

CDBG ADMINISTRATIVE CONSULTANT DO'S AND DON'TS

When looking to buy real estate, there are three important concepts you should know: LOCATION, LOCATION, and LOCATION.

Similarly, when using an outside administrator for CDBG (Community Development Block Grant) operations, there are also three important concepts you should know: COMMUNICATION, COMMUNICATION, and COMMUNICATION.



For many local governmental organizations, CDBG administration can be a hard fit within the various segments of responsibility. It can end up being the dreaded “potato” in the metaphoric game of “hot potato” where it gets passed on from division to division.

Therefore many agencies hire an outside consulting firm that has experience with CDBG program administration and claim reimbursement procedures. However, communication between municipal finance professionals and non-finance professionals is already hard enough, before hiring an outside consultant. Consulting firms that may be well experienced at program administration may not have the key understanding of what is needed to pass an audit. Therefore it makes communication even more imperative.

Here are some Do's and Don'ts that will add success to your organization's CDBG operation when management has elected to use an outside consultant:

DO'S

- Do follow up on whether a reference-check was done for the consultant hired
- Do obtain the approved grant application, the grant budget for the year, any budget amendments that have been approved by the granting agency, as well as an accounting of all disbursements and receipts that are specific to the program
- Do ask the consultant about which receivables and payables are still outstanding and when payment is expected
- Do ask the consultant about the status and effectiveness of vendor (or sub-recipient) work, and whether reference checks were done for vendors (or sub-recipients) hired
- Do become familiar with the required format for the reimbursement claim
- Do monitor all interactions between the consultant and any auditors, and step in when needed

DON'TS

- Don't wait until audit time to communicate with your consultant, do so regularly

- Don't blindly assume your consultant will cover all bases that will be tested during an audit. Gain familiarity with CDBG contract and federal requirements and communicate with the consultant regularly.
 - Here is the website for federal CDBG requirements for 2016:
 - https://www.whitehouse.gov/sites/default/files/omb/assets/OMB/circulars/a133_compliance/2016/hud.pdf
- Don't avoid communication with program vendors or beneficiaries. They could also provide feedback regarding the consultant's work.
- Don't assume that municipal staff responsible for programmatic oversight is educated regarding the possible consequences of a failed program or failed audit.
 - Consequences could include reports made to elected officials, as well as the inability to obtain more grant funding in the future

The benefits to the public of CDBG are immense. That's what makes oversight so important. Experiencing a failed program or a failed audit can have consequences starting from mere disappointment to far reaching financial consequences. You may not have control over the decision of who has oversight over the CDBG program. But, with some persistence and determination, you can exercise control over your communication with that internal division and with the external consultant.