

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
**OFFICE OF COMMUNITY DEVELOPMENT**

**SUBJECT:                   OCD Grant Disbursement Procedure When There is a Third Party Grant Administrator of an OCD Grant**

**Policy Bulletin #6**

**EFFECTIVE DATE:   June 1, 2000**

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The purpose of this policy bulletin is to explain the grant disbursement process as it pertains to grantees that hire a third party project administrator (contractor) to administer the grant. The following subjects will be explained:

- Grant Disbursements from MSHDA to the Grantee
- When a Non-Profit or Governmental Agency is a 3<sup>rd</sup> Party Administrator
- Audit Requirements

**Grant Disbursements from MSHDA to the Grantee**

All grant disbursements will be made directly to and deposited in an account of the grantee. See Policy Bulletin #2, Request for Funds.

**When a Non-Profit or Governmental Agency is the Third Party Administrator**

When the Third Party Administrator is a non-profit or governmental agency, a grantee may request in writing to MSHDA authorization that funds for project implementation activities be disbursed by the grantee to that administrator for deposit. The administrator would then be responsible for writing and disseminating individual payments to rehabilitation contractors in a timely manner. Such fiscal responsibility must be clearly described in the grantee's administrative agreement with the administrator, which must be approved by and on file with MSHDA.

**Audit Requirements**

When a Third Party Administrator is authorized to disburse project funds, the grantee audit (Single Audit, Program Audit, or Local Unit Audit) must include examination of the disbursements made by the administrator. (The amount of federal funds disbursed by the grantee will determine whether or not a Single Audit is required.)

**The contractor serving as the project administrator is not subject to the Single Audit requirements, but must make records available as a part of the audit.**

**Note: When complying with a private agency (either nonprofit or for profit), compliance with Procurement Standards of CFR Part 85, Section 85.36 is required. (See Policy Bulletin #5.) When contracting with a public agency for grant administration, compliance with CFR Part 85, Section 85.36 is not required.**

Any questions regarding this Policy Bulletin should be addressed to your Community Development (CD) Specialist or CD staff at (517) 373-1974.