

70. Standards of Conduct Policy

Adopted by the City Council of Saco: May 5, 2003

A. Introduction

1. Elected official, appointed officials, employees of Community Development Block Grant (CDBG) recipients and contractors are those responsible for administering Maine's CDBG Program and are also responsible for its integrity. Following sound business practices, prescribed standards of conduct and Department of Housing and Urban Development (HUD) requirements will not only protect these grant funds, but also those who administer the program.

B. Purpose

1. This notice provides information on specific activities you must avoid and identifies essential HUD requirements that must be met. The requirements will help to prevent fraud and program abuse by alerting essential officials to appropriate standards of conduct.

C. Authorities

1. Pertinent laws and requirements that you should have copies of are:

a) Housing and Community Development Act of 1974 as amended in 1992. This is located in the Administrator's Guide.

b) Community Development Block Grant Regulations (24 CFR Part 570).

2. Program Requirements & Prohibited Activities

3. The following sections reviewed prohibited activities and administrative requirements that must be followed by all CDBG communities.

a) Prohibition against conflicts of interest – CDBG regulations (25 CFR, Part 570.489 (h)) prohibit conflicts of interest. For any CDBG activities under your control or influence you may not:

b) Obtain personal or financial interest or benefits including money, favors, gratuities, entertainment or anything of value that might be interpreted as conflict of interest

c) Obtain a direct or indirect interest in any contract, subcontract or agreement for any CDBG activity. This prohibition extends to contract in which your spouse, minor child, dependent or business associate may have personal or financial interest. This prohibition extends for a period

of one year after you leave your position with a CDBG activity or program.

d) HUD may grant an exception to this conflict of interest provision if it determines that such exception will enhance the effectiveness of the CDBG project. Requests for such exceptions must be made in writing to this office.

4 Procurement and Contracting Requirements – Provisions of 24 CFR Part 85 and Part 36, Administrative Requirements apply to the CDBG Program grantees. These provisions prohibit the following practices in your procurement and contract administration.

a. Circumventing competitive bidding requirements by:

- i. Failing to advertise for sealed bids or soliciting proposals and engaging in noncompetitive negotiation
- ii. Failing to use established evaluation criteria in negotiations
- iii. Splitting bids by breaking down contracts into small parts so that purchase order procedures can be used except to meet Minority/Women Business Enterprise goals
- iv. Favoring or providing a competitive advantage to any one firm or individual; identifying the names of those invited to bid; and preparing fictitious bids to simulate competition.

b. Failing to adhere to contract award requirements by:

- i. Allowing excessive price charges;
- ii. Awarding contract to other than low bidder without adequate justification; and
- iii. Accepting a bid that does not contain a price for all items or services included in the bid invitation.

c. Failing to verify contractual and programmatic compliance by contractors by:

- i. Authorizing payment for work not completed;
- ii. Falsifying inspection reports;
- iii. Altering contractor invoices; and

- iv. Misusing modification or change orders.
- d. Financial management and recording systems
 - i. You must comply with the following requirements of 24 CFR part 85.20 and .42 and CDBG regulations.
 - 1. Establish internal controls to safeguard cash, inventory and equipment
 - 2. Establish a special ledger account for all CDBG monies
 - ii. Maintain financial records including;
 - 1. A register of cash receipts and disbursements;
 - 2. Record of all non-cash transactions;
 - 3. General ledger to show the status of each CDBG account;
 - 4. A fixed account ledger, and
 - 5. A record of drawdowns, funds received and balance of funds.
 - 6. Ensure you maintain financial records and maintain for three years.
 - 7. Use income generated from grant activities for other eligible activities.
 - 8. Use program income before drawing additional grant funds to pay for allowable program expenses.
 - 9. Not request or draw down more funds then needed.
- e. Cost Allowance
 - i. You must comply with OMB Circular A-87, Cost Principles for State and Local Governments. You may not spend CDBG funds on ineligible activities including;
 - 1. Expenses required to carry out the regular responsibilities of the general local government.

2. Partisan political activities (e.g. contributions towards political campaigns, voter registration or candidate forums).

f. Program Monitoring

- i. Regulation CFR Part 85.40 states you must monitor the performance of grants supported activities to assure compliance with federal requirements and that performance goals are being achieved. It is suggest you:
 1. Keep records for your on-site visits to sub grantees and contractors.
 2. Place special emphasis on your monitoring of the highest risk sub recipients and contractors.