



2017 CDBG-DR Problem Solving Clinic



Monitoring Tips and Tricks



Welcome & Speakers

- Session Objectives
 - Explain the importance of monitoring and how to assess risk to guide monitoring efforts
 - Understand how to prepare for and what to expect during a HUD monitoring visit
- Speaker
 - Kevin Roddy, ICF



Agenda

- Who gets monitored
- How to assess risk
- What to monitor
- Preparing for a HUD monitoring visit
- Common HUD findings
- HUD sanctions





Why Monitor?

- Compliance with statutes and regulations
- Prevention of fraud, waste, and abuse
- Early detection of inefficiencies
- Improvement
- Identification of best practices



Who Does HUD Monitor?

- All CDBG-DR HQ-held grantees are monitored at least once per year
- HQ-held Sandy grantees: 2 x per year
- Some grantees: 4 x per year
- Field-held CDBG-DR grantees are monitored according to the region's risk assessment

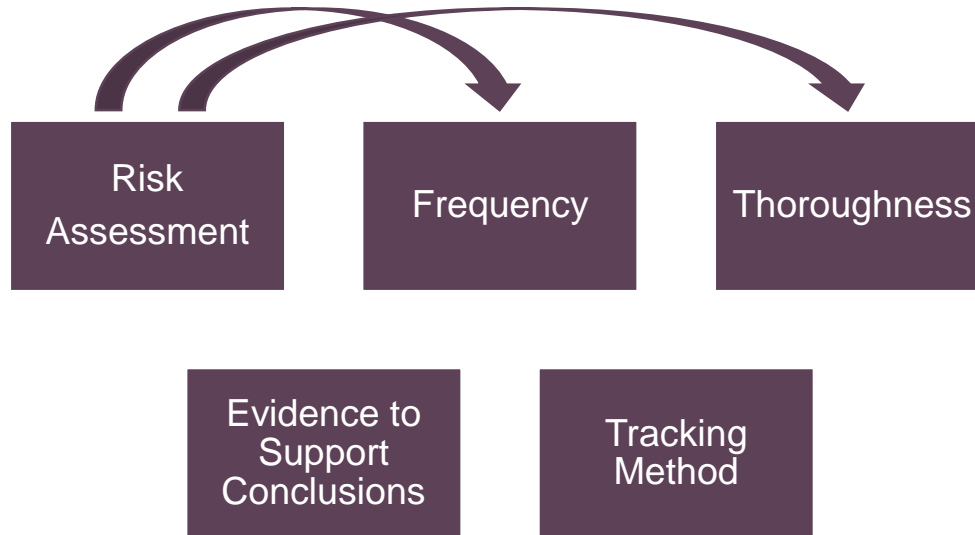


Who Should YOU Monitor?

- Subgrantees
- Subrecipients
- Contractors
- Yourself
- ANYONE WHO SPENDS CDBG-DR FUNDS



The Five Habits of Highly Effective Subrecipient Monitoring





Risk Assessment Factors

- Financial Management
- Overall Management
- Satisfaction (Citizen Complaints)
- Services (Complexity of Programs)





Rating and Ranking

1. Rate each subrecipient/subgrantee

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Factor	Maximum Score	Points Assigned
1. Financial	47	16
2. Management	34	15
3. Satisfaction	4	2
4. Services	15	
TOTAL	100	39



Rating and Ranking

2. Rank subrecipients by risk level

Grantee	Total Score	Rank
Alto	39	3
Wells	67	1
Lufkin	55	2

3. Use Ranking to develop monitoring schedule



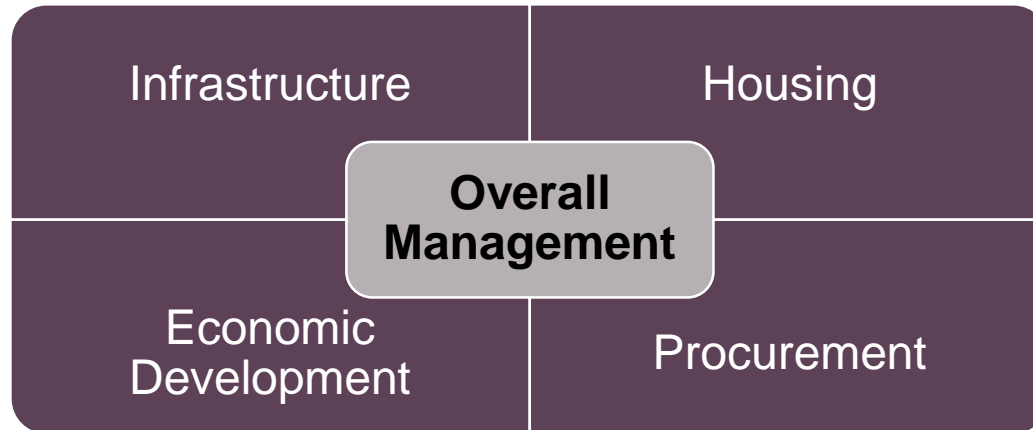
Essential Items that Must be Monitored

- Eligibility of activities and beneficiaries
- National Objectives
- Tie to disaster
- Prevention of duplication of benefits from FEMA, SBA, insurance, and other sources
- Program policies and procedures, i.e. internal controls and separation of duties



CPD Monitoring Handbook

- Contains sample exhibits used by HUD for monitoring CDBG-DR grantees
- Grantees should review the Handbook to understand what HUD reviews during monitoring visits





Monitoring Exhibits

[24 CFR 570.506, 570.490, or applicable <i>Federal Register</i> notice]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
Describe Basis for Conclusion:			
[Redacted]			
b. For single family properties:			
i. If benefiting a low-to-moderate income (LMI) household, does the file document that the household is at or below 80 percent of Area Median Income?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
Describe Basis for Conclusion:			
[Redacted]			
ii. If using the Slum/Blight national objective on an Area basis, does the file demonstrate that the area meets the definition of a slum, blighted, deteriorated or deteriorating area under state or local law?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
Describe Basis for Conclusion:			
[Redacted]			
iii. If using the Slum/Blight national objective on a Spot basis, is the rehabilitation <i>limited</i> to those conditions that are detrimental to public health and safety?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
Describe Basis for Conclusion:			
[Redacted]			
iv. For an activity classified as Urgent Need, was the need demonstrated (via publication in the program participant's Action Plan) within 18	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

GOOGLE: CPD MONITORING HANDBOOK



Preparing for HUD...

- Create uniform recordkeeping and file management system
- Assign knowledgeable personnel to prepare for monitoring visit and ensure all files are accessible to HUD staff
- Designate someone to assist HUD staff during the entirety of the monitoring visit



Get organized

- **Create Checklists:** Put it in the file and have someone check to ensure that all required documents are present and final
- **If you have an electronic system:** Create a road map for the system to ensure moving from screen to screen is user-friendly and that it's 100% clear where to go to find required documents
- **Have a rehearsal:** Walk through a file using the HUD Monitoring Exhibits. Can you answer all the questions using only the information found in the file? Check for any duplicate or incomplete records.



When Working With HUD...

- HUD is a partner, not an adversary
- Converse in HUD-speak to be effective
- Provide documentation when requested
- Findings are not personal, and may ultimately prevent even more consequential findings





After HUD Leaves...

- Monitoring Report issued in 90 days
- Grantee has 30 days to respond
- Findings (Corrective Action) versus Concerns (Recommended Action)
- Monitoring Reports are FOIA-able, but are generally not shared unless requested



Common Findings: Recordkeeping

- 24 CFR 570.490
 - “State shall establish and maintain such records as may be necessary to facilitate review and audit by HUD...”
- Lack of recordkeeping may signify deeper deficiencies



Common Finding: Duplication of Benefits

- Section 312 of the Stafford Act (42 U.S.C. 5155)
- Questions HUD will ask:
 - Did you do it?
 - Did you do it right?
- Commonly leads to repayment
- Applies to all assistance (housing, infrastructure, and economic development)



Common Finding: National Objective

- 24 CFR 570.483
- Not as common in CDBG-DR program where grantees can utilize urgent need national objective in accordance with Federal Register Notice
- Most commonly cited for wrongly calculating Low/Moderate Income (LMI) Area Benefit service areas



Common Findings: Financial Management

- 24 CFR 570.489(d), Fiscal Controls and Accounting Procedures
- 2 CFR 200
- Not just Financial Analysts monitoring, this is also a part of Overall Management
- HUD will:
 - Check Financial Management 07B Reports
 - Interview Staff
 - Review source documentation that establishes “basis of cost”



Common Findings: Procurement

- 24 CFR 570.489(g)--vendors
- 24 CFR 570.489(h)—conflict of interest
- Sole Source/ Non-competitive Procurement
- Sandy provisions
 - Performance Requirements
 - “Penalties” or Liquidated Damages
- Overuse of Change Orders



Common Findings: Environmental Compliance

- 24 CFR Part 58
- 24 CFR Part 50
- Incorrect environmental assessment undertaken
- Recognizing “Choice Limiting Actions”
- Expenditures prior to “Authorization to Use Grant Funds” (AUGF)
- Follow up “mitigating actions” – i.e. elevation of structure



Sanctions

- States: 24 CFR 570.495
- Entitlements: 24 CFR 570.910
- May include but not limited to:
 - Advising grantee not to do it again
 - Advising grantee to suspend or terminate payment
 - Making grantee repay funds out of general revenue



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Questions?