**Section 110.110 Administrative Requirements**

The administrative requirements detailed in this Section, as well as those enumerated in 47 Ill. Adm. Code 1, are applicable to any grant awarded with respect to this Part.

a) Compensation: The method of compensation shall be in accordance with the applicable State laws relative to that compensation by which the Department is governed. Payments to the grantee are subject to the receipt of electronic requests for fund transfers or expenditure summaries. The first payment for program initiation may be an advance and should be the amount necessary to meet the first month's non-administrative cost needs. Thereafter, the payments are dual purpose in that they will be sufficient to cover the non-administrative expenditures to date, as well as the cash needs of the grantee for the next 30 days. Administrative costs may be drawn in the same manner, or the grantee may draw down administrative needs in equal, quarterly increments. Each request shall be certified to the effect that the grantee has performed in conformance with the Grant Agreement and that it is entitled to receive the amount requisitioned.

b) Reporting: An electronic reporting system or an Expenditure Summary and Payment Request form shall be submitted to the Department to request cash.

c) Procurement: Units of General Local Government (UGLG) may use their own procurement procedures, which reflect applicable State and local laws and regulations, provided that the procurement conforms to federal procurement regulations (2 CFR 200). In addition, Illinois statutes must also be considered when establishing procurement procedures. Statutes that may apply can be found at:

http://www.ilga.gov/legislation/ilcs/ilcs.asp in:

Chapter 50 – Local Government

Chapter 55 – Counties

Chapter 60 – Townships

Chapter 65 – Municipalities

Units of General Local Government should follow the stricter regulation, whether federal, State or local government, and consult the Illinois Community Development Block Grant (CDBG) Grants Management Handbook for specific steps and requirements in the process.

d) Records: CDBG records shall be maintained in accordance with 24 CFR 85, the Illinois Local Records Act [50 ILCS 205], and 24 CFR 570.490 (2004) and are subject to the Freedom of Information Act [5 ILCS 140].

e) Financial Management

1) Grantees shall comply with financial management procedures provided in OMB Circular A-87, "Cost Principles for State and Local Governments", published May 4, 1995, and standards promulgated by the American Institute of Certified Public Accountants (AICPA), Harborside Financial Center, 201 Plaza 3, Jersey City NJ 07311, June 2003, no later editions are incorporated.

2) Audits shall be conducted in accordance with the Comptroller General's Standards for Audits of Governmental Organizations, Programs, Activities, or Functions, and the General Accounting Office's Guidelines for Financial and Compliance Audits of Federally Assisted Programs available from U.S. Comptroller General Standards, U.S. General Accounting Office, 441 G Street NW, Washington DC 20548.

f) Bonding and Insurance:

1) Bonding:

A) Grantees: Grantees shall obtain a fidelity bond for each employee or official with access to project assets, accounting records, or checks. The bond (position or blanket) shall be in an amount at least to cover all CDBG funds contained in all bank accounts. The person with signature authority for the CDBG accounts must be bonded for this amount and his or her signature must appear on every check. The total bonding for each employee cannot be counted as a cumulative total. The cost of the fidelity bonds is a CDBG eligible administrative expense.

B) Grant Administrators: If the grant administrator processes payments on behalf of the grantee, the grant administrator shall obtain a fidelity bond for each employee with access to project assets, accounting records, or checks. The bond (position or blanket) shall be in the minimum amount of $750,000. At least one of the persons with signature authority for the CDBG accounts must be bonded for this amount and his or her signature must appear on every check. The cost of the fidelity bonds is a CDBG eligible administrative expense.

2) Flood Insurance: Grantees shall comply with the flood insurance purchase requirements of section 102(e) of the Flood Disaster Protection Act of 1973 (42 USC 4001).

g) Expenditure of Project Funds: No project costs may be incurred prior to authorization, and release of funds will not occur without a fully executed grant agreement. Costs may be incurred as follows:

1) CDBG administrative costs may be incurred as of the date of the grant award letter;

2) Non-CDBG project costs (leverage funds) and CDBG-funded design engineering costs may be incurred only after receiving a grant award letter and meeting environmental review requirements; and

3) CDBG-funded projects costs may be incurred only after meeting environmental review requirements and all specific grant conditions have been met.

h) Grant Agreement: When a grant has been awarded, the grantee and the Department shall enter into a Grant Agreement. The Grant Agreement shall be executed between the grantee and the Director of the Department or the Director's designee on behalf of the Department. The Grant Agreement shall contain substantive provisions, including, but not limited to the following:

1) A recitation of legal authority pursuant to which the Grant Agreement is made;

2) An identification of the scope of work that identified the work or services to be performed or conducted by the grantee;

3) An identification of the grant amount/funds;

4) The conditions and manner in which the Department shall disburse the grant funds subject, at all times, to annual funding from the federal government;

5) The grantee's irrevocable promise to satisfy the leverage requirement, if required;

6) The grantee agrees not to assign or transfer any of its rights, duties or obligations without the written consent of the Department;

7) The grantee's promise not to amend the scope of work or the budget without the Department's written consent. Failure to do so would result in a cost disallowance. The scope of work must be completed by the end date stated in the grant agreement unless a written request for an extension of time is submitted, at least, 30 days before the end date;

8) The grantee agrees that it shall expend the grant funds and any accrued interest, if allowed to retain accrued interest, only for the purposes specified in the scope of work; and

9) The grantee agrees that it shall refrain from entering into any written or oral agreement or understanding with any party that might be construed as an obligation of the State of Illinois or the Department for the payment of any funds.

(Source: Amended at 42 Ill. Reg. 19976, effective October 29, 2018)