

## **SECTION 1000**

### **CITY REPRESENTATIVE AND DEPARTMENT OF COMMERCE**

#### **SECTION 1001 - GENERAL INFORMATION**

**.01** City Representative and Department of Commerce contracts fund Economic Development Programs using Federal, State and City funds. The Federal Funding source is the U.S. Department of Housing and Urban Development's Community Development Block Grant Funds (CDBG) and the Economic Development Administration. The source of State funding is the Commonwealth of Pennsylvania's Department of Community and Economic Development (DCED).

**.02** The Economic Development Programs require that all subrecipients of Community Development Block Grant (CDBG) funds either create employment opportunities for low and moderate income people, provide goods or services to low and moderate income neighborhoods, provide benefits to an area where a majority of the residents are low and moderate income persons, undertake general improvements to a neighborhood business area which services a primarily residential area with a majority of low and moderate income persons or prevents or eliminates slum or blight.

**.03** Subrecipients who receive CDBG funds for job generation, under Commerce's Financial or Technical Assistance Programs must provide Commerce with a time schedule for the job positions which are anticipated to be created during the two years after the completion of this project. This information is provided to public employment agencies which attempt to place low and moderate income individuals. Philadelphia Industrial Development Corporation (PIDC) and Philadelphia Commercial Development Corporation (PCDC), each have a close-working relationship with the Private Industry Council of Philadelphia to ensure the placement of low and moderate income Philadelphia residents. The subrecipients of loans or grants have to report their current employment situation for at least two years after completing their CDBG funded activity. (In some cases, these subrecipients receive on-going technical assistance for two to three years to ensure the successful expansion of a subrecipient).

**.04** The Enterprise Zone Areas, Neighborhood Commercial Revitalization, and Neighborhood and Special Commercial Programs provide a mixture of job generation, employment placement and public improvement programs. Subrecipients must provide an array of data on program beneficiaries contingent upon the individual project design. For example, the Lighthouse Job Bank Program requires that the number of job referrals and placements must be reported, and that the types of jobs must be reported. Enterprise Zone Area Programs are involved in three low income neighborhoods in the City: American Street, Hunting Park West, and West Parkside and a fourth Enterprise Zone is located at the Port of Philadelphia.

## **SECTION 1100**

**.01** The City Representative and Department of Commerce administer various programs as detailed in the following section.

## **SECTION 1110 - PROGRAM DESCRIPTIONS AND OPERATIONS**

### **Support Revitalization/Business Services**

**.01** Subrecipients shall actively support revitalization by providing service to the businesses in the district through the operation of a Business Service Center. Through the Business Association, subrecipients shall respond to informational requests, city services requests, and/or complaints from individual businesses and refer business to appropriate economic development agencies such as PCDC or PIDC.

### **Job Resource Services**

**.02** Subrecipients operate a Job Resource Center (JRC) in cooperation with and in conjunction with the local Job Network and other community/service organizations and businesses to maximize employment opportunities for low and moderate income area residents.

### **Financial Assistance to For-Profit and Non-Profit Businesses**

**.03** The Philadelphia Industrial Development Corporation - Local Development Corporation (PIDC-LDC) may undertake Community Development Block Grant (CDBG) funded activities to provide financial assistance to for-profit and non-profit businesses located in Philadelphia. These activities shall be undertaken in accordance with the Federal Regulations under 24 CFR 570.203.b and 24 CFR 570.204.c.3. The various programs are fundable under the following tasks:

- Job Creation and Retention Programs:

Subrecipients shall provide financial assistance for the purpose of creating and/or maintaining low and moderate income employment opportunities. At least fifty-one percent (51%) of the created and/or retained employment opportunities must be available for low and moderate income people.

Subrecipients who receive CDBG funds for job generation, under Commerce's Financial or Technical Assistance Programs must provide Commerce with a time schedule for the job positions which are anticipated to be created during the two years after the completion of this project. This information is provided to public employment agencies which attempt to place low and moderate income individuals.

- Commercial Assistance in Low and Moderate Income Neighborhood Programs:

Subrecipients shall provide financial assistance to for-profit businesses who provide

goods and services to residents of low and moderate income neighborhoods. At least fifty-one percent (51%) of the people who reside in these neighborhoods must be low and moderate income.

#### **SECTION 1110 (CONT.)**

- Prevention or Elimination of Slums or Blight Programs:

Subrecipients shall provide financial assistance for the prevention or elimination of slums and blight.

#### **Neighborhood Commercial Revitalization (NCR) Program**

**.04** In order to assist the City in the implementation of its economic development strategy, PCDC-ULDC shall work in thirty-three (33) low and moderate income neighborhoods throughout the City. PCDC-ULDC shall provide direct assistance to for-profit businesses and non-profit organizations which act as key service providers and employers in these areas. The principal goals of the Neighborhood Economic Development Division are to enable these businesses to remain and to expand while providing needed goods, services and employment opportunities for Philadelphia's low and moderate income residents.

**.05** In the NCR process, PCDC-ULDC shall work with local businesses, their representative organizations (the local business associations), and with local neighborhood organizations, when appropriate, to aid in the stabilization and revitalization of the targeted low and moderate income neighborhoods.

#### **Programs to Assist Businesses Which Provide Benefits to Low and Moderate Income Neighborhoods**

**.06** The Philadelphia Commercial Development Corporation - Urban Local Development Corporation (PCDC-ULDC) shall assist small businesses in obtaining financing for business expansion and start-up. Funds shall be secured from private and public lending agencies and the Small Business Revolving Loan Fund (SBRLF) to assist firms with financing for business start-up or expansion. In addition, PCDC-ULDC shall provide limited technical assistance.

#### **Programs to Create Low/Moderate Income Employment Opportunities**

**.07** PCDC-ULDC shall assist small businesses in obtaining financing for business expansion and start-up, working capital, and real estate for business uses. Funds shall be secured from private and public lending agencies and the Small Business Revolving Loan Fund (SBRLF) to assist firms with financing for business start-up or expansion. In addition, PCDC-ULDC shall provide limited technical assistance, as necessary, to complete financing packaging activities.

#### **The Small Business Revolving Loan Fund and Program Income**

**.08** PCDC-ULDC shall work to maximize the Small Business Revolving Loan Fund (SBRLF).

The SBRLF is designed primarily to aid commercial firms, neighborhood service firms, and small firms requiring venture capital to overcome obstacles to starting up, expanding and/or increasing or retaining employment in Philadelphia.

## SECTION 1110 (CONT.)

### **Neighborhood Commercial Revitalization Security Program and Micro-Enterprise Assistance**

.09 PCDC-ULDC shall assist in combatting crime which affects for-profit and non-profit firms which provide goods or services to the low and moderate income neighborhoods located in the NCR areas.

.10 Micro-Enterprise Assistance – PCDC-ULDC shall provide and complete technical and non-CDBG funded loan packaging assistance services through its Micro Loan Program.

### **Community Economic Development Program**

.11 PCDC-ULDC shall provide technical assistance to six (6) neighborhood-based non-profit organizations to assist in the financial packaging of for-profit business projects. These for-profit business projects shall create and/or retain employment opportunities for low and moderate income people.

### **Housing Rehabilitation Assistance Program**

.12 PCDC-ULDC shall implement a program of technical and financial assistance to minority and small contractors in order to increase the participation of these contractors in City-funded housing.

### **Real Estate Management Activities**

.13 PCDC-ULDC shall manage property acquired by PCDC-ULDC using CDBG funds, as needed.

### **Neighborhood and Special Commercial Projects**

.14 PCDC-ULDC shall administer and monitor special neighborhood-commercial development projects. PCDC-ULDC shall be responsible to ensure that these projects are successfully completed and closed-out in accordance with all applicable federal, state and municipal statutes, ordinances and regulations. PCDC-ULDC shall follow-up with any and all findings against such projects until they are resolved.

### **Acquisition/Site Development**

.15 Subrecipients shall acquire and/or construct properties for commercial and residential units. The commercial space shall be occupied by businesses which provide additional retail goods and services to the low and moderate income neighborhood. The residential units shall be available for low and moderate income families.

### **Feasibility Studies/Predevelopment Planning**

.16 Subrecipients, in cooperation with the Commerce Department, will undertake a feasibility

analysis and a predevelopment plan for various projects. Refer to the specific Statement of Services and Materials of the Contract.

#### **SECTION 1110 (CONT.)**

#### **Urban Development Action Grant (UDAG)**

.17 PIDC-LDC will undertake the administration of the UDAG Program which shall include the preparation of UDAG applications and supporting documentation, negotiations with HUD and UDAG developers, project management and monitoring, reporting to HUD, contracting with and/or coordinating with UDAG consultants, disbursing UDAG loans to developers and collecting UDAG

loan repayments. All agreements with developers negotiated by PIDC-LDC which affect, concern, or relate to the disbursement and/or collection of UDAG loan repayments shall be subject to the approval of the Director of Commerce and shall be reviewed by the Law Department of the City of Philadelphia prior to the execution of said agreements.

.18 In addition, the PIDC-LDC staff funded under this agreement may undertake administrative work in connection with activities which are eligible under the Title I of the Federal Housing and Community Development Act of 1974, as amended, with the prior written approval of the Director of Commerce.

.19 Miscellaneous revenue generated from the UDAG loan repayments may be utilized to fund the cost for the administration of the UDAG Program. Prior to the use of miscellaneous revenue for administration, an administrative budget must be submitted to and approved by the Director of Commerce. The balance of UDAG miscellaneous revenue and all program income from all UDAG projects must be utilized consistent with program income regulations.

#### **Economic Development Programs Funded with the Commonwealth of Pennsylvania's Department of Community and Economic Development**

.20 The Department of Community and Economic Development (DCED) funds several Economic Development Projects including the Enterprise Zones and contracts used for acquisition, construction and rehabilitation of commercial, industrial and mixed use properties. In addition to the requirements set forth in 1130.34 refer to the CDBG section for requirements on specific types of service.

#### **Technical and Financial Assistance Program**

.21 Subrecipients shall provide technical assistance in entrepreneurial skills and business management to micro-businesses. Entrepreneurs that complete this program shall be eligible to participate in the low interest non-CDBG funded loan program. Participants must be certified as low or moderate income upon in-take into the program.

#### **SECTION 1120 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS**

.01 The Federal CFDA Number is 14.218 for all programs listed in Section 1110 except the 1000-6 (Rev. 6/97)

Housing Rehabilitation Assistance Program and UDAG. The UDAG Federal CFDA Number is 14.221. The Housing Rehabilitation Assistance Program is all City funds; therefore, a Federal CFDA Number is not applicable.

## SECTION 1120 (CONT.)

.02 All programs listed in Section 1110 are subject to the Administrative and Financial Management Guidelines for the Office of Housing and Community Development and its Delegate Agencies.

## SECTION 1130 - PROGRAM COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Schedule of Findings and Questioned Costs.

.02 The following reporting requirements are applicable to all programs listed in Section 1110:

- Generally reporting is required as follows (refer to the contract scope for specific reporting requirements):

Subrecipients are required to submit to the City Commerce Department's Economic Development Contract administrator monthly reports with the monthly subrecipient invoice form. These reports shall succinctly state the progress toward each activity of the contract.

Subrecipients are required to submit to the Economic Development Contract Administrator or designee quarterly reports that reflect the activities performed by the paragraph in the Statement of Services and Materials. These reports will include any and all information that is required by the City Ordinance 1029AA utilizing forms prepared by the Economic Development Contract Administrator or designee, with specific details on very low, low and moderate income and minority beneficiaries. These quarterly reports are to be delivered within fifteen (15) working days after the conclusion of the quarter.

The audit procedures for reporting requirements are:

1. Determine that reports were submitted timely as required by the contract.
2. Determine that the monthly and quarterly reports reflect the activities identified in paragraphs of the Statement of Services and Materials of the Contract.

### **Support Revitalization/Business Services**

.03 Generally subrecipients shall perform the following tasks (refer to the statement of Services

| and Materials in the Contract):

- Subrecipients shall provide staff support to the Business Association. This includes the organizing and scheduling of meetings, projects and special events.

## SECTION 1130 (CONT.)

- Through the Business Association the subrecipient shall respond to informational requests, city services requests and/or complaints from individual businesses. Subrecipients shall maintain an appropriately detailed record keeping system on services provided to businesses.
- Subrecipients shall solicit and recruit members for the Business Association in order to increase paid enrollment.
- Subrecipients shall assemble information and publish a quarterly newsletter that focuses on economic development activities and issues. The newsletter shall be distributed to businesses, community organizations, government officials and the press.
- For subrecipients in designated Enterprise Zones an updated listing of available commercial/industrial real estate shall be maintained. The inventory shall be distributed to Philadelphia area industrial real estate brokers and businesses interested in locating within the enterprise zone.

The audit procedure for the above is:

- Select a sample of business service transactions and trace to source documentation. Files should include the name of the business and the type of service provided.

### **Job Resource Services**

**.04** Generally, subrecipients who operate a Job Resource Center (JRC) in cooperation with and in conjunction with the local Job Network and other community/service organizations and businesses shall perform the following tasks (refer to the Statement of Services and Materials of the contract for specific details):

- The subrecipient JRC shall place low and moderate area residents in full and part-time employment.
- The subrecipient JRC shall solicit notice of job openings from city wide companies and shall recruit applicants for such openings from the community.
- The subrecipient JRC shall screen job applicants according to the minimum standards for the available position or training opportunity.
- When appropriate, the subrecipient JRC shall refer applicants to appropriate providers of job readiness skill training to enhance the employability of applicants. Also, the subrecipient shall provide information and referral service to clients needing educational or social services.

- The subrecipient JRC shall follow-up with the job applicants and the employer on all persons employed as a result of its referrals. The follow-up shall occur within thirty days and again after sixty days of placement. Written records shall be maintained for referrals, placements and follow-ups.

## SECTION 1130 (CONT.)

The audit procedure for the above is:

- Use a selected sample to determine that files are documented for the screening, referrals, placements and follow-ups for each applicant.

### **Financial Assistance to For-Profit and Non-Profit Businesses**

**.05** Subrecipients who provide assistance for job creation activities are to use the following definition in order to define employment opportunities which are expected to be available to low and moderate income people:

- Jobs shall be classified as unskilled, semi-skilled and skilled. All unskilled jobs shall be classified as available to low and moderate income persons and do not require skills with substantial training or work experience or education beyond high school, or jobs where the business agrees to hire unqualified persons and provide training. Semi-skilled jobs shall be broken into two categories: "Semi-skilled will train" and "Semi-skilled with experience". Only the "Semi-skilled will train" jobs shall be classified as available to low and moderate income people, and shall be defined as jobs requiring no more than one year of training, related work experience or education beyond high school.

**.06** The City requires that the assisted business agree to provide the Private Industry Council (PIC) a detailed listing of all employment opportunities that shall be created as result of the CDBG assistance. This information shall include the job title, skills and experience necessary, and the time frame for filling the positions. PIC shall refer Jobs Training Partnership Act (JTPA) eligible persons to the business and the business shall give them first consideration for filling such jobs.

**.07** The subrecipient business shall be required to submit summary reports with the attached family income data forms for at least the first and second years following the completion of the funded activity.

**.08** If necessary, the Company may be given up to two additional years to comply with the job creation objectives set forth under the original project description, if the additional time is justified and may result in the achievement of the original goals.

**.09** If the Company fails to meet the projections, then the agencies shall impose all available legal remedies and, when appropriate, the uniform sanction policy and/or debarment.

The audit procedures for the above are:

- Select a sample of transactions and determine that the files include required documentation such as the fundability/eligibility form, the public benefits analysis form, the conflict of interest disclosure form and employment data information.
- Select a sample of job creation reports and determine they were submitted timely using

required classifications.

## SECTION 1130 (CONT.)

### **Neighborhood Commercial Revitalization (NCR) Program**

**.10** The NCR service areas are divided into four categories (primary, secondary, on-call and special project areas). The primary areas are those which have the strongest development potential, and where economic development and housing resources have been committed within the City's revitalization strategy. These are the fifteen (15) areas in which PCDC-ULDC shall focus its most intense Technical Assistance, Small Business Lending, Real Estate Development, Public Improvements and Storefront and Security Rebate activities.

The audit procedure for the above is:

- Select a sample of assistance provided and determine that assistance was in the NCR designated areas.

**.11** PCDC-ULDC shall assist in the disposition of publicly and privately owned vacant commercial and/or mixed use properties in PCDC-ULDC's project areas, including neighborhood development projects and NCR areas. PCDC-ULDC shall prepare and distribute three (3) times during the contract year a Hot List of commercial properties located in NCR areas which are available for rent, lease or purchase. The Hot List shall be distributed to real estate brokers, developers and retailers. The goal is to reduce and maintain a lower vacancy rate in project areas where vacancy is a problem. The marketing of these properties shall be undertaken by the Real Estate Development Unit.

The audit procedure for the above is:

- Determine that the Hot List is prepared and distributed three times a year.

**.12** PCDC-ULDC shall assist in the delivery of public improvement projects in the coordination of City-funded public improvements provided by the City and/or the Redevelopment Authority and/or PIDC in such a way as to maintain the confidence of the business and residential communities. This task shall be performed only if sufficient public improvement resources are available through other contracts or funding sources to undertake these activities.

### **Programs to Assist Businesses Which Provide Benefits to Low and Moderate Income Neighborhoods**

**.13** PCDC-ULDC shall provide financial and technical assistance to for-profit firms which provide goods or services to neighborhoods at least fifty-one percent (51%) of whose residents are low and moderate income persons. This assistance is not limited solely to NCR areas.

**.14** PCDC-ULDC shall provide and complete technical assistance services regarding start-up or expansion, which provide goods or services to low/moderate income neighborhoods. (Negative feasibility studies for projects shall not be included in completed technical assistance.)

**.15** On-going technical assistance shall not be provided to firms for which PCDC-ULDC has arranged financing in Year XV or in prior years. If a firm has previously been assisted by PCDC-ULDC, PCDC-ULDC must qualify and quantify the new technical assistance that the firm is to be provided and report it as a new activity, in accordance with the "Technical Assistance Guidelines".

## **SECTION 1130 (CONT.)**

**.16** PCDC-ULDC shall provide limited technical assistance to individual firms in the NCR area in order to facilitate their private investment, viability or participation in the NCR process. Various types of assistance shall be provided, including but not limited to management, sales promotions, public relations, inventory and financing. This technical assistance shall be principally delivered by the NCR Manager's staff. Assistance is considered to be successfully completed when a business implements the recommendation(s) developed by PCDC-ULDC staff.

**.17** PCDC-ULDC shall provide technical assistance to certified for-profit minority and female-owned businesses which receive City of Philadelphia contracts to do public improvements in low and moderate income areas.

The audit procedure for the above is:

- Select a sample of transactions and determine that the "Technical Assistance Guidelines" are followed.

### **Programs to Create Low/Moderate Income Employment Opportunities**

**.18** Subrecipients who provide assistance for job creation activities are to use the following definition in order to define employment opportunities which are expected to be available to low and moderate income people:

- Jobs shall be classified as unskilled, semi-skilled and skilled. All unskilled jobs shall be classified as available to low and moderate income persons and do not require skills with substantial training or work experience or education beyond high school, or jobs where the business agrees to hire unqualified persons and provide training. Semi-skilled jobs shall be broken into two categories: "Semi-skilled will train" and "Semi-skilled with experience". Only the "Semi-skilled will train" jobs shall be classified as available to low and moderate income people, and shall be defined as jobs requiring no more than one year of training, related work experience or education beyond high school.

**.19** The City requires that the assisted business agree to provide the Private Industry Council (PIC) a detailed listing of all employment opportunities that shall be created as result of the CDBG assistance. This information shall include the job title, the skills and experience necessary and the time frame for filling the positions. PIC shall refer Jobs Training Partnership Act (JTPA) eligible persons to the business and the business shall give them first consideration for filling such jobs.

**.20** The subrecipient business shall be required to submit summary reports with the attached family income data forms for at least the first and second years following the completion of the funded activity.

**.21** If necessary, the Company may be given up to two additional years to comply with the job creation objectives set forth under the original project description, if the additional time is justified and may result in the achievement of the original goals.

**.22** If the Company fails to meet the projections, then the agencies shall impose all available legal remedies and, when appropriate, the uniform sanction policy and/or debarment.

## SECTION 1130 (CONT.)

The audit procedures for the above are:

- Select a sample of transactions and determine that the "Technical Assistance Guidelines" are followed.
- Select a sample of transactions and determine that the files include required documentation such as the fundability/eligibility form, the public benefits analysis form, the conflict of interest disclosure form and employment data information.
- Select a sample of job creation reports and determine that they were submitted timely using required classifications.

### The Small Business Revolving Loan Fund and Program Income

.23 The SBRLF shall be utilized for loans and grants. It is anticipated that at least one job shall be created for every \$15,000 used, unless otherwise approved by the City. PCDC-ULDC shall service and collect SBRLF loans and ATC investments/loans. Refer to the contract for detail on the "Terms and Conditions for Providing Financial Assistance".

The audit procedure for the above is:

- Select a sample of transactions and determine that minimum requirements were met.

### Neighborhood Commercial Revitalization Security Program and Micro-Enterprise Assistance

.24 PCDC-ULDC shall assist in combatting crime which affects **for-profit and non-profit firms** which provide goods or services to the low and moderate income neighborhoods located in the NCR areas. This activity shall be carried out through the provision of technical assistance which shall be provided for interior or exterior, nonfacade security deficiencies of the firm that could lead to criminal victimization. (This type of assistance is normally provided through individual security audits.)

The audit procedure for the above is:

- Select a sample of security transactions and determine that the Technical Assistance Guidelines are followed.

### .25 Micro-Enterprise Assistance – Area Benefit

PCDC-ULDC shall provide and complete technical and non-CDBG funded loan packaging assistance services through its Micro-Loan Program to at least four (4) firms, regarding start-up or expansion, which provide goods or services to low and moderate income neighborhoods. (Negative feasibility studies for projects shall not be included in completed technical assistance).

## SECTION 1130 (CONT.)

### .26 Micro-Enterprise Assistance

PCDC-ULDC shall provide and complete technical and non-CDBG funded loan packaging assistance service through its Micro Loan Program to at least twenty-four (24) firms, regarding start-up or expansion. A firm shall qualify as a micro-enterprise if the number of people employed on a full or part-time basis, including the owner(s) of the firm, is equal to or less than five persons and at least 51% of those persons are either low or moderate income, pursuant to 24 CFR 570-201 (c). Once a firm is qualified as a small business, then PCDC-ULDC shall continue to provide assistance to the firm for a period up to three years without recertifying it. Assistance may include the provision of direct or indirect lending. (Negative feasibility studies for projects shall not be included in completed technical assistance). In addition to the Micro Loan Program, PCDC-ULDC shall design and implement a program to assist firms utilizing available funding from but not limited to, the Philadelphia Contractors Assistance (Loan) and Comcast (Loan) program which meet the micro-enterprise criteria pursuant to 24 CFR 570.201(c). PCDC-ULDC shall undertake this work through the Small Business Support Center/One Stop Capital Shop, the Micro Loan Fund and the Skilled Tradesperson facility.

The audit procedure for the above is:

- Select a sample of Micro-Enterprise transactions and determine that the requirements were met.

### **Community Economic Development Program**

.27 In order to facilitate PCDC-ULDC's neighborhood development and commercial revitalization efforts, and in response to the City's concerns for vacant business properties and targeting of development sites, PCDC-ULDC shall initiate a coordinated series of real estate activities. PCDC-ULDC shall work with neighborhood based organizations (NBO) to identify and assemble vacant or improved parcels of land in low and moderate income neighborhoods for commercial and/or mixed-use residential and commercial development. These efforts may include the analysis of ownership, usage, structural soundness, value, rehabilitation costs, etc. of selected properties in low and moderate income neighborhoods.

.28 In the implementation of this activity, PCDC-ULDC shall undertake the following:

- Prepare financial and site feasibility studies on commercial/retail developments in designated low-moderate income areas in conjunction with an identified NBO. These financial and site feasibility studies must identify the potential development team and the financial resources available to complete the proposed project. This activity shall provide technical assistance to neighborhood-based organizations which shall result in the creation and/or retention of employment opportunities, of which at least fifty-one percent (51%) shall be available to low and moderate income individuals in these areas. If the activity involves a mixed-use building comprised or to be comprised of residential and commercial/retail space, then at least fifty-one percent (51%) of the residential units must be available for low and/or moderate income people.
- Prepare a development package on three (3) projects.
- Assist in the completion of two (2) neighborhood development projects which shall be owned by the NBO or an NBO and private developer team.

## **SECTION 1130 (CONT.)**

This assistance shall be principally delivered by the Real Estate Development Unit.

The audit procedures for the above are:

- Select a sample of transactions and determine that the Technical Assistance Guidelines were followed.
- Determine that development packages were prepared for three projects and assistance was given for two neighborhood development projects.

### **Housing Rehabilitation Assistance Program**

**.29** PCDC-ULDC shall assist twelve (12) small and minority housing contractors with managerial assistance delivered through individual consultations. The goal is to increase the managerial and technical capabilities of the assisted small contractors to enable the firms to successfully perform housing rehabilitation projects. This shall entail assisting at least three (3) contractors in the completion of the bonding package and bonding negotiations. It is anticipated that seven (7) of these contractors shall be minority-owned construction contracting firms.

**.30** PCDC-ULDC shall evaluate the contractor's financing needs and recommend financing in the amount and form required. This shall include the preparation of a short term financial assistance plan with technical assistance recommendations and sources from which the technical assistance can be obtained. This short term financial assistance plan might include:

- Utilizing a revolving fund as established with the City, one of the annual objectives of PCDC-ULDC's Housing Rehabilitation Assistance Program is to provide \$1.5 million in working capital lending to small and minority housing contractors. This lending shall help to make possible the rehabilitation of 100 housing units, fifty-one percent (51%) or more of which shall be available to low-to-moderate income Philadelphia residents.

### **Real Estate Management Activities**

**.31** Projects under this task shall be fundable in accordance with 24 CFR 570.208.a.1, principally benefiting low and moderate income people.

The audit procedure for the above is:

- Determine that the tasks performed benefit low and moderate income people.

### **Neighborhood and Special Commercial Projects**

**.32** The City Commerce Department's Contract Administrator, or his designee, shall review and approve all reports, obligations and/or disbursement of funds, close-out agreements and finding resolutions for the projects covered under this part of the agreement, in conjunction with PCDC-

ULDC staff, prior to the final project close-out.

## SECTION 1130 (CONT.)

### **Acquisition/Site Development**

.33 At least fifty-one percent (51%) of the residential units shall be available for low or moderate income families.

The audit procedure for the above is:

- Determine that the residential units are occupied at least fifty-one percent 51% by low and moderate income families.

### **Feasibility Studies/Predevelopment Planning**

.34 Refer to the Statement of Services and Materials in the contract for specific compliance requirements.

### **UDAG**

.35 Program Income and Miscellaneous Revenue generated by Urban Development Action ("UDAG") Grants is governed by OMB Circular A-102, Attachment E and the applicable UDAG Grant Agreement for each UDAG Project.

The audit procedures for the above is:

- Determine if program income and/or miscellaneous revenue was generated and if such income and/or revenue was recorded and reported in accordance with OMB requirements.

### **Economic Development Programs Funded with the Commonwealth of Pennsylvania's Department of Community and Economic Development (DCED)**

.36 For contracts funded with both CDBG and DCED funds refer to the CDBG Programmatic Compliance Procedures. Generally contracts funded only with DCED funds provide for Support Revitalization, Business Services, Acquisition and Site Development. The guidelines for CDBG are also applicable for these types of service. Refer to the Statement of Services and Materials of the contract for specific details.

The audit procedures for the above are:

- Determine that contract goals are achieved.
- Determine that the reports required by the contract were submitted timely.
- Select a sample of reported data and trace to source documentation.

**Technical and Financial Assistance Program**

.37 Refer to the Statement of Services and Materials of the contract for specific contract compliance.

## SECTION 1140 - FINANCIAL COMPLIANCE PROCEDURES

**.01** As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Schedule of Findings and Questioned Costs.

**.02** The financial compliance procedures specified in Section 1140.03 to 1140.05 are applicable to all programs listed in Section 1110.

**.03** Non-profit organizations that contract with the Commerce Department using Community Development Block Grant Funds are required to follow the Administrative and Financial Management Guidelines issued by the Office of Housing and Community Development including maintaining the Uniform Program Management System (UPMS). The UPMS describes the procedures and controls that the organization is following for Accounting and Internal Control Procedures, Filing Systems, Personnel Policies, Personal Property, Procurement, Conflict of Interest Policies and the Cost Allocation Plan.

The audit procedures for the above are:

- To determine, as part of the review of the internal control structure, that the organization has established procedures and controls necessary to comply with the UPMS.
- Trace selected transactions of the UPMS to determine that procedures and controls are operating.

**.04** Agencies using indirect costs are required to develop and follow their indirect cost plan in accordance with OMB Circular A-87 or A-122.

The audit procedure for the above is:

- The auditor is required to test that the indirect cost plan and rationalization for determining indirect costs are valid.

**.05** The monthly subrecipient invoice shall reflect the administrative/planning and programmatic costs for the period in a format provided by the City. The Subrecipient invoice forms are to be submitted no later than ten (10) days after the report period. The City shall reimburse subrecipients solely for costs which have been paid.

The audit procedure for the above:

- Determine that the organization has adhered to the invoice filing requirements specified

by the City Representative and Department of Commerce.

**SECTION 1140 (CONT.)**

**UDAG**

**.06** Auditors performing an audit of UDAG funds must complete the following questionnaire and include such in their audit working papers along with appropriate supporting documentation.

	<u>YES</u>	<u>NO</u>	<u>N/A</u>	Working Paper <u>Ref.</u>
1. Has the Developer submitted all applicable employment reporting information to the City/PIDC, in compliance with the terms of the contract?	—	—	—	
2. Is the information contained in No. 1, above, reliable and accurate?	—	—	—	
3. Has the Developer submitted all applicable housing unit reporting information to the City/PIDC, in compliance with the terms of the contract?	—	—	—	
4. Is the information contained in No. 3, above, reliable and accurate?	—	—	—	
5. Has the Developer submitted to the City/PIDC, all documentation necessary to report Federal, State and Local taxes, as specified in the contract?	—	—	—	
6. Is the information contained in No. 5, above, reliable and accurate?	—	—	—	
7. Has the Developer paid all taxes to the appropriate authorities, as specified in the contract, and as required by Federal, State and Local laws and regulations? (If no, provide a schedule of delinquent taxes as a part of this report.)	—	—	—	

**SECTION 1150 - SUPPLEMENTAL FINANCIAL SCHEDULES AND REPORTS**

**.01** The organization's audit report must include the following supplemental financial schedules for each City of Philadelphia contract with \$300,000 or more of expenditures, in addition to the financial statements and auditor's reports as specified in Sections 400 and 500 of this Audit Guide. In addition, the supplementary schedules must contain all contract funding sources. A designation has been made for those supplemental schedules required for a "single audit" report (Section 400) or a "program audit" report (Section 500). . The auditor's report on the Supplemental Schedules listed below will be an agreed-upon procedures report as specified in Section 400 of this Audit Guide.

<u>Supplemental Financial Schedule</u>	<u>Section Ref. to Sample Format</u>	<u>Single Audit Report</u>	<u>Program Audit Report</u>
• Statement of Source and Status of Funds	1150.02	Yes	Yes
• Statement of Program Expenditures	1150.03	Yes	Yes
• Schedule of Program Income	1150.04	Yes	Yes
• Reconciliation Schedule	1150.05	Yes	Yes

**SECTION 1150.02**

**ABC NONPROFIT CORPORATION  
 CONTRACT NUMBER XXXX  
 STATEMENT OF SOURCE AND STATUS OF FUNDS  
 FOR THE PERIOD JULY 1, 19XX TO JUNE 30, 19XX**

	<u>CDBG</u>	<u>PROGRAM</u>	<u>OTHER</u>	<u>NON-</u>	<u>TOTAL</u>
	<u>FUNDS</u>	<u>INCOME</u>	<u>CITY</u>	<u>CITY</u>	
			<u>FUNDS</u>	<u>FUNDS</u>	<u>_____</u>
Total Contract (Final Authorized Budget)	\$ XXXX	\$	\$ XXXX	\$ XXXX	\$ XXXX
Less:					
Funds Drawn Down - Prior Fiscal Year	XXXX				XXXX
Funds Drawn Down - Current Year	XXXX				XXXX
Total Funds Drawn Down	<u>XXXX</u>	<u>_____</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>
Funds Still Available for Draw Down	<u>\$ XXXX</u>	<u>\$ _____</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>
Total Funds Drawn Down	\$ XXXX	\$	\$ XXXX	\$ XXXX	\$ XXXX
Add:					
Program Income	<u>_____</u>	<u>XXXX</u>	<u>_____</u>	<u>_____</u>	<u>XXXX</u>
Total Funds Received	XXXX	XXXX	XXXX	XXXX	XXXX
Less:					
Program Income Expended		XXXX			XXXX
Funds Applied - Prior Fiscal Years					
Funds Applied - Current Fiscal Year	<u>XXXX</u>	<u>_____</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>
Total Funds Applied	XXXX	XXXX	XXXX	XXXX	XXXX
Total Funds Due From Funding Source	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>
Total Funds Available For Disposition	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>