk assessment charge, the largest blood testing charge, the largest closing cost charged to "Contractor Lead Hazard Control" that was not a journal entry, and the transaction with the largest training and outreach amounts. Some of the charges spanned multiple cost categories. For project eligibility and procurement, using computer software, we randomly selected seven project files from four subsets defined as either single-family or multifamily that were either desk reviewed or not reviewed by the City. We also included 2 each of the largest projects and professional services contracts in our procurement review from a total of 62 projects and 4 service contracts.

We did not use computer-generated data to support our audit conclusions. We compared the source documentation maintained by the City to data reported in HUD's Line of Credit Control System and retrieved from Recovery.gov. All conclusions were based on source documentation reviewed during the audit.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

INTERNAL CONTROLS

Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

We determined that the following internal controls were relevant to our audit objective:

- Controls to ensure that Recovery Act Lead Hazard Control grant funds were used in compliance with the Recovery Act and HUD requirements.
- Controls to ensure that activities funded by the Recovery Act Lead Hazard Control grant were reported in compliance with the Recovery Act.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

Significant Deficiencies

Based on our review, we believe that the following items are significant deficiencies:

- The City did not have adequate controls in place to ensure that all contracts were properly procured (finding 1).
- The City did not have controls in place to ensure that all matching contributions were adequately documented (finding 2).

- The City did not have adequate controls in place to ensure accurate Recovery Act reporting (finding 3).

APPENDIXES

Appendix A

SCHEDULE OF QUESTIONED COSTS

Recommendation number	Unsupported 1/
1A	$1,169,405
2A	$1,399,554

1/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures.

Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation **Auditee Comments**

March 28, 2013

Ronald Hosking
Regional Inspector General for Audit
Region 10 Office of Audit
Via Email

RE: Comments to OIG Draft Audit Report
City of Spokane ARRA Lead-Based Paint Grant

Dear Mr. Hosking:

Comment 1

Please accept our thanks to HUD Office of Inspector General staff for their efforts reviewing the City of Spokane's lead hazard control grant program. Your staff's review has resulted in substantial program improvements to the benefit of Spokane low- and moderate-income families. We respectfully offer these comments for your consideration.

Finding 1: The City did not always ensure cost reasonableness
A majority of our grant projects were single-family or small multifamily housing which met federal price estimating and cost analysis requirements. We agree that program staff misunderstood procurement requirements for certain large and complex projects as identified by OIG staff. Since your audit, program staff received procurement training from HUD. Program staff also completed a new Cost and Price Analysis policy and checklist to be applied to four questioned contracts and as an internal control for forthcoming projects.

Finding 2: The City did not maintain adequate records of its matching contributions
Changes to accounting staff, time tracking, and post-grant-closeout audit frustrated our assembly of backup documentation upon OIG request. Program staff continues to gather match documentation to assure HUD that the City contributed sufficient grant matching funds. Program staff has updated the matching funds schedule and implemented supervisor review to improve internal controls. Program staff will also receive grant match training from HUD this April.

Finding 3: The City did not accurately report Recovery Act grant information in FederalReporting.gov
Our efforts to provide accurate FederalReporting.gov reports were frustrated by multiple report guideline changes and the ARRA 10-day deadline to submit reports. Also, certain program cost savings could not be returned to HUD prior to the final FederalReporting.gov report deadline and staff was not aware that this final report could be modified later. Program staff will work with HUD to correct final report of total expenditure and vendor payments in FederalReporting.gov. We have also initiated new internal controls of supervisor's review of reports and tracking staff hours worked by activity to address the Washington State Auditor issue.

Sincerely,
/S/
Jerrie Allard, Director
Community, Housing and Human Services Department

OIG Evaluation of Auditee Comments

Comment 1 The City agreed with the findings in this report and is in the process of making corrections.

Appendix C

EXAMPLE OF VENDOR PAYMENTS: REPORTED VS. ACTUAL

Date	Vendor	Payment Amount	Reported by the City				Actual			
			A	B	C	D	A	B	C	D
6/15/2009	1	$ 5,342								
6/26/2009	2	$225								
7/20/2009	1	$ 8,827								
8/3/2009	3	$628								
8/4/2009	4	$55								
8/24/2009	1	$ 1,985								
9/3/2009	1	$ 6,092								
9/3/2009	1	$ 4,294								
July-Sept. 2009		**$ 27,447**	**2**	**$ 26,540**	**2**	**$ 26,540**	**0**	**$0**	**8**	**$27,447**
9/18/2009	1	$ 3,750								
9/18/2009	1	$ 4,632								
9/25/2009	5	$81								
9/25/2009	1	$ 8,926								
9/25/2009	1	$ 2,485								
10/5/2009	1	$ 4,500								
10/12/2009	1	$ 1,501								
10/15/2009	1	$ 4,701								
10/27/2009	1	$ 5,000								
11/3/2009	1	$ 6,898								
11/3/2009	1	$ 13,693								
11/9/2009	1	$ 5,359								
11/17/2009	1	$ 556								
11/17/2009	1	$ 810								
11/24/2009	1	$ 1,037								
11/24/2009	1	$ 7,702								
11/24/2009	1	$ 3,466								
12/10/2009	1	$ 8,614								
12/15/2009	1	$ 4,457								
Oct.-Dec. 2009		**$ 88,168**	**2**	**$ 26,540**	**16**	**$ 88,087**	**0**	**$0**	**27**	**$115,615**

A - Number of payments to vendors greater than $25,000
B - Total amount of payments to vendors greater than $25,000 per award
C - Number of payments to vendors less than $25,000 per award
D - Total amount of payments to vendors less than $25,000 per award

Appendix D

CRITERIA

2 CFR 225, appendix B, section 8(h) – ***Support of salaries and wages.***

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity.

(5) Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after-the-fact distribution of the actual activity of each employee,
- (b) They must account for the total activity for which each employee is compensated,
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
- (d) They must be signed by the employee.
- (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes.

24 CFR 85.24(b) – Qualifications and Exceptions

(1) ***Costs borne by other Federal grant agreements***. Except as provided by Federal statute, a cost sharing or matching requirement may not be met by costs borne by another Federal grant.

(4) ***Costs financed by program income.*** Costs financed by program income, as defined in §85.25, shall not count towards satisfying a cost sharing or matching requirement unless they are expressly permitted in the terms of the assistance agreement.

(6) ***Records.*** Costs and third party in-kind contributions counting towards satisfying a cost sharing or matching requirement must be verifiable from the records of grantees and subgrantee or cost-type contractors. These records must show how the value placed on third party in-kind contributions was derived. To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocability of regular personnel costs.

24 CFR 85.36 – Procurement

(c) – Competition

(1) All procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of §85.36.

(f) – Contract cost and price

(1) Grantees and subgrantees must perform a cost or price analysis in connection with every procurement action including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, grantees must make independent estimates before receiving bids or proposals. A cost analysis must be performed when the offeror is required to submit the elements of his estimated cost, e.g., under professional, consulting, and architectural engineering services contracts. A cost analysis will be necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications or change orders, unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.

2008 Notice of Funding Availability [FR-5200-N-06] (III)(B)(2)(c)(2) – Housing Rehabilitation in Conjunction with Lead Hazard Control.

HUD strongly encourages integration of our grant programs with housing rehabilitation. Applicants may include housing rehabilitation expenditures as leveraged resources for housing rehabilitation activities conducted in conjunction with the housing units or common areas being made lead-safe.

HUD's Updated Guidance to Grantees – March 26, 2010

Job Counting Guidance (M-10-08 December 18, 2009)

OMB Memoranda M-10-08 updated and changed the job estimate calculation so that a grantee recipient now report job estimate totals by dividing the hours worked in the reporting quarter (i.e., the most recent quarter) by the hours in a full-time schedule in that quarter.

***** Important Note*****

The ONLY data field reporting quarterly data is the "Number of Jobs"

"**Other fields**, i.e. the loan and grant template, "Total amount of payments to Vendors less than $25,000/award*" and "Total amount of Sub Awards less than $25,000/award*" have a quarterly threshold (below $25,000) for inclusion in the data element, but **the amount reported is cumulative for the award**."

Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009 [OMB's Recovery Act Reporting Guidance], section 2 – Basic Principles and Requirements of Recovery Act Recipient Reporting

(2.3) In addition, the prime recipient must report three additional data elements associated with any vendors receiving funds from the prime recipient for any payments greater than $25,000. Specifically, the prime recipient must report the identity of the vendor by reporting the D-U-N-S number, the amount of the payment, and a description of what was obtained in exchange for the payment. If the vendor does not have a D-U-N-S number, then the name and zip code of the vendor's headquarters will be used for identification. Vendors, as defined in this guidance, are not required to obtain a D-U-N-S number.

Residential Lead-Based Paint Hazard Reduction Act of 1992, section 1011(h) – Matching Requirement

Each recipient of a grant under this section shall make contributions toward the cost of activities that receive assistance under this section in an amount not less than 10 percent of the total grant amount under this section.

Terms and Conditions – Amount of Cost Share (Estimated Cost and Payment – Matching)

The Grantee must satisfy all statutory matching requirements in the NOFA. If the Grantee's actual matching contribution is less than "Recipient Amount" under Block 14 of the HUD 1044, the Government reserves the right to negotiate new line items and/or amounts to satisfy the Grantee's match, or to reduce the Government's share proportionally. HUD may withhold an amount equal to the statutory required matching amount pending receipt and utilization of the match amount. The Grantee shall notify the Government at any time it believes it will not meet its match by the completion of the grant. If the Grantee exceeds the match, there will be no impact on the Federal share.