

**CDBG- DELEGATE AGENCY – VOUCHER PROCESS**  
**April 15, 2014**

**General Questions from Delegate Agencies**

**1. Will these changes eventually impact all funding sources (i.e. IDHS, CSBG, and Corporate)? If so, when?**

At this time, the requirement to submit supporting documentation will not be implemented for non-CDBG funding sources with the exception of delegate agencies funded by the City's Department of Planning and Development (DPD). DPD delegate agencies should follow the instructions previously provided. If, or when, additional changes in the reimbursement processes are made, the City will make every effort to communicate these changes in advance.

**2. What exactly precipitated this change?**

The City of Chicago was found in non-compliance with the OMB Circular A-133 through the annual Single Audit for lack of financial control and oversight of sub-grantees. Despite the City's prior efforts to resolve, the non-compliant finding continues to be cited in the Single Audit. Incorporating these voucher reimbursement requirements will close this finding.

**3. Who are the funders that are requiring these changes and are they willing to participate in the discussion?**

The finding of non-compliance was issued by HUD. HUD has worked closely with the City of Chicago to resolve this finding and the City will continue to engage them as needed.

**4. Is the City willing to work with providers to lobby the funding source directly to prevent or at least delay the change in requirements?**

The City of Chicago has worked closely with HUD to identify a resolution to this finding. The City will work with providers to ensure that the financial controls instituted meet HUD rules and regulations and address the OMB- Circular A-133 finding. The implementation of these changes is necessary to resolve non-compliance with the OMB Circular A-133. Compliance with federal regulations is a condition of receipt of funding.

**5. What circumstance caused this change to take place in the middle of the 2014 contract year without prior notice?**

The changes were incorporated into the 2014 CDBG grant agreement which delegate agencies received in December 2013 for the contracting period beginning January 1, 2014. Article 4 of the CDBG grant agreement clearly stipulates that supporting documentation must be submitted. We strongly encourage delegate agencies to review their grant agreement thoroughly prior to signing and forward any questions to the lead program department.

**6. Has the City considered piloting these changes to assure that the implementation does not cause major disruptions to individual agencies?**

The immediate implementation of these changes is necessary to resolve the finding to maintain funding.

**7. What procedures has the City put in place to handle the influx of new paperwork being sent along with vouchers?**

The City will implement *E-Vouchering*, a web-based system designed to facilitate the electronic submission of voucher requests, including the required supporting documentation.

**8. What is the status of 2014 vouchers that have already been submitted prior to being notified of the new documentation requirements?**

The 2014 CDBG grant agreement, which delegate agencies received in December 2013, did include the

requirement for supporting documentation.

There may have been some delegate agencies that did not receive the guidance on acceptable supporting documentation requirements until late February/early March. As a result, the City **will not** reject vouchers submitted without supporting documentation for the period of January 1, 2014 to March 30, 2014.

Agencies will have until **June 30, 2014 to submit the required documentation for the period of January 1, 2014 to March 31, 2014. The documents should be submitted** to the City's Department of Finance, Voucher Audit Division, 121 N. LaSalle St., 7<sup>th</sup> Floor. The documents provided must be clearly labeled by PO, Release and Voucher number; and indicate the period covered. Failure to comply may result in the City placing a hold on future voucher payments.

All vouchers for expenditures beginning in April 1, 2014 must include supporting documentation. The City's Department of Finance will return vouchers unpaid that do not include this information.

Beginning with the voucher reimbursements requests for the period of May 1, 2014 and thereafter, delegate agencies will be required to submit CDBG voucher requests electronically and attach supporting documentation using ***E-vouchering***.

**9. Why can't the additional required paperwork be reviewed during regular delegate fiscal audits?**

This is not an acceptable practice because fiscal audits are not conducted annually for all agencies and are completed post-payment. The City's accounting records must be supported by source documentation such as those identified in the "*Guidance on Acceptable Supporting Documentation for CDBG Voucher Reimbursement Requests*" which became effective January 1, 2014

**10. If the City was aware of these possible changes during contract renewal time earlier this year, why weren't delegate agencies warned at that time?**

All CDBG delegate agencies received a grant agreement that includes the requirement that supporting documentation is to be submitted with voucher reimbursement requests.

**11. What is the absolute deadline for agencies to be in compliance with the new requirements, prior to the end of 2014?**

- Voucher reimbursement requests for the period of January 1, 2014 to March 31, 2014: the deadline to submit supporting documentation **is June 30, 2014.**
- Voucher reimbursement requests for the period of April 2014- December 2014: must include acceptable supporting documentation to be processed for payment.

**12. What will happen in January 2015 when delegates are traditionally expected to have their final vouchers submitted by January 15<sup>th</sup>? What if applicable checks have yet to clear?**

Delegate agencies should manage their budgets and expenditures to ensure timely submission of voucher reimbursement requests. Delegate agencies should reach out to their lead program department if they are experiencing issues with meeting the deadline.

**13. Will performance based and fee for service agreements be required to submit supporting documentation?**

Yes, performance based contracts will be required to submit supporting documentation as identified in the "*Guidance on Acceptable Supporting Documentation for CDBG Voucher Reimbursement Requests*".

## Other Suggestions Proposed by Delegate Agencies

### **Hold a face-to-face meeting with a group of delegate agencies to provide an opportunity for discussion and Q&A**

The City will host face-to-face meetings during the week of April 21<sup>st</sup>. All CDBG funded delegate agencies will be notified of meeting dates, times and locations. If, or when, these requirements are applied to other funding sources, the City will offer additional training.

### **Postpone changes to the current voucher process for all funding streams until 2015, including CDBG, until further research has been conducted on the immediate impact to delegate agencies**

The implementation of these changes is necessary to resolve the audit findings to maintain funding.

### **Invite a representative from HUD, or whichever other funding agency is requiring these changes, to the table to discuss possible alternatives, if any**

HUD has worked closely with the City of Chicago to resolve this funding. We have been in constant communication.

### **Provide technical assistance to delegate agencies on changes to the process and systems**

The City will host and notify delegate agencies of the various training and technical assistance opportunities.

### **Improve levels of communication to delegate agencies**

The City will make every effort to improve direct communication with delegate agencies. We also encourage delegate agencies to regularly reach out to their lead program department liaison to discuss any issues or concerns.

### **Highlight any changes to contract boiler plate documents at the beginning of each contract year**

The City will highlight significant changes to the grant agreement (contract) each year. However, it is the responsibility of the delegate agency to read, understand, and abide by the terms and conditions of the grant agreement. Delegate agencies should also plan to reach out to their lead program department when they have questions or concerns about any of the requirement stipulated in the agreement.

### **Create a clear point of contact for delegate agencies when such issues and questions arise**

Each lead program department assigns staff to serve as liaisons to delegate agencies.

### **Provide avenues of regular feedback from delegate agencies regarding changes to policies and/or procedures**

Delegate agencies are encouraged to reach out to their lead program departments when changes to policies and/or procedures are introduced.