



**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
CARES ACT FUNDING
MICROENTERPRISE DIRECT GRANT PROGRAM**

CLAIMS PROCESS

The following documentation must be submitted via the “Dropbox” link (provided by CDFA) two (2) weeks prior to the formal claim submission on CDFA’s Grants Management System (GMS). This will allow CDFA the opportunity to review the claim materials and set up GMS for the proper submittal of the full claim.

1. **Microenterprise Tracking Spreadsheet** – CDFA has added a tab to the ‘regular’ microenterprise tracking spreadsheet to enable subrecipients to track businesses that receive CDBG-CV direct-grant assistance. The CDBG-CV tab will be used with each claim to document which businesses received direct-grant assistance; completion of environmental reviews, DUNS numbers, duplication of benefit analysis, and agreements; and number of employees.
2. **Family Income Verification Forms (FIVFs)** – Submitted for each business owner. If the business owner is *already* a Micro TA client, this may be the same form that was used to verify LMI eligibility for the regular CDBG Microenterprise Program.
3. **Environmental Review Form** – Must be signed by the Authorized Official (at the County) signifying the aggregate activity funded.
4. **Duplication of Benefits (DOB) Calculation Spreadsheet** – Must be filled out per CDFA DOB policy for each microenterprise receiving CDBG-CV direct-grant funds.
5. **Agreement** – Must be signed by both the Subrecipient and the business receiving CDBG-CV direct-grant funds.
6. **DUNS#** – Must be included for each business receiving CDBG-CV direct-grant funds.

When the claim is submitted through GMS, the Subrecipient will also provide documentation supporting the request. This documentation is not required two weeks prior to claim, but a Subrecipient may include it if they want to ensure that the expenses are eligible through the program.

Claims may be made for reimbursement of previously incurred cost, or for advance payments of expected expenses. There are a few items to consider if a Subrecipient is going to allow advance payments.

1. A Subrecipient may make advance payments to a qualifying microenterprise provided that it maintains both a) written procedures that minimize the time elapsing between the transfer of funds and disbursement by the Subrecipient (no more than 15 days), and b) financial management systems that meet the standards for fund control and accountability.
2. Advance payments must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the business. The primary goal is to ensure that payments are as close as is administratively feasible to the date on which the actual expenses will occur. Several suggestions:
 - a. While for-profit entities are not required to adhere to procurement requirements, one of the best ways to ensure that advance payments are close to actual expenses is to obtain written cost estimates and/or quotes. This is considered an internal-control mechanism that can be an important facet of a financial management system.

- b. When estimating working capital, it is best to use an average of the past three to five months of expenditures, especially in light of COVID-19. This information could be utilized as another internal control measure to ensure that the business is accurately predicting expenses.
3. Advance payments may not be used for minor construction/modification expenses; these expenses must be incurred first by the business, then reimbursed with CDBG direct-grant funds.

Each claim (a reimbursement for expenses already incurred or an advance for future expenses) will have its own type of supporting documentation. Reimbursement payments are simple: provide documentation outlining incurred expenses, such as payrolls, invoices and bills. For advance payments, the Subrecipient must employ internal controls to produce appropriate supporting documentation, as described above.