§ 570.502 Applicability of uniform administrative requirements.

(a) Recipients and subrecipients that are governmental entities (including public agencies) shall comply with the requirements and standards of OMB Circular No. A–87, “Cost Principles for State, Local, and Indian Tribal Governments”; OMB Circular A–128, “Audits of State and Local Governments” (implemented at 24 CFR part 44); and with the following sections of 24 CFR part 85 “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments” or the related CDBG provision, as specified in this paragraph:

(1) Section 85.3, “Definitions”;
(2) Section 85.6, “Exceptions”;
(3) Section 85.12, “Special grant or subgrant conditions for ‘high-risk’ grantees”;
(4) Section 85.20, “Standards for financial management systems,” except paragraph (a);
(5) Section 85.21, “Payment,” except as modified by §570.512;
(6) Section 85.22, “Allowable costs”;
(7) Section 85.26, “Non-federal audits”;
(8) Section 85.32, “Equipment,” except in all cases in which the equipment is sold, the proceeds shall be program income;
(9) Section 85.33, “Supplies”;
(10) Section 85.34, “Copyrights”;
(11) Section 85.35, “Subawards to debarred and suspended parties”;
(12) Section 85.36, “Procurement,” except paragraph (a);
(13) Section 85.37, “Subgrants”;
(14) Section 85.40, “Monitoring and reporting program performance,” except paragraphs (b) through (d) and paragraph (f);
(15) Section 85.41, “Financial reporting,” except paragraphs (a), (b), and (e);
(16) Section 85.42, “Retention and access requirements for records,” except that the period shall be four years;
(17) Section 85.43, “Enforcement”;
(18) Section 85.44, “Termination for convenience”;
(19) Section 85.51 “Later disallowances and adjustments” and
(20) Section 85.52, “Collection of amounts due.”

(b) Subrecipients, except subrecipients that are governmental entities, shall comply with the requirements and standards of OMB Circular No. A–122, “Cost Principles for Non-profit Organizations,” or OMB Circular No. A–21, “Cost Principles for Educational Institutions,” as applicable, and OMB Circular A–133, “Audits of Institutions

§ 570.501 Responsibility for grant administration.

(a) One or more public agencies, including existing local public agencies, may be designated by the chief executive officer of the recipient to undertake activities assisted by this part. A public agency so designated shall be subject to the same requirements as are applicable to subrecipients.

(b) The recipient is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, subrecipients, or contractors does not relieve the recipient of this responsibility. The recipient is also responsible for determining the adequacy of performance under subrecipient agreements and procurement contracts, and for taking appropriate action when performance problems arise, such as the actions described in §570.910. Where a unit of general local government is participating with, or as part of, an urban county, or as part of a metropolitan city, the recipient is responsible for applying to the unit of general local government the same requirements as are applicable to subrecipients, except that the five-year period identified under §570.503(b)(8)(i) shall begin with the date that the unit of general local government is no longer considered by HUD to be a part of the metropolitan city or urban county, as applicable, instead of the date that the subrecipient agreement expires.  

[53 FR 8058, Mar. 11, 1988, as amended at 57 FR 27120, June 17, 1992]
§ 570.503 Agreements with subrecipients.

(a) Before disbursing any CDBG funds to a subrecipient, the recipient shall sign a written agreement with the subrecipient. The agreement shall remain in effect during any period that the subrecipient has control over CDBG funds, including program income.

(b) At a minimum, the written agreement with the subrecipient shall include provisions concerning the following following items:

(1) Statement of work. The agreement shall include a description of the work to be performed, a schedule for completing the work, and a budget. These items shall be in sufficient detail to provide a sound basis for the recipient effectively to monitor performance under the agreement.

(2) Records and reports. The recipient shall specify in the agreement the particular records the subrecipient must maintain and the particular reports the subrecipient must submit in order to assist the recipient in meeting its recordkeeping and reporting requirements.

(3) Program income. The agreement shall include the program income requirements set forth in §570.504(c). The agreement shall also specify that, at the end of the program year, the grantee may require remittance of all or part of any program income balances (including investments thereof) held by the subrecipient (except those needed for CDBG activities).