



# *City of New Bedford*

## Welcome to HUD Monitoring From the Grantee Perspective

**DEPARTMENT OF PLANNING,  
HOUSING & COMMUNITY DEVELOPMENT**

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Director

# Your getting Monitored...

How do you react?

- First comes “oh no”...
- Then – Are you ready - Is your staff ready?
- Then – are your subrecipients/contractors ready?
- Make sure that everyone understands the process and the consequences

**Most Importantly - Realize That HUD Is a Partner, Not an Adversary**

# Why are you Monitored and What to Expect

## Risk Analysis:

The Risk Analysis is a component of the overall CPD work plan which outline the areas to be monitored as well as address any other technical assistance that may be required during the remaining Federal fiscal year.

- Know that all HUD Regional Offices have a schedule for monitoring – **risk analysis**
- The more money you get, the higher the risk – even if you have had no finding or concerns in the past
- It's all IDIS based right now - know what your cities risk is in term of open projects
- Prepare your staff and the elected officials for what is coming.

## **Risk Analysis:**

### 1. Grant Management

- a. Grantee Reporting
- b. Grantee Staff Capacity and Program Design
- c. Grantee Program Complexity
- d. Grantee Findings
- e. Grantee's Management of Subrecipients
- f. Grantee Cross-Cutting Requirement Compliance

### 2. Financial Management

- a. Grantee Financial Staff Capacity
- b. Monitoring Finding Resulting in Repayment or Grant Reduction
- c. Grant Amount
- d. Grantee Program Income
- e. Grantee A-133 Audits

### 3. Services & Satisfaction

- a. Grantee Citizen Complaints/ Negative Media
- b. Grantee Responsiveness

# Why are you Monitored and What to Expect

- “I’m-A-Coming” Letter (30-day Notice)
- Ask in advance for specifics – get the list of projects and IDIS numbers that HUD wants to review
- Coordinate the date for the start and completion of the visit
- Have your staff pull files and understand what HUD is looking for – use the HUD checklist for what should be in there:
  - eligibility determinations
  - applications and contracts
  - staff monitoring reports
  - staff time sheets

## **Why are you Monitored and What to Expect**

- Identify all HUD Programs subject to monitoring
- Identify specific staff that will assist with answering questions and providing information to HUD

- Check you monitoring regulations – you have to know them as well as your Rep does

- Download the CPD Monitoring Handbook 6509.2

[https://www.hud.gov/program\\_offices/administration/hudclips/handbooks/cpd/6509.2](https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/6509.2)

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# Review the CPD Monitoring Handbook 6509.2

## Questions:

### A. SERVICE AREA

1.

Do the program participant's records describe the boundaries of the service area? [24 CFR 570.208(a)(1) and 24 CFR 570.506(b)(2)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

2.

Did the basis/approach the program participant used in determining the service area of this activity meet the applicable requirements? [24 CFR 570.208(a)(1)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

3.

Does the size of the service area appear reasonable given the nature and scope of the activity? [24 CFR 570.208(a)(1)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			



# Review the CPD Monitoring Handbook 6509.2

## Questions:

### A. ELIGIBILITY DETERMINATION PROCESS

1.

a. Does the program participant have a process or procedure to determine the eligibility of CDBG-assisted activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

b. If yes, is the process in writing and available to the appropriate staff members?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

c. If there is a written process, is it communicated to entities and individuals seeking CDBG funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

2.

Is there a procedure or process to assess activity eligibility information provided by an entity or individual seeking CDBG assistance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

## Prepare in Advance

- Do you have Policies and Procedures for all programs?
- Do you have adequate File Checklists to ensure compliance?
- Are your files organized and contain all pertinent information and backup?
- This also applies to all Subrecipients/Contractors

## More Preparation

- Reserve a comfortable room that HUD staff can use for the entire visit
- Schedule subgrantee visits and make sure they know what is going to happen
- Make sure that the “powers that be” understand the schedule and how that will affect you work load

# Housing Program Checklist

Comprehensive checklist includes all program requirements

- ✓ Verification Process
- ✓ Necessary Documents
- ✓ Lead Paint requirements
- ✓ Construction Process
- ✓ Debarred Contractor Verification
- ✓ Environmental Review
- ✓ Bidding Process
- ✓ Loan Closing Process

  
**Department of Planning, Housing & Community Development**  
**CDBG HOUSING MASTER CHECKLIST**

<b>Applicant</b>				
<b>Co-Applicant</b>				
<b>Current Address:</b>				
<b>Property Address:</b>				
<b>Child Under 6 yrs.</b>		<b>HUD #</b>	<b>Units:</b>	<b>Census Tract</b>
				<b>Block Group</b>
<b>Loan Amount</b>	\$		<b>Loan Term</b>	
<b>Account Numbers:</b>				

Loan	Amount	Rate	Terms
CDBG Loan			
CDBG Grant			

Documentation Checklist	
Application	
Tenant Survey	
Income Verification – Pay stubs	
Employment Verification	
Copy of Deed	
Copy of H/O Insurance	
Copy of Mortgage Statement	
Copy of Pd. Tax/Water/Sewer Bill	
2 years tax returns/ 3 years if self empl.	
Copy of Bank Statements	
Credit Check	
Underwriting	
Eligibility Analysis Completed	
Loan Review Committee Meeting	
Loan <input type="checkbox"/> Approved <input type="checkbox"/> Denied	
Preliminary Commitment Letter	
Environmental	
Environmental Review Completed	
Historic Review Completed	

Lead Based Paint Evaluation	
Distribution of lead hazard information Pamphlet	
Lead paint inspection report [if applicable]	
Visual assessment conducted	
Results of assessment: <input type="checkbox"/> Pass <input type="checkbox"/> Fail	
Distribution of Notice of Lead Hazard Evaluation [w/in 15 days of assessment]	
Relocation Assessment:	
Relocation needed:	<input type="checkbox"/> Yes <input type="checkbox"/> No
Relocation cost:	\$

Financial & Closing	
Title Examination Received:	
Contractor Notified:	
Requested & received checks for closing:	
Closing Document Letter	
H/O Insurance Naming DPHCD	
Closing Date:	
Final payment for completion:	

## Housing Program Checklist Continued

Comprehensive checklist includes all program requirements

- ✓ Verification Process
- ✓ Necessary Documents
- ✓ Lead Paint requirements
- ✓ Construction Process
- ✓ Debarred Contractor Verification
- ✓ Environmental Review
- ✓ Bidding Process
- ✓ Loan Closing Process

Rehabilitation	
Application forwarded to Rehab Specialists	
Rehab Specialist Assigned	
Initial Section 8 Inspection Comp	
Lead Paint Inspection Completed:	
Lead Paint Risk Assessment Completed	
Lead Paint Worksheet Completed	
Comparable Units Form	
Preliminary Project Estimate Comp: \$	
Photograph of Property Received – Before, During and After	
Work Write Up Completed	
Owner's Review & Acceptance of Work Write Up	
Bid Package Completed	
Pre Closing Site Visit	

Bidding Period:	From	To
Extension #1		
Extension #2		
<b>Bids Received:</b>		
[1]		\$
[2]		\$
[3]		\$
Contractor Selected: #		
Did Contractor Meet MBE/WBE Goals:		
If Not – is non availability form Completed:		
Contractor checked on debarred list:	Date:	
Pre-Construction Meeting	Date:	
Contract Executed	Date:	
Copy of Building Permit	Date:	
Signed Acceptance of Bid in File		

## HOME Program Checklist

- ✓ Subsidy Layering review
- ✓ Cost Analysis
- ✓ Market Analysis
- ✓ Site and Neighborhood Standards
- ✓ HOME Assisted units - Rent

## ED Program Checklist

- ✓ Public benefit Standards
- ✓ Underwriting Analysis
- ✓ MOU for Jobs
- ✓ Job Retention requirements
- ✓ Job creation Requirements

### ATTACHMENT D

#### ECONOMIC DEVELOPMENT CHECKLIST DOCUMENTATION FORM

Loan Closing Date:  Loan Amount:   
 Company Name:  DUNS# Enter 9 character number  
 New Business: Yes or No Existing Business: Yes or No Expanding: Yes or No Relocating: Yes or No  
 Company Address: Street Address, City, State  
 Funding Source:  Program Name:   
 FTE Jobs To Be Created  FTE Jobs To Be Retained  Total of FTE LMI Jobs   
 City of New Bedford Census Tract:  Block Group:  Refer to website – Factfinder.census.gov

CEL F LOAN PRE-APPROVAL CHECKLIST	
Attachment D – Economic Development Checklist Documentation Form	<input type="checkbox"/>
Attachment A - Signed and Dated Job Creation / Retention Information	<input type="checkbox"/>
▪ Public Benefit Determination – At least 1 job for every \$35,000 in CDBG funds	<input type="checkbox"/>
NBEDC Loan Facility Report	<input type="checkbox"/>
NBEDC Loan Commitment Letter	<input type="checkbox"/>
DPHCD Loan Conditional Approval Letter	<input type="checkbox"/>

ECONOMIC DEVELOPMENT CHECKLIST	
Attachment D – Economic Development Checklist Documentation Form	<input type="checkbox"/>
Attachment A - Signed and Dated Job Creation / Retention Information	<input type="checkbox"/>
▪ Public Benefit Determination – At least 1 job for every \$35,000 in CDBG funds	<input type="checkbox"/>
Attachment B - Signed and Dated Memorandum of Agreement	<input type="checkbox"/>
▪ List by Job Classification of Jobs Created or Retained to be filled by LMI persons	<input type="checkbox"/>
▪ Documentation that part time jobs are computed to a full time basis	<input type="checkbox"/>
▪ Documentation that at least 51% of jobs were made available to or filled by LMI persons	<input type="checkbox"/>
Attachment C - Completed Income Certification Forms [Signed and Dated] for FTE jobs created and/or retained	<input type="checkbox"/>
NBEDC Loan Facility Report	<input type="checkbox"/>
NBEDC Loan Commitment Letter	<input type="checkbox"/>
NBEDC Loan Closing Letter or Settlement Statement	<input type="checkbox"/>
DPHCD Loan Conditional Approval Letter	<input type="checkbox"/>
DPHCD Final Reporting Compliance Letter	<input type="checkbox"/>

JOB RETENTION ACTIVITIES INCLUDE THE FOLLOWING INFORMATION IN ADDITION TO ABOVE	
In order to consider jobs retained as a result of CDBG assistance, there must be clear and objective evidence that permanent jobs will be lost without CDBG assistance. For these purposes, "clear and objective" evidence includes:	
1) Evidence that the business has issued a notice to affected employees or made a public announcement to that effect, OR	<input type="checkbox"/>
2) Analysis of relevant financial records which clearly and convincingly shows that the business is likely to have to cut back employment in the near future without the planned intervention.	<input type="checkbox"/>
3) List by Job Classification of Jobs Retained by LMI persons.	<input type="checkbox"/>
4) Completed Income Certification Forms [Signed and Dated] for FTE jobs retained.	<input type="checkbox"/>

MICRO ENTERPRISE LOANS	
Certification that the company has 5 or fewer employees. [one or more of whom owns the company]	<input type="checkbox"/>
Documentation the owner is LMI. [No job creation or retention is necessary if the owner is LMI]	<input type="checkbox"/>
Documentation for Job Creation or Retention when the business owner is not LMI as noted above.	<input type="checkbox"/>

Signed by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Printed Name and Title:

# CoC Program Checklist

## APPENDIX

### Internal Wellness Checklist for the Continuum of Care (CoC) Program

The *Internal Wellness Checklist* was developed in an effort to assist homeless providers to proactively implement its CoC grant(s), thereby ensuring compliance with applicable regulations codified at 24 CFR Part 578. It is also designed to assist with determining the current "health" status of this CoC grant. Grant recipients are strongly encouraged to utilize this checklist prior to submitting the required APR to the U. S. Department of Housing and Urban Development.

Recipient Name: \_\_\_\_\_

Project Name: \_\_\_\_\_ Grant Term: \_\_\_\_\_

Grant Number: \_\_\_\_\_ Grant Amt.: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

Date APR is Due to HUD: \_\_\_\_\_ Date APR Submitted: \_\_\_\_\_  
(Not more than 90 days after the end of each CoC grant's performance period)

#### General Recordkeeping

- \_\_\_ 1. Executed Grant Agreement  
24 CFR 578.23(c)
- \_\_\_ 2. Documentation of Grant Amendment (request and approval, if applicable)  
24 CFR 578.105
- \_\_\_ 3. Executed Grant Agreements with Subrecipients  
24 CFR 578.23(c)(ii)
- \_\_\_ 4. Documentation subrecipients are not debarred  
24 CFR 578.23(c)(4)(v)
- \_\_\_ 5. Documentation of annual monitoring of Subrecipients  
24 CFR 578.23(c)(8)
- \_\_\_ 6. Executed Memorandum of Understanding with Service Providers  
24 CFR 578.73(c)(3)
- \_\_\_ 7. Project Application should be maintained - ensure costs charged against the grant are consistent with the approved budget items identified in the application  
24 CFR 578.59(a)
- \_\_\_ 8. Documentation that Annual Performance Report was submitted timely  
24 CFR 578.103(e)
- \_\_\_ 9. Written CoC Program Policies and Procedures to include:  
24 CFR 578.103(a)
  - \_\_\_ Intake/screening procedures  
24 CFR 578.103(a)(3)and(4)

### Internal Wellness Checklist Page 2

Grant #: \_\_\_\_\_

- \_\_\_ Personnel Policies and Procedures  
2 CFR 200.303, and 24 CFR 578.103(a)
- \_\_\_ Termination Policy  
24 CFR 578.91
- \_\_\_ Grievance Policy  
24 CFR 578.91
- \_\_\_ Policy Privacy/Confidentiality Policy  
24 CFR 578.103(b)
- \_\_\_ Drug-Free Workforce Policy  
24 CFR 5.105(d), 24 CFR 2424, 24 CFR 225
- \_\_\_ Policy identifying the involvement of homeless/formerly homeless individuals  
24 CFR 578.23(c)(3)
- \_\_\_ Domestic Violence Policy  
24 CFR 578.23(c)(4)(i)(ii), 24 CFR 578.103(a)(17)
- \_\_\_ Housing First Policy, if applicable  
HUD CPD Notice 14-02
- \_\_\_ 10. Documentation of participation of homeless/formerly homeless individuals in policymaking  
24 CFR 578.75(g)(1)
- \_\_\_ 11. Documentation of compliance with environmental review requirements  
24 CFR 578.99, 24 CFR 578.31
- \_\_\_ 12. Documentation of compliance with fair housing requirements  
24 CFR 578.87(b), 24 CFR 578.103(a)(14) and (17), 24 CFR 578.93(c)(1)
- \_\_\_ 13. Documentation of other federal requirements (i.e. lead based paint, Section 3, Section 504), if applicable  
24 CFR 578.99, 24 CFR 35, 24 CFR 578.99(b)

#### Financial Files

- \_\_\_ 1. Written Financial Policies  
2 CFR 200.302, 24 CFR 578.23(c)(5), 24 CFR 578.103(a)
- \_\_\_ 2. Written Procurement Procedures  
2 CFR 200.318 and 2 CFR 200.319
- \_\_\_ 3. Written Conflicts of Interest Policy  
2 CFR 200.317 and 2 CFR 200.318, 24 CFR 578.95(a)
- \_\_\_ 4. Documentation of match (25% of total Grant Amount less leasing)  
24 CFR 578.73(a)
- \_\_\_ 5. Documentation of Grant Expenditures (during grant term and for approved items in application)  
24 CFR 578.37, 24 CFR 578.103
- \_\_\_ 6. Documentation of Indirect Cost Rate Proposal, if applicable  
24 CFR 578.63(b), 24 CFR 578.103(a)(17)

### Internal Wellness Checklist



# **View the Monitoring as an Opportunity!**

- Use as staff training for your programs
- Invest your staff in the outcome – this is their work that is being reviewed, not just the City's
- Time to bring subgrantees onboard – you weren't kidding when said that they could be monitored

# The VISIT

- Make sure that your staff knows HUD reps are with you and assign key staff – clerk for copies, key managers
- Make sure that HUD knows your staff and their functions, staff vacancies. Provide HUD staff with an org chart
- If time permits - Start with a tour of your sites to acclimate all the HUD staff involved – if they don't know your City they may not appreciate the challenges you face.

## During the Visit

- Take your rep to lunch – possibly in the neighborhood or a business you funded
- Debrief with HUD staff after every activity or functional area examined
- Check with your staff prior to giving information to ensure it is up to date and correct

## Working through the process

- If there is “missing” information you can access for HUD staff - get it to them immediately – it may simply be in a different file or in a different division
- Don't get defensive about missing information – it's bound to happen and this is learning process!

## **Some common areas for issues or concerns**

Failure to maintain administrative procurement materials

Incomplete administrative agreements between local organizations

Failure to maintain timesheet documentation for costs charged to CDBG/ESG/HOME

Failure to maintain/update a community Citizen Participation Plan

Failure to maintain project solicitation, evaluation, and selection documentation

## Some common areas for issues or concerns

Incomplete income qualification documentation for Direct Benefit activities

Incorrect service area documentation for LMI Area-wide benefit Projects

Insufficient supporting documentation maintained with Environmental Review record

Failure to receive Release of Funds prior to signing project contracts

Insufficient expenditure and payment documentation

Incomplete financial management journals and ledgers

Variances from approved CDBG budget

Inability to expend funds in a timely manner

## **Some common areas for issues or concerns**

- Failure to follow appropriate public procurement requirements
  - Failure to secure sufficient number of bids
  - Failure to publish/maintain bid notices
- Contracts lack required Federal Provisions
- Debarred contractor verification missing

# The Exit Conference

- Review the visit
- Identify HUD concerns and findings
- Put your questions and concerns on the table
- Agree on follow up and ask for a draft monitoring letter



# The Monitoring Letter

- Remember – try get a draft and clear what you can before a final letter is issued
- Count on concerns, but keep them to a minimum and try to avoid findings
- If you have concerns about the letter discuss with your rep, don't be afraid to express your issues
- If the findings are severe involve your boss or Mayor if they are critical to the viability of your program

# The Monitoring Letter

## Generally - Monitoring Report Issued in 90 Days

- Grantee Has 30 Days to Respond
- Findings (Corrective Action) vs. Concerns (Recommended Action)
- Monitoring Reports Are FOIA-Able, But Are Generally Not Shared Unless Requested

# Corrective Actions

- Agree on the actions you need to take – new forms, hiring of staff, new procedures
- Set a timetable for compliance
- Make your staff and subgrantees understand what has happened
- Reward good work and make sure that is mentioned in the final letter

# Implement Corrective Action

- Make sure the staff understands what happened and why
- Have you staff immediately set work to change procedures
- Set an internal timetable for corrective action
- Subgrantees with HUD identified problems have to be informed quickly and they must take corrective action
- Set a timetable for implementation and monitoring
- No compliance means no money!

# Follow up with HUD

- Let them know when corrective actions are complete and send them verification – new forms, IDIS closeout
- Make sure you receive a final closeout letter from HUD
- Wait for the next monitoring session...