Urban County CDBG Program

Subrecipient Monitoring for CDBG Recipients

Thurston County (as an entitlement grantee and Urban County lead agency) is responsible for monitoring the day-to-day operations of its subrecipient activities to ensure compliance with all applicable federal requirements at 24 CFR 570 and 24 CFR 576, individual project goals, and local CDBG program requirements.

To accomplish this, the Office of Housing and Homeless Prevention (OHHP) uses a variety of monitoring techniques to review subrecipient compliance. Through phone conversations, written correspondence, desk monitoring, and on-site monitoring visits, staff are able to review each subrecipient‘s ability to meet the CDBG program‘s financial, production, and overall management requirements and make necessary determinations or take necessary actions to preserve program integrity.

Regardless of the frequency with which a project is monitored by staff, the purpose and intent of any monitoring visit is to identify any potential areas of noncompliance and assist the subrecipient in making the necessary changes to allow for successful completion of the activity. By identifying and correcting any compliance issues, the likelihood of efficient and effective services being delivered to the intended County beneficiaries increases dramatically and ensures the continued success of both the subrecipient organization and the County entitlement.

After CDBG/ESG funds are awarded for individual activities, the staff role is then to ensure that subrecipients are carrying out their programs in accordance with all applicable laws and regulations, and are meeting the goals outlined in their subrecipient agreements. In carrying out this responsibility, the staff will help subrecipients identify problems or potential problems in implementing their activity, identify the causes of those problems, and help subrecipients correct them.

Wherever possible, problems are corrected through discussions and/or contract compliance measures with the subrecipient without the need for on-site monitoring visits. However, at least once per year, or as individual situations dictate, on-site monitoring and/or provision of technical assistance will be required.

Monitoring Activities

Risk Assessment Process

Each year, OHHP will monitor and assess each funded activity to determine the degree to which an activity or subrecipient is at risk of noncompliance with CDBG program requirements. Some activities may warrant additional visits where conditions exist that indicate an activity may be high risk. In an effort to address these potential problem areas, Thurston County will utilize a risk assessment process to aid in determining the timing and frequency of monitoring visits required for individual activities. Projects which are determined by this process to be higher risk would then be monitored before, and likely more frequently than, lower risk projects.

Desk Monitoring

Desk monitoring is an ongoing process of reviewing subrecipient performance using all available data and documentation in making assessments of subrecipient performance and compliance with CDBG requirements. This process takes place within OHHP and does not generally involve subrecipient participation beyond submission of requested information. The following are among the sources of information that may be used in making determinations during the desk monitoring process:

* Requests for reimbursement and accompanying source documents;
* Audit reports;
* Staff reports from prior monitoring visits;
* Client/citizen comments and complaints;
* Information provided by other federal, state, county, and local agencies;
* Subrecipient responses to monitoring and/or audit findings;
* Original grant application;
* Subrecipient Agreement (as amended);
* Quarterly progress reports; and
* Litigation.

Capital Facilities Activities

In addition to the above, monitoring of capital facilities activities occurs at several key points in the grant and construction process including but not limited to:

1. Environmental review process;
2. When the Subrecipient Agreement is written;
3. As design and procurement takes place;
4. At a scheduled pre-construction meeting with selected construction contractor;
5. At construction site for compliance monitoring of Davis Bacon and Related Acts regulations and contractors employee wage interviews;
6. Quarterly report for progress;
7. Careful review of cost reimbursement requests for appropriateness; and
8. At substantial completion and project close-out.

Grant agreements for capital projects will be executed following the completion of the environmental review of the project. Capital projects will be monitored at least quarterly to assess progress. Project monitoring is increased proportional to need. An example would be the case when a project triggers additional reporting requirements such as the need for weekly payroll reports for proof of federal prevailing wage compliance. Prior to approval, County staff will review all vouchers and backup documentation for payment. Environmental, lead-based paint inspections and contractor debarment issues will be reviewed with agency project managers at the beginning of each project. Public facilities projects involving real property are typically secured by recorded trust documents that specify the return of grant funds if the property changes to an ineligible use within a specified period.

Use of Information

The information provided to the Division will be used to observe patterns, changes, etc. in subrecipient activity and to identify any problems or potential problems and program status and accomplishments.

Analysis of the data provided may indicate the need for on-site monitoring visits by the program staff to resolve issues of noncompliance or programmatic concerns.

On-Site Monitoring

In addition to the desk monitoring process, the program staff will conduct at least one on-site monitoring of each CDBG activity per year. Activities considered to be high risk will receive on-site monitoring first to head off any potential areas of noncompliance and provide the subrecipient with any technical assistance necessary to ensure compliance with CDBG requirements. Medium and low risk activities will receive on-site monitoring visits at the earliest possible date after all high risk activities have been monitored. Medium risk activities will receive monitoring priority over low risk activities. The program staff will notify subrecipients by mail of the time and date for their scheduled on-site monitoring visit. Notification will be provided approximately two weeks prior to the scheduled visit and will include identification of the areas to be monitored, any documentation to be made available and key staff that may need to be present.

Monitoring Areas

OHHP will generally review some or all of the areas identified below during the monitoring visit. Other areas for review may apply depending on activity type, subrecipient, etc. The extent of the review of these areas will vary from one activity to another.

* Project Progress
* Project Benefit
* Financial Management Systems
* Procurement Standards
* Income Verification
* Individual Client Files
* Complaint Procedures
* Employee Records
* Minority and Women-Owned Business
* Section 504/Handicap Accessibility
* Requirements
* Record Keeping Systems
* Property Acquisition/Relocation
* Labor Compliance
* Contract Management
* Beneficiary Documentation
* Lobbying/Political Activity
* Professional Services
* Compliance
* Civil Rights
* State or Independent Audit Results
* Program Policies and Procedures

Monitoring Visit

When conducting an on-site monitoring visit, OHHP will:

1. Conduct an entrance interview with key staff involved in conducting the activity.
2. Review all pertinent subrecipient files, including any third party contractor files, for necessary documentation.
3. Interview appropriate officials and employees of the subrecipient organization, and other parties as appropriate, to discuss the subrecipient‘s performance.
4. Visit the project site(s) or a sampling of the projects being conducted.
5. Discuss with the subrecipient any discrepancies resulting from the review of files, interviews, and site visits.
6. Conduct an exit interview with the appropriate officials and/or staff of the subrecipient organization to discuss the findings of the monitoring visit.

Monitoring Results

An official letter reporting the results of the monitoring visit will be sent to the authorized agency official (director, mayor, etc.) within 30 days of the monitoring visit. This letter will generally contain the following information:

* Project number and name of the activity monitored
* Date(s) of monitoring visit
* Name(s) of Housing and Community Renewal staff who conducted monitoring visit
* Scope of the monitoring visit
* Names of agency officials and staff involved in the monitoring visit
* Findings and results of the monitoring visit, both positive and negative, supported by facts
* considered in reaching the conclusions
* Specific recommendations or corrective actions to be taken by the subrecipient
* Time frame for completion of necessary action(s)
* If appropriate, an offer of technical assistance

Follow-up Action

If concerns or findings identified during the monitoring visit require corrective action by the subrecipient, those actions must be completed by the subrecipient within the time frame mandated in the monitoring letter. In the event that the subrecipient fails to meet a target date for making required actions, a written request for response will be sent to the authorized agency official.

The County may withhold further payment to the subrecipient if a subrecipient has not sufficiently responded within 30 days from the corrective actions deadline, submitted the required responses and/or taken the required corrective action. Further, those corrective actions and/or responses must be acceptable to the County. If responses or corrective actions are determined to be unacceptable, the

County may continue to withhold funds until satisfactory actions are taken.

Resolving Monitoring Findings

OHHP will mail a letter to the authorized official of the agency stating that the findings are resolved when reviews of all documentation of corrective actions taken by the subrecipient indicate that the identified concerns or findings have been corrected to the satisfaction of the program.

HOME Program

**Objectives**

The objective of the Thurston County HOME Monitoring Plan is to establish standards for evaluating and reporting a subrecipient’s compliance with program requirements. Thurston County will conduct on-site reviews to verify accuracy of records/documents, review program policies and procedures, conduct housing inspections, and evaluate overall administrative compliance to HOME Regulations.

**Monitoring Format**

A written Report will be prepared and provided to the subrecipient following the completion of each monitoring review. The report will include the following information:

• An explanation of the purpose and scope of the review;

• A list of findings, comments, recommendations, and corrective actions to be taken;

• A list of the client files reviewed;

• A list of the houses/units inspected;

• A summary of project funds expended to date;

• An evaluation of project performance to date; and

• A time frame for taking corrective action.

**Monitoring Compliance**

HOME activities (TBRA, CHDO, and Homeowner Rehabilitation) will be evaluated on the basis of the following program areas:

• Adherence to HOME guidelines, procedures, and regulations;

• Subrecipient’s administrative plan, Scope of Work, and program policies and procedures;

• Overall administration and management;

• Fair Housing;

• Housing Quality Standard Inspections;

• Davis-Bacon and Lead Based Paint, if applicable; and

• Environmental Review

**Pre-Monitoring Preparation**

Prior to an on-site monitoring visit**,** the County will provide written notification of the visit to the subrecipient. The notice will provide the following information:

• The date(s) and time of the visit;

• A copy of the monitoring checklist;

• A list of the properties to be inspected and client files to be reviewed;

• The subrecipient will be asked to provide the County with the following:

Disbursement and expenditure reports;

Agreements/contracts;

Policy guidelines and procedures, administrative plans, and

operation manuals;

Beneficiary and HMIS data

**Monitoring and Inspection Schedule**

OOHP staff will provide program monitoring over three phases:

1. Contract Development Phase

• Ensuring that projects are consistent with the Consolidated Plan

• Ensuring that all Environmental Review requirements have been met

• Ensuring clients are income-eligible

2. Development Phase

• Ensuring that project costs, budgets, and timelines are adhered to

• Ensuring conformance to HOME standards through periodic property inspections

3. Post-Development Phase (Long-Term)

• The duration and frequency of on-sight subrecipient monitoring and inspections is based on the length of the affordability period and the total number of project units.

**Primary Monitoring Forms and Checklists**

* HUD Checklist Exhibit 7-3: Guide for Review of Homeowner Rehabilitation Projects
* HUD Checklist Exhibit 7-5: Guide for Review of Homebuyer Projects
* HUD Checklist Exhibit 7-7: Guide for Review of Rental Projects
* HUD Checklist Exhibit 7-9: Guide for Review of TBRA Projects

Olympia CDBG Program

The City of Olympia utilizes the following monitoring tools to ensure compliance with all applicable local, state and federal laws and regulations:

A. CDBG Program Compliance: City CDBG Program is operated as per federal regulations found at 24 CFR Part 570. Throughout the program year, Housing Program staff work closely with HUD officials, CDBG consultants and the City attorney’s office review and enhance compliance with applicable statute and regulations. Housing Program staff also consult with other CDBG-funded programs to find appropriate models for administering the CDBG program. Staff also work closely with the State Auditor’s staff who conduct the annual single audit on behalf of the federal department of HUD to continually improve the City’s CDBG regulatory compliance and procedures.

B. CDBG Contract Compliance: All programs and projects that receive CDBG funds will be subject to Performance Agreements that stipulate full compliance with all CDBG and other applicable regulations. Performance Agreements are subject to full legal preview prior execution and State auditor review following the program year.

C. Periodic Progress Reports: Public Service and Micro-Enterprise activity subrecipients will be required to submit progress reports on their performance measurements along with all requests for reimbursement.

D. Annual On-site Monitoring of CDBG Subrecipients: Each subrecipient that has received CDBG funding for approved activities will be formally monitored during the July through August period of the fiscal year.

Subrecipient Monitoring for CDBG Recipients

The City of Olympia (as an entitlement grantee and Urban County lead agency) is responsible for monitoring the day-to-day operations of its subrecipient activities to ensure compliance with all applicable federal requirements at 24 CFR 570 and 24 CFR 576, individual project goals, and local CDBG program requirements.

To accomplish this, the Olympia Housing Program uses a variety of monitoring techniques to review subrecipient compliance. Through phone conversations, written correspondence, desk monitoring, and on-site monitoring visits, staff are able to review each subrecipient‘s ability to meet the CDBG program‘s financial, production, and overall management requirements and make necessary determinations or take necessary actions to preserve program integrity.

Regardless of the frequency with which a project is monitored by staff, the purpose and intent of any monitoring visit is to identify any potential areas of noncompliance and assist the subrecipient in making the necessary changes to allow for successful completion of the activity. By identifying and correcting any compliance issues, the likelihood of efficient and effective services being delivered to the intended

City beneficiaries increases dramatically and ensures the continued success of both the subrecipient organization and the County entitlement.

After CDBG funds are awarded for individual activities, the staff role is then to ensure that subrecipients are carrying out their programs in accordance with all applicable laws and regulations, and are meeting the goals outlined in their subrecipient agreements. In carrying out this responsibility, the staff will help subrecipients identify problems or potential problems in implementing their activity, identify the causes of those problems, and help subrecipients correct them.

Wherever possible, problems are corrected through discussions and/or contract compliance measures with the subrecipient without the need for on-site monitoring visits. However, at least once per year, or as individual situations dictate, on-site monitoring and/or provision of technical assistance will be required.

Monitoring Activities

Risk Assessment Process

Each year, the City Housing Program will monitor and assess each funded activity to determine the degree to which an activity or subrecipient is at risk of noncompliance with CDBG program requirements. Some activities may warrant additional visits where conditions exist that indicate an activity may be high risk. In an effort to address these potential problem areas, The City will utilize a risk assessment process to aid in determining the timing and frequency of monitoring visits required for individual activities. Projects which are determined by this process to be higher risk would then be monitored before, and likely more frequently than, lower risk projects.

Desk Monitoring

Desk monitoring is an ongoing process of reviewing subrecipient performance using all available data and documentation in making assessments of subrecipient performance and compliance with CDBG requirements. This process takes place within the City offices and does not generally involve subrecipient participation beyond submission of requested information. The following are among the sources of information that may be used in making determinations during the desk monitoring process:

* Requests for reimbursement and accompanying source documents;
* Audit reports;
* Staff reports from prior monitoring visits;
* Client/citizen comments and complaints;
* Information provided by other federal, state, county, and local agencies;
* Subrecipient responses to monitoring and/or audit findings;
* Original grant application;
* Subrecipient Agreement (as amended);
* Quarterly progress reports; and
* Litigation (if any).

Capital Facilities Activities

In addition to the above, monitoring of capital facilities activities occurs at several key points in the grant and construction process including but not limited to:

1. Environmental review process;
2. When the Subrecipient Agreement is written;
3. As design and procurement takes place;
4. At a scheduled pre-construction meeting with selected construction contractor;
5. At construction site for compliance monitoring of Davis Bacon and Related Acts regulations and contractors employee wage interviews;
6. Quarterly report for progress;
7. Careful review of cost reimbursement requests for appropriateness; and
8. At substantial completion and project close-out.

Grant agreements for capital projects will be executed following the completion of the environmental review of the project. Capital projects will be monitored at least quarterly to assess progress. Project monitoring is increased proportional to need. An example would be the case when a project triggers additional reporting requirements such as the need for weekly payroll reports for proof of federal prevailing wage compliance. Prior to approval, City staff will review all vouchers and backup documentation for payment. Environmental, lead-based paint inspections, and contractor debarment issues will be reviewed with agency project managers at the beginning of each project. Public facilities projects involving real property are typically secured by recorded trust documents that specify the return of grant funds if the property changes to an ineligible use within a specified period.

Use of Information

The information provided to City staff will be used to observe patterns, changes, etc. in subrecipient activity and to identify any problems or potential problems and program status and accomplishments.

Analysis of the data provided may indicate the need for on-site monitoring visits by the program staff to resolve issues of noncompliance or programmatic concerns.

On-Site Monitoring

Each program year, City staff will conduct one or more on-site monitoring of each CDBG activity. Activities considered to be high risk will receive on-site monitoring first to address potential areas of noncompliance and provide the subrecipient with any technical assistance necessary to ensure compliance with CDBG requirements. Medium and low risk activities will receive on-site monitoring visits at the earliest possible date after all high risk activities have been monitored. Medium risk activities will receive monitoring priority over low risk activities. The program staff will notify subrecipients by email of the time and date for their scheduled on-site monitoring visit. Notification will be provided approximately two weeks prior to the scheduled visit and will include identification of the areas to be monitored, any documentation to be made available and key staff that may need to be present.

Monitoring Areas

The City Housing Program will generally review some or all of the areas identified below during the monitoring visit. Other areas for review may apply depending on activity type, subrecipient, etc. The extent of the review of these areas may vary from one activity to another.

* Project Progress
* Project Benefit
* Financial Management Systems
* Procurement Standards
* Income Verification
* Individual Client Files
* Complaint Procedures
* Employee Records
* Minority and Women-Owned Business
* Section 504/Handicap Accessibility
* Requirements
* Record Keeping Systems
* Property Acquisition/Relocation
* Labor Compliance
* Contract Management
* Beneficiary Documentation
* Lobbying/Political Activity
* Professional Services
* Compliance
* Civil Rights
* State or Independent Audit Results
* Program Policies and Procedures

Monitoring Visit

When conducting an on-site monitoring visit, the City Housing Program will visit the service agency or other location of CDBG subrecipient with a CDBG Program monitoring check-list:

1. Conduct an entrance interview with key staff involved in conducting the activity.
2. Review all pertinent subrecipient files, including any third party contractor files, for necessary documentation.
3. Interview appropriate officials and employees of the subrecipient organization, and other parties
4. as appropriate, to discuss the subrecipient‘s performance.
5. Visit the project site(s) or a sampling of the projects being conducted.
6. Conduct a spot check of randomly selected reimbursement requests (to be compared to agency record-keeping)
7. Conduct a spot check of randomly selected intake or other case-management files to ensure eligibility of beneficiary
8. Conduct a spot check of randomly selected program activity documentation to ensure eligibility for funding.
9. Discuss with the subrecipient any discrepancies resulting from the review of files, interviews, and site visits.
10. Conduct an exit interview with the appropriate officials and/or staff of the subrecipient organization to discuss the findings of the monitoring visit.
11. Take photos if appropriate.

Monitoring Results

Following the monitoring visit, City staff will compile all notes, documentation and other materials into a formal Monitoring Report to be filed in the project file. City staff will send an official letter reporting the results of the monitoring visit will be sent to the authorized agency representative within 30 days of the monitoring visit. This letter will generally contain the following information:

* Project number and name of the activity monitored;
* Date(s) of monitoring visit;
* Name(s) of City staff who conducted monitoring visit;
* Scope of the monitoring visit;
* Names of agency officials and staff involved in the monitoring visit;
* Findings and results of the monitoring visit, both positive and negative, supported by facts considered in reaching the conclusions;
* Specific recommendations or corrective actions to be taken by the subrecipient;
* Time frame for completion of necessary action(s); and
* If appropriate, an offer of technical assistance.

Follow-up Action

If concerns or findings identified during the monitoring visit require corrective action by the subrecipient, those actions must be completed by the subrecipient within the time frame mandated in the monitoring letter. In the event that the subrecipient fails to meet a target date for making required actions, a written request for response will be sent to the authorized agency official.

The City may withhold further payment to the subrecipient if a subrecipient has not sufficiently responded within 30 days from the corrective actions deadline, submitted the required responses and/or taken the required corrective action. Further, those corrective actions and/or responses must be acceptable to the City. If responses or corrective actions are determined to be unacceptable, the City may continue to withhold funds until satisfactory actions are taken.

Resolving Monitoring Findings

The City Housing Program will mail a letter to the authorized official of the agency stating that the findings are resolved when reviews of all documentation of corrective actions taken by the subrecipient indicate that the identified concerns or findings have been corrected to the satisfaction of the program.