MCHENRY COUNTY · IL
PLANNING & DEVELOPMENT
COMMUNITY DEVELOPMENT DIVISION

MAILING ADDRESS:
2200 N. SEMINARY
WOODSTOCK, IL 60098
PH: 815-334-4560
WWW.MCHENRYCOUNTYIL.GOV/CD

# Omnibus Internal/External Policies & Procedures on Internal Accounting, External Auditor Selection, CDBG Homeowner Rehabilitation Program Methodologies, and Timekeeping

**Policy:** It shall be the policy of McHenry County to ensure reasonable costs for both internal expenses and for reimbursements to Subrecipients are completed in a timely, efficient and effective manner. It is also the policy of McHenry County staff in Community Development to document the time spent on actual administrative, planning and project delivery, and establish parameters for Homeowner Rehabilitation Programs.

**Background:** McHenry County works primarily, but not exclusively, with grant funds received from the United States Department of Housing and Urban Development (HUD) and relies on a number of budget and accounting practices that ensure an extremely effective separation of fiduciary duties as well as proper documentation of funds. Documenting time spent on activities is a proper responsibility to ensure costs are properly charged among grants, general funds, and other resources.

From time to time, McHenry County may seek or obtain new grant funds. If a procedure is not identified for the new funding as listed below, documentation of how funds will be spent and tracked will be identified within a grant request, letter of intent, memorandum of understanding, application, or other document, until the time at which this document is updated.

The Integrated Disbursement and Information System (IDIS) is a nationwide database, that provides the United States Department of Housing and Urban Development (HUD) with current information regarding the program activities underway across the Nation, including funding data.

HUD uses this information to report to Congress and to monitor grantees. IDIS is the draw down and reporting system for the five CPD formula grant programs: Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Housing Trust Fund (HTF), Emergency Solutions Grants (ESG), and Housing Opportunities for Persons With AIDS (HOPWA); and for the CPD competitive grant program HOPWA Competitive. Grantees also use IDIS for Consolidated Planning.

The Electronic Line Of Credit Control System (eLOCCS) is utilized in the Continuum of Care (CoC) Program, of which McHenry County has been deemed a Unified Funding Agency (UFA).

The UFA designation entails that McHenry County is the Grantee for CoC funds, and therefore agencies funded by the CoC are Subrecipients of McHenry County as Grantee. The eLOCCS system is also utilized for the Lead Safe Home Program.

The following funds are deposited at local banks by the County Treasurer:

1. Senior Services Grant Fund: This is local funding from a property tax assessment. The funds are deposited into gradual Certificates of Deposit (CD's) by the County Treasurer. The funds gain annual or periodic interest. On December 1 of any given year, 3.5% of the interest is tabulated and allocated the following September to local Grantees, with this funding starting the following December 1st.
2. Treasury Emergency Rental Assistance Funds (ERA)
3. Interest on ERA funds, which is unrestricted
4. Foundation, local agency, or corporate grants, from time to time
5. Emergency Food and Shelter Program (EFSP) administration funds

The following funds are subject to draw requirements from time to time:

1. Foundation, local agency, or corporate grants, from time to time
2. Subrecipient agreements in cases in which the County is a partner organization or has some other relationship with a Grantee of funds

McHenry County may utilize any or all of these grant programs, or any new ones that are offered from time to time.

McHenry County shall follow the federal financial regulations codified by 2 CFR 200, as appropriate and as amended from time to time.

The McHenry County Community Development Division shall develop a budget that is reviewed with the Chief Financial Officer annually and approved by the County Board pursuant to the annually-approved Budget Policy. This Policy is available via the McHenry County Meeting Portal.

**Timekeeping Procedures:**

1. McHenry County may opt to utilize time studies, timesheets, or allocation strategies to document staff time and effort in managing grant funds.
2. A time study shall entail a detailed scope of staff time and effort for a period of two weeks (ten working days), with this detailed time study utilized to account for time for the proceeding 12 weeks proceeding the time study.

3. An allocation strategy is a method that shall be employed at the beginning of the County Fiscal Year (December 1) or mid-year (May 1) and shall entail an exact percentage of time for all staff for timekeeping purposes.
4. If the timesheet methodology is used, time for full-time and part-time County staff shall be tracked on the Excel spreadsheet in effect at the time of the time documentation.
5. Post-Pandemic and 21st Century rules apply in order to save taxpayer money – the pre-signed (by both parties) timesheet shall be completed by all internal staff and submitted to the Office Manager via email and carbon copied to the Community Development Administrator or Director and any Senior team staff. Time may be assorted to multiple grants. An example (nut not limited to this example) would be time documentation for a team meeting in which multiple grants or projects are reviewed.
6. All staff shall document the exact time for activities they complete, being detailed within reason. At times,
7. Either/or the CD Administrator or Senior staff shall review the emailed timesheet. The timesheet is deemed approved by Community Development leadership if there is no objection to it. Any objection to revise time or explain why time was allocated to a project shall be promptly (meaning within 12 hours) be responded to by the staff person. Management decisions shall override any staff documentation.
8. The Office Manager is responsible for the documentation of the time in UKG-Kronos, which is the County's system for time documentation for all employees.
9. The following other costs shall be covered: Illinois Municipal Retirement Fund (IMRF) and FICA (Social Security and Medicare).
10. The Director of Planning and Development is responsible for overall approval of timesheets and allocations in UKG-Kronos electronically.
11. The Payroll Manager works within the Finance Team, and is responsible for submitting a time accrual log and staff time costs to the designated Community development team member for draw purposes. This person is also responsible for appropriating staff time in a direct proportion to the costs of Health Insurance for Division staff who receive it. It can also be sued to cover the costs of staff who do not accept insurance.
12. The CD Division staff shall then work with Senior Finance staff to ensure the staff costs are allocated appropriately, and ensuring any administrative program income is utilized prior to entitlement funds.
13. Payroll is noted to have been paid out of the County's General Fund and is awaiting reimbursement.
14. Designated CD Division staff then draw funds as appropriate; depending on the level of signatures required, all are obtained on draws made as required.
15. Draws for CoC – eLOCCS are typically automatically sent within 72 hours. This is a similar scenario for anything drawn from IDIS.
16. The Lead Safe Homes Program involves both a Finance and a CD Administrator (or Senior Staff) approval as well as a report and documentation of expenses; this request is sent through a separate proprietary system known as Healthy Homes rant Management System (HHGMS). In this case, the Grantee Technical Representative (GTR) reviews and approves a draw after seeing the documentation that has been submitted.

17. The Senior Services Grants and other funds in a bank account are transferred to the General Fund
18. Other grants requiring draws are submitted to the appropriate parties and are tracked by Finance as Receivables.
19. The County Treasurer works with the Finance Team to reconcile Accounts Receivable to ensure that the County receives all reimbursement funds and that these amounts match and are reconcilable.
20. The CD Administrator shall continually (meaning weekly) review budgets and draws so as not to exceed caps on administrative, planning, or Subrecipient funds.

**Accounting/Reimbursement Procedures:**

1. Newer or newly designated staff shall attempt to gain access within two weeks of start date (or designated date) to systems involved in accounting.
2. There shall be a designated and one or more alternate staff persons designated to process bills and costs on the CD Division team.
3. The CD Administrator shall not act as the first review of any bill submitted to the Division.
4. Simple bills are designated as those not attached to any Subrecipient. The are bills associated with common Division expenses, such as required newspaper postings or employee reimbursements.
5. Complex bills are those designated as attached to Subrecipient Agreements. These require staff review and approval prior to submission to the CD Administrator and/or Planning and Development Director for approval.
6. After review, and in some cases, initial approval, bills are submitted to the County's proprietary system, currently Microsoft D365, by designated staff.
7. The CD Administrator and/or Planning and Development Director are responsible for approving or rejecting invoices in the system for any invoice that is NOT Senior Services Grant Funds.
8. The Chief Financial Officer or their designee shall approve all Senior Services Grant Fund reimbursement requests.
9. Funds are noted to have been paid out of the County's General Fund and is awaiting reimbursement.
10. Designated CD Division staff then draw funds as appropriate; depending on the level of signatures required, all are obtained on draws made as required.
11. Draws for CoC – eLOCCS are typically automatically sent within 72 hours. This is a similar scenario for anything drawn from IDIS.
12. The Lead Safe Homes Program involves both a Finance and a CD Administrator (or Senior Staff) approval as well as a report and documentation of expenses; this request is sent through a separate proprietary system known as Healthy Homes rant Management System (HHGMS). In this case, the Grantee Technical Representative (GTR) reviews and approves a draw after seeing the documentation that has been submitted.

13. The County Auditor reviews and approves all financial transactions. If rejected, the approval process starts over.
14. The Senior Services Grants and other funds in a bank account are transferred to the General Fund
15. Other grants requiring draws are submitted to the appropriate parties and are tracked by Finance as Receivables.
16. The County Treasurer works with the Finance Team to reconcile Accounts Receivable to ensure that the County receives all reimbursement funds and that these amounts match and are reconcilable.
17. The CD Administrator shall continually (meaning weekly) review budgets and draws so as not to exceed caps on administrative, planning, or Subrecipient funds.
18. The goal is to pay bills within 45 days; if errors are found with reimbursement requests, they are rejected, and this time frame starts over again. This is considered ongoing desk monitoring.

**External Auditor Selection Procedures:**

1. The McHenry County Finance Committee is responsible for the review and approval of an external auditor.
2. The County Finance Committee may utilize state-approved methodologies for the review and recommendation of an external auditor.
3. The McHenry County Board shall review and approve the ultimate selection of the External Auditor.
4. The results of annual external audits are provided to HUD and to the community.
5. The County is encouraged to solicit requests from Minority or Women-Owned Businesses as well as Section 3 Businesses (meaning low and moderate income households).

**Homeowner-Occupied Rehabilitation (OOR) Methodologies for the Community Development Block Grant Program:**

1. McHenry County, as Grantee, may opt to seek the operation of an CDBG OOR Program. These funds may be in the form of a Competition or direct request from the County Board. Rehab shall include, but not be limited to: Lead Safe Homes Program match, Healthy Homes Initiative, other Homeowner Rehab.
2. It shall be preferable to return 80% of Program Income to some form of OOR activity.
3. The HOME Program shall not be utilized for OOR Programs.
4. All properties are subject to a radon test approved as a methodology by the State of Illinois. Mitigation of radon may be required and shall be factored into grant requests.

5. In no case shall OOR funds be used for a rental housing units. Ownership of the housing shall be documented using the most recent information available.
6. McHenry County shall allow for Subrecipients to seek out OOR funds from time to time. These requests, as well as the manner in which the County conducts its own rehab programs shall occur in one of the following ways:
    a. Grants to the homeowner: This shall be used for more extreme scenarios in which the client would otherwise be at-risk of injury or detriment without the intervention. Applicants shall designate this as their recourse for grant funding. Homeowners are to be selected via a lottery (preferred) or in order of application.
    b. The "Three/Ten" lien. This entails that the Grantee or agency utilize a three year lien for costs under $10,000. The client is entitled to "pay down" to under $10,000 to have a shorter lien time. Any costs between $10,000 and $24,750 shall be a ten year lien. In either scenario, the lien shall titrate downward, proportionately, on a monthly basis until depleted. In the case of historic properties, costs may exceed $25,000, and shall be subject to Lead mitigation. All OOR candidates under this methodology are selected by application and lottery.
    c. The "Full Lien." In this scenario, funds may be utilized for a wider variety of housing rehab, but are eventually subject to full recapture by the County. This methodology is helpful for higher cost units that would have otherwise been more applicable to the HOME Program. This program entails high costs per unit.
    d. Another methodology approved by the CD Division staff that does not result in receipt of funds simply for a quick resale of the housing unit. This can entail the payback of funds (example ½ is released from lien as client makes annual payback of the other half).
    e. CDBG liens shall remain in their original position behind any mortgage (for example, if it starts in second position, it shall remain there; if it starts in third position, it shall remain there) unless the lien moves upward in position. This position shall not be modified in any way once the lien is recorded.
    f. OOR programs are not intended to develop "luxury," but rather are to instill safe and decent housing for program participants. These programs are not designed, nor shall they be use for, luxury accommodations for short relocation, improvements beyond the scope of work, rehabilitation that is unnecessary, or other tests or improvements that do not achieve Community Development goals or HUD requirements. Luxury accommodations are those that exceed the County's Government Services Administration per diem rate for hotels/motels, as defined from time to time.