

**Financial Management Policy**

Community Development Block Grant -

DR & Mitigation Program

*July 6, 2024*

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# **1. Introduction/Overview of the Grant**

This policy provides guidance on how the American Samoa Government can manage the transparent and efficient disbursement of funds and ensure the financial system and processes are compliant under the Community Development Block Grant DR & Mitigation Program (CDBG-DR & MIT).

The Financial Management of the American Samoa Government’s (ASG) CDBG-DR & MIT. program is designed to successfully manage federal funds and adhere to required procedures and controls to safeguard funds in the prevention of fraud, waste, and abuse. The CDBG-DR & MIT. funds have been awarded by the Department of Housing and Urban Development (HUD) to ASG for addressing unmet needs suffered during Tropical Cyclone Gita (Disaster No. 4357). The CDBG-DR & MIT. program is administered by ASG’s Department of Commerce (DOC). As per [85 FR 4681](https://www.govinfo.gov/content/pkg/FR-2020-01-27/pdf/2020-01204.pdf), published January 27, 2020, HUD made $23,039,000 available to ASG to develop and implement their CDBG-DR & MIT. programs.

As per [86 FR 561](https://www.govinfo.gov/content/pkg/FR-2021-01-06/pdf/2020-29261.pdf) and [86 FR 569](https://www.govinfo.gov/content/pkg/FR-2021-01-06/pdf/2020-29262.pdf), published January 6, 2021, HUD determined that its CDBG– DR allocations pursuant to the Appropriations Act are sufficient to address unmet DR & Mitigation needs in MID areas arising from 2018 and 2019 disasters. The notice allocated the remaining $186,781,000 in funds made available in the Appropriations Act as CDBG–DR & Mitigation funds to grantees recovering from qualifying 2018 disasters. For ASG, HUD made $1,470,000 available through the CDBG-DR & Mitigation grant for the 2018 disaster (Tropical Cyclone Gita, Disaster No. 4357). This policy and procedures document may be amended again to incorporate requirements applicable to the CDBG-DR & MIT funding.

# **2. Financial Management and Internal Controls**

### 2.1 Internal Controls

Internal controls for the American Samoa Government (ASG) CDBG-DR & MIT. program are developed in accordance with [2 CFR 200.303(a)](https://www.govinfo.gov/content/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-sec200-303.pdf) and the Standards for Internal Controls in the Federal Government also known as the Green Book as a framework guide to design, implement, and operate in compliance with Federal statutes, regulations, and the terms and conditions of the Federal Award.

The requirements of the applicable statute appropriating CDBG-DR & MIT. funds are:

* The Federal Register Notice allocating funds to that grantee and any subsequent Notice providing additional waivers and alternative requirements;
* Title I of the HCD Act and the CDBG regulations at 24 CFR Part 570, unless modified by waivers and alternative requirements included in the applicable Federal Register Notice;
* 2 CFR Part 200, which provides the Federal government’s guidance on administrative requirements, cost principles, and audit requirements;
* Section 312 of the Stafford Act.

The American Samoa Government must monitor its own operations for compliance with statutes, regulations, and the terms and conditions of the federal award and grant agreements, and to take prompt action when instances of non-compliance are identified by monitoring activities or in audits.

Management: The CDBG-DR & MIT. program is administered by the American Samoa Department of Commerce (ASDOC) placed under the Urban Planning & Development (UPD) Division as a HUD-funded grant program. The UPD Assistant Deputy oversees the division and the CDBG-DR & MIT. Coordinator is the Manager of the CDBG-DR & MIT. program and reports to the UPD Assistant Deputy. The CDBG-DR & MIT. Coordinator is directly responsible for overseeing the day-to-day operation of the program, managing the CDBG-DR & MIT. staff, and ensuring that duties and responsibilities are being carried out to meet program requirements and grant regulations. The CDBG-DR & MIT. Coordinator will consult with UPD Assistant Deputy who will provide oversight of the program when support is needed and clarification on program policies and procedures. The management of CDBG-DR & MIT. funds will be guided by the HUD-approved plans as the guide to the programmatic and financial components.

Personnel: help management design, implement, and operate the internal control system. Staff are responsible for reporting issues noted in DOC’s operations, reporting, or compliance objectives.

To ensure the appropriate use of CDBG-DR & MIT. funds are in accordance with applicable Federal rules and regulations, the following must be in place:

* Organizational charts
* Written definitions of duties and staff qualifications
* Documented policies and procedures
* A formal system of authorization and supervision
* Segregation of duties
* A secure system of record
* Control over access to assets and sensitive information
* Documented accounting procedures for approving and recording transactions
* Comparison of actual assets and liabilities to financial records for completeness and accuracy
* Monitoring and oversight

Effective internal controls always crosscheck one another to make sure that budgets, costs, records, and reports all match up.

### 2.2 ASDOC’s Organizational Chart

The management and implementation of the CDBG-DR & MIT. program ([see Attachment A](#_Attachment_A_–)) will be supported by a designated team of individuals. While some of the existing staff with annual CDBG program experience may have to be assigned to CDBG-DR & MIT., new additional key positions will be hired to meet the requirements of the program. The following are key positions mentioned through the document:

* Governor or Acting Governor
* Director of Commerce
* UPD Assistant Deputy (Oversees all CDBG grants)
* CDBG-DR & MIT. Coordinator (Head of CDBG-DR & MIT. grant program)
* CDBG/CDBG-CV Finance Manager
* CDBG-DR & MIT. Finance Officer
* CDBG-DR & MIT. Engineer
* CDBG-DR & MIT. Procurement & Benefits Officer
* CDBG-DR & MIT. housing Officer
* CDBG-DR & MIT. Project Lead
* CDBG-DR & MIT. Monitoring & Quality Assurance Officer

### 2.3 Key Staff Members

|  |  |  |
| --- | --- | --- |
| **Program Area** | **Staff Member/Team** | **Contact Info** |
| Action Plan  Amendments | UPD Assistant Deputy | Magdalene Petaia |
| Procurement and Contract Review | CDBG-DR & MIT. Procurement Officer  CDBG-DR & MIT. Procurement & Benefits Officer  CDBG-DR & MIT. Finance Officer | Magdalene Petaia  Vaipuna Tunoa  Melesuati Lualua |
| Duplication of Benefits | UPD Assistant Deputy  CDBG-DR & MIT. Finance Officer | Magdalene Petaia  Melesuati Lualua |
| Expenditure Drawdown | UPD Assistant Deputy  CDBG/CDBG-CV Finance Manager  CDBG-DR & MIT. Finance Officer | Magdalene Petaia  Jasmine Makiasi-Maiava  Melesuati Lualua |
| Audits & Monitoring | DOC Director  UPD Assistant Deputy  CDBG/CDBG-CV Finance Manager  CDBG-DR & MIT. Finance Officer | Petti Matila  Magdalene Petaia  Jasmine Makiasi-Maiava  Melesuati Lualua |

*Note: This staff assignment is tentative as ASDOC will be hiring additional staff members and restructuring roles.*

### 2.4 Segregation of Duties

Segregation of duties is vital for effective internal controls with respect to financial transactions, procurement, and contracting operations at ASDOC to ensure the integrity of the business process. These measures further reduce the risk of erroneous and inappropriate actions and deter fraud and fraudulent acts. Though there is coordination at different phases of the CDBG-DR & MIT. program, ASDOC clearly separates the roles for procurement, purchasing, invoice review and approval, drawdown, and monitoring.

### 2.5 ASDOC’s Systems of Record

*One Solution (OS)*

ASDOC will use the One Solution (OS) Financial Management System to process, monitor, cross-reference, and access reports for initiated, processed, encumbered, and expended disbursements for all program accounts. The One Solution system serves as a bridge for the grantee’s financial account and the DRGR system. At a minimum, One Solution provides the amount budgeted, disbursements to date, program income, other revenue, and actual expenditures/disbursements completed fully or partially. Protocols are put in place so that there is a hierarchy of review and approvals for all payments to validate compliance and eligibility.

*DR & Mitigation Grant Reporting System (DRGR)*

DRGR is the main grant management and monitoring system for reporting grant and financial progress to HUD. The system allows for submission of financial and performance data for any activities funded by CDBG-DR & MIT. grants. DRGR also allows for updating and reconciling grant award amounts, drawdown information, and current balances from the Line of Credit Control System (LOCCS) via the DRGR system.

DRGR provides users with the ability to create payment vouchers which are then reconciled with the drawn amounts with LOCCS to ensure accuracy of financial balances. After the vouchers are processed via LOCCS, DRGR updates the status of the vouchers, enabling users to track the status of their drawdowns.

A full manual for how the DRGR system functions can be found on the HUD Exchange. The latest version can be found [here](https://www.hudexchange.info/sites/onecpd/assets/File/DRGR-User-Manual-Entire-Document.pdf) (Jan 2021).

### 2.6 Program, Administration, and Planning Accounts

The life of the CDBG-DR & MIT. award is twelve years. The funding in the accounts will be divided by twelve years to ensure the sustainability of the allocation but will be reassessed periodically to make any necessary budget adjustments. The Finance Officer who oversees these accounts will closely monitor the expenditures and will forecast budgets to ensure that funds are sustainable to meet the necessary administration and planning financial needs of the program.

### 2.7 Personally Identifiable Information (PII)

Reasonable measures must be taken to safeguard personally identifiable information and information deemed sensitive. The basic controls over authorization, recording, safeguarding/security, and verification over transactions and assets should continuously be assessed and enhanced.   This section is established in accordance with [2 CFR 200.303(e)](https://www.govinfo.gov/content/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-sec200-303.pdf).

Accordingly, all personally identifiable information and sensitive information are strictly used for CDBG-DR & MIT. program use only.  All PII’s must be kept confidential and maintained by the CDBG-DR & MIT. Program Records Specialist.  No information or written PII can be released without approval and written authorization by the Director of Commerce.

### 2.8 Various Payment Methods

Based on the type of cost and payment method, ASDOC can expend and account for all CDBG-DR & MIT. funds received. The CDBG-DR & MIT. Procurement & Benefits Officer, CDBG-DR & MIT. Finance Officer, CDBG-DR & MIT. Coordinator, and Director of Commerce will coordinate to review invoice packages and verify that all costs:

1. are sufficiently specific to ensure that CDBG-DR & MIT. funds received are used in compliance with all applicable statutory and regulatory provisions and the terms and conditions of the award;
2. ensure that CDBG-DR & MIT. funds received are only spent for reasonable and necessary costs;
3. ensure that CDBG-DR & MIT. funds received are not used for general expenses to carry out other responsibilities of State and local governments? [24 CFR 570.489(d)]

All financial transactions for CDBG-DR & MIT. must be for an eligible administration, planning or project cost for an approved project. Any and all financial transactions must be processed and validated for compliance with all applicable statutory and regulatory provisions and the terms and conditions of the respective award. All costs must be for reasonable and necessary CDBG-DR & MIT. related purchases.  The approvals put in place will ensure that CDBG-DR & MIT. funds are not used for general expenses to carry out other responsibilities for the American Samoa Government.  These protocols are the basis of the payments processing procedures. There will be layers of approvals to ensure that the required federal and territorial regulations are adhered to for every transaction.

All fiscal transactions will fall under one of the four payment methods below:

* Direct Payment Voucher (DPV)
* Purchase Order (PO)
* Travel Authorization (TA)
* Contract Payment (CP): Construction Contract or Service Contract

*Direct Payment Voucher (DPV)*

A DPV is a simplified payment method, generally used for small purchases with a maximum dollar value of $2,500. The DPV does not go through the Procurement system.  The DPV can only be charged to an Administrative or Planning account and the use of the DPV requires the pre-approval of the Governor or Acting Governor.  The following is a list of items for which a DPV can typically be utilized:

1. Utility Bills
2. Office Equipment Repairs
3. Non-Employee Compensation
4. Reimbursements
5. Small office supplies unavailable through the Procurement Offices Stores Inventory
6. Other minor expenses at the discretion of the DOC-Director

The DPV form is initiated, prepared, and routed by the CDBG-DR & MIT. Finance Officer and workflow approvals include: CDBG-DR & MIT. Procurement and Benefits Officer & CDBG-DR & MIT. Coordinator (eligibility review), DOC Director (department review), Budget Office (budgetary approval), and Governor or Acting Governor (final approval) before payment is submitted to Accounts Payable (issues check) and made available at the Disbursing Office.  Since DPV’s do not go through Procurement, there are no receiving reports; therefore, verification of receipt of goods or services must be notated on the vendor invoice and certified by the DOC Director.  The certified invoice is required to be attached to the DPV form.

The Finance Officer will include the following in the DPV payment package: Payment Voucher, Voucher Tracking Number, Vendor ASG ID Number, Vendor Name and Address, Date of Transaction, Invoice Number, Invoice Date, Invoice Amount, Description of Transaction, Funding Account Number, and supporting Award Documents for Purchase.

*Purchase Order (PO)*

Payments for the purchase of construction, goods, and services with the threshold of $10,000 by the government are processed on a Purchase Order in the One Solution financial system.  The payment process is initiated with a Purchase Requisition (PR) webform and routed through an electronic workflow of internal and external approvals.

1. DOC Internal Purchase Requisition approval workflow: The CDBG-DR & MIT. Procurement & Benefits Officer reviews all documentations then CDBG-DR & MIT. Finance Officer initiates the workflow and enters all relevant payment information to include certified quote/estimate, supporting documents, and verification of funds. CDBG-DR & MIT. Finance Officer will apply the first approval. The CDBG-DR & MIT. Coordinator reviews for eligibility and applies the second approval. The DOC Director or Designee does an overall department review and applies the final approval.
2. Treasury and Budget Purchase Requisition approval workflow:  The Budget Analyst does a budget compliance review for accuracy, completeness, and availability of funds. The analyst will also check that there is adequate encumbrance of available funds. The Treasury Grants Analyst will conduct a grant compliance review for accuracy, completeness, and legality of payment.
3. Procurement PR approval workflow: The Procurement Purchasing Agent will review for eligibility and apply the first approval. The Procurement Purchasing Supervisor will review eligibility of purchase orders over a $4,999.99 threshold, issues a purchase order number, and generates purchase order. If the purchase order is above the $9,999.99 approval threshold, the Procurement Purchasing Manager will review for eligibility, issue a purchase order number, and generate the purchase order. The final approval will come from the Chief Procurement Officer. They review for both eligibility and compliance and sign purchase order for vendor and CDBG-DR & MIT. distribution as authorization for the shipment/delivery of goods.

When the goods are delivered to the Shipping and Receiving Division of the Procurement Office, a procurement agent will contact the CDBG-DR & MIT. Finance Officer to examine, verify, and authorize receipt of goods.  In the interim, the vendor creates an invoice for payment of goods or services and forwards it to the Shipping and Receiving Division of Procurement to complete the Receiving Report (RR) upon receipt of the CDBG-DR & MIT. Finance Officer verification of goods and signature on RR.

All documents are forwarded to the Treasury Accounts Payable (AP) Division within (5) business days of completing the RR.  Once AP has all of the necessary financial documents (PR, PO, Certified Invoice, and RR), the AP Analyst prepares a payment voucher, which is reviewed and signed by the AP Manager.  Completed payment vouchers are forwarded to the Treasury Grants Analyst for final review and drawing of funds for a check disbursement within 3 business days.

*Travel Authorization (TA)*

All travel requests must be pre-approved by the DOC Director or Designee before the Travel Authorization form (see [Attachment C](#_C4._Invoice_Review)) is initiated by the CDBG-DR & MIT. Finance Officer. The TA form must be processed within (30) days of departure date and accompanied by travel justification to include: itinerary with airfare quote, copy of most recent TA expense report if any, any meeting registration costs, and training or conference announcement and agenda.  A letter of explanation from the DOC Director must accompany the TA if not submitted within the (30) day travel processing requirement.

The CDBG-DR & MIT. will utilize the most recent federal GSA (General Services Administration) per diem rates to prepare authorized TA’s.  The TA form consists of and requires the signatures of the Traveler, DOC Director, Budget Director, Treasurer, and the Governor.  The TA workflow approval is both manual and electronic.

1. DOC internal manual workflow approval:UPD Assistant Deputy conducts a after consultation with DOC Director for pre-approval in the form of email correspondence. The CDBG-DR & MIT. Finance will review for funding and compliance eligibility, manually prepare and initiate TA request package to include all required travel and relevant supporting documents, and apply the first approval. The CDBG-DR & MIT. Coordinator will review for project eligibility and apply the second approval. The DOC Director or Designee will do a final department review and sign the completed TA request package.
2. Treasury and Budget Purchase Requisition approval workflow: The Budget Analyst will do a compliance review for accuracy, completeness, and availability of funds and check if encumbrance is available.
   1. The Treasury Travel Analyst does a travel compliance review for accuracy and completeness and enters electronic data into OS. The Treasury Travel Manager will also review and electronically assign a Travel Authorization number.
   2. The Treasury Grants Analyst will review and approve the TA request package. The Budget Director and Treasurer will do a final review for online approval and sign completed TA request package.
   3. The Treasury Travel Manager will issue a Travel Clearance letter for the Governor. The Governor’s office will do a final review and provide signature approval of completed TA request package.

The fully executed Travel Authorization authorizes the Treasury Travel Division to issue tickets with the local travel agency and to create a payment voucher to process airfare, traveler per-diem, land transportation, and any registration fees. All local travel agencies must submit their invoice for payment directly to the Treasury Travel Division to include a copy of the approved and completed TA package.

Upon return from authorized business travel, the traveler is responsible to file a travel expense report within (30) business days to include: itinerary, boarding passes, lodging receipts, any meeting registration receipts, and land transportation receipts.  The travel expense report should also be accompanied with a written travel report on the outcome and benefits of the meeting/conference/training to the CDBG-DR & MIT. program and be submitted for the DOC Director review and approval before submitting to the ASG Treasury Travel Division for final review, documentation, and file.

*Construction Contract*

The CDBG-DR & MIT. Engineer will work in close collaboration with the CDBG-DR & MIT. Finance Officer in constructing a Scope of Work (SOW) suitable for the project.  The SOW of each respective contract is to be used to guide contract payments. Contractors must submit certified project invoices that will serve as payment justification for the CDBG-DR & MIT. Finance Officer. Any project invoice provided by a contractor prior to a valid legal contract being in place will be returned and not processed.  Any project invoice that does not comply with the payment terms outlined in the contract will be returned to the contractor and not processed.

The contract invoice and payment applications are then forwarded to the CDBG-DR & MIT. Engineer for review, approval, and to generate the payment application (PA).  The PA is always generated after a site-visit is performed and confirmed acceptable.

Payment Application (PA) approval workflow is as follows:

1. CDBG-DR & MIT. Engineer reviews all claims made by contractor, performs a site visit, and reviews to ensure that the claims made on the payment application are 100%.
2. CDBG-DR & MIT. Coordinator review all concerns addressed by the CDBG-DR & MIT. Engineer and prior approval for processing of payment.
3. DOC Director does the final review and approval for processing of payment application.
4. CDBG-DR & MIT. Procurement & Benefits Officer ensures that the payment application meets the contractual requirements stated. Approval certifies that payment application abides the contractual terms.
   * Procurement is responsible for delivering the PA’s to the Treasury Accounts Payable (AP) Division. AP issues a payment voucher approved by the AP Manager then forwarded to Treasury’s Grants Analyst assigned to DOC for review, draws funds and prepares for disbursement.  AP issues the payment and check is made available at the Disbursing Office.

*Service Contract*

Contractors must submit an invoice and documentation that services are completed to the CDBG-DR & MIT. Procurement & Benefits Officer. The invoice is then reviewed and processed through the following DOC internal approval workflow:

1. The CDBG-DR & MIT. Finance Officer reviews for accuracy, completeness, compliance, checks for the availability of funds.
2. The CDBG-DR & MIT. Coordinator reviews the invoice for completeness and eligibility.
3. The DOC Director reviews the invoice package for completeness and signs.
4. The CDBG-DR & MIT. Procurement Officer or Designee then completes the review for compliance and completeness and signs for certification of payment.
   * Procurement is responsible for delivering the PAs to AP. AP issues a payment voucher approved by the AP Manager then forwarded to Treasury’s Grants Analyst assigned to DOC for review, draws funds and prepared for disbursement.  AP issues the payment and check is made available at the Disbursing Office.

### 2.9 Disbursement of Grant Funds

The cost principles for CDBG funding state that all costs must be allowable, reasonable, and allocable. Costs must be necessary and reasonable, must not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost, must be charged to the Federal award in accordance with relative benefits received ([2 CFR §200.402 - 405).](https://www.govinfo.gov/content/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-sec200-404.pdf)

Before invoices are reimbursed, all costs would have been reviewed at multiple phases of the process by the CDBG-DR & MIT. Coordinator and/or UPD Assistant Deputy. In addition, ASDOC’s procedures relies on the front-end review by the Chief Procurement Officer and the CDBG-DR & MIT. Procurement Officer to ensure that contracts and all the costs against those contracts are eligible under the CDBG-DR & MIT. grant.

Grant funds will be determined “necessary” and “reasonable” before being expended. ASDOC staff will refer to [Notice CPD-13-07: Allocating Staff Costs Between Program Administration Costs vs. Activity Delivery Costs in CDBG](https://www.hud.gov/sites/documents/13-07CPDN.PDF) to verify costs charged to the program. Guidance on distinguishing between the four types of CDBG-DR & MIT. Costs can be [found here](https://files.hudexchange.info/resources/documents/CDBG-DR-Cost-Types-Summary.pdf).

For reimbursement of grant eligible costs, the CDBG-DR & MIT. Finance Officer requires a copy of the check, copy of the purchase order (for Admin or Planning project accounts) or executed contract (for the first construction reimbursement), and a copy of the invoice. Using the Project Payment Request form ([See Attachment C](#_C5._Drawdown_Review)), the CDBG-DR & MIT. Finance Officer signs off on all payments. The CDBG-DR & MIT. CPD Coordinator reviews the package to see that all documentation is attached and approves the Project Payment Request form stating that costs are eligible. The CDBG-DR & MIT. Coordinator will do a final review and sign off. A hardcopy of the form is filed into storage when complete.

Federal funds drawn to cover CDBG-DR & MIT. program costs are to solely be used for the intended corresponding payments.  Once the Project Payment Request form is approved, the CDBG-DR & MIT. Finance Officer goes into DRGR to process and submitted the drawdown voucher. The CDBG-DR & MIT. Coordinator will approve the DRGR voucher. A DRGR voucher is not initiated until this form is approved by the Finance Officer, UPD Assistant Deputy, and DOC Director.

### 2.10 Minimizing the Time Between Drawdown and Disbursement

As per 31 CFR § 205.33, ASDOC needs to minimize the time between the drawdown of Federal funds from the Federal government and the disbursement of those funds for Federal program purposes. The CDBG-DR & MIT. Finance Officer is responsible for keeping in close communication with the (DOC) designated Treasury Grants Analyst to confirm received drawdowns and ensure timely expenditures. The coinciding CDBG-DR & MIT. Finance Officer will notify the GA of processed draw(s) and await confirmation that funds have been received by ASDOC.

CDBG-DR & MIT. Finance Officer is responsible for confirming the receipt of funds with the GA and must ensure that the funds are used accordingly to cover CDBG-DR & MIT. respective payments.  The time between the receiving of drawn federal funds and ASDOC’s payout should be minimal, meaning that the check is cut timely during the next most reasonable grant run.

Administrative drawdowns to cover costs such as payroll and supplies should be processed on a monthly basis or as needed for urgent reasons. Payroll is the most frequent draw down to be processed. Planning costs will also be done on a monthly basis or as needed for urgent reasons. All project contract payments and any other project costs will be done as needed, once a payment is initiated.

### 2.11 Maintaining Adequate Source Documentation

Adequate source documentation shall be maintained to demonstrate that funds are:

1. Comply with applicable statutory and regulatory provisions and the grant’s terms and conditions,
2. Only spent for reasonable and necessary costs, and
3. Not used for general expenses to carry out other responsibilities of general governments [24 CFR 570.490, 2CFR 200.403(g), the Notices]

ASDOC will ensure the appropriate source documentation is provided for each cost (administrative, planning, activity delivery, or direct project cost), establishes eligibility, and supports how the costs are tied back to the qualifying disaster event. All CDBG-DR & MIT. source documentation will be entered into the two management systems by a designated employee of the ASDOC CDBG-DR & MIT. Division.

Examples of source documentation include (but are not limited to):

* Contracts or Purchase Orders
* Vendor Invoices
* Request for payments
* Other applicable documentation

### 2.12 Record Retention and Access

ASDOC will maintain and store all financial, statistical, and activity records filed at the CDBG-DR & MIT. Office located at the Executive Office Building, 2nd floor DOC Office in Utulei. As per the grant’s recordkeeping requirements ([See 24 CFR § 570.490](https://www.govinfo.gov/content/pkg/CFR-2010-title24-vol3/pdf/CFR-2010-title24-vol3-sec570-490.pdf)), all files and records that document CDBG transactions must be kept and maintained for a period of **three years from closeout** of the grant or the period required by other applicable laws and regulations. When requested, these records will be made available for review:

***General Administrative records*** folder must include the following:

* Published Action Plans and amendments, certifications, etc.
* Executed grant agreement(s)
* Description, geographic location, and budget of each activity
* Eligibility and national objective determinations for each activity
* Personnel files
* HUD monitoring correspondences
* Citizen participation compliance documentation
* Environmental review records
* Document of compliance with cross-cutting requirements
* Limited English Proficiency documentation

All ***financial records*** must include the following:

* Financial policies and procedures
* Budget report
  + Revolving loan, program income, projects, administration
* Accounting journals, ledgers, & chart of accounts
* Financial source documentation
  + Purchase orders
  + Invoices
  + Receiving reports (After-installation photos)
  + Check copies
* Procurement files
  + Bids, contracts
* Real property & equipment inventory info
* Drawdown requests
* Financial reports
* Audit reports and documentation
  + Timeliness test
* Relevant financial correspondences

All ***project folders*** must include the following ***activity records***:

* Eligibility and national objective of the activity
* Subrecipient agreement (if applicable)
* Bids or contract
  + Scope of work (SOW) with procurement request form
  + Award letter
  + Contract
  + Notice to Proceed (NTP) letter to contractor
* Characteristics and location of the beneficiaries
  + Including race and ethnicity of beneficiaries
* Compliance with special program requirements
  + Environmental review/assessment
  + Public notices
  + Public comments
  + Request for release of funds and certification form
  + Environmental re-evaluations (only if necessary)
* Budget and expenditure information
* Status of the project/activity
* Relevant project activity correspondences

The ***Duplication of Benefits (DOB) records*** will include the following:

1. Overall policies and procedures of duplication of benefits under the data sharing between SBA and FEMA

The ***individual records*** must include the following upon approval:

* Documentation identifying the CDBG-DR & MIT. need
* Identification of sources of assistance
  + FEMA award letter
  + Insurance letter
  + SBA data provided to grantee
* Verification of sources of assistance
* Calculation of CDBG-DR & MIT. award

All representatives of HUD and CDBG-DR & MIT. staff have the right to access all program records. CDBG-DR & MIT. will allow reasonable access to records for the public regarding the past use of CDBG-DR & MIT. funds and ensure that units of the general local government provide reasonable access to citizens to records regarding the past use of CDBG funds consistent with state or local requirements concerning the privacy of personal records.

As per the [section above](#_2.6_Personally_Identifiable), Personally Identifiable Information, files containing personally identifiable information (PII) must be handled with secured measure. For the protection of PII, a unique identification number will be given to each file. Authorized users will only be allowed access to these files upon providing the correct ID number in addition to the individual’s name. All personal information collected will only be used for the sole purpose of administration and management of the offered services for which it was submitted. Personal information will be shared with the CDBG-DR & MIT. staff, government, HUD representatives, and/or contractors under the program. In such an event, only the information that is necessary to carry out the services under the program will be disclosed. Information will also be disclosed to parties responsible for maintaining law and public order, only if such disclosure is required by law or by a court order.

### 2.13 Determining Timely Expenditures/Reprogramming Funds

CDBG-DR & MIT. Finance Officer is responsible for determining timely expenditures through the review and reconciliation of the expenditure reports on the One Solution Financial Management System.  They are to report the financial expenditures for each account to the CDBG-DR & MIT. Coordinator on a monthly basis, due by the 15th of every month.  If the 15th falls on a weekend or Holiday, it will be due the next business day.

The UPD Assistant Deputy, CDBG-DR & MIT. Coordinator, Finance Officer, and Engineer will work in collaboration to ensure that timelines for all approved projects are in place. It is the responsibility of the Engineer to work with the Inspector to monitor monthly movement of projects. If the Finance Officer sees a lapse in expenditures for a subsequent of three months, they will alert the CDBG-DR & MIT. Coordinator, and the CDBG-DR & MIT. Coordinator will require that the Engineer report why the project has stalled or is inactive.

If expenditures are falling behind the projected expenditure schedule, corrective actions will be taken. ASDOC may decide to recapture funds and reallocate to another program or even consider funding a whole new project using the Action Plan Amendment process ([See Action Plan section](#_Action_Plan_Amendments)). When additional support is needed, ASDOC will rely on HUD feedback to determine if there are other options to address the pace of expenditures.

### 2.14 Reconciliations and Reporting

All payment and financial information will be reconciled and compiled on a monthly basis by the CDBG-DR & MIT. Finance Officer for their assigned project accounts and submitted to the CDBG-DR & MIT. Coordinator in a timely manner.  The CDBG-DR & MIT. Finance Officer is also required to generate daily detailed expenditure and revenue reports, budget summary reports, and all necessary financial reports from the OS financial system to support their monthly financial reporting.  The reports are meant to demonstrate that CDBG-DR & MIT. funds received are properly expended on intended purpose, spent reasonably within a reasonable time period, and are not used for non-related CDBG-DR & MIT. activities.

Payment and Financial Reporting will provide:

* an understanding of the timely obligation of funds,
* federal drawdowns and issuance of ASDOC checks.

### 2.15 Improper Payments

Improper payments mean any payment that should not have been made or that was made in an incorrect amount such as overpayments or underpayments under statutory, contractual, administrative, or other legally applicable requirements and includes payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received disregarding payments authorized by law where insufficient documentation prevents a reviewing from discerning whether a payment was proper.

The following is a list of ineligible costs for grant or match funding:

* Individuals, homes, or projects not approved upon review as beneficiaries or projects in the application;
* Purchase of equipment that are not permanently installed at the designated location;
* Purchase of materials that are not used for the approved project upon review;
* The cost of obtaining;
* Projects that have not received approval through environmental assessment or clearance for Release of Funds (ROF);
* Funds benefitting political campaigns;
* Funds for costs associated with government operations,

Should there be any special or unusual costs, the Sub-recipient or ASDOC must seek written approval before taking any action. To ensure that the program expenditures do not result in improper payments, the CDBG-DR & MIT. Finance Officer will complete a CDBG-DR & MIT. checklist prior to approving each claim request. If there is any indication that an improper payment has been made, ASDOC will return funds to their Line of Credit Control (LOCC) as Program Funds.

### 2.16 Period of Performance

It is the understanding of ASDOC, that the life of the CDBG-DR & MIT. grant awarded to ASDOC for Tropical Cyclone Gita is for a period of twelve (12) years. The 12-year period begins after the grant agreements are signed between HUD and ASDOC. To ensure that ASDOC meets the timeliness requirements, it is the responsibility of the CDBG-DR & MIT. Coordinator to work with CDBG-DR & MIT. staff to provide timeline forecasts for all projects, administration and planning costs. The CDBG-DR & MIT. Engineer is to report bi-monthly to the CDBG-DR & MIT. Manger, due every 10th of each month an update of all projects. If the 10th falls on a weekend of Holiday, it is due the next business day. All payments processed during this period of performance must comply with CDBG-DR & MIT. regulations. Each CDBG-DR & MIT. account will be assigned to a Finance Officer to assist in planning, coordinating and monitoring expenditures.  Quarterly reports are designed to identify any projects delays that needed to be addressed.

# **3. Program Income**

### 3.1 Definition and Use of Program Income

The definition and use of Program Income for CDBG programs is addressed in [24 CFR 570.489 (e)](https://www.govinfo.gov/content/pkg/CFR-2012-title24-vol3/pdf/CFR-2012-title24-vol3-sec570-489.pdf). Program income is defined as gross income (in excess of $35,000 in a year) received by a state, a unit of general local government, or a Subrecipient of a unit of general local government that was generated from the use of CDBG funds in a single calendar year (with a few exceptions). When the income is generated by an activity that is partially assisted with CDBG funds, the income will be prorated to reflect the percentage of CDBG funds used.

Examples of program income include, but are not limited to:

* Proceeds from the sale or long-term lease of real property purchased or improved with CDBG funds.
* Proceeds from the disposition of equipment purchased with CDBG funds.
* Gross income from the use or rental of property acquired by DED or a Subrecipient with CDBG funds, less the costs incidental to the generation of such income.
* Gross income from the use or rental of property owned by DED or a Subrecipient that was constructed or improved with CDBG funds, less any costs incidental to the generation of such income.
* Proceeds from the sale of obligations secured by loans made with CDBG funds.
* Interest earned on program income, pending disposition of such program income
* Funds collected through special assessments made against nonresidential properties and properties owned and occupied by households not low- and moderate-income, where the special assessments are used to recover all or part of the CDBG–DR portion of a public improvement.
* Gross income paid to a State, local government, or a Subrecipient thereof, from the ownership interest in a for-profit entity in which the income is in return for the provision of CDBG–DR assistance

Program Income does not include:

* Funds that are less than $35,000 in a single year.
* Amounts generated by activities eligible under section 105(a)(15) of the HCD Act and carried out by an entity under the authority of section 105(a)(15) of the HCD Act.

### 3.2 Accounting, Tracking, and Maintaining Program Income

Currently, ASDOC anticipates that there may be program income received through the Housing project. ASDOC’s Housing project will have their affiliated territorial bank issuing loans through their Memorandum of Agreement (MOA)[[1]](#footnote-2). The interest on the loans will be considered program income.

Program income will be tracked using the One Solution Management System. Finance Officer will initiate a BUD 202 to create three separate accounts of similar coding. BUD 202 is approved from the following ASG department agencies:

* *Department of Commerce*
* *Budget Office*
* *Department of Treasury*

BUD 202 is the authorizing document used to establish an account for a new grant award. In order to initiate this process, the grant recipient must first submit the BUD-202 to the Budget Office, along with other supporting documents. Specifically, the BUD-202 package should include the following documents.

* *BUD-202 (completed and authorized)*
* *Grant award letter issued*
* *Final grantor-approved budget*
* *Grant narrative (project description)*
* *Grant terms and conditions*
* *Budget Office*

The Budget Analyst reviews the BUD-202 for completeness and accuracy. Supporting documents provided will serve as justification that the grant award has been issued. The Budget Office will return all incomplete packages for further action should the CDBG-DR & MIT. Office fail to deliver all required documents. When a completed is submitted and reviewed, a decision will then be determined by the Budget Director. If approved, documents are forwarded over to the Department of Treasury for the initiation of account. If denied, the Budget Office will provide reason(s) for returning the package and the CDBG-DR & MIT. Finance Officer is to assemble all missing documents.

Once the account has been created, all payments collected from borrowers/applicants will be directly paid to the Territorial Bank of American Samoa or Revenue Office at the Executive Office Building depending on the payment method stated on the ‘Memorandum of Understanding’. All payments will be noted within the program income account in the One Solution Management System. All payment transactions completed, the borrower/applicant must submit a copy of the receipt to the Department of Commerce for their records by the tenant/applicant and the Disbursing Office designee will key in this transaction onto One Solution.

All program income payments are recorded in a separate filing folder per applicant, maintained by the CDBG-DR & MIT. Finance Officer, and balanced with the One Solution Management system. In the OS financial system, there will be one program income revenue account for the Housing project that mirrors the associated Housing project expenditure account. The account title will state program income to distinguish from other revenue accounts.

When program income requirements are applicable to the revenue received, the following will be met:

* Income, refunds, or rebates that are generated will be used before drawing down additional program funds.
* Report program income quarterly and will be subject to applicable rules, regulations, and HUD guidance.

### 3.3 Receipting Program Income Into DRGR

Program income is also recorded in the appropriate database (DRGR) and used prior to drawing down Program Funds. Internal program income reports, One Solution tracking, and DRGR MicroStrategy reports are balanced monthly and certified by the Finance Officer and CDBG-DR & MIT. Coordinator to ensure accurate and timely reporting of program income.

Program income will be redeployed within the program category in which it was generated to cover all costs and purchases eligible for Housing, Infrastructure, or Economic Development. Program income will be redeployed into the activity to cover unmet needs not addressed with the initial funding.

All program income received after grant closeout shall be used for activities that meet requirements identified in Federal Registered (FR) notices.

### 3.4 Program Income from Subrecipients

At the moment, there are no subrecipients being funded under this grant. If, for any project, subrecipients are eligible and program income is collected through the sub-recipient, it will continue to be utilized by the sub-recipient provided that any existing subrecipient agreement continues to have unmet needs seeking financial assistance. Should the sub-recipient fulfill all unmet needs, the collected program income will be retained and redeployed into another activity within the program category and utilized accordingly based on priority unmet needs not yet addressed. Upon receiving program income, funds will be redeployed within the activity prior to approving drawdowns of CDBG-DR & MIT. funds.

# **4. Action Plan Amendments**

### 4.1 Revision of Budget and Program Plans

The revision of any and all Action Plan budget and programs will be based on a scheduled bi-annual assessment of each project’s status and if the progress is or is not meeting the initial timeline. It will be at the discretion of the DOC Director, UPD Assistant Deputy and CDBG-DR & MIT. Coordinator to have the discussion to make revisions, with the compliance input of the CDBG-DR & MIT. Internal Auditor. In the need to, a conversation can happen as often as needed to discuss a revision. All revisions will require the submission of a substantial or non-substantial amendment with the assurance that required citizen participation and program rules are met. Once a revision request is approved, changes are to be made in DRGR by the CDBG-DR & MIT. Finance Officer.

### 4.2 Substantial Amendment

A substantial amendment is prompted when the following modifications occur:

* Change in program benefit or eligibility criteria;
* Allocation or reallocation of more than $1 million;
* Addition or deletion of an activity; or
* Any other criteria as established by the American Samoa Government in its CDBG-DR & MIT. Action Plan.

Any changes to the approved budget, scope or objectives of a CDBG-DR & MIT. funded project requires prior approval in writing from HUD.  The CDBG-DR & MIT. Coordinator shall review and determine if the proposed modification triggers a Substantial or a Non-Substantial Amendment to the budget and program plans.  All amendments (both substantial and non-substantial) must be posted on the CDBG-DR & MIT. website for transparency. Every amendment, regardless of type, must be numbered sequentially and posted on the CDBG-DR & MIT. website.

ASDOC will provide updates to its HUD representatives on pending action plan amendments through regularly scheduled meetings, ad-hoc telephone calls, and emails. ASDOC may request technical assistance from HUD on pending amendments and whether an amendment is substantial or non-substantial.

If one or more of the above modifications are identified, then the following procedures shall be adhered to request approval from HUD.

1. ASDOC will amend the current action plan by drafting new language, modifying or deleting existing language; to modify, delete, or create new activities; or to reprogram CDBG-DR & MIT. funds.
   1. Staff can utilize [HUD’s action plan checklist](https://www.hudexchange.info/resource/5058/pl-114-113-risk-analysis-and-action-plan-checklists/) as a guide before authoring the amendment.
2. ASDOC will publish the amendment for public comment ([See Public Comment section](#_Public_Comment/Publication_of))
   1. Make sure to document the posting/announcement to the public of the amendment’s existence and invitation to comment.
   2. Complete a 30-day Public Notice Period.  The notice must be posted on the CDBG-DR & MIT. web-page for public comments;
3. ASDOC will submit amendment to HUD. The proposed amendments, together with a cover letter, will be sent for review to: [Disaster\_Recovery@hud.gov](mailto:Disaster_Recovery@hud.gov)
4. No changes will be made to the local budget, scope or objectives until an official approval is received from HUD.  This is normally done in the form of an approval letter.
   1. Posting the approved amendment (including HUD revisions) on CDBG-DR & MIT. website with HUD approval letter
   2. The recent HUD approved amendment is the current version of ASDOC’s action plan.
5. ASDOC will finalize changes in both the OS Management System and in HUD’s DRGR system.

### 4.3 Public Comment/Publication of the Action Plan

Before ASDOC can approve and submitted to HUD any changes to the Action Plan for this grant, they will publish the proposed plan or amendment. The draft Action Plan will be posted on the official CDBG-DR & MIT. website and must afford citizens, affected local governments, and other interested parties a reasonable opportunity to examine the contents of the plan. ASDOC will notify the public through electronic mailings, press releases, statements by public officials, media advertisements, and/or public service announcements. The Action Plan Amendment will be made accessible to all persons who want to receive information about the programs. All substantial amendments are subject to a 30-day public comment period. ASDOC will consider all comments, received orally or in writing, on any substantial amendment. A summary of these comments and ASDOC’s response will be submitted to HUD with the action plan or substantial amendment*.*

### 4.4 Non-Substantial Amendment

A non-substantial amendment does not meet any of the modifications listed under a substantial amendment. As per the regulations:

“The grantee must notify HUD, but is not required to seek public comment, when it makes any plan amendment that is not substantial. HUD must be notified at least 5 business days before the amendment becomes effective. However, every amendment to the action plan (substantial and nonsubstantial) must be numbered sequentially and posted on the grantee’s website. The Department will acknowledge receipt of the notification of nonsubstantial amendments via email within 5 business days.”

Once the CDBG-DR & MIT. Coordinator confirms that an amendment is non-substantial:

1. An email explaining the non-substantial amendment is sent to the CDBG-DR & MIT. HUD Representative ([DisasterRecovery@hud.gov](mailto:DisasterRecovery@hud.gov)) as required to acknowledge the amendment.
   1. Individuals who all need to be copied in this email communication will include the DOC Director, CDBG-DR & MIT. Oversight Management Coordinator, and the Finance Officer.
   2. There are no citizen participation requirements for a non-substantial amendment.
2. ASDOC will then publish the amendment on the CDBG-DR & MIT. website
3. ASDOC will finalize changes in both the OS Management System and in HUD’s DRGR system

# **5. Procedures to Maintain a Comprehensive Website**

To maintain a comprehensive DR & MIT website, HUD’s notice in [83 FR 40317](https://www.govinfo.gov/content/pkg/FR-2018-08-14/pdf/2018-17365.pdf) states that certain content be included on ASDOC’s CDBG–DR website. ASDOC must maintain on its comprehensive DR & mitigation website information containing common reporting criteria…that permits individuals and entities awaiting assistance and the general public to see how all grant funds are used, including copies of all relevant procurement documents, grantee administrative contracts, and details of ongoing procurement processes, as determined by HUD.

Details pertaining to the CDBG-DR & MIT. program will be available on the Department of Commerce [DR & Mitigation website](https://doc.as/community-development-block-grant-disaster-recovery-cdbg-dr/). CDBG-DR & MIT. information will be posted under the Planning and Grants section and will have a separate page for the Community Development Block Grant (CDBG) program.

The CDBG-DR & MIT. Coordinator will oversee and be responsible for assigning the duties of maintaining the website to staff for submitting information to the DOC website Administrator (make sure this is still accurate)to upload. The page will be updated as often as needed and reviewed on the first of every month for needed changes, edits, and additions. If the first of the month falls on a weekend or holiday, it will be reviewed on the next business day. Updates to the information posted to the website will be made on a monthly frequency.

The website will include but not limited to the following:

* General Information
  + Describing the CDBG-DR & MIT. program and who administers the program.
    - List of program staff, their titles, and the latest organizational chart
  + Applicable Regulations
    - Notice of the CDBG-DR & MIT. federal award to ASDOC for the 2018 Tropical Cyclone Gita
  + CDBG-DR & MIT. Unmet Needs Assessment
  + Current CDBG-DR & MIT. Action Plan and Amendments
  + CDBG-DR & MIT. Announcements of Public Hearing(s)
  + Citizen Participation Plan and Requirements
  + CDBG-DR & MIT. Appeals Procedure
  + CDBG-DR & MIT. Citizen Complaint Procedures
* Grant and Program Policies
  + Information on each CDBG-DR & MIT. program, eligibility requirements, and steps to apply
  + Procurement policy
  + Financial policy
* Summary of all Procurement Contracts
  + List of procurements
  + Phase of the procurement
  + Proposal requirements
  + All awarded contracts (as per FFATA requirements)
* Grant Reporting
  + Performance Reports
  + Quarterly Reports on Expenditures

# **6. Procurement Policy**

As per [86 FR 569](https://www.govinfo.gov/content/pkg/FR-2021-01-06/pdf/2020-29262.pdf), HUD amended the Prior Notices and waives the provisions of 24 CFR part 570, subpart F to authorize the Commonwealth of the Northern Mariana Islands and American Samoa to administer its CDBG–DR allocation in accordance with the regulatory and statutory provisions governing the State CDBG program, as modified by rules, statutes, waivers, and alternative requirements made applicable by Federal Register notices.

As the administering agency for American Samoa Government, DOC will ensure that all CDBG-DR & MIT. purchases and contracts must adhere to both federal and local procurement rules. American Samoa Government will follow its own procurement processes and standards for goods and services procured directly and is paid in whole or in part with CDBG funds.

For reference to complete local procurement laws, refer to the American Samoa Government Procurement Rules: Administrative Code Title 10 ([Chapter 02 - Procurement](https://new.asbar.org/regulation-section/title-10-public-works-and-contracts/chapter-02-procurement/), [Title 10 - Public Works and Contracts](https://new.asbar.org/regulation-section/title-10-public-works-and-contracts/)). Applicable excerpts have been added to this section below.

|  |  |  |  |
| --- | --- | --- | --- |
| **2 CFR Statutory Citation** | **Statutory Requirements** | **ASDOC Procurement Policy** | **ASDOC Responsible Staff** |
| 2 CFR 200.318(a) | Documented procurement standards | Title 10 - [Public Works and Contracts](https://new.asbar.org/regulation-section/title-10-public-works-and-contracts/) | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.318(b) | Contractor oversight | 10.0280 [Responsibilities](https://new.asbar.org/regulation/10-0280-responsibilities/). | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.318(c) | Conflict of interest provisions | 10.0292 [Standards of ethical conduct](https://new.asbar.org/regulation/10-0292-standards-of-ethical-conduct/). | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.318(d) | Avoidance of unnecessary acquisition | Excerpt from 2 CFR 200 cited below. | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.318(e) | Promotion of economy (intergovernmental agreements / inter-entity agreements) | Excerpt from 2 CFR 200 cited below. | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.318(f) | Excess and surplus property | 10.0211 [Chief Procurement Officer](https://new.asbar.org/regulation/10-0211-chief-procurement-officer/).(d)(3)(b) | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.318(g) | Value engineering clauses | Excerpt from 2 CFR 200 cited below. | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.318(h) | Responsible Contractors | 10.0233 [Qualifications and duties](https://new.asbar.org/regulation/10-0233-qualifications-and-duties/). | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.318(i) | History of Procurement | Excerpt from 2 CFR 200 cited below. | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.318(j) | Use of Time and Material Contracts | 10.0234 [Types of Contracts](https://new.asbar.org/regulation/10-0234-types-of-contracts/). | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.318(k) | Settlement of contractual and administrative issues | 10.0282 [Disputes and appeals](https://new.asbar.org/regulation/10-0282-disputes-and-appeals/). | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.319 | Competition | 10.0242 [Maximum Practicable Competition](https://new.asbar.org/regulation/10-0242-maximum-practicable-competition/). | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.320 | Types of Procurement | 10.0231 [Methods of source selection](https://new.asbar.org/regulation/10-0231-methods-of-source-selection/). | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.321 | MBE/WBE Surplus provisions | Excerpt from 2 CFR 200 cited below. | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.322 | Domestic preferences for procurements | Excerpt from 2 CFR 200 cited below. | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.323 | Procurement of recovered materials | Excerpt from 2 CFR 200 cited below. | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.324 | Contract cost and price | Excerpt from 2 CFR 200 cited below. | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.325 | Federal Pass through | Excerpt from 2 CFR 200 cited below. | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.326 | Bonding | 10.0250 [Construction](https://new.asbar.org/regulation/10-0250-construction/).(c) | ASDOC CDBG-DR & MIT. Procurement Officer |
| 2 CFR 200.327 | Federal contract provisions | 10.0206 [Applicability](https://new.asbar.org/regulation/10-0206-applicability/). | ASDOC CDBG-DR & MIT. Procurement Officer |

### 6.1 Procurement Organization & Staff

The chief procurement officer heads the Office of Procurement in the department of Administrative Services and serves as the central procurement official of the American Samoa Government and is authorized to:

* 1. Adopt operational procedures or rules governing the internal functions of his office.
  2. Adopt and maintain rules for the government as necessary and appropriate for the implementation of Chapter 12.02 ASCA governing the procurement, management, control and disposal of all construction, goods, and services procured by a governmental body.
  3. Except as otherwise specifically provided in this chapter, in accordance with rules adopted.
     1. Procure or supervise procurement of all construction, goods, and services needed by the government;
     2. Exercise general supervision and control over all inventories of goods belonging to the government;
     3. Sell, trade, or otherwise dispose of goods, surplus to the government, and serve as the head of the American Samoa agency for Surplus Property responsible for acquiring surplus federal property under the Federal Property and Administrative Services Act, as amended; and
     4. Established and maintain programs for the inspection, testing and acceptance of construction, goods, and services;
  4. Assist in providing technical assistance, including training, necessary to ensure uniform implementation of the rules in this chapter.
  5. Supervise the conduct of management reviews to monitor compliance with the rules in this chapter (Chapter 2) and initiate corrective action, as required.

### 6.2 Procurement Definitions

As used in this article, the following definitions shall apply:

1. “Bidding time” means the time between the issuance of a solicitation and the opening of bids or the due date for proposal.
2. “Cost-reimbursed for contract” means a contract under which a contractor is reimbursed for costs which are allowable and allocable in accordance with the contract terms and a fee, if any.
3. “Firm-fixed-priced contract” means a contract under which a contractor agrees to perform the work required for a price which is not subject to any adjustment.
4. “Offer or” means a person who has submitted a proposal in response to a request for proposal.
5. “Purchase description” means the words used in a solicitation to describe the construction, goods, or services to be procured.
6. “Request for Proposals” means all documents utilized for soliciting proposal under the negotiation method of procurement.

### 6.3 Procurement Methods

It is [the policy](https://new.asbar.org/regulation/10-0231-methods-of-source-selection/) of the American Samoa Government to conduct all purchases and procurement actions in a manner that provides maximum open and free competition. Unless otherwise authorized by law, all government contracts shall be executed by competitive sealed bidding, in accordance with Subsection 10.0231, except as provided in:

1. Subsection 10.0231 (c) for small purchases;
2. Subsection 10.0231 (e) for negotiation; or
3. Subsection 10.0231 (f) for emergency procurements.

*Subsection 10.0231 (c) - Small purchases*

Any procurement not exceeding $10,000 including purchases made using impress funds shall be made using simplified small purchase procedures promulgated by the chief procurement officer. Procurement requirements may not be artificially divided so as to constitute a small purchase under this subsection and circumvent other source selection rules required under this section.

*Subsection 10.0231 (d) - Competitive sealed bidding*

1. Conditions for use. Contracts shall be awarded by competitive sealed bidding except as provided in 10.0231(b).For this method to be used, the following conditions shall be present.
   1. A clear, complete, accurate, and realistic purchase description or specification for the good or service to be procured is available;
   2. The purchase description or specification does not contain unnecessarily restrictive requirements or features which may unduly limit the number of bidders;
   3. Two or more responsible bidders are willing and able to submit bids for the procurement; and
   4. The procurement requirements can be defined with sufficient accuracy so that a firm-fixed price contract can be executed, and selection of the successful bidder can be made principally on the basis of price.
2. Invitation for Bids. An invitation for bids shall be issued and shall include:
   1. Request for Proposals number
   2. Date of issuance.
   3. Name, address, and location of issuing office including room and building where bids must be submitted.
   4. Date, hour, and place of bid opening.
   5. A purchase description and/or specification for the goods or services to be procured in sufficient detail to permit full and open competition and allow bidders to properly respond to the invitation. Description and specifications shall conform to the requirements in Section 10.0243.
   6. Quantity of goods or services to be furnished.
   7. Time, place, and method of delivery or performance requirements.
   8. All requirements bidders must fulfill and other factors (if any) to be used in evaluation bids.
   9. Clauses required by Subsection 10. 0260 (d) of Section 10.0260.
   10. Bonding requirements for construction as required by subsection 10.0250 (b).
   11. Local preference evaluation factors when required by subsection 10.0272.
   12. Optional form (OF) 17, sealed bid label.
3. Public notice. Public notice of the Request for Proposals shall be made at least one week prior to issuance date of the invitation. Such notice shall be furnished to all suppliers of the goods or services being procured who have requested to be included in bidders mailing lists; shall be published in a newspaper of general circulation in American Samoa, and foreign newspaper if required; and displayed at the office of the chief procurement officer, the U.S. Post Office, and at other appropriate public places. The notice shall contain:
   1. Request for Proposals number.
   2. Adequate description of the types and quantities of goods and services to be furnished.
   3. Information on how to obtain copies of the Request for Proposals, including any charges as required by subsection 10.0250(a).
4. Bidding time. A reasonable time for prospective bidders to prepare and submits bids shall be allowed in all invitations, consistent with the needs of the government. A bidding time of 30 calendar days shall be provided, unless the chief procurement officer determines a shorter period is reasonable and necessary.
5. Bidders mailing list. A list of potential bidders and suppliers requesting copies of invitations for bids in response to public notices shall be compiled and maintained by the chief procurement officer.
6. Bid receipt. Bids, where received at the location specified in the Request for Proposals, prior to the time set for opening, shall be kept unopened and secure in a locked receptacle. Bids which are opened by mistake shall be resealed in the envelope and the person who opened the bid shall write his signature and title on the envelope and deliver it to the chief procurement officer. No information contained in the bid shall be disclosed prior to bid opening.
7. Bid opening. The bid opening official designated by the chief procurement officer shall determine when the time established for bid opening in the Request for Proposals has arrived and shall so declare to those present including at least one or more witnesses from government. All bids received prior to the time set for bid opening shall then be publicly opened, read aloud to the persons present, and recorded as to the name of the bidder and the amount of each bid.
8. Recording of bids. The Request for Proposals number, bid opening date, names and addresses of bidders, prices bid, and evaluation as may be required by subsection 10.272 shall be entered in an abstract or record and shall be open to public inspection by interested persons. The record shall be completed as soon as practicable after the bid opening and the bid opening official shall certify the accuracy of the record.
9. Bid Acceptance and evaluation. Bids shall be unconditionally accepted without alteration or correction except as authorized under paragraph (10) or (11). Bids shall be evaluated based on the requirements set forth in the Request for Proposals, which may include criteria as is necessary to reasonably permit a determination as to the acceptability of the bid. No criteria may be used in bid evaluation that are not set forth in the Request for Proposals.
10. Bid rejection. A bid may be rejected for any of the following reasons, as determined in writing by the chief procurement officer:
    1. Failure to conform to essential requirements of the Request for Proposals such as specifications or time of delivery.
    2. Imposition of conditions or restrictions in the bid which modify requirements of the invitation or limit the bidders liability to the government. For example, bids shall be rejected in which the bidder:
       1. Protects against future changes in conditions. Such as increased costs;
       2. Fails to state a price and indicates that price shall be the price in effect at time of delivery;
       3. States a price but qualifies it as subject to price in effect at time of delivery;
       4. Limits the rights of the government under any Request for Proposals provisions. A low bidder may be requested to delete objectionable limitations from a bid provided such conditions do not affect price, quantity, quality, or delivery of the goods or services offered.
    3. Unreasonableness as to price.
    4. (d) A low bid from a non-responsible bidder as determined in accordance with section 10.0233.
    5. (e) Failure to furnish a bid guarantee as required by subsection 10.0250(b).
11. Correction or withdrawal of bids; cancellation of awards. Correction or withdrawal of inadvertently erroneous bids, before or after award, or cancellation of awards or contracts based on such bid mistakes must be supported by a written determination made by the chief procurement officer and approved by the Attorney General or designee. After bid opening, no changes in bid price or other provisions of bids prejudicial to the interest of the government or fair competition shall be permitted. A suspected bid mistake requires the government to request confirmation of the bid. Where there is an appearance of an obvious mistake, the bidder shall be requested to reconfirm the bid prior to award. In such an instance, if the bidder alleges an error the government shall only permit correction of the bid or withdrawal of the bid in accordance with subparagraph (A) or (B) below.
    1. Correction of bids. Correction of bid shall only be permitted when:
       1. An obvious clerical mistake is clearly evident from examining the bid document. Example of such mistakes are: obvious misplacement of a decimal point; errors in extension of unit prices; errors in addition; and obvious mistakes in designation of a unit or
       2. The otherwise low bidder alleges a mistake and the intended bid is evident from the bid document or is otherwise supported by clear and convincing evidence in the form of bid worksheets or other information which supports the bid intended and the bid, as corrected, remains the low bid. A low bid may not be per to correct a bid mistake resulting from an error in judgment.
    2. Withdrawal of bids. Withdrawal of a bid shall only be permit where the otherwise low bidder alleges a mistake and there is clear and convincing evidence as to the existence of a mistake but not as to the bid intended.
    3. Cancellation of awards. Cancellation of awards or contracts shall only be permit when:
       1. Evidence as to the existence of the mistake is not discovered until after award;
       2. There exists no clear and convincing evidence to support the bid intended; and
       3. Performance of the contract at the award price would be unconscionable.
12. Award. A contract shall be awarded with reasonable promptness by written notice to the lowest reasonable, responsive, responsible bidder whose bid fully meets the requirements of the Request for Proposals and the rules set forth in this chapter. Unsuccessful bidders shall be promptly notified.
13. Negotiation after opening of bids. After the opening of bids, if all bids exceed available funds as certified under section 10.0221, and the bid of the lowest responsive and responsible bidder does not exceed those funds by more that 5%, and time and economic considerations preclude re-solicitation of the work at a reduced scope, the chief procurement officer is authorized to negotiate an adjustment of the bid price, including changes in Request for Proposals requirements, with the lowest responsive and responsible bidder in order to bring the bid price within the amount of the available funds. The negotiation of the price and changes in bid requirements shall be documented in written determination made by the chief procurement officer and included in the contract file.

*Subsection 10.0231 (e) - Negotiation*

Competitive

1. Conditions for use. Contracts may be awarded by competitive negotiation when the chief procurement officer determines in writing that the use of competitive sealed bidding under subsection 12.0231(d) is not practicable because of the nature of the goods or services to be procured.
2. Requests for proposals. A request for proposals shall be issued and shall include:
   1. Request for proposal number.
   2. Date of Issuance
   3. Name, address, and location of issuing office including address for submission of proposals.
   4. Date for submission of proposals.
   5. Description of the required goods or services to be procured.
   6. Evaluation criteria to be used by the government in evaluating proposals on a technical and cost basis. The relative importance of the evaluation criteria shall be stated so all offerors clearly understands the basis of award.
   7. Instructions for offerors to use in submitting technical and cost proposals, including number of copies required.
   8. Quantity of goods or services to be furnished.
   9. Time, place, and method of delivery or performance requirements
   10. Clauses required by section 10.0260
3. Public Notice. Public notice shall be made in accordance with paragraph 10.0231(d) (3).
4. Proposal times. Proposal times shall conform to the requirements in paragraph 10.0231(d) (4).
5. Offerors mailing list. A list of prospective offerors shall be prepared in accordance with the requirements of paragraph 10.0231(d) (5).
6. Receipt of proposals. Proposals shall be opened and used only by government personnel authorized to participate in evaluation. No information contained in a proposal shall be disclosed to the public until after contract award. Proposals shall be protected so as to avoid disclosure of contents to competing offerors.
7. Evaluation. Proposals shall be evaluated by the government in accordance with the evaluation criteria contained in the request for proposals. No other criteria may be used. The results of the evaluation shall be documented and a determination shall be made by the Chief procurement officer of those responsible offerors whose proposals are reasonably susceptible of being selected for award. The determination shall be included in the contract file.
8. Discussions. Discussions shall be conducted with those responsible offerors whose proposals are determined by the chief procurement officer to have a reasonably susceptible chance of being selected for award. These discussions shall be conducted for the purpose of obtaining clarification from the offeror on its proposal to ensure full understanding of, and responsiveness to the request for proposal requirements. Discussions shall be conducted individually with each offeror and care shall be exercised to ensure that no information derived from competing offerors proposal is disclosed. All offerors with whom discussions are conducted shall be afforded the same time period to revise their proposals and submit a best and final offer to the government based on the discussions.
9. Final offers. Best and final offers received from offerors shall be evaluated by the government using the evaluation criteria contained in the request for proposals and the results shall be documented and included in the contract file.
10. Award. Award shall be made to the responsible offeror whose proposal is determined in writing by the chief procurement officer to be most advantageous to the government considering price and the evaluation criteria contained in the request for proposal. Unsuccessful offerors shall be promptly notified.

Noncompetitive

1. Conditions for use. Contracts may be awarded without competition when the chief procurement officer determines in writing that award of a contract is infeasible under small purchase, competitive sealed bidding, or competitive negotiation procedures and that there is only one source available to furnish the required construction, goods, or services. The written determination shall be prepared by the requisition initiator and shall contain the following information:
   1. The unique capabilities of the source that are required why they are required, and the degree of consideration given to other sources.
   2. The facilities or equipment of the source that are required, why they are required and if they are unavailable from other sources.
   3. Whether the work is a continuation of contract work previously performed by the source and the additional time, expense, or duplication of effort required to bring another source up to that level.
   4. Whether drawings or specification suitable for competitive negotiation are available. If unavailable, explain why and the time and expense required to develop them.
   5. Other sources given consideration and specific reasons why they lack the qualifications required for the procurement.

*Subsection 10.0231 (f) - Emergency Procurement*

Conditions for use. Notwithstanding any other provision of this chapter, the governor may make or authorize a governmental body to make an emergency procurement where there exists a threat to public health, welfare, or safety under emergency conditions as defined under Section 26.0105(d) ASCA. An emergency procurement must be as competitive as practicable under the circumstances.

Documentation. A written determination describing the basis for the emergency, the extent of competition obtained, and the basis for selection of a particular contractor shall be prepared, reviewed by the Attorney General, and approved by the Governor, before contract award. The determination shall be included in the contract file.

### 6.4 Other Regulations to follow from 2 CFR Part 200

*2 CFR 200.318(d) – Avoidance of unnecessary acquisition*

ASDOC’s procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

*2 CFR 200.318(e) – Promotion of economy (intergovernmental agreements / inter-entity agreements)*

To promote cost-effective use of shared services across the Federal Government, ASDOC will consider entering into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.

*2 CFR 200.318(g) – Value engineering clauses*

If applicable, ASDOC will use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions.

*2 CFR 200.318(i) – History of Procurement*

ASDOC will maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

*2 CFR 200.321 – Contracting with MBE/WBE*

ASDOC will take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps must include:

1. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
2. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
4. Establishing delivery schedules, where the requirement permitted, which encourage participation by small and minority businesses, and women's business enterprises;
5. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (b)(1) through (5) of this section.

*2 CFR 200.322 – Domestic preferences for procurements*

As appropriate and to the extent consistent with law, ASDOC should, to the greatest extent practicable under a [Federal award](https://www.law.cornell.edu/definitions/index.php?width=840&height=800&iframe=true&def_id=081a194046528468942c369470c2966a&term_occur=999&term_src=Title:2:Subtitle:A:Chapter:II:Part:200:Subpart:D:Subjgrp:28:200.322), provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United [States](https://www.law.cornell.edu/definitions/index.php?width=840&height=800&iframe=true&def_id=3d66cac5fd675bfc76ede4888b240176&term_occur=999&term_src=Title:2:Subtitle:A:Chapter:II:Part:200:Subpart:D:Subjgrp:28:200.322) (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all [subawards](https://www.law.cornell.edu/definitions/index.php?width=840&height=800&iframe=true&def_id=cd3b6bbdd85489e2f50207d7536faf9a&term_occur=999&term_src=Title:2:Subtitle:A:Chapter:II:Part:200:Subpart:D:Subjgrp:28:200.322) including all [contracts](https://www.law.cornell.edu/definitions/index.php?width=840&height=800&iframe=true&def_id=646059bc8aa88050a7cb06464725dfbb&term_occur=999&term_src=Title:2:Subtitle:A:Chapter:II:Part:200:Subpart:D:Subjgrp:28:200.322) and purchase orders for work or products under this award.

*2 CFR 200.323 – Procurement of recovered materials*

If applicable, ASDOC will comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in the guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired during the preceding fiscal year exceeded $10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

*2 CFR 200.324 – Contract cost and price*

DOC will perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.

*2 CFR 200.325 – Federal Pass through*

If applicable, ASDOC will make available upon request documentation regarding procurements to the Federal awarding agency.

### 6.5 Legal Opinion of CDBG Procurement Policy

ASDOC plans to have their attorney submit a signed letter to certify that the procurement policies are sufficient for managing the CDBG-DR & MIT. grant and enable full and open competition on all contracts. Will be attached on a future version of this policy.

# **7. Sub-Recipients (Applicability to this Grant)**

At this time, American Samoa does not intend to have Sub-Recipients as part of this program. If there CDBG-DR & MIT. has any Sub-Recipients, the Sub-Recipients will be required to pay for all financial transaction and submit documentation and request to ASDOC for reimbursement. Any reimbursement payments will be subject to thorough review and processing before paid out.

All Sub-Recipients must be informed of the 2CFR part 200, Subpart F audit requirements at the time of the subaward. The CDBG-DR & MIT. Procurement Officer must ensure that every Sub-Recipients is audited as required by Subpart F, when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the $750,000 expenditure threshold.

It is required that CDBG-DR & MIT. program ensure that the subrecipients take timely and appropriate action on all deficiencies pertaining to HUD awards it provided to subrecipients that were detected through audits, on-site reviews, and other means in reference to 2 CFR 200.331(d)(2). This should be part of the quarterly monitoring.

CDBG-DR & MIT. staff must advise the Sub-Recipient to take timely and appropriate action on all deficiencies pertaining to HUD awards it provided to subrecipients that were detected through audits, on-site reviews, and other means as references in 2 CFR 200.331(d)(2). This should be addressed during any pre-con meetings after the awarding of a contract.

# **8. Duplication of Benefits Policy**

### 8.1 Definition and Application

Duplication of Benefits (DOB) apply when there is DR & mitigation assistance provided by multiple sources.  Such multiple sources include Federal Emergency Management Agency (FEMA), the National Flood Insurance Program (NFIP), the Small Business Administration (SBA), private insurance companies, nonprofits, city, state, etc., for a cumulative amount exceeding the total need for a specific DR & mitigation purpose.  In ASDOC’s case, this is specifically for multiple sources pertaining to Tropical Storm Gita.  DOBs are also applicable when there’s more total assistance than what’s needed for that type of assistance. Individuals, businesses, government and other entities are all subject to DOB requirements.  The amount of duplication is the amount of assistance provided in excess of need.

### 8.2 Purpose and Responsibilities

In accordance with Section 312 (42 U.S.C. 5155) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, DR & mitigation funds may not be used for costs where other assistance was already provided for the same purpose if no unmet need remains.  The American Samoa Government shall enforce this policy to ensure no duplication of benefits are paid by local or federal agencies on behalf of its citizens.  This policy shall help ensure CDBG-DR & MIT. awards are necessary and reasonable, monitored for compliance, and funds recaptured if duplication is discovered.

The American Samoa Department of Commerce on behalf of the American Samoa Government will be the award recipient and is held responsible for ensuring all CDBG-DR & MIT. requirements are met.  The ASDOC Director, is ultimately responsible for ensuring compliance with requirements.  The CDBG-DR & MIT. division of ASDOC will also handle program management services and activities.  The following projects are overseen by ASDOC: Housing Rehabilitation and/or Reconstruction Program, Infrastructure Program, Economic Development Program as authorized by the US Department of Housing and Urban Development.

As program administrator, the ASDOC will conduct the required analyses and determine any DOB as noted below and detailed in each program’s policies and procedures. ASDOC internal auditors will monitor DOB compliance during audit activities.

### 8.3 Duplication of Benefit Determination

The following steps must be followed accordingly to calculate and determine a Duplication of Benefit regardless of program:

Step 1: ***Identify All Available Assistance*** - calculate the total amount of funds received previously or made available to assist with disaster needs;

Step 2:  Conduct an intake/application process where persons, business concerns, and other entities receiving financial assistance will be required to disclose all sources of DR & mitigation assistance received.  Before any award of assistance and for each program established in the Action Plan, ASDOC will provide forms and procedures addressing DOB.  Each procedure will:

1. Identify the total need of assistance
2. Identify the total of all available assistance
3. Identify the assistance deemed unavailable for the activity (same purpose)
   1. Provided for different purpose
   2. Funds used for a different, eligible purpose
   3. Funds not available to the applicant, e.g. forced mortgage payoff, contractor fraud, etc.,
   4. Private loan funds not secured by SBA, forgivable loans are duplicative
   5. Any other asses or line of credit available to the applicant, e.g. checking or savings accounts, stocks, etc.,
4. Determine total funds available from other sources for activity (same purpose) by subtracting unavailable assistance from total assistance received

Step 3:   Require applicants to sign a subrogation agreement to repay any assistance later received for the same purpose as the CDBG-DR & MIT. funds.

1. ASDOC will monitor compliance with agreements by verifying amounts with support agencies listed in the original calculation, and recalculating DOB if required.  The agreement shall include the following language, “Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729.”
2. Monitor for at least a year or follow agency-specific requirements, whichever is longer.

Step 4:   Recapture funds if necessary.

1. If additional need is established, subsequent funds would not be considered a duplication
2. If additional need is not demonstrated, funds must be recaptured that are in excess of need and duplicate other assistance received by the beneficiary for the same purpose.  Time frames will include an annual review of DOB as noted above.

### 8.4 Basic DOB Verification Framework

All CDBG-DR & MIT. programs utilize the following basic framework for DOB verification:

|  |  |
| --- | --- |
| 1.   Identify Applicant’s Total Need | $ 100,000 |
| 2.   Identify All Assistance Received | $   35,000 |
| 3.   Deduct Assistance Determined to be Duplicative | $   30,000 |
| 4.   Maximum Eligible Award (Item 1 less Item 3) | $   70,000 |
| 5.   Program Cap (if applicable) | $   50,000 |
| 6.   Final Award (lessor of Items 4 and 5) | $   50,000 |

ASDOC will also use HUD’s [*Duplication of Benefit Review Worksheet*](https://www.hudexchange.info/sites/onecpd/assets/File/2015-CDBG-DR-Training-DOB-Sample-Issue.pdf) to ensure compliance with DOB requirements.

### 8.5 Specific Assistance

NFIP payments and FEMA Housing Needs Program for repairs payments (for real property only) must be deducted from any CDBG-DR & MIT. assistance available to the applicant. However, as per [84 FR 28836](https://www.govinfo.gov/content/pkg/FR-2019-06-20/pdf/2019-13147.pdf), costs to modify partially completed rehabilitation may not be seen as not duplicative assistance which may affect how some repair costs are treated. Other insurance, SBA loans, repair grants, compensation in compliance with court order, or other assessments available to address structure damages must be deducted. When questions arise, ASDOC will contact HUD for further guidance.

For SBA declined applicants, ASDOC may assist such households and businesses that have declined SBA loans, but will analyze the circumstances under which the assistance was declined and demonstrate why providing CDBG-DR & MIT. funds is necessary and reasonable.  To establish awarding CDBG-DR & MIT. funds as necessary and reasonable, ASDOC or the ASDOC will at minimum:

1. Identify the circumstances under which the applicant declined the SBA assistance;
2. Establish why CDBG-DR & MIT. assistance is appropriate for the applicant; and,
3. Determine the amount of assistance necessary and reasonable to assist the applicant in DR & Mitigation.

### 8.6 Determine CDBG-DR & MIT. Assistance

Below are steps for determining CDBG-DR & MIT. assistance:

1. A DOB Verification Specialist will work with the local, federal and private agencies to obtain information about any assistance received from those agencies and their programs for each applicant.
2. The DOB Verification Specialist will determine assistance for applicants by subtracting any DOB applicable as per the ASDOC DOB policy and HUD requirements.
3. For Homeowner Assistance, any funds homeowners received or had available to repair the damaged property structure (including but not limited to private insurance, FEMA, and/or SBA), must be accounted for when determining the housing assistance award amount.  If the homeowner spent funds intended for home repair on anything other than their designated purpose or temporary housing, the homeowner will have a DOB and must escrow the money prior to contract signing.
4. For Public Infrastructure, the CDBG Manager and CDBG-DR & MIT. Coordinator will work with FEMA, HUD, NFIP, the SBA, private insurance carriers, and any other applicable organizations in order to assist in determining any duplication of benefits.  Some sources of DR & mitigation/development funding include, but are not limited to:
   1. FEMA benefits (Public Assistance, Individual Assistance, etc.,)
   2. Army Corp of Engineers Assistance
   3. HUD Community Planning and Development Programs
   4. Other Territorial or charitable assistance
5. All DOB documentation will be stored in a hard file at the CDBG-DR & MIT. Office and in the electronic database for the applicable program.  A quality assurance personnel and internal auditors will monitor the DOB process.  Monitoring results will be reviewed by the CDBG-DR & MIT. Finance Officer and filed accordingly.

# **9. Audit and Monitoring Policy**

### 9.1 Audit Requirements for Non-Federal Entity

The American Samoa Government, Department of Treasury (Auditee) is required to issue a Single Audit each fiscal year in accordance with the Office of Management and Budget (OMB) Circular A-133, formerly the OMG A-128 and the Single Audit Act of 1996 stipulates the American Samoa Government Single Audit Process through its Department of Treasury.

The audit is contracted by the AS Department of Treasury on behalf of all government agencies receiving federal financial assistance.  The audit work is completed by an independent certified public accountant, and must be submitted to the Single Audit Clearinghouse no later than nine (9) months after the fiscal year end.

While ASDOC’s Single Audit Process generally requires at least $300,000 or more of federal award expenditures in its fiscal year to be part of the single audit, the CDBG-DR & MIT. Program in accordance with 2 CFR 200.501(a) requires at least $750,000 or more in federal award expenditures during the fiscal year to be part of the Single Audit.

As defined by 2CFR 200.6, audit must prepare financial statements, including the schedule of expenditures of Federal awards, required by 2 CFR 200.510. [2 CFR 200.508(b)]

As an auditee, the Department of Treasury has a list of primary responsibilities including the preparation of financial statements, selection of an auditor, and preparing a Corrective Action Plan for current findings as well as prior-year findings. This is in accordance with 2 CFR 200.508(b), and 2 CFR 200.511(b) and 2 CFR200.511(c).

The Federal Audit Clearinghouse (FAC) also has its primary functions in which the American Samoa Department of Treasury must comply in accordance with 2 CFR 200.512(b) and 2 CFR200512(c).  Part G of the ASDOC Single Audit Process stipulates how the auditee may electronically submitted its data collection form and reporting package to the FAC within the earlier of 30 calendar days after receipt of the auditor’s report(s), or nine months after the end of the audit period.

If findings are presented, CDBG-DR & MIT. must ensure that a prompt follow up is done and the necessary corrective actions are made. This should be in accordance with 2 CFR 200.511(b) and 2 CFR 200.511(c), respectively. [2 CFR 200.303(d) and 2 CFR 200.508(c)]

### 9.2 Monitoring Policy

Monitoring is an activity that management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.  Monitoring provides information about program participants that is critical for making informed judgments about program effectiveness and management efficiency.

### 9.3 Why is Monitoring Conducted/Which items are monitored

Monitoring review will be conducted to meet the following objectives:

* Review expenditures to ensure that they are eligible for CDBG activities, address disaster-related needs, and meet at least one of the CDBG national objectives.
* Ensure that all program costs, administrative costs, and activities undertaken are well documented.
* Review contracts for compliance to ensure that CDBG-DR & MIT. funds have been expended in accordance with necessary requirements.
* Procedures to detect fraud, waste and abuse (refer to section 9.7).
* Identify any necessary corrective actions as a result of the monitoring.
* Identify technical assistance needs as a result of the monitoring.

### 9.4 How is Monitoring Conducted

ASDOC staff will be responsible for monitoring the CDBG-DR & MIT. program on a **quarterly basis**. In addition to the regular field visits conducted in order to validate invoice payments, staff will maintain a regular monitoring schedule and conduct a more comprehensive evaluation of program progress.

The following steps are integral to conducting a monitoring review:

1. Conduct an entrance conference with the appropriate representatives to explain the purpose of review.
2. Request applicable program files, review the documentation to verify that they meet the applicable requirements, and interview key stakeholders (CDBG-DR & MIT. Program Staff, Sub-Recipients (*if applicable*) Contractors), as appropriate, to discuss project related issues.
3. Conduct an exit conference with the appropriate representatives to present the preliminary conclusions identified during the review.
4. Issue a formal written report summarizing the conclusions of the review.

### 9.5 Procedures for Compliance and Non-Compliance

The monitoring review with either indicate that the scope either did or did not comply with the terms and conditions of the program and contract requirements. If program is not in compliance, there will need to be corrective action. As mentioned above, a monitoring report will be issued which outlines the findings, concerns, and/or observations and identifies corrective actions to be carried out to remedy identified deficiencies. The findings are not closed until evidence shows that the deficiencies noted have been addressed.

### 9.6 Oversight Authority (Internal Auditor)

An Internal Auditor will report directly to the Governor and is responsible for implementing an independent Internal Audit function for the CDBG-DR & MIT. program, timely completion of audit tests and analysis in compliance with ASDOC’s standards, supervise other Internal Audit staff that will be hired as well as consultants to perform those audits, and improve ASDOC’s internal control and accountability for CDBG-DR & MIT. funds.

The Internal Auditor shall report directly to the Governor on matters pertaining to fraud, waste and abuse.  The DOC Director, CDBG Manager and/or CDBG-DR & MIT. Coordinator shall report directly to the U.S. Department of Housing and Urban Development about any issue pertaining to fraud, waste and abuse.

### 9.7 Procedures to Detect Fraud, Waste and Abuse of Funds

Each position on the CDBG-DR & MIT. Organizational Chart has an important responsibility to ensure compliance. The coordination between these positions will provide accountability and a check and balance on each other’s work; both on the programmatic and financial components of the program. When possible, staff are required to attend any applicable fraud related training provided by HUD OIG. In addition, staff are encouraged to attend any other trainings publicly held that may be of use with regard to building valuable skills around grants management.

Additional step ASDOC will take to detect fraud, waste, and abuse also include:

* Building monitoring and compliance requirements into all contracts executed with vendors. Such that every construction payment will require a site visit by the CDBG-DR & MIT. Engineer to review the work done before approval.
* Uploading into HUD’s DRGR contract information for the quarterly performance reports (QPR) that will be posted to the official CDBG-DR & MIT. website.
* Developing correct actions if nay material weaknesses are identified during monitoring or audit activities.

Regarding fraud, waste, and abuse of funds, the Internal Auditor will report directly to the Governor on any concerns that arise through the regular auditing. At each audit, the Internal Auditor and staff will:

* monitor, analyze, and assess risks and controls of ASDOC’s maintenance of effective internal control of the Federal Award;
* review information on ASDOC’s compliance with state and federal policies and laws and confirm that information;
* make reports and recommendations to ASDOC and the Governor’s office; and
* provide report (at least annually) affirming their role in detecting fraud, waste and abuse.

9.7.A Actions that Constitute Fraud, Waste, and Abuse

Actions constituting fraud include, but are not limited to:

* Impropriety in the handling or reporting of money or financial transactions;
* Obtaining contracts through collusion and conspiracy;
* Theft or embezzlement;
* False statements, illegal commissions, or kickbacks;
* Any deceitful dishonest or fraudulent act;
* Misappropriation of funds, securities, supplies, or other assets;
* Profiteering as a result of insider knowledge of the Corporation’s activities;
* Disclosing confidential and proprietary information to outside parties;
* Accepting or seeking anything of material value from contractors, vendors, or
* persons providing services/materials to the Corporation.
* Destruction, removal, or inappropriate use of records, furniture, fixtures, and
* equipment; and/or
* Any similar suspicious or related irregularity.

9.7.B Conflict of Interest

The CBBG-DR & MIT will follow and adhere to 24 CFR 570.589 (h) as applied to all states and territories.

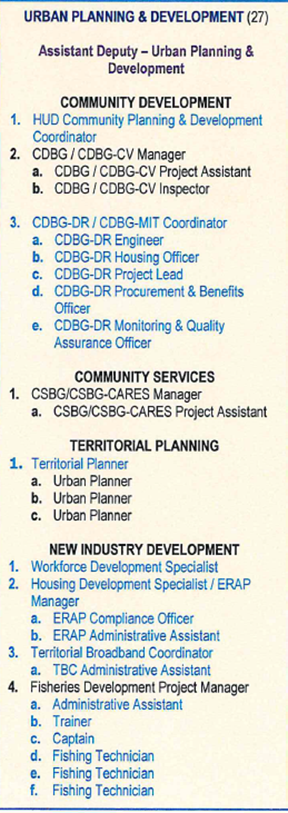
### 9.8 Grant Close-Out

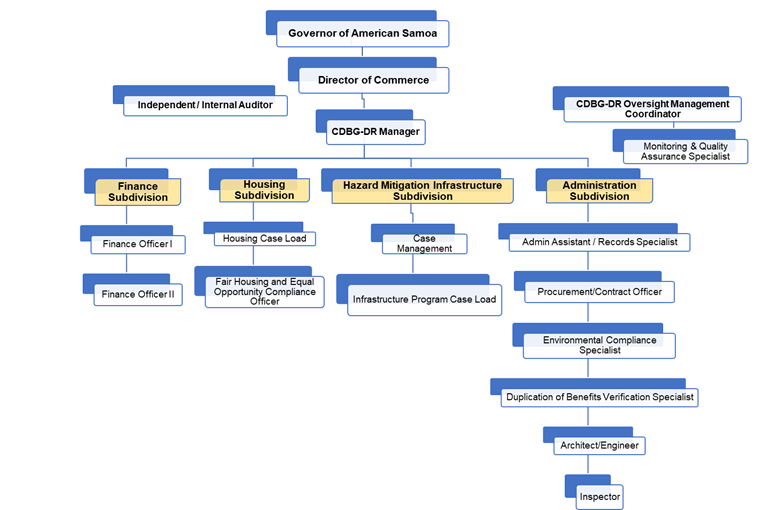
Prior to performing the grant closeout, CDBG-DR & MIT. Finance Officer and CDBG-DR & MIT. Coordinator must review and ensure that:

1. CDBG-DR & MIT. funds were drawn under the correct activity.
2. Activity types, national objectives, and accomplishments are accurately reported
3. Final Quarterly Progress Report (QPR) is submitted to HUD
   1. A tool that allows the grantee, HUD and all other parties to track performance on individual activities
   2. Grantees update QPRs by stating the activity programs, expenditures, actual accomplishments by performance, and beneficiary data

# **Attachment A – Tentative Staffing Plan & Organizational Chart**

*Both charts are to be updated when hiring plan is complete.*





# **Attachment B – Staffing Roles**

The CDBG-DR & MIT. Finance Officer I and II are reporting to the CDBG-DR & MIT. Coordinator and their responsibilities are to provide the financial oversight of the grant program and ensure that all financial program rules and requirements, both federal and territorial, are properly administered and in full compliance ([See Attachment A](#_Attachment_A)).

***CDBG-DR & MIT. Finance Officer I:***

* Processes budget forms to set up all project accounts
* Oversees the fiscal aspect of Procurement procedures
* Reconcile projected and actual budgets for projects
* Review project and program invoices from vendors and local government
* Reviews all project payments to ensure financial eligibility and justification
* Ensure that expenditures are accurately allocated to eligible costs
* Prepare, process, monitor, and file all financial transaction requests for projects
* Assist the CDBG-DR & MIT. team in any financial monitoring issues or concerns
* Create tracking systems to evaluation and report the timeliness of the grantee’s overall CDBG-DR & MIT. expenditures rate as well as progress towards meeting outcome measures
* Develop and submit QPRs to reconcile with grantee’s accounting records for the time periods reviewed
* Setup DRGR activities for specified projects only. Issue requests for drawdowns via DRGR with supporting documentation of eligibility and invoices. Input financial obligations information, expenditures, program income and other funds receipt if necessary
* Ensure that the financial files are organized and accessible for periodic HUD monitoring. If financial deficiencies are found, amend existing policies, procedures, and systems
* Upon notification of a project or beneficiary closeout, ensure that all the funds have been disbursed and financial files are complete.
* Provide documentation and final financial reports for the CDBG-DR & MIT. program closeout for specified projects.
* Prepare and process all budget forms to initiate, establish, and monitor the administrative, planning and assigned project accounts
* Oversee the administrative and planning accounts to ensure all financial transactions and claims for payment are properly documented and processed in a timely manner
* Oversee assigned project accounts to ensure all financial transactions and claims for payment are properly documented and processed in a timely manner
* Prepare, process, monitor, and file all CDBG-DR & MIT. Travel Authorization requests
* Prepare and process all federal financial reports for certification
* Implement and maintain database and tracking system and evaluate expenditure rates
* Budget formulation and execution for all assigned accounts
* Compliance fiscal review and reconciliation of all assigned accounts
* Project Management
* Data collection, management, and analysis for HUD reporting

# **Attachment C - Applicable Checklists**

### *C1. Procurement Review & Contract Approval*

[***Pending ASDOC to include an exhibit -*** Receiving Report (RR)]

### *C2. Invoice Review – Documentation and Information Required for Review*

All payment requests, at a minimum, must contain the following source documentation:

* 1. Contract or Purchase Order
  2. Vendor Invoices
     + ASDOC Form PUB/WKS-65 (Payment Form)
     + Weekly Payroll
     + Statement of Compliance
  3. Request for payments
  4. Other applicable documentation

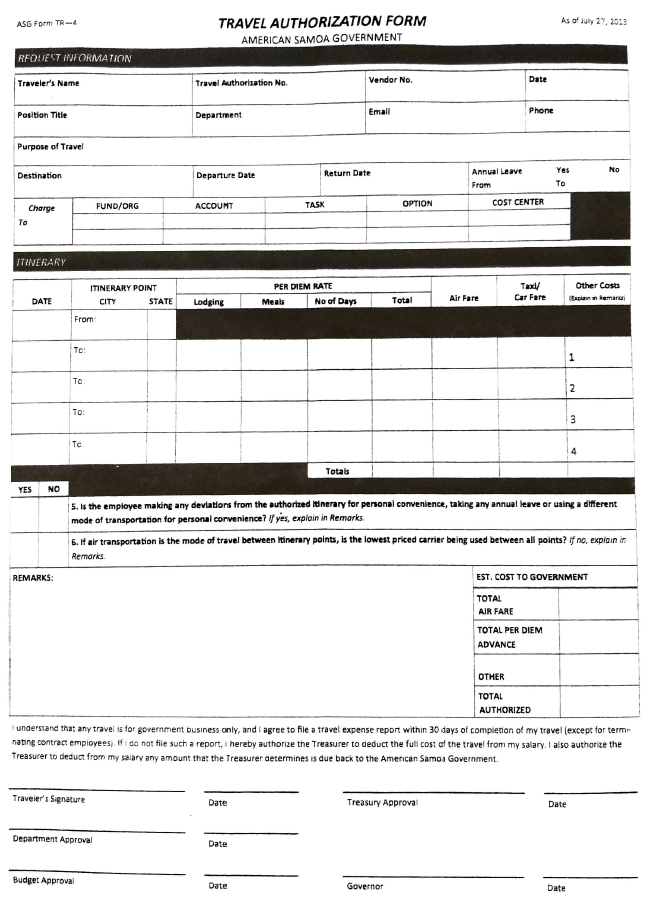
Invoice(s) for grant payments must contain the following information to be deemed valid:

1. Company name and contact information
2. Contract number and project title
3. Time frame/dates of when invoiced services were provided
4. Description of services provided during the noted time frame.  Any invoicing stating “Services Rendered” will not be accepted.  Contractors must detail what contractual duties were performed during the invoiced time frame
5. Dollar amount, including itemized listing of project costs
   1. Construction contract only: Labor/payroll logs outline the number of hours and wage rates of employees working on the project.
6. Signature of authorized company official
7. Signature by DOC Director approving payment and certifying that deliverables were provided to the satisfaction of the department.
   1. Construction contract only: Construction Manager also needs to approve the payment.

### *C3. Invoice Review - Internal Payment Request Process Form*



### *C4. Invoice Review - Travel Authorization Form*



### *C5. Drawdown Review - Project Payment Request Form*



1. Still pending conversation between ASK and the affiliated Bank how this agreement will work. [↑](#footnote-ref-2)