

# City of Atlanta Department of Grants and Community Development

## MONITORING GUIDE POLICY MANUAL

COMMUNITY DEVELOPMENT BLOCK GRANT, EMERGENCY SOLUTIONS GRANT, Housing Opportunities for Persons With AIDS, HOME INVESTMENT PARTNERSHIPS, & RECOVERY PROGRAMS



**March 2020**

**NOTE:** While this publication is intended to provide thorough and comprehensive documentation of program monitoring policies and procedures, some unique situations may not be adequately. This Policies and Procedures manual is an evolving document. For this reason, City of Atlanta Department of Grants and Community Development's Federal Program reserves the rights to amend, alter, or grant incidental exceptions to all policies outlined when allowable. Comments and suggestions from Subrecipients including Project Sponsors, CHDO's, Developers, Non-Profits, Contractors, Property Management or Asset Managers and Housing Coordinators will be welcomed on how to improve it, so that everyone involved in the service delivery may work together to have a better understanding of the grant programs.

## **CHAPTER 1: INTRODUCTION**

**PURPOSE.** This Monitoring Policy Manual establishes standards and provides guidance for monitoring the City of Atlanta Department of Grants and Community Development's (DGCD) Federal Programs. The purpose of this policy is to provide a consistent methodology for conducting risk analyses for the federal programs that the DGCD administers and establish monitoring priorities within available resources. These planned guidelines are to set out the DGCD's policy on monitoring recipients of grant funds, any partners and provide practical advice on carrying out this policy. The policy is to establish communication and goals in order to adhere to the following:

- Comply with Federal statutes, regulations, and the terms and conditions of the Federal, State or Local grant awards.
- Establish protocols and procedures for staff and external partners to follow as they perform their day-to-day work duties
- Promote operational efficiency
- Evaluate and monitor the Project Sponsor/SR's compliance with statutes, regulations, local policies and the terms and conditions of the executed written contract/agreement;
- Achieve operational goals; and
- To take prompt action when instances of noncompliance are identified.

**OBJECTIVES.** Monitoring is an integral management control technique, 2 CFR 200.328 and 331 monitoring and reporting performance standard and a Government Accountability Office (GAO) standard. It is an on-going process that assesses the quality of a program participant's performance over a period. Monitoring provides information about program participants that is critical for making informed judgments about program effectiveness and management efficiency. It also helps in identifying instances of fraud, waste and abuse. It is the principal means by which the DGCD:

- Ensures that programs and technical areas are carried out efficiently, effectively, and in compliance with all DGCD's internal policies, federal, state and local applicable laws and regulations;
- Ensures that the subaward is used for authorized purposes;
- Ensures that the subaward performance goals are achieved;
- Assists program participants in improving their performance, developing or increasing capacity, and augmenting their management and technical skills; and
- Stays abreast of the efficacy of HUD/CPD-administered programs and technical areas.

The overriding goal of monitoring is to determine compliance, prevent/identify deficiencies and design corrective actions to improve or reinforce program participant performance.

The policies and guidance in this Manual are designed to be consistent with HUD monitoring policies as defined in the *Departmental Management Control Program Handbook 1840.1*, *CPD Monitoring Handbook (6509.2)*, *Playing by the Rules- A Handbook for CDBG Subrecipients on Administrative Systems*, *Managing CDBG- A Guidebook for Grantees on Subrecipient Oversight*, *Monitoring HOME*, *Building HOME - A HOME Program Primer*, *HOPWA Grantee Oversight Resource Guide* and the *HUD Monitoring Desk Guide: Policies and Procedures for Program Oversight*.

**APPLICABILITY.** This manual applies to monitoring the following programs and technical areas:

**Programs.**

<p>Community Development Block Grant (CDBG) Entitlement Programs; HOME Investment Partnerships Program (HOME); Housing Opportunities for Persons With AIDS (HOPWA)</p>	<p>Emergency Solutions Grants (ESG); Neighborhood Stabilization Program (NSP-1 &amp; NSP- 3); and other federal funding as applicable</p>
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**Technical Areas.**

<p>Citizen Participation; Consolidated Plan; Environment; Fair Housing and Equal Opportunity (FHEO); Labor Standards;</p>	<p>Lead Based Paint Compliance/Hazards; Real Property Acquisition and Relocation; Flood Insurance Protection; 2 CFR part 200, <i>Uniform Administrative</i></p>	<p><i>Requirements, Cost Principles, and Audit Requirement</i> <i>Alternative Monitoring Formats; and</i> <i>Close-Outs</i></p>
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**APPROACH TO MONITORING**

DGCD staff performs in-depth, limited, remote, on-site monitoring or a combination of monitoring types at least as necessary to ensure that federal funds are used for authorized purposes in compliance with laws, regulations, DGCD’s internal process and the provisions of any recipient’s executed written contract/agreement and those performance goals are achieved. In general, monitoring will emphasize evaluations of progress, program performance, financial management systems, general management practices, record keeping/reporting and compliance with applicable regulations and procedural requirements.

Oversight responsibility for SR’s including CHDO, Developers, Contractors, Project Sponsors and No-Profits will remain with the Department of Grants and Community Development. The department uses a cross-functional monitoring approach that consists of a program staff, a member of the financial team, and a member from the leadership team. This risk analysis process

has been incorporated into the Departments overall design to document and record conclusions and results. The DGCD has slightly modified the policy CPD 14-04 for implementing risk analyses for monitoring community planning and development grant programs for implementation of City Programs. The major steps for implementing risk-based monitoring include: a) Developing risk-based rating systems for program grantees; b) Rating and selecting grantees for monitoring; c) Identifying program risks and setting monitoring objectives; and d) Documenting the process and recording the rationale for choosing grantees.

DGCD performs the risk analysis using the methodology described in this policy. Staff are assigned distinct responsibilities to complete the risk analysis as outlined further in this policy.

**Standards:** Monitoring shall encompass compliance with applicable Federal and state laws and regulations, to include but not be limited to: Uniform administrative requirements of 2 Code of Federal Regulations (CFR) Part 200), the other federal regulatory mandates, 24 CFR Part 570, 24 FR Part 574, 24 CFR Part 576, 24 CFR Part 92, Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008, and Section 1497 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. (Entitlement Grants Regulations, and Recovery Programs)

Performance will be measured against project timetables, budgets, goals, performance standards and objectives specified in any written contract or agreement executed between DGCD and any Sub-recipient. Effective monitoring ensures contractual compliance, prevent/identify deficiencies, highlights areas of concern, design corrective actions to improve or reinforce program participant performance and provides technical assistance as needed. Monitoring also provides opportunities to identify program participant accomplishments as well as successful management/implementation/evaluation techniques. If the identification of problem areas occurs, corrective action will be handled by discussion, negotiation, or technical assistance in a manner that maximizes discretion to improve performance. Substandard performance as determined by DGCD, HUD, Office of Inspector General or other federal agency will constitute non-compliance with the executed contract/agreement. If the Sub-Recipient does not correct such substandard performance within a reasonable time after notification by DGCD Staff, then initiation of the suspension or termination procedures of the contract/agreement may occur. Additionally, DGCD will consider what sanctions are appropriate as listed in 2 CFR 200.338 to 2 CFR 200.342 and legal remedies listed in the executed written agreement/contract.

**Monitoring System:** DGCD will carry out monitoring activities. Annually, the assignment of an individual staff member as a Program Management Analyst/Project Manager of a sub-recipient or assigned team in receipt of the City's Federal Program funds occurs. The monitoring is also coordinated with the department's' fiscal staff.

The monitoring system will include:

1. Checklist: DGCD staff will use monitoring tools/checklist.
  - a. The Operations Program Management Analyst will select and submit to the Operations Grant Service Manger the appropriate checklist(s) and HUD CPD exhibits for approval.
  - b. The Operations Grant Manager will review and approve the selection.
  - c. The Operations Program Management Analyst will provide the appropriate checklist(s) and HUD CPD exhibits to the other monitoring team members.
  - d. See Appendix B and C for further details.
2. Risk Analysis of Sub-recipient: Existing and new sub-recipients will be evaluated to determine the potential risk ----in the administration and implementation of grant allocations. This process identifies the program areas to be covered, those SR and activities that represent the greatest vulnerability, ranking the order of the SR's monitoring and the depth of the monitoring review.
3. Monitoring Schedule: Both the Program Operations and Administrative and Technical Fiscal teams will develop a monitoring schedule for each project assigned and coordinate this schedule with the sub-recipient. It is required that SR be monitored on-site at least once per program year or depending on the program, as necessary.
  - a. The Operations Program Management Analyst will review the executed contracts and notate the expiration dates and place them in order; past monitoring visit reports, and the written agreement milestones.
  - b. The Operations Program Management Analyst will coordinate a meeting with the other Monitoring team members to discuss and provide an analysis.
  - c. The Operations Grants Services Manager will review and approve the submitted monitoring schedule.
  - d. The Operations Program Management Analyst will draft a monitoring letter of each SR or user department staff for the Operations Grants Services Manager review and approval.
  - e. The Operations Grants Services Manager or Operations Director will sign the final monitoring letter(s)
  - f. The Operations Program Management Analyst or Administrative staff will mail the final signed letters with the Operations Program Management Analyst sending an email notification
  - g. Day 1 of monitoring
    - i. Entrance conference will be handled by the monitoring team
    - ii. Interviews with the SR will be completed by the monitoring team specific to program area such as the Agency's Fiscal staff will meet with Fiscal staff of DGCD; etc.
    - iii. Data sampling information will be provided
    - iv. Confidentiality statements will be signed and dated by all attendees of the monitoring visit

- h. All other days of the visit
  - i. Inspections of the units and grounds if applicable by an assigned Inspector.
  - ii. Review of the data sampling by all monitoring team
  - iii. Review of the fiscal items by the fiscal staffer(s)
  - iv. Notating of the visit by all monitoring team members
  - v. Completion of the checklists and exhibits by all monitoring team depending on the program area.
- i. Each monitoring team member will compile their exhibits, checklists and notes to discuss for accuracy and completeness
  - i. The draft report will be completed by the Operations Program Management Analyst of each member's conclusions and discussed with the Operations Grants Services Manager as a FYI
- j. Exit conference
  - i. The draft report will be discussed with the SR
  - ii. Any final updates to the conclusions will be made
  - iii. If needed a program performance improvement plan and a technical assistance request to the Policy Grants Service Manager will be completed.
- k. Between 30-45 days after the monitoring visit
  - i. An official letter with the conclusions and a deadline to reply will be mailed by the Operations Program Management Analyst or Administrative staff
  - ii. The Operations Program Management Analyst will send an email notification
  - iii. The SR or user department staff will acknowledge receipt of the monitoring letter with conclusions, program performance improvement plan if applicable and send a reply
  - iv. Correspondence will continue until all findings are closed, with DGCD sending a close-out letter signed by the Operations Grants Service Manager or Operations Director with the Commissioner being copied.
  - v. All information including the signed and dated confidentiality statements will be maintained in an electric form in a shared folder and hard copies.
- l. 45-60 days after the visit
  - i. The Policy Grants Service Manager will send a technical assistance letter with a copy of the program performance improvement plan to the SR if applicable.
  - ii. The SR or user department staff will acknowledge the technical assistance letter by signing and dating the letter and the program performance improvement plan
  - iii. On-going TA will be provided until all conditions of the program performance improvement plan are closed
  - iv. A close out letter will be sent, and records maintained in a hard copy with program staff and inserted into a folder on SharePoint for record-keeping.

In the event that the SR is not placed on a program performance improvement plan, correspondence will continue until all findings and/or concerns are closed. A close out letter will be sent, and records maintained in a hard copy with program staff and inserted into a folder on SharePoint for record-keeping.

4. Financial and Programmatic Progress Reports: Sub-recipient fiscal and progress reports are routinely required in all written sub-recipient agreements. Additionally, a monthly project management report will be maintained with current information on the activity of each federally funded project. This information will be compiled and maintained by staff on a consistent and regular basis.
  - a. Fiscal staff will run the internal Oracle reports
  - b. The Operations Program Management Analyst will compile a summary of the monthly SR's submitted reports
5. Data Analysis: Prior to monitoring, Program Operations and Administrative and Technical Fiscal staff will review certain documentation depending on the program area such as but not limited to: correspondence, previous monitoring review conclusions, disbursement requests, policies and procedures, copies of audits, application for funding, and written agreement(s) or request the SR to submit additional information.
  - a. The Operations Program Management Analyst will draft a list of required items for the SR or user department staff to submit for review and submit to the Operations Grant Service Manager for approval.
  - b. The Operations Grant Manager will review and approve the selection
  - c. The Fiscal Program Management Analyst will draft a list of required items for the SR or user department staff to submit for review and submit to the Fiscal Grant Service Manager for approval.
  - d. The Fiscal Grant Manager will review and approve the selection
  - e. The Fiscal Program Management Analyst will send the approved fiscal items to the Operations Program Management Analyst to coordinate a combined list.
  - f. The Operations Program Management Analyst will send the list of fiscal and programmatic required items to the SR or user department staff to submit with a deadline date.
  - g. Upon receipt of these items, the Operations Program Management Analyst will review with the monitoring team and notate the conclusion of the review.
    - i. If the type of monitoring is remote, a draft remote conclusion letter with the conclusions is sent to the Operations Grant Managers by both the Fiscal and Operations Management Analyst for review and approval.
      - 1) Once approved, a formal letter with the conclusions will be signed by either the Operations Grants Service Manager or Operations Director with the Commissioner being copied and mailed to the SR or user department staff with a reply deadline date.

- 2) The SR or user department staff will acknowledge receipt of the monitoring letter with conclusions and send a reply
  - 3) Correspondence will continue until all findings are closed, with DGCD sending a close-out letter signed by the Operations Grants Service Manager or Operations Director with the Commissioner being copied.
  - h. All information will be maintained in an electric form in a shared folder and hard copies.
    - ii. If the type of monitoring is an on-site visit, the monitoring team will compile the data sampling list for their review and submit to the SR on Day 1 of the visit.
      - 1) Steps 3a-k noted above will be followed.
6. Procedures for Reviewing Financial Management and Procurement: A monitoring check-list form has been developed to review how sub-recipients are managing the financial aspects of projects for which funds are being disbursed. Special attention is given to program income guidelines, administrative cost expenditures, identifying needs for and provision of technical assistance, financial analysis capabilities, receipt, and review of the Single Audit/2 CFR 200 audit report(s), as well as monitoring of sub-recipient procurement practices.
- a. The Fiscal Program Management Analyst will review the fiscal aspect of the visit including but not limited to disbursements, fiscal recordkeeping, chart of accounts, SR's fiscal policies and systems, fiscal organizational chart, single audit, budgets, ledgers, etc.
  - b. The Fiscal Program Management Analyst will complete the associated checklist and exhibits and provide notes to the Fiscal Grants Manager as a FYI and to the Operations Management Analyst for coordination of one conclusion report.
  - c. The Operations Management Analyst will review the procurement protocols/policy and associated procurement items.
  - d. The Operations Management Analyst will coordinate one single conclusion report.
7. Training and Technical Assistance: A training and technical assistance program has been developed and implemented for recipients, as well as for those who have been identified as high risk. High risk sub-recipients may include new and or previous sub-recipients. This program will specifically address the needs of federally funded sub-recipients in the administration of grant or loan funds and the understanding of relevant Federal regulations and requirements governing the use and management of these funds. A Program Manual outlining program procedures, requirements, and regulations, has been developed as a reference tool.
- a. The Policy Grants Service Manager or Compliance Specialists will schedule the TA sessions with the SR or user department staff.
  - b. The Policy Grants Service Manager or Compliance Specialists may recommend HUD or other webinars for the SR or user department staff to complete.
  - c. Records of participation of these webinars will be maintained by the SR and evidence of participation sent to the Policy Grants Service Manager or Compliance Specialists

- d. The TA agenda, sign-in sheets and any training material will be maintained on the shared drive in a folder labeled training and hard copies in a binder.
  - e. Once training is completed and the SR or user department receives a satisfactory report by the Policy Grants Service Manager or Compliance Specialists, a signed completion letter and program performance improvement plan will be sent by the Policy Grants Service Manager.
  - f. The SR or user department staff will be acknowledged receipt by signing and dating the letter and program performance improvement plan.
  - g. Records of the process will be maintained by the SR or user department staff along with being maintained on the shared drive in a folder labeled training and hard copies in a binder.
8. Procedures for Correcting Deficiencies: The results of all monitoring are communicated, in writing, to the Agencies being monitored to inform them of areas of concern or non-compliance and suggest methods of correction. Follow-up technical assistance is also provided to ensure full compliance with all statutory and regulatory mandates.
- a. Correspondence will continue until all findings are closed, with DGCD sending a close-out letter signed by the Grants Service Manager or Director with the Commissioner being copied.
  - b. All information will be maintained in an electric form in a shared folder and hard copies.
  - c. In addition, steps 7e-g noted above will be followed.
9. Close-out
- a. Steps 8b noted above will be followed
10. Sanctions: If a SR including its Partner/Contractor/Sub-recipients fails to comply with federal mandates and DGCD local internal policies and the terms and conditions of a CDBG contract, DGCD may impose sanctions and/or additional conditions and may take one or more actions, as appropriate in the circumstances as described in § 200.207 Specific conditions.

Program Specific Monitoring details are listed in Chapter 4.

**DEFINITIONS**. The following terms used in this Manual are defined below:

1. Beneficiary. The person(s), entity(ies), or organization(s) benefiting from the activity, project or program.
2. Concern. A concern is a deficiency in program performance which could lead if not corrected to a statutory, regulatory or other program requirement. However, DGCD staff will bring the concern to the program participant's attention and, if appropriate, will recommend actions to address concerns and/or provide technical assistance.
3. Finding. A finding is a deficiency in program performance based on a statutory, regulatory or program requirement for which sanctions or other corrective actions are authorized. The

finding will include the condition, criteria, cause, effect, and required corrective action in a monitoring results letter.

- a) Condition – Describes the problem.
- b) Criteria – Cites statutory, regulatory, or HUD Handbook requirements that were not met.
- c) Cause – Explains why the condition occurred.
- d) Effect – Describes what happened or may happen as a result of the condition.
- e) Corrective Action –Address the cause of the finding to prevent reoccurrence. Each corrective action will include a timeframe for the program participant to respond.

**Example:**

Condition: As of the date of the review, the Single Audit had not been completed.

Criteria: Paragraph 9(e) of the written executed agreement and 2 FR 200 requires submission of a single audit.

Cause: The SR did not make timely arrangements with a CPA firm to perform the audit.

Effect: DGCD is unable to adequately evaluate the financial status of the project.

Corrective Action: Submit a single audit with any corrective action within 60 calendar days of this finding.

4. Limited Monitoring. A program compliance review reduced in scope and size for the selected program participant.
5. Monitoring Conclusion. The determination reached regarding a program participant's performance based upon the monitoring results. Conclusions may be positive or negative.
6. Monitoring Tool. Guidance and/or checklists provided to assist in monitoring.
7. On-Site Monitoring. Monitoring that is conducted at the program participant's geographic location. A detailed compliance review for a selected program participant
8. Remote/ Desk Audit or Desk Review Monitoring. Monitoring that is conducted off-site, based upon analysis of information from the program participant, including interviews. Information forming the basis for remote monitoring conclusions can incorporate review of performance reports and audited financial statements, information in electronic databases, and other documentation submitted by the program participant. The process supervises activities in progress to ensure they are on-course and on-schedule in meeting the objectives and performance targets
9. Subrecipient (SR): Under 2 CFR 200, SR is defined as a non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program. SR's include Project Sponsors, CHDO's, Developers, Non-Profits, Contractors, Property Management or Asset Managers and Housing Coordinators.
10. Self- Audit tool the act or process of analyzing and evaluating oneself or one's actions: assessment of oneself

### **Overall Monitoring Topics:**

DGCD staff will assess SR's and determine what type of monitoring will occur and possibly use one or more of the below areas for the scheduled monitoring. During monitoring it could consist of all these topics depending on the funding source/program. This list is not all inclusive

- Overall Management
- Program Process
- Written Agreements
- Participant Selection
- Subsidy
- Project Requirements
- Eligible Costs
- Project Management
- Income Determination
- Underwriting
- Property Standards
- Cost Reasonableness
- Record Keeping & Reporting
- Policies & Procedures
- Rent & Occupancy
- Affirmative Marketing
- Staff Capacity
- National Objective
- Affordability Period
- Principle Residency
- Loan Process
- Contractor Selection
- Recapture Provision
- Construction Management
- Cost Allocation
- COA logo mandate
- Lease Provisions
- Program Income
- Match
- Cross Cutting Regulations
- Housing Quality
- Civil Rights Compliance
- Contractor Oversight
- Eligible Activity
- Program Administration
- Participant Eligibility
- Cost Allocation
- Property Eligibility
- Equipment/Inventory
- Fair Housing (See Appendix A for exhibit)
- Affordability Requirements

## **CHAPTER 2**

### **MANAGEMENT OF MONITORING ACTIVITIES**

#### **PREPARING FOR MONITORING**

Pre-monitoring preparation includes but not limited to:

#### **I. COORDINATION**

Certain Chapters of this manual contain the guidance and exhibits for reviews of the technical areas mentioned in the Introduction section of this guide.

#### **II. MANAGING THE MONITORING**

The basic element of employing DGCD's monitoring strategy is as follows:

- A. Pre-monitoring preparation: Internally defining the scope and focus of the monitoring efforts. It identifies:
  - 1. Functional area to be reviewed;
  - 2. Data or information to be submitted prior to monitoring and confirm the need for any required services (e.g., conference rooms, telephones, computers, etc.);
  - 3. Names of any participant staff members who will need to be consulted;
  - 4. Defined areas of responsibilities for each reviewer;
  - 5. A schedule and/or anticipated time frame; and
  - 6. Utilizing appropriate monitoring checklists and/or Exhibits for reviews of technical areas.
- B. Conducting the Monitoring:
  - 1. Notification- Once a date has been set, a formal notification letter including the confirmation of monitoring dates, scope of the monitoring/areas of review, the schedule is sent. Unless there are extenuating circumstances, the letter is sent at least two weeks prior to the monitoring. For remote monitoring, the letter identifies specific information to be submitted by the program participant and a timeframe for submission.
  - 2. Entrance Conference- The purpose of the entrance conference is to explain how the monitoring will be conducted and ensures that all staff has a clear understanding of the purpose, scope, and schedule of the monitoring from the very beginning; identify/confirm key program participant staff who will assist during the monitoring; set up or confirm meeting or interview times, schedule physical inspections; verify the programs/activities to be reviewed and, if on-site, how access to files and work areas will be granted.
  - 3. Assessment Process/ Documentation and Data Acquisition
    - a) Staff interviews
    - b) Reviewing all relevant records/ file reviews to verify and document compliance and performance. The COA DHCD mandate is to ensure that all

SR's have communications, solicitation, etc. that contain a statement indicating that the COA is a pass-through entity that receives funding from HUD. The Exhibit questions are designed to assess and document compliance with program requirements. Document the responses to the questions. The Exhibits form the basis for monitoring conclusions and are supplemented by program participant records copied or reviewed during the monitoring.

- c) Communicate- Throughout the monitoring, staff maintains an on-going dialogue with the program participant. Such communication keeps the participant informed as to how the monitoring is progressing.
  - d) Clear written record of the steps followed, and the information reviewed during the visit. Documenting any conversations conducted with the program staff, statistics and/or financial figures, on-site inspection of projects, and the written policies that are obtained from the file reviewed.
- C. Exit Conference: At the end of the monitoring review, staff conducts an exit conference with the appropriate participant officials or staff to discuss preliminary brief notes conclusions. In part, this serves to confirm the accuracy and completeness of the information used to form the basis for the monitoring conclusions. Additionally, the participant may clarify or support their position, or acknowledge the deficiency and provide an opportunity to report on steps they are already taking to correct the matter
- D. Monitoring Conclusions: A written record is created detailing the steps followed and information reviewed during the compliance monitoring visit. All conclusions, whether compliant or non-compliant are supportable, defensible, and adequately documented. DGCD uses the following decision categories:
- 1. Performance was adequate;
  - 2. There were concerns that need to be brought to the attention of the program participant. DGCD requires a response and possibly corrective actions;
  - 3. The SR needs to be placed on a performance improvement plan;
  - 4. Technical assistance is needed; and
  - 5. There are findings that require corrective actions. The findings include identifies the action(s) needed to resolve the problem and time frame of a respond to the finding.
- E. An official Monitoring Letter (Cover letter, summary report, and summary report-findings) will be mailed within four weeks after the exit conference describing all deficiencies, recommendations for improvements and time frame to reply.
- F. Follow-Up- After the issuance of the monitoring report, follow up will occur with the SR until all corrective actions are completed. Corrective action plans will describe:
- 1. A description of each finding and recommendation;
  - 2. Specific steps to be taken to implement the recommendation;
  - 3. A timetable for performance of each corrective action;
  - 4. The performance improvement plan goals and possible technical assistance; and

5. A description of future monitoring to be performed to ensure implementation

### **III. ADMINISTRATIVE RECORD.**

- A.** An Administrative Record will include all documents considered, either directly or indirectly, by DGCD in reaching conclusions. Documents can include but not limited to: contracts, forms, agreements, internal memoranda and notes, correspondences, emails, electronic submissions, and any other documents considered by the decision-maker including the Commissioner, Directors (Program Operations and/or Administrative and Technical Services) or designee and staff in reaching the decision. Adverse actions will cite the authority, e.g., the applicable regulation, 2 CFR 200 or statutory provision. DGCD will ensure the following:
  1. Avoid personal opinions in written correspondence, whether letters, emails, or internal memorandums.
  2. Answer all correspondence within a reasonable amount of time after receipt.
  3. Retain all attachments to incoming or outgoing correspondence.
  4. All dates, signatures, and concurrences will be clearly legible.

All results of the risk analysis process will be fully documented in SharePoint, and records maintained in accordance with Departmental policy. Each division must be able to document and justify its rankings and proposed management responses. The documented results to be recorded in SharePoint (with any exceptions noted) consist of a) Grantee Risk Analysis Worksheets that provides criteria for evaluation of grantee risk by program area, and electronic certification in SharePoint. b) Grantee Risk Analysis Worksheets that provides grantee's program scoring results by factor and sub-factor with evaluation comments. c) Overall Risk Total Score Worksheet .

DGCD uses several CPD HUD monitoring handbook exhibits and monitoring compliance forms for the federal programs. See Appendix B: City of Atlanta CDBG/ESG/HOME Monitoring/Compliance Review and the HOPWA section for a copy of the form.

- B.** Departmental Standards. HUD has established overall policies and requirements for records management and DGCD will adhere to these standards.

#### **C. Risk Categories and Criteria:**

DGCD uses a risk analyst protocol to assign risks to SR's, areas of technical assistance and training needed; resources needed; projected timeframes, determine the type of monitoring/ method of monitoring, programs and areas to be monitored, identifying which SR's will be monitored and rank the order of which SR to monitor. The risk analysis provides the information needed for DGCD to effectively target its resources to grantees that pose the greatest risk to the integrity of programs, including identification of the

grantees to be monitored on-site and remotely, the program areas to be covered, and the depth of the review.

All DGCD's HUD program risk analyses are standardized for SR's and use a quantifiable rating system. Based on a 100-point rating scale, SR's are assigned one of three risk categories: High risk – a total score of 51 or more; Medium risk – a score between 30–50; and Low risk – a score of less than 30. The risk analysis factors are consistent with HUD factors outlined in the *HUD Monitoring Desk Guide: Policies and Procedures for Program Oversight: Policies and Procedures for Program Oversight: Financial; Physical; Management; Satisfaction; and Services*. These factors are further defined by subfactors and specific criteria identified for each. Rated subfactors such as dollar value, complexity of programs, number of programs administered, and compliance issues are critical in determining those grantees defined as high risk.

1. Grant Management such as but not limited to including program caps, program complexity, last monitoring report(s), audits, etc.
2. Financial Management such as but not limited to including size of the grant, fiscal compliance, timeliness, expenditures, etc.
3. Services & Satisfaction such as but not limited to including Citizen Complaints and responsiveness, and
4. Physical – that the condition of the property or facility has been inspected and meets all HQS Inspections or Habiliaty or Sheltering standards, which ever one is applicable
  - a) The subfactors used for each risk factor include the areas listed below with some variation among the CPD Programs, based on each program's specific determinants of risk.
    - i. Grant Management
    - ii. Reporting
    - iii. Staff Capacity and Program Design
    - iv. Previous findings
    - v. Cross-Cutting Requirement Compliance
    - vi. Financial Management
    - vii. Program Income
    - viii. Single Audit/2 CFR 200
    - ix. Services & Satisfaction
    - x. Citizen Complaints or Negative Media Exposure
    - xi. Responsiveness
    - xii. Physical Condition of Properties \*\*\* Physical, does not apply for CDBG and NSP.

The next step is rating: Assessing and recording risk for each SR by the Evaluator; and reviewing results by Management; and ranking SR by risk, from highest to lowest.

**Evaluators:** The Evaluators will review and rate each program administered by the DGCD. The risk analysis process begins with a review of each grantee against a predetermined set of criteria. This review of each grantee's program(s) provides the basic knowledge needed to rank each grantee. In completing this review, various sources of information are used including data obtained from the Integrated Disbursement and Information System (IDIS), CAPERS and APRs, prior monitoring visits, audits, and citizen complaints. Special attention is taken into consideration to recent audits with findings, compliance with program expenditure requirements established by the Department, and fair housing/civil rights issues.

**Management Review:** After the Evaluators have completed documenting the risk analysis results for each grantee, a Management Representative begins the review and certification process. The role of the Management Representative is to provide quality control to ensure validity and consistency through an assessment of each Evaluator's ratings and comments. The Management Representative reviews each risk analysis worksheet and completes the certification process with his/her electronic or manual signature. The results of the worksheets are entered into SharePoint in the Risk Analysis Module as evidence of the conclusions and results.

The results of these steps provide the basis for developing the program's monitoring strategies. Strategies also include monitoring Exhibits that are planned to be used during the review.

## CHAPTER 3

### REVIEW OF AUDITS IN FINANCIAL MANAGEMENT (ALL FEDERAL PROGRAMS)

#### **Federal Requirements: Audits over \$750,000**

Financial and performance audits are designed to assure that federal program resources are applied “efficiently, economically and effectively to achieve the purposes for which the resources were furnished”, and that DGCD and the SR’s are accountable to the public. Audits are designed to provide an independent opinion on whether financial statements present in a fair manner, actual operating results in accordance with accepted standards, and whether agencies have complied with specific financial requirements in terms of systems and procedures. Performance audits provide an independent point of view on the extent to which agencies have efficiently and effectively carried out its operations and achieved the intended results or benefits of the federally funded programs.

A formal financial/compliance audit must be performed in conformance with 2 CFR 200.501. The audit’s primary goal is to determine whether SR’s have adequate systems in place to assure that:

- Program goals and objectives are met
- Resources are safeguarded
- Laws and regulations are followed, and
- Reliable data are obtained, maintained, and accurately disclosed

The level of review should always result in a management letter from the auditor that expresses a formal opinion about the accuracy and reliability of the data presented.

#### **Subrecipient Independent Public Accountant (IPA) Audits**

The intent of the Single Audit Act is to assure that subrecipients receiving federal funds properly account for their expenditures from all federal sources. SR’s are required to submit a year-end financial report consisting of an Income Statement and Balance Sheet. The Agency’s financial officer, bookkeeper, or accountant shall produce such financial reports. The finance report will be subject to an audit review. These audits can provide another source of information on subrecipients’ finances and compliance with relevant fiscal requirements of the federal programs. They are especially helpful in reviewing how subrecipients allocated expenses across multiple Federal sources.

#### **Subrecipient Reports**

Subrecipients, themselves may prepare and must submit monthly, quarterly or annual reports on their operations. Other local agencies that work with the subrecipient may conduct their own evaluations. These evaluations may identify generic characteristics of the subrecipient’s operations that are relevant to its federal funding activities as well. They can suggest aspects to

the subrecipient's operations which should receive special attention during monitoring or serve as "early warning" system.

### HUD Audits

*HUD's Field Office Staff or its Office of the Inspector General (OIG), or sometimes even the Government Accounting Office (GAO) may audit subrecipients.*

### **DGCD General Audit Requirements**

SR's are responsible for obtaining an independent audit in accordance with the 2 CFR 200. Financial assistance includes all federal funds received by the entire organization, and not just the department or Section receiving the one source of federal funding.

### **Internal Control and Compliance Review**

The Single Audit Act requires that the independent auditor determine and report on whether the SR has internal control systems to provide reasonable assurance that it is managing its federally assisted programs in compliance with applicable laws and regulations. The auditor will perform tests of these controls to evaluate the effectiveness of the operation of policies and procedures, to prevent or detect material noncompliance. In compliance testing, the auditor will also examine a sample of transactions to determine whether: 1) the amounts reported by the subrecipient were eligible to receive them; 2) applicable matching requirements, levels of effort, and earmarking limitations (such as ceilings on administrative costs or public service funding, as well as, allocations for activities to benefit low- and moderate-income individuals) were met; 3) the subrecipient's financial reports and claims for advances and reimbursements contain information that is supported by the books and records from which the financial statements were prepared; and 4) expenses claimed by the subrecipient are in accordance with the applicable cost principles and uniform administrative requirements.

### **DGCD Analysis**

DGCD uses the Council of Inspectors General on Integrity & Efficiency (CIGIE) guide as a reference tool for desk reviews of the Single Audit for overall conclusions.

### **Audit Reports**

Following the completion of the audit by the IPA, an audit report must be prepared. The audit report must contain at least the following:

- Financial statements and a schedule of federal assistance (showing total expenditures under each Federal grant program), as well as, the auditor's report on these two components; and,
- An evaluation of the agency's internal control systems, identifying significant internal accounting controls and controls designed to provide reasonable assurance that federal

- programs are being managed in compliance with applicable laws and regulations; and,
- A report on compliance containing an opinion as to whether each major federal program was being administered in compliance with applicable laws and regulations; a statement of positive assurance for those items tested; negative assurance for those items not tested; a summary of all instances of non-compliance; and, identification of total amounts questioned.

SR's are required to maintain copies of audit reports on file for a minimum of three years from the date of their issuance. Similarly, SR's should ensure that the selected auditor maintains copies of the audit work papers for a minimum of three years from the date of the report issuance. If there remain unresolved audit issues at the end of this three-year period, the SR should notify the auditor in writing to extend the retention period.

### **Auditor Selection/Procurement**

When arranging for audit services, SR's must follow and document the procurement standards. For governmental sub-recipients, the standards provide that while you are encouraged to enter into intergovernmental agreements for audits (and other services), an analysis should be made to determine whether it would be more economical to purchase the services from private firms. Where the use of intergovernmental agreements is required by state statute, however, such statutes take precedence.

The individual(s) or firm selected must be qualified, not debarred, suspended or limited suspended and sufficiently independent of those representatives of the SR who authorize the expenditure so as to produce unbiased opinions, judgments, or conclusions. In evaluating prospective auditors, SR's should consider the candidate's technical abilities, experience with audits of this type, and the qualifications of the specific staff to be assigned. Cost considerations should only be a selection factor when the other criteria have been met.

### **Audit Cost**

The costs of audits made in accordance with the applicable regulations can be paid using federal funds if the contract allows. These charges can be treated as either a direct cost or an allocated indirect cost. If charged as an indirect cost, the percentage of costs charged to the federal funds for a single organization-wide audit should not exceed the percentage that the subrecipient's federal funds represent of total funds expended by the entity during the applicable year. The percentage may be exceeded, however, if appropriate documentation demonstrates higher actual costs. The cost must be deemed reasonable, and a proportionate share of the costs required by, and performed in accordance with, the Single Audit Act Amendments as implemented. However, the following audit costs are unallowable:

Article I. (1) Any costs when audits required by the Single Audit Act and Subpart F - Audit Requirements of this part have not been conducted or have been conducted but not in

accordance therewith; and

Article II. (2) Any costs of auditing a non-Federal entity that is exempted from having an audit conducted under the Single Audit Act and Subpart F - Audit Requirements of this part because its expenditures under Federal awards are less than \$750,000 during the non-Federal entity's fiscal year.

(b) The costs of a financial statement audit of a non-Federal entity that does not currently have a Federal award may be included in the indirect cost pool for a cost allocation plan or indirect cost proposal.

(c) Pass-through entities may charge Federal awards for the cost of agreed-upon-procedures engagements to monitor subrecipients (in accordance with Subpart D - Post Federal Award Requirements of this part, §§ 200.330 Subrecipient and contractor determinations through 200.332 Fixed Amount Subawards) who are exempted from the requirements of the Single Audit Act and Subpart F - Audit Requirements of this part. This cost is allowable only if the agreed-upon-procedures engagements are:

Article III. (1) Conducted in accordance with GAGAS attestation standards;

Article IV. (2) Paid for and arranged by the pass-through entity; and

Article V. (3) Limited in scope to one or more of the following types of compliance requirements: activities allowed or unallowed; allowable costs/cost principles; eligibility; and reporting.

### **Audit Review and Resolution**

DGCD will review all such reports to determine whether they meet all relevant standards and are acceptable. A sample email request is noted below:

*As recipients of HUD funding, the County's Department of Grants and Community Development is required to adhere to Title 2: Grants and Agreements, PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS. This standard synthesizes and supersedes guidance from earlier OMB circulars.*

- *A-21, Cost Principles for Educational Institutions (August 8, 2000)*
- *A-87, Cost Principles for State, Local and Indian Tribal Governments (May 4, 1995)*
- *A-122, Cost Principles for Non-Profit Organizations (June 1, 1998)*
- *A-102, Grants and Cooperative Agreements with State and Local Governments (October 7, 1994) the amended August 29, 1997)*
- *A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (November 19, 1993) (further amended September 30, 1999)*
- *A-133, Audits of States, Non-Profits, and Local Organizations (includes revisions published in the Federal Register June 27, 2003, and June 26, 2007) (34 pages, 173 kb)*

- ✓ Circular A-133, 2009-2018 Compliance Supplement
- ✓ Circular A-133, 2009 June 2009 Compliance Supplement Addendum (301 pages, 1.29 mb)

**Basic rule.** Grantees and subgrantees are responsible for obtaining audits in accordance with the Single Audit Act Amendments of 1996 (31 U.S.C. 7501–7507), revised OMB Circular A–133, and Title 2: Grants and Agreements, PART 200. The audits shall be made by an independent auditor in accordance with generally accepted government auditing standards covering financial audits.

Please submit to \_\_\_\_\_ a cover letter with your letterhead signed by your Agency’s authorized official, state in the letter your reporting retention, how the data collection/report was submitted, if technical advice and counsel was requested by your Agency or provided by the oversight entity and attach the following:

1. Independent audit financial statements for Year(s): \_\_\_\_\_
2. A copy of any management decisions issued;
3. A summary schedule of prior audit findings;
4. A copy of the corrective action plan including the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date, how any found deficiencies, concerns and/or findings were sufficiently addressed (state that corrective action was taken, describe the reasons for the finding's recurrence and planned corrective action, and any partial corrective action taken and any explanations; and
5. Documentation of the Auditor procurement in accordance prescribed by the Procurement Standards in §§200.317 through 20.326 Contract provisions of Subpart D- Post Federal Award Requirements of this part or the FAR (48 CFR part 42), as applicable. When procuring audit services, the objective is to obtain high-quality audits. In requesting proposals for audit services, the objectives and scope of the audit must be made clear and the non-Federal entity must request a copy of the audit organization's peer review report which the auditor is required to provide under GAGAS. Factors to be considered in evaluating each proposal for audit services include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of peer and external quality control reviews, and price. Whenever possible, the auditee must make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises, in procuring audit services as stated in §200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms, or the FAR (48 CFR part 42), as applicable.
6. In addition to the audit requirements, please provide information that your Agency is qualified to receiving federal awards. Your agency should always register in System

*for Award Management (SAM) and continue to maintain an active SAM registration with current information during the affordability period of your award and until DGCD has directed in writing that the registration may be closed.*

SR's must establish a system to ensure a timely and appropriate resolution to audit findings and recommendations. This system must address both independent audits performed relative to the Single Audit Act, and audits completed on the SR's operations by the HUD Office of the Inspector General (OIG), the U.S. General Accounting Office (GAO), or other governmental bodies.

A SR's first step in resolving audit findings is the preparation of a "Management Response" to the findings and recommendations contained in the audit report. In its response, the SR should provide:

- Information on the actions taken (or planned) to correct the specified non-compliance or financial system deficiencies (for findings/recommendations with which the subrecipient agrees); and,
- The basis (including relevant documentation) for the belief that an audit finding or recommendation is inaccurate or inappropriate (for findings/recommendations with which the subrecipient does not agree).

If in your Management Response your agency has disagreed with any of the audit findings or recommendations, DGCD will re-examine the points in question to determine whether any revisions to the report's findings/recommendations are warranted.

For those audit findings and recommendations, with which your agency agrees, and for any disputed findings or recommendations your agency challenges but the challenge is not upheld, the next step in the resolution process is the implementation of procedures to prevent the deficient conditions from recurring. Corrective action to respond to findings or to implement recommendations must be completed within one year of the issuance of the audit report. A "repeat finding" (a deficiency or area of non-compliance which appears in more than one successive audit for a sub-recipient) will be viewed very seriously and can result in special conditions being attached to your agency's CDBG funding or other sanctions. Occasionally, the findings from an audit will result in "questioned costs". SR's costs associated with its CDBG funding may be questioned for the following reasons:

- There is inadequate documentation to support the expenditure or the amount of cost charged to the grant;
- The expenditure does not appear to be related to the grant project;
- The cost was incurred outside the effective term of the contract with DGCD, or was a program expense incurred by your agency before environmental review clearance;
- The expense is unallowable under the program regulations and applicable cost principles; or,
- The cost required the prior approval of DGCD, and no prior approval was obtained.

To resolve a questioned cost, your agency must:

- 1) Provide the missing documentation to support the expenditure and amount; and,
- 2) Offer a detailed explanation of how the cost relates to the grant program; and/or,
- 3) For an expense, which required prior approval, seek retroactive approval.

If your agency is not able to resolve a questioned cost to the satisfaction of the auditor and/or DGCD, the expense will be disallowed. A disallowed expense for which federal funds were originally used must be reimbursed from non-CDBG/non-federal funds. On occasion, such reimbursements can be re-paid on a payment schedule negotiated.

DGCD, or any state or federal agency, may make additional reviews, as necessary, to ensure that SR's carries out its responsibilities under DGCD, state of federal laws and regulations. By entering into a contract with DGCD, the SR agrees to cooperate fully with all persons conducting these additional audits or reviews. SR's must make all books, documents, papers, records, property, and the facility available to DGCD representatives for inspection and audit purposes during the term of the contract and for a period of five years afterward.

#### **DGCD's Requirements: Violations**

In accepting federal funds and entering into a contract with DGCD, SR's agrees to abide by the requirements as outlined in this manual and in the executed agreement/your contract. Should any SR fail to comply or otherwise violate the terms of the agreement, DGCD may take one or more of the following actions provided under federal regulations:

- Withhold cash payments pending correction of the deficiency or violation
- Disallow all or part of the cost of the activity or action not in compliance
- Suspend, in whole or in part, the grant award for the program
- Withhold further awards for the agency or program
- SR will be unable to claim any unspent funds following the ending date of the agreement

#### **DGCD's Requirement: Terminations**

Termination of the contract between the SR and DGCD can occur in whole or in part by either party upon receipt of a thirty- day written notice to that effect. Reimbursed costs incurred by SR's during a suspension or after termination of the contract are not allowable.

## **CHAPTER 4 PROGRAM SPECIFIC**

### **Community Development Block Grant**

#### **INTRODUCTION**

The Community Development Block Grant regulations (24 CFR 570.501 (b) state that: "The grantee is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of... Sub-recipients... does not relieve the recipient of this responsibility. The recipient is also responsible for determining the adequacy of performance under subrecipient agreements... and for taking appropriate section when performance problems arise..."

The language in the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, which applies CDBG grants, is even more explicit about DGCD's obligation to monitor subrecipients:

"Grantee is responsible for managing the day-to-day operations of grant and subgrant supported activities. **Grantees must monitor... subgrant-supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved on an annual basis.** Grantee monitoring must cover **each program, function, or activity.**"

These regulations make clear that the COA's DGCD as a recipient of funds primary mission is to:

- Make sure subrecipients (SR) comply with all regulations governing their administrative, financial, and programmatic operations; and
- Make sure SR achieve their performance objectives within the scheduled phase, notables listed in the executed written agreement/contract and the budget

**DGCD** completes some type of monitoring of its CDBG projects at least one time per year, which is typically within 90-days of the contract expiration. Some projects require additional on-site technical assistance during implementation. The need for additional monitoring or technical assistance is determined by the Program Management Analyst/Project Manager assigned to the individual project. Activities which are determined to be high risk are monitored more regularly. Policies established are for project eligibility compliance with primary and national objectives. All SR will provide evidence of an expense including cancelled checks, bank statements, wires, receipts, vouchers, invoices, progress reports, and any statistical data required to obtain reimbursement. All materials, supplies, or equipment must be project specific to include invoices for leases, purchases, labor records, scope of the work performed and data to evidence project costs. Documentation will also include program status reports, a description of the services

performed and a breakdown of project beneficiaries by location, income, AMI, age, ethnic background, and disability. A monitoring report is completed for the following compliance areas:

- Environmental;
- Eligibility;
- Fair Housing;
- Immigration;
- Civil Rights and Equal Opportunity;
- Minority Women and Business Enterprises;
- Section 3;
- Financial and Audit;
- Federal Labor Standards;
- Acquisition and Relocation, Section 104(d);
- Interim and Final Audit;
- Final Benefit Count/Beneficiary Information;
- Housing Rehabilitation Standards and Policies;
- Lead Based Paint Hazard Reduction Regulation; and
- Citizen Participation.

SR's are selected based on the following but not limited to:

- Ability to assess own performance and outcomes.
- Experience in managing interdisciplinary programs.
- Qualifications of staff to provide proposed services.
- Cultural competency to work with target population.
- Success in managing similar programs.
- Audit reports that demonstrate sound financial management.
- Organization is not barred from receiving federal funds
- Has a valid unique identifier, such as the Employer Identification Number (EIN) or Tax Identification Number (TIN), and
- Has a Duns & Bradstreet D-U-N-S® Number.

### **PROCESS OF MONITORING**

#### **STANDARDS TO DETERMINE COMPLIANCE WITH NATIONAL OBJECTIVES AT SECTION 24**

**CFR 570.208(A)-(D)** See 24 CFR 570.2, 570.200(a) (2) and (3), and 570.506)

Each activity, except planning and administrative activities, must meet one of the CDBG program's three broad national objectives:

- To benefit low-and moderate-income persons
- To aid in the prevention or elimination of slums or blight
- To meet community development needs having a particular urgency

CDBG will also adhere to the following regulatory mandates:

*Fair Housing, Equal Opportunity and Accessibility Laws* (nondiscrimination and equal access): Applicants must comply and certify with any and all federal, state and local laws relating to fair housing and equal opportunity.

- Fair Housing Act: Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended.
- Title VI - Civil Rights Act of 1964. (Pub. L. 88-352, 78 Stat. 241, enacted July 2, 1964) 24 CFR Part 1
- Section 109 - Title I - Housing and Community Act of 1974.
- Title VIII of the Civil Rights Act, 1968 (Fair Housing Act), as amended. The Act was amended in 1988.
- The Housing for Older Persons Act of 1995 (HOPA) final regulation 1999 effective on May 3, 1999.
- Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990. 24 CFR Part 8.
- Executive Order 11063
- Executive Order 12138- ("National Women's Business Enterprise Policy")
- Executive Order 12432: National Priority to Develop Minority and Women Owned Businesses of Oct. 13, 1971, appear at 36 FR 19967, 3 CFR, 1971-1975 Comp., p. 616
- Executive Order: 11625, "National Program for Minority Business Enterprise.
- Executive Order 12892, as amended
- Executive Order 13166 "Improving Access to Services for Persons with Limited English Proficiency" August 11, 2008.
- Age Discrimination Act of 1975.
- Title II of the Americans with Disabilities Act of 1990.
- Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity
- Section 3 of the Housing and Development Act of 1968, as amended Section 118 of Title I, Community Development and Housing Act, 1974, and implemented by HUD regulations.

CDBG monitoring serves many significant purposes including

- Ensuring production and accountability,
- Confirming compliance with CDBG and other federal requirements,
- Evaluating organizational and program performance,
- Responding to community needs,
- Fiscal accountability; and
- Maximizing the use of resources.

## PROJECT MONITORING

These planned guidelines are to set out the DGCD's policy on monitoring CDBG subrecipients and provide practical advice on carrying out this policy. All Monitoring visits occur by the submission of a formal monitoring letter including the date, time, attendees, review of checklist of items, and any other pertinent information. Clear documentation of all information is required. CDBG has up to six phases to any monitoring visit: Notification Letter, Entrance Conference, Documentation/Data Acquisition and Analysis, Exit Conference, Monitoring Conclusion- Letter and summary report and the Follow-Up.

Below is a sample monitoring notification letter and monitoring letter.

### Sample Letter:

Month, Day, Year

Name, Title

Agency

Formal Address

City, State, Zip Code

Dear Mr. /Mrs. /Ms.:

As the Community Development Block Grant (CDBG) recipient, DGCD is responsible for monitoring subrecipient performance in accordance with 2 CFR 200 and 24 CFR 570.501. This includes a full review of the subrecipient's administrative methods, program implementation, and compliance with CDBG regulations. The reviews focus on the extent to which the planned program has been implemented, the measurable goals achieved, the effectiveness of program management and the impact of the program.

Generally, monitoring occurs at least once per activity per year for program recipients. Operations Program and Administrative and Technical Fiscal staff will visit to review the performance with the attached documentation. The visit will include an interview with the Executive Director and/or Program Administrator. Staff will be interested in reviewing/monitoring areas including, but not limited to the following: **(a)** Program Performance review **(b)** General management Practices **(c)** Financial management systems **(d)** Record keeping/reporting practices **(e)** Anti-discrimination compliance **(f)** Special Monitoring of X activities and **(g)** a tour of the facilities. Staff may also choose to interview clientele served by your agency. As provided in the executed written contract, authorized representatives of the City's DGCD and HUD have the

right to access all activities and facilities operated by your Agency under your subrecipient executed written contract. *(A Confidentiality Statement may be signed by all staff included in the visit to ensure that all records reviewed remain in confidential status)*. The records obtained include all files, fiscal systems information, equipment/material log, and other documents related to the performance of services specified in the contract.

Effective on-site monitoring ensures contractual compliance, highlights areas of concern, and provides assistance as needed. If the identification of problem areas occurs, staff will be available to provide technical assistance to improve your Agency's performance. Having outlined the critical importance of a monitoring conference, your assigned Management Analyst/Project Manager would like to set up a monitoring visit for **Day, Month, Date, and Year, at 00:00 am /pm**. The purpose of the visit is to monitor your performance in implementing the **current years funding** activity utilizing CDBG funds.

For any questions or further information regarding the monitoring visit, please contact your assigned Management Analyst/Project Manager (Name) at (404) xxx-xxxx. Thank you for your cooperation and continued support.

Sincerely,

Name of Signer,  
Title, Department of Grants and Community Development

Cc: Name, Programs Grants Service Manager  
Name, Fiscal Grants Service Manager  
Name, Assigned Management Analyst/Project Manager

A monitoring letter with standardized language may read something like this below:

Month, Day, Year

Name of Subrecipient Representative

Title

Agency's Name

Street Address

City, State, Zip Code

**RE: Monitoring of (Subrecipient Name) CDBG Activities**

Dear Name of Subrecipient Representative:

On **Date(s)**, (**Names of Management Analyst/Project Manager and Fiscal staff**), (**Staff title**) and (**Names of any other staff with titles**) for the COA Department of Grants and Community Development, monitored the (**Name of the Subrecipient**) CDBG activities. The (**Name of the Subrecipient**) is a subrecipient of DGCD's grant funds and carries out CDBG-funded activities: **name of the activity** \_\_\_\_\_. **Describe the activities:** example *the economic development loan program provides financing for both existing and start-up business. It finances a variety of business needs such as real estate, equipment, inventory, leasehold improvements, and working capital. The housing rehabilitation program assists primarily owner-occupied low- and moderate-income housing.*

The period under review was from **January 1, 20\_\_ to December 31, 20\_\_**. In the course of the review (**the Monitoring team or Name of Staff**) met with the (**Name of the Subrecipient staff/title (Name of persons in those positions)**), respectively. The (**the Monitoring team or Name of Staff**) also visited two assisted projects/cases for each program. On **date**, you and your staff participated in an exit conference at the (**Name of the Subrecipient**) office to discuss the additional information required to finalize the monitoring review.

The purpose of the monitoring visit was to determine whether **Agency's name** had implemented and administered CDBG-funded activities according to all applicable Federal requirements and DGCD's internal protocols. In this monitoring review, we gave particular attention to the compliance with eligibility requirements and satisfaction of the National Objective requirement. Other areas emphasized in the review were (list) **financial management systems, procurement practices, compliance with civil rights requirements, and use of program income.**

Overall, the monitoring found that (**Name of the Subrecipient**) was making diligent efforts to comply. The Monitoring team found that the (**Name of the Subrecipient**) had showed describe (ex, significant improvements in their financial management systems and management of program

activities or has inadequate internal controls and has a failure to keep proper records on receipt and use of program income). Further describe: (However, the most recent review revealed that the (Name of the Subrecipient)'s systems and procedures in these areas are now satisfactory. In fact, the (Name of the Subrecipient)'s recent monthly reconciliations and reports, is exemplary. This office will be recommending its adoption by several other subrecipients).

Because of the most recent review, however, DGCD is rating two findings and one concern regarding the use of CDBG funds. The definition of a finding is a program element that does not comply with a Federal statute or regulation, whereas the definition of a concern is either a potential finding or a program weakness in need of improvement to avoid future problems. The detailed findings and concern are below:

**Finding Number 1--"\*\*\*\*\*":**

**Corrective Action**

**Finding Number 2--"\*\*\*\*\*":**

**Corrective Action**

**Concern Number 1--"\*\*\*\*\*":**

We look forward to receiving your response within thirty (30) days of receipt of this monitoring letter by (Name of the Subrecipient). If there should be any reason why your organization would have difficulty responding to this deadline, please contact the undersigned immediately.

We should add that the findings from our review should not reflect negatively on (Name of the Subrecipient)'s Staff and their dedication to ensuring the success of the referenced programs. As previously mentioned, this office's (the Monitoring team or Name of Staff) saw ample evidence of significant improvements that have been made by (Name of the Subrecipient) over the last year in the operations. The Monitoring team or Name of Staff also appreciated the (Name of the Subrecipient) Staff's continued assistance throughout the monitoring visits.

Sincerely,

Name of Signer,  
Title, Department of Grants and Community Development

Cc: Name, Programs Grants Service Manager  
Name, Fiscal Grants Service Manager  
Name, Assigned Management Analyst/Project Manager

## **CONTRACT PREPARATION**

CDBG has a standard format for agreements with subrecipients. When preparing a contract, staff considers the following:

1. **Make the contract fit the project.** Contracts are rewritten specifically where necessary in order to make the contract project specific.
2. **Avoid redundancy.** Provisions that clearly do not apply to the project are removed.
3. **Define the tasks.** Tasks are stated based on the expectancy of what the agency will provide. Answers to questions, which will be stated
  - a. Is there a minimum acceptable service level?
  - b. Is there a timetable and/or project budget will be attached?
  - c. Are there regulatory standards will be referenced by the proper title?
4. **Define the method of reimbursement.** Possibilities include: Fee per unit of service provided, Reimbursement of all eligible project expenses; and Reimbursement of specified types of expense i.e. budget line items.

Staff will also consider, in addition, controlling the maximum reimbursement in a month, or tying expense reimbursement to progress in achieving goals.

1. Ensure the Agency understands the contract and the reasons for each provision.
2. Submit one contract with four original signature pages of the contract
3. The addressed memorandum for contract routing is from the Director to the Commissioner. The contract is then routed to other signers including Risk, Procurement, Legal, Clerk, and Mayor. Once the Clerk has stamped and executed the contract and signature pages, they retain a copy of the contract and route the signature pages back to DCGD. Once fully executed and, in DCGD's possession, an original document is sent to the SR, an original is provided to Administrative and Technical Service staff, an original to the office of Grant Accounting (OGM), and an original is maintain for the program's operation project file.
4. Allowable payments under the contract occur once the fully executed copy is in DGCD and all applicable Section 106 and Environmental Assessment is completed.

## **REPORTING**

Staff will discuss and review the format of reports, determine what reports are produce internally, or for external use with the Agency thereby obtaining information to alleviate heavy paperwork burdens.

Requirements:

- CDBG expenditure reports
- Regular performance/progress reports
- Monthly/Annual financial statement
- Annual client report
- Performance Report

Additional requirements:

- Regular reports of expenditure against the budget for the project and the whole agency
- Board/City Council minutes
- Contracts with other funding Agencies

The thoroughness of the review will depend on the Agency's effectiveness and financial health. If there is suspicion of deficiencies or noncompliance, an immediate investigation will be conducted to ascertain the issues.

Items to look for in the reports:

- Expenditure patterns: higher or lower than usual expenses
- Variances from budget
- Unusual items that may not be eligible
- Potential over/under spends
- Activity patterns: increase/decrease in clients; falling behind schedule

All monitoring action(s) will be documented. For each subrecipient, a monitoring section in the subrecipient file will be maintained, containing the basic monitoring record form, conclusions and recommendations, performance improvement plan, technical assistance information, corrective actions and the SR's routine reports and other pertinent information.

Staff provides a copy and obtain signatures for the Confidentially Statement.

**CONFIDENTIALITY STATEMENT (All federal programs)**

I understand that during my monitoring review I may have access to confidential information about clients, and their families. I understand I must maintain the confidentiality of all verbal, written or electronic information contained in client files. In some instances, the information may be protected by law, such as state practice acts or other regulatory standards. In addition, the client's right to privacy by judiciously protecting information of a confidential nature is part of the Fiscal or operations Program Management Analyst/Project Managers' expected ethical behavior.

Through this understanding and its relationship to professional trust, I agree to discuss confidential information only in the setting as it pertains to review process and not where it may be overheard by visitors and/or other individuals. During each monitoring review of the

program, I agree to follow each agency's established procedures on maintaining confidentiality.

\_\_\_\_\_  
SIGNATURE: Assigned Management Analyst/Project Manager

\_\_\_\_\_  
ATTEST: Agency Representative and Title

\_\_\_\_\_  
AGENCY NAME:

\_\_\_\_\_  
DATE:

### **Section 3 Requirement of the Housing and Urban Development Act of 1986, as Amended**

In accordance with the requirements under Section 3 of the Housing and Urban Development Act of 1968, as recipients shall ensure that employment and other economic opportunities generated by the use of federal funds shall, to the greatest extent feasible, be directed to low- and very –low income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very-low income persons. Section 3 covered assistance includes the expenditure of work arising in connection with housing rehabilitation, housing construction, or other public construction projects.

Section 3 requirements are applicable to all procurement actions in excess of the small purchase threshold established at 24 CFR 85.36(d)(1), regardless of whether the procurement is governed by CFR 85.36. All Section 3 covered contracts and subcontracts (contracts and subcontracts awarded for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project) in which the amount of assistance to the recipient exceeds \$200,000 and the contract or subcontract exceeds \$100,000 shall include the Section 3 clause. As a result of DGCD receiving more that the threshold amount, the department requires are SR to adhere to Section 3.

### **METHODS OF PROCUREMENT (ALL FEDERAL PROGRAMS)**

Recipients and sub-recipients may use different methods of procurement to obtain consultant services. All procurements must be conducted in a manner that provides full and open competition. Situations considered to be restrictive of competition include:

- Placing unreasonable qualifying requirements on firms
- Requiring unnecessary experience and excessive bonding requirements
- Noncompetitive pricing practices between firms or affiliated companies
- Noncompetitive contracts to consultants that are on retainer
- Organization conflicts of interest
- Specifying on a “brand name” instead of allowing for “an equal” product consideration
- Arbitrary actions

SR’s must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in 2 CFR 200.318. SR’s must have documented procurement policies. These policies must also include the following:

- Maintain written standards of conduct covering conflicts of interest and governing the

actions of its employees engaged in the selection, award and administration of contracts. The standards of conduct must provide for disciplinary actions.

- Maintain oversight to ensure that contractors perform in accordance with the terms and conditions of their contracts or purchase orders.
- Organizations must avoid acquisition of unnecessary or duplicative items. Per COFAR FAQ's – no equipment screening procedures necessary.
- Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase.
- Where appropriate lease-purchase analysis should be conducted.
- Organizations are encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or share goods and services.
- Organization are encouraged use Federal excess and surplus property in lieu of new equipment or property
- Organizations are encouraged to use value engineering clauses in construction contracts of sufficient size. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
- Organization must award contracts only to responsible contractors possessing the ability to perform successfully. Consideration will be given successfully. to contractor integrity, compliance with public policy, past performance and financial and technical resources.
- Organizations must maintain records sufficient to document the rational for the following, but not limited to:
  - Procurement method,
  - Selection of contract type,
  - Contractor selection or rejection, and
  - Basis for contract price.
- Organization are solely responsible for good administrative practices and sound business judgment, and for the settlement of all contractual and administrative issues arising out of procurements.

SR's must adhere to § 200.320 Methods of procurement to be followed. All documentation must be maintained and available for review upon request.

1. SR's must use one of the following methods of procurement noted below.

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply.

(1) In order for sealed bidding to be feasible, the following conditions should be present:

(i) A complete, adequate, and realistic specification or purchase description is available;

(ii) Two or more responsible bidders are willing and able to compete effectively for the business; and

(iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(2) If sealed bids are used, the following requirements apply:

(i) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;

(ii) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

(iii) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

(iv) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(v) Any or all bids may be rejected if there is a sound documented reason.

(d) Procurement by competitive proposals. The technique of competitive proposals is

normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- (1) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- (2) Proposals must be solicited from an adequate number of qualified sources;
- (3) SR's must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
- (4) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
- (5) SR's may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated, and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

(e) [Reserved]

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source/sole source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or DGCD as the pass-through entity expressly authorizes noncompetitive proposals in response to a written request from SR; or
- (4) After solicitation of a number of sources, competition is determined inadequate.

*[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014; 80 FR 54409, Sept. 10, 2015]*

### **Guidance for Competitive Implementation:**

The competitive proposals method of procurement is DGCD's preferred method to use when procuring consulting services. Under this method, a request for proposals (RFP) is prepared containing a statement of work that details the procurement requirements needed by the recipient or sub recipient. The RFP must clearly and

accurately state selection criteria against which all responding proposals must clearly and accurately state selection criteria against which all responding proposals will be evaluated.

If an adequate number of professional service providers respond to the RFP, a qualified evaluation committee/ panel will review the proposals against factors for award identified in the RFP. This requirement that each proposal must first be evaluated against the selection criteria noted in the RFP is a distinctive characteristic of this method of procurement, where no public disclosure of the contents of offeror's proposals is made on the final date of receipt, as is done with sealed bids. In its evaluation, the evaluation committee/ panel should use a competitive range procedure to establish a ranking order of successful proposals which may lead to a determination of whether oral discussions (negotiations) should be held with service providers that fall within the competitive range, or if the contract should be awarded to the top offeror in the range. If discussions are held, "best and final offers" are requested and re-scored with the best of the best selected as the winner of the competition, subject to negotiation of a fair and reasonable price.

After proposals are reviewed by the evaluation committee/ panel against the evaluation criteria (a combination of cost and price factors) in the RFP, written results of the reviews must be maintained as part of the documentation of the procurement process. If requested, the recipients or subrecipient should debrief or notify unsuccessful offerors of the inner and the conclusion of the procurement process.  
*number of qualified sources."*

**Guidance for Small Purchase Implementation:**

Consultant services may be procured using small purchase procedures when the procurement will not cost more than the simplified acquisition threshold of \$100,000 in the aggregate. *(If the sub-recipient's procurement policy on small purchases is considered comparable or reasonable and does not conflict with the guidelines of the federal regulations, DGCD can adopt the procurement policy threshold held by the SR).* As noted in the 2 CFR 200.323, it is necessary to obtain price or rate quotations from an adequate number (i.e. three to five) of qualified sources. To obtain rate and price quotations vendors can be phoned and their names, addresses, and price or rate quotations should be recorded. The vendors whose solicited information is the most responsive to the item being procured should be issued a purchase order. Catalogues or price lists may also be used. It is important that the relatively smaller dollar amounts associated with small purchases and the informal nature of this procurement method do not create a climate in which the emphasis on full and open competition is diminished.

By virtue of the higher dollar threshold for small purchases (compared to a previous threshold of \$25,000) established, it is expected that most recipients and subrecipients will substantially increase the level of procurement of consulting services using small purchase procedures. In this regard, procuring parties should be advised that if small purchases with the higher dollar threshold become complex, it may be advantageous to use a written solicitation and to request written responses from potential of consultants' services.

**Guidance for Sealed Bids Implementation:**

Because of the nature of the services provided by most consultants, the sealed bid method or procurement is not the preferred method to use in procuring such services. Where the occasion arises for its use, this method of procurement must involve use of a public solicitation (e.g., issuance of an invitation for bid (IFB) with specifications to be responded to that is not overly restrictive. Award is to be made to the most responsive and responsible bidder whose bid conforms in all the material terms and conditions to the IFB and is the lowest in price. Selection of a consultant can be principally made on the basis of a firm, fixed price (lump sum or unit price).

**Guidance for use of non-competitive Implementation:**

It is important that ample support and justification exist for the use of the noncompetitive method of procurement. Events that require efficiency in the procuring of services (e.g., an untimely event occurs that may be judged a crisis) may lead to initiating a one and only contractor selection process and awarding the contract to that firm. However, such a situation could be handled by simply shortening the procurement period rather than elimination it. Another example is when a contract runs out that does not contain a provision calling for work for more than one year. The contract is renewed to the same contractor without competition on the belief that the renewal is justified because of the perception that a new procurement initiative would be no more than an exercise with the contract, a provision that would have been made known to all parties in the solicitation document, the preponderance of odds seemingly favoring one contractor is not an adequate basis on which to justify the exclusion of potential providers of consulting service from the right to compete.

**Guidance for Architectural & Engineering Services Implementation:**

SR may use competitive proposal procedures for qualifications-based procurement of architectural engineering (A/E) professional services whereby competitors' qualifications are evaluated, and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are

a potential source to perform the proposed effort. SR's have the choice of issuing a Request For Proposal (RFP) or soliciting qualification-based statements. When the choice is to issue an RFP, this guidance should be followed. In addition to the guidance, maps, site locations, starting, and ending dates should be made available to A/E service providers if this kind of information is critical to the development of proposals. Of course, where A/E services will be used for construction projects, it is advisable to schedule pre-bid construction conferences to discuss the project, wage rates, responsibilities, on-site monitoring procedures, and other pertinent subjects.

Where the grantee or subgrantee decides to request A/E qualifications, the qualification statements received should be reviewed and ranked by a qualified the evaluation committee/ panel. The most qualified A/E service providers can be asked to submit requests for proposals or the most qualified can be selected and negotiation with the selectee can began immediately.

Under qualifications-based procurement a A/E consultant services, four points are to be remembered: (1) qualifications-based procurement may only be used in procuring A/E professional services; (2) price is not an initial selection factor; (3) geographic preference may be used as a selection factor if adequate competition (i.e., 2 or more offerors who are responsive and responsible) exists within an area; and (4) state laws governing the procurement of architectural and engineering services may vary, so recipients should be careful to understand the laws in their respective states.

#### **Employee/Employer Relationship (24 CFR 570.200(d)(1))**

Consultant services provided under an employee/employer relationship are not governed by the procurement requirements of. Rather, under the CDBG program, obtaining consultant services under this procedure is authorized at 24 CFR 570.200(d)(1). (Until the HOME, ESG and HOPWA regulations are revised to address consultant services under an employee/employer relationship, DGCD will follow the procedure established for the CDBG program.) Recipients and subrecipients must follow their own formal personnel policies and procedures in obtaining consultant services under this provision of the regulations. When using this procedure, the consultant (1) would have a description of his or her duty (position description), (2) be supervised by the recipient or subrecipient, and (3), be subject to the normal periodic interaction that take place between an employee and his or her supervisor. The standard personnel policy for selecting individuals to fill positions, reviewing and rating of applications, and selection for the position exists with CDBG or HOME funding. Where CDBG or HOME is being used to pay the salary of the person occupying the position in whole or in part, for purposes of determining the length of stay in a position before it is readvertised, the standard that shall apply is a

maximum of three years from the date the contract is signed. (Note: HUD uses this 3-year standard irrespective of the recipient or subrecipient using personnel agreements or contracts.)

No person providing consultant services in an employer-employee type of relationship can receive more than a reasonable rate of compensation paid with federal funds for personal services. In no event can the amount of compensation in an employee/employer relationship exceed the maximum daily rate of compensation for Level IV of the Executive Schedule (ES) as established by Federal law.

**Guidance for use of Bidders list Implementation:**

2 CFR 200.319 states that SR's must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the non-Federal entity must not preclude potential bidders from qualifying during the solicitation period. The bidders' list can assist in the realization of that objective if used properly. Not meant to be read literally, the term bidders list is intended to refer to any properly developed database, classification or categorizing of potential professional service providers whose services may be solicited under any method of procurement. As with any special listing, a bidder list also affords recipients and subrecipients the opportunity to obtain information on the capabilities and the resources of providers. Such information can be critical for a purchasing operation to provide to operating departments timely and up-to-date information on vendors available to provide consulting services. These lists must be open and inclusive, and routinely updated and managed. DGCD recommends that all list is maintained on the SR's internal website and open for those to be a part of the list. In addition, there should be solicitation for the list annually. For example, names should be purged from the list when found to be on the HUD debarment list or when no proposals or bids are received for a long time from list members to whom RFP's or IFB's have been mailed. Keep in mind that lists are not simply to be rotated; such usage has been judged by courts to be inconsistent with the full and open competition concept. The one exception to this, however, is in the case of small purchases where the practice of rotating name on the list is considered acceptable.

**Guidance for Contracting with Small and Minority, Women's Business Enterprises and Labor Surplus Area Firms Implementation:**

Recipients and subrecipients should initiate actions to increase the opportunities for small, minority- and women-owned businesses to participate in the procurement process. Procurement and Affirmative Action 200.321 addresses contracting with small and minority firms, women's business enterprise and labor surplus area firms

and provides that “the grantee and subgrantee will take all necessary affirmative steps to ensure that minority firms, women’s business enterprises, and labor surplus area firms are used when possible. Affirmative steps shall include:

1. Placing qualified small and minority businesses and women’s business enterprises on solicitation lists;
2. Assuring that small and minority businesses, and women’s business enterprises are solicited whenever they are potential sources;
3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women’s business enterprises;
4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women’s business enterprises;
5. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and
6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above in (1) through (5).

SR’s must take the steps to further this goal.

1. Ensure that small businesses, minority-owned firms, and women’s business enterprises are used to the fullest extent practicable.
2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small businesses, minority-owned firms, and women’s business enterprises.
3. Consider in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned firms, and women’s business enterprises.
4. Encourage contracting with consortiums of small businesses, minority-owned firms and women’s business enterprises when a contract is too large for one of these firms to handle individually.
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce’s Minority Business Development Agency in the solicitation and utilization of small businesses, minority-owned firms and women’s business enterprises.”

Some measure of aggressiveness or initiative must be put forth either directly or indirectly by recipients and subrecipients, or it is unlikely opportunities will open for greater participation by the subject businesses. To assist furthering the goals in the RFP process, recipients and subrecipients can develop a points system in which extra points can be awarded to firms whose proposals include the use of minority- and – owned businesses and labor surplus area firms as subcontractors. Additionally,

databases can be developed that include such firms as sub-contractors. Also, databases can be developed that include such firms so that when a prime contractor indicates difficulty in locating minority- or women-owned firms, a list can be provided to him or her by the recipient or subrecipient from its database.

Each recipient/sub-recipient is responsible for ensuring that general contractors are aware of their responsibility to use small, minority-owned, and women-owned businesses. Similarly, those contractors are responsible for ensuring that their subcontractors are aware of the responsibility for compliance with this requirement and of the strategies that may be used to comply. In the previous section, it was noted that the use of the bidders list, for example, should be inclusive. In that regard, the list should always be open to new firms and can be helpful in the development of information on small, minority, and women-owned businesses by the areas of specialty of these professional services providers.

## **CONTRACT COST AND PRICE**

In addition to the requirements for competitive procurement and maintenance of a written code of standards of conduct, those who procure consultant services must be prepared (1) to conduct a cost or price analysis and (2) to ensure that the contract price and profit are reasonable.

### **Guidance for Contract Cost and Price Implementation:**

200.323 provides that “grantees and subgrantees must perform and document a cost or price analysis in connection with every procurement action including contract modifications. *Cost analysis is the review and evaluation of each elements of cost to determine reasonableness, allocability and allow ability.* Thereby, DGCD requires the following:

1. SR’s must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.
2. SR’s must negotiate profit as a separate element of the price for each contract in which there is no price competition and, in all cases, where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.
3. Costs or prices based on estimated costs for contracts are allowable only to the

extent that costs incurred, or cost estimates included in negotiated prices would be allowable, allocable and reasonable. The SR may reference its own cost principles that comply with the Federal cost principles.

- a. A comparison of the offeror's proposed costs with internal, independent estimates;
  - b. A comparison of historical/previous actual costs from the offeror, or previous cost estimates from the offeror or from other offerors, with the current/proposed costs for the same or similar items;
  - c. A comparison of proposed cost items with published catalogue prices, market costs, etc.
  - d. In addition to evaluating such factual data on costs, cost analysis should also consider the judgmental factors used by the offeror to arrive at the estimated costs that were submitted, i.e., what judgmental factors and methods (mathematical or other) were used in projecting the data submitted in the proposal. This part of the analysis should ensure that the factual data presented reasonably reflects the need(s) identified in the solicitation.
4. The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

As provided in the regulations identified above, recipients and subrecipients must perform their own cost or price analysis for every procurement action consulting services, including contract modifications or change orders.

### **Contract administration**

The procurement of contract services must provide for an overall system of contract administration to ensure proper post-award administration of each procurement action. Appendix II to Part 200 states that grantees and subgrantees *"will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders."*

### **Guidance for Contract administration Implementation:**

Based on the above requirements such a system should ensure the following:

1. That the method of procurement is documented and that such records are maintained for five (5) years after the final payment is made and the activity is listed on a recipient's annual performance report to HUD, and all pending matters are closed;
2. That all activities are carried out and all costs are incurred in compliance with requirements of 24 CFR Parts 570, 574, 576, 92 and 58;
3. Before payment is made, that services performed are adequate, authorized, eligible and consistent with the contract scope or services;

4. That performance is monitored periodically, and the results of the reviews are included in the procurement record. Monitoring should include periodic reviews of tasks against deliverables, as well as a review or progress reports submitted by the consultant against the tasks and deliverables. It should also include a determination that the management systems contractually agreed to are still in place and functioning properly;
5. That contract modifications are justified and do not serve as a means to artificially increase the price of the award.

**SR's must adhere to bonding requirements 200.325**

Bonding may be required for construction / facility improvement contracts/subcontracts exceeding the Simplified Acquisition Threshold to ensure that the Federal interest in the procurement is adequately protected. Minimum requirements:

1. A bid guarantee equal to 5% of the bid price to ensure that post bid selection that the successful bidder will enter into a binding agreement for the work.
2. A performance bond to secure fulfillment of the contractor's obligations for 100% of the contract price, and
3. A 100% payment bond to assure payment as required by law of all persons supplying labor and materials in performance of work specified in the contract.

## **HOME Monitoring Tools**

### **INTRODUCTION**

Effective monitoring is not a one-time event, but an ongoing process of planning, implementation, communication, and follow-up. Monitoring requires detailed information, reports, meetings, and documentation involving HOME staff and recipients of HOME funds and/or benefits. HOME operations program and administrative and technical fiscal staff monitors organizations entrusted with HOME funds and conduct internal monitoring to ensure the program is being administered correctly. HOME monitoring serves many significant purposes including

- Ensuring production and accountability,
- Confirming compliance with HOME and other federal requirements: HOME staff determines whether housing and housing-related services are being delivered in accordance with the HOME requirements. The most significant of these require that funds be used to provide housing and housing-related services for low- and very-low-income residents; that any housing produced with HOME funds meets quality standards and is decent, safe, and sanitary; and that the housing opportunities created with these funds are available and affordable for some period of time. This level of accountability is necessary to ensure that the housing policy objectives of Congress and HUD are met and to protect against fraud and misuse of public funds
- Evaluating organizational and project performance as well as project viability (financial health, management capacity, etc.),
- Responding to community needs,
- Fiscal accountability; and
- Maximizing the use of resources.

An additional goal for monitoring may be a collaboration of DGCD with the Georgia Department of Community Affairs to conduct monitoring visits on those projects that have both HOME and Low-Income Housing Tax Credits funds. DGCD carries out on-site monitoring for all rehabilitation projects on a random basis preferably three to four times during rehabilitation work depending on the scope of the job. HOME monitoring efforts include:

- Identifying and tracking program and project results;
- Identifying technical assistance needs of CHDO and sub recipient staff;
- Ensuring timely expenditure of HOME funds;
- Documenting compliance with Program rules; and
- Preventing fraud and abuse.

The monitoring process is oriented towards resolving problems, offering technical assistance, and promoting timely implementation of projects. DGCD monitors each Subrecipient at least

ninety (90) days prior to the expiration of each contract. Following are examples of significant problems, which will trigger corrective action by the Subrecipient:

- Services are not documented;
- Goals are not being met;
- Project files not in order;
- Complaints by clients; and
- Required reports not being submitted in a timely manner.

REQUIREMENTS: Laws and Regulations- 24 CFR Part 92. The HOME Investment Partnerships Program is authorized by Title II, Cranston-Gonzalez National Affordable Housing Act of 1990, (42 United States Code §§12721 et seq.) and HUD's Regulations at Title 24, Code of Federal Regulations, Part 92 (referred to as the Final Rule), as amended, which may be accessed online at: <http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/regs/finalrule.pdf>.

Under the HOME program, DGCD operates the following four programs and each program has different monitoring requirements: However, typically each program requires a review of the following:

- a) Eligible costs. Review of source documentation of both hard and soft costs to ensure cost reasonableness.

<b>HARD COSTS</b> • Meeting the rehabilitation standards • Meeting applicable codes, standards and ordinances • Essential improvements • Energy-related improvements • Lead-based paint hazard reduction • Accessibility for disabled persons • Repair or replacement of major housing systems • Site improvements and utility connections.	<b>SOFT COSTS</b> • Financing fees • Credit reports • Title binders and insurance • Recordation fees, transaction taxes • Legal and accounting fees • Appraisals • Architectural/engineering fees, including specifications and job progress inspections • Project costs incurred that are directly related to a specific project.
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- b) Property values. Determine the after-rehabilitation value prior to the initial of work, the value must not exceed 95 percent of the median purchase price for the area.
- c) Property standards: comprehensive scope of work that brings the unit up to standard. The scope of work will include all labor, materials, equipment, permits, drawings and services necessary for the proper completion identified in the work write-up. The unit must exhibit correctable code and incipient deficiencies, which are economically feasible to repair.
- d) Eligible applicants and beneficiaries. Must be low to moderate income.
- e) Review of source documents, such as wage statements, interest statements, unemployment and compensation statements to determine annual (gross) income.

f) Affordability restrictions.

Tenant Based Rental Assistance (TBRA): HOME staff will monitor the following areas based on HOME rules that govern the implementation of a TBRA program.

- a) Tenant files will be reviewed for the following items for compliance with HOME requirements
  - i. Determination of household income,
  - ii. Calculation of rents: The rent must be determined reasonable and the lease must meet all requirements as listed in [24 CFR 92.253](#) (a) and (b).and utility allowances,
  - iii. Verification that Section 8 Housing Quality Standards (HQS) inspections were completed as required,
  - iv. All recertifications were completed timely and correctly,
  - v. Review of all contracts with property owners and leases,
  - vi. Payments to the owners were made timely,
  - vii. Tenant selection policies were followed as per program guidelines,
  - viii. Verification that the tenant selection criteria for the program was properly applied for those approved as well as disapproved
- b) TBRA Project checklist will be completed for each file.
- c) Review of the annual standard written agreement between HOME and HAFC.
- d) Form HUD-50058

Home Ownership Program- The program provides down payment and or closing cost assistance not to exceed \$30,000 to income-eligible first-time homebuyers or persons who have not owned a home in the last three (3) years with SR's. HOME staff monitors compliance in the six (6) areas as outlined below and in accordance with HOME Program Compliance Exhibits 7-5, 7-6 and 7-15.

- a) Participant Eligibility requirements as follows: to ensure that the applicable definition of income was used in accordance with the current year of HUD's income guidelines for families at or below 80% of Area median income; provides the correct income calculation for the household's annual gross income [24 CFR 92.203(b)]; substantial household income is supported with source documentation; income determination is not greater than 6 months before the HOME funds were committed to the homebuyer; homebuyer meets first-time homebuyer definition; written agreement with the homebuyer specifies that the buyer must use the property as a principal residence throughout the period of affordability; ensure that the written agreement was executed and the homebuyer before the project was funded in IDIS; written agreement specifies remedies or actions for the PH if the principal residence requirement is not met for the affordability period.

- b) Property Eligibility requirements as follows: property is a single-family (1-4 unit) home; HOME investment totals at least \$1,000 per unit; Sales price value is less than 95% or the area median single family purchase price; project file includes and Environmental review; if property is built before 1978, a Lead Hazard Paint notice and all Lead Base Paint requirements are met; Flood insurance protection is used when real property is located within the Special Flood Hazard Area (SHFA).
- c) Recapture/Resale Provisions requirements as follows: written agreement with homebuyer include required recapture or resale provisions; the resale or recapture provision complies with the requirements established for such provisions in the HOME regulations; if the property is under resale provisions, was a deed restriction or covenant running with the land recorded; if the property was sold before the end of the affordability period, were the recapture or resale requirements met? Was the correct affordability established for the project, based upon the total amount of HOME assistance provided to the homebuyer if under a recapture or resale provision or direct subsidy provided with HOME funds.
- d) Eligible Costs requirements as follows: was the amount of assistance provided to the homebuyer reasonable?
- e) Property Standards requirements as follows: if direct homebuyer assistance only was provided, did the property meet applicable property standards (Housing Quality Standards) at the time of transfer to the homebuyer? if the project was constructed before 1978, was there compliance with lead-safe housing requirements?
- f) Project Documentation requirements as follows:
 

i. Income eligibility	vii. Minimum HOME investment
ii. Written agreement	viii. Maximum per unit subsidy
iii. Principal residency	ix. Resale/Recapture requirement
iv. Approved form of ownership	x. Property standards.
v. Property type	
vi. Property value	

Multi-Family Housing and CHDO Programs: DGCD supports the development of multi-family housing through providing loans and grants for construction and rehabilitation of housing units that support the low- and moderate -income residents of our community. HOME staff monitors compliance with the following: number of units; affordability restrictions; income targeting, property standards; affirmative marketing and tenant selection; project description; cost allocation; eligible/reasonable costs; initial and on-going rent and occupancy requirements; financial- unit cost, subsidy layering, terms of assistance; useful-life, construction management; on-site management; recordkeeping; underwriting and loan servicing and other requirements- lead, Davis Bacon, environmental and labor standards; and written agreement targets- between DGCD and all SR”S (Non-Profit/Developer/CHDO) and the agreement between the recipient and contractors.

Monitoring of four programs is directed to but not limited to:

Eligible Activities:

Affordability Requirements based the amount of HOME funds invested. HOME staff ensures that the terms of those provisions are met with an ongoing principal residency process. HOME monitors the affordability of the homes acquired and sold to income eligible persons.

1. Enforcement of recapture provisions: Using a Restrictive Covenant (note, deed, written agreement) signed by the homebuyer at closing.
2. Monitoring of the provision: COA uses the Residency Certification System to maintain and certifies that the homeowner maintains the assisted unit as their primary resident. In order to satisfy the requirements of the Program, that homeowner agrees to not:
  - a) Rent, or contract to rent, any party to assume, lease, sell or abandon the Property, or any part thereof, whether voluntarily or involuntarily, to any individual or individuals; or
  - b) Use the Property as an investment property; or
  - c) Use the Property as a recreational home or "second" home; or
  - d) Change the use of the Property, or any part thereof, to a use other than for single-family occupancy.
3. Process: DGCD uses an internal system RCS, which mails each recipient a letter annually reminding them of the second mortgage loan, the amount of assistance, and the term that the primary residency remains in effect based on the affordability table. DGCD requests that the Homebuyer submit on an annual basis, documentation verifying residency from households requiring recertification. The homeowner will have 30 days from the date of the letter to provide proof of homeowner's insurance, as well as two (2) of the following documents:
  - a) Georgia Power Bill
  - b) Water Bill
  - c) Bank Statement
  - d) Copy of Pay Stubs for the last two Months
  - e) Copy of Driver's License

For further details of the RCS system, please see the HOME Policy Manual pages 43-45.

The HOME program will ensure that any recipient of HOME funds adheres to DGCD's affordability provision. If DGCD elects to provide any other entity funds for this purpose, the entity will be required to follow the recapture provision.

1. If the house does not continue to be the principal residence of the family for the duration of the period of affordability or if the house is sold prior to the end of the affordability period to a purchaser not meeting the requirement below, the
2. subsidy attributable to the site is repayable upon sale to the extent that the proceeds from the sale allow and may be reduced pro-rata based on the time the borrower owned and occupied the residence. If the home is sold to a purchaser meeting the following down payment assistance program requirements, the HOME subsidy may be assumed by the purchaser.

Income Limits: HUD published limits yearly. DGCD and its SR's uses the current limits.

Employment and Contracting (equal economic opportunity & labor practices and contracting and procurement practices) HOME staff compiles the information for the submittal of Minority and women business enterprise participation (MBE/WBE) and Section 3 reporting;

HOME Subsidy- The following forms of subsidy are eligible- 24 CFR 92.205:

- Interest-bearing loans or advances: Amortizing loans with repayment expected on a regular basis (usually monthly) so that over a fixed period of time all of the principal and interest is repaid.
- Non-interest-bearing loans or advances: Loans where the principal is repaid on a regular basis over time, but no interest is charged.
- Deferred loans (forgivable or repayable): Not fully amortized loans where some (or even all) of the principal and interest payments are deferred to some point in the future.
- Grants: Grants are provided with no requirement or expectation of repayment

Management system for oversight of HOME-assisted multifamily properties: Annual monitoring includes a review of the management and operation of each HOME assisted project. Certification Statements verifying compliance with the income targeting requirements for tenant-based rental assistance (TBRA) and HOME-assisted multifamily properties have been developed. These statements will be signed and enclosed in each project file. Copies of Land Use Restriction Agreements (LURA) and Low- Income Housing Tax Credits (LIHTC) for multifamily projects will also be in the files. The HOME Final Rule (24CFR part 92) and the Code of Federal Regulations regulate the financial management and administration of HOME projects.

Income targeting requirements: Documentation under regulations CFR 92.216. All beneficiaries of HOME funds -- homebuyers, homeowners, or tenants must be low-income or very low income. DGCD and its SR's that verify income uses the HUD CPD Income calculator. Documentation for these applicants will be maintained in each project file.

Site and neighborhood standards: Documentation under regulations 92.202, in carrying out the site and neighborhood requirements with respect to new construction of rental housing, DGCD will make the determination that proposed sites for new construction meet the requirements in 24 CFR 983.6(b). Documentation will be in the file indicating findings. DGCD will comply with the applicable provisions of Title VI of the Civil Rights Acts of 1964, The Fair Housing Act, E.O. 11063, and HUD regulations to promote greater choice of housing opportunities.

Maximum per-unit subsidy: Documentation under regulations 92.250(a); all HOME assisted units do not exceed 221(d)(3) limits for elevator type housing and the Field Office of HUD may increase per-unit subsidy limits to 240% on a program-wide basis. DGCD will comply with the applicable maximum per-unit subsidy standards.

Property standards: *To ensure satisfactory long-term security, the subject property should be comparable with surrounding properties in terms of these factors which affect marketability such as function, design, and quality of construction. All newly constructed or substantially rehabilitated projects funded with HOME funds must meet local codes, rehabilitation standards, and zoning ordinances. Each unit must receive a passing status from a Housing Quality Inspection or Uniform Physical Condition Standard (UPCS).* Documentation will be in the file indicating that the projects have been inspected. Lead-Based paint poisoning prevention act 42 U.S.U. 4831-5 et al and HUD implementing regulations at 24 CFR part 35; Historic Housing Rehabilitation and new construction in historic districts; Accessibility: Must meet regulations referred in 24 CFR part 5.015(a) and Easy living standard: applicants are encouraged to apply this standard

HOME rents limits: CFR 92.252, Documentation will be in the file indicating applicants are eligible for HOME funds. HUD publishes the rent limits annually. DGCD and its SR's uses the current rent limits.

Maximum sales price: Documentation under regulations 92.254(a)(2)(i), in the case of acquisition of newly constructed housing or standard housing, the purchase price for the type of single-family housing, cannot exceed 95% of the median purchase price for the area. HUD annually publishes the Homeownership Value Limits. DGCD and its SR's uses the current limits. DGCD will keep documentation of each home sold that will be occupied by low- to moderate-income families.

Affirmative Fair Housing Marketing Plan: All applicants seeking funding proposing four or more units must have an Affirmative Fair Housing Marketing Plan (AFHMP) prepared in compliance with Fair Housing Laws, and HOME requirements: An opportunity for prospective

buyers to indicate how they became aware of the affordable housing opportunity, The owner must display the fair housing opportunity logo or slogan in a high traffic area of it central office and The applicant must develop or assign for the development of communications materials. Each grant recipient shall display in public view, posters affirming Equal Housing Opportunity as amended under the Fair Housing Amendments Act of 1988.

DGCD requires and monitors recipients of funding to establish appropriate procedures and requirements to affirmatively market units in the HOME projects and to assess the results of their efforts in accordance with the HOME program regulations. Procedures and requirements must include the following:

- The methods for informing the public, owners, and potential tenants about the federal fair housing laws and the grant recipient's affirmative marketing policy.
- The requirements and practices for owners to follow in complying with the grant recipient's affirmative marketing procedures and requirements.
- The special outreach procedures to be used by owners to inform and solicit applications from persons in the housing market area who would not otherwise apply. The owner may wish to use community organizations, places of worship, employment centers, fair housing counseling agencies, social service centers, and other resources for this outreach.
- The owner must maintain a listing of all tenants residing in each unit at the time of application submittal through the end of the compliance period.
- The owner must maintain a file containing all marketing efforts (i.e. copies of newspapers, calls, letters, etc.)
- Records must be kept on file describing efforts and results of grant recipients and owners in affirmatively marketing units, and
- Owner advertisement of vacant units must contain the fair housing opportunity logo or statement

*Fair Housing, Equal Opportunity and Accessibility Laws* (nondiscrimination and equal access): Applicants must comply and certify with any and all federal, state and local laws relating to fair housing and equal opportunity.

- Fair Housing Act: Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended.
- Title VI - Civil Rights Act of 1964. (Pub.L. 88-352, 78 Stat. 241, enacted July 2, 1964) 24 CFR Part 1
- Section 109 - Title I - Housing and Community Act of 1974.
- Title VIII of the Civil Rights Act, 1968 (Fair Housing Act), as amended. The Act was amended in 1988.
- The Housing for Older Persons Act of 1995 (HOPA) final regulation 1999 effective on May 3, 1999.

- Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990. 24 CFR Part 8.
- Executive Order 11063
- Executive Order 12138- ("National Women's Business Enterprise Policy")
- Executive Order 12432: National Priority to Develop Minority and Women Owned Businesses of Oct. 13, 1971, appear at 36 FR 19967, 3 CFR, 1971-1975 Comp., p. 616
- Executive Order: 11625, "National Program for Minority Business Enterprise.
- Executive Order 12892, as amended
- Executive Order 13166 "Improving Access to Services for Persons with Limited English Proficiency" August 11, 2008.
- Age Discrimination Act of 1975.
- Title II of the Americans with Disabilities Act of 1990.
- Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity
- Section 3 of the Housing and Development Act of 1968, as amended Section 118 of Title I, Community Development and Housing Act, 1974, and implemented by HUD regulations.

Record keeping requirements: Documentation for the applicants, under regulations 92.508(a)(3), demonstrating that they were low-income and eligible for HOME funds, will be contained in each file.

Davis-Bacon: Every project approved that includes 12 or more units assigned with HOME funds must contain a provision requiring payment of not less than the wages prevailing in the locality to all laborers and mechanics employed in the development of any part of the housing.

Other federal requirements: lead-based paint; environmental, acquisition, relocation, and displacement rules.

Financial Management:

1. Administration: ensures up to 10 percent of each year's HOME allocation for reasonable administrative and planning costs. In addition, up to 10 percent of program income deposited during a program year may be used for administrative and planning costs. Eligible administrative costs include:
  - Staff Costs- including salaries, wages, and related costs of PJ staff persons responsible for HOME Program administration.
  - Other Administrative Costs- Examples of other eligible administrative costs include:
    - a. Goods and services necessary for administration (such as utilities, office supplies, etc.);

- b. Administrative services under third party agreements (such as legal services);
  - c. Administering a TBRA program;
  - d. Providing public information;
  - e. Fair housing activities;
  - f. Indirect costs under a cost allocation plan prepared in accordance with applicable OMB Circular requirements;
  - g. Preparation of the Consolidated Plan; and
  - h. Complying with other Federal requirements.
2. Matching: Match is DGCD's permanent contribution to the HOME Program--the local, non-Federal contribution to the partnership. Match obligation is incurred during each Federal fiscal year based on the amount of HOME funds drawn down from the U.S. Treasury account. SR's are either encouraged or mandated to assist DGCD in the match requirement.
  3. Tracking of Program Income & recapture funding- internally & IDIS
  4. Regulatory
    - 2 CFR 200 Uniform Administrative requirements, Cost Principles, and Audit requirements for federal awards.
  5. Program targeting-. While 100 percent of their HOME funds must be used to assist low-income and very-low-income families, additional targeting requirements also apply when HOME funds are used for rental housing or tenant-based rental assistance.
    - For each annual HOME allocation, 90 percent of the occupants of HOME-assisted rental units and households assisted with HOME-funded TBRA must have incomes that are 60 percent or less of the area median.
    - 20 percent of the units in each rental housing project containing five or more units must be occupied by tenant families with incomes at or below 50 percent of median income.

All monitoring action(s) will be documented. For each subrecipient, a monitoring section in the subrecipient file will be maintained, containing the basic monitoring record form, conclusions and recommendations, performance improvement plan, technical assistance information, corrective actions and the SR's routine reports and other pertinent information.

The HOME program like CDBG must adhere to Procurement standards mentioned on pages 24-34 of this manual and to Single audit requirements mentioned on pages 34-40 of this manual.

SR's are selected based on the following but not limited to:

- Ability to assess own performance and outcomes.
- Experience in managing interdisciplinary programs.

- Qualifications of staff to provide proposed services.
- Cultural competency to work with target population.
- Success in managing similar programs.
- Meeting CHDO requirements.
- Audit reports that demonstrate sound financial management.
- Organization is not barred from receiving federal funds
- Has a valid unique identifier, such as the Employer Identification Number (EIN) or Tax Identification Number (TIN), and
- Has a Duns & Bradstreet D-U-N-S® Number.

Letter samples. DHCD adheres to all federal monitoring mandates, as such correspondence will be sent to SR's.

### **Desk Audit Letter Sample**

Month, 9, 20\_\_

Name /Title  
 Agency Name  
 Street Address  
 City, State Zip

Dear Name:

**RE: Year\_\_\_\_\_ Monitoring and Technical Assistance Review HOME Investment Partnership (HOME)**

In accordance with 24 CFR 92.504 of the HOME Investment Partnership Program, all recipients of the HOME funds are required to have their projects monitored during the affordability period. The Department of Grants and Community Development is responsible for performing monitoring of HOME properties to ensure that units assisted by HOME provide safe, decent, and affordable housing and those units are rented to eligible recipients. After review of the current CHDO agencies for DGCD, the \_\_\_\_\_ **name of the project(s)** are still under the affordability period for compliance. This year's monitoring process will consist of the following: (1) a desk audit and (2) On-site monitoring of files.

The following items are to be submitted to our office to the attention of the **Management Analyst/Project Manager**, as a part of the desk audit no later than Day, Month 27, 20-- at 5:00

p.m. A follow up letter will be mailed to schedule an onsite inspection and tenant file review. If you have questions, please contact **Management Analyst/Project Manager**, at name@atlantaga.gov-email or call at (404) XXX-XXXX- direct.

### **Requested Items for Desk Audit**

1. Complete and return the attached Project Compliance Report Form (please make additional copies as needed).
2. Submit a copy of the current rent roll which identifies the units that qualify for very low income and low income and any unrestricted units as applicable. The rent roll must provide tenant names, income, building #, move-in-date, lease expiration date, rental amount, # of bedrooms, income, etc.
3. Submit a copy of utility allowances currently in use.
4. Submit a copy of your Affirmative Fair Housing Marketing Plan. This plan must be reviewed annually and must be revised to ensure that those least likely to apply are reached through marketing efforts. Please provide copies of contracts, brochures, leaflets, newspapers, ads, etc. used in an effort to reach potential tenants. If DGCD determines that revisions are needed, you will need to submit a copy of the revised plan.
5. Please provide a copy of the managing CHDO's most recent Internal Revenue #990.
6. Submit a copy of tenant selection and waiting list documentation procedure.
7. Submit a copy of the Tenant Participation Plan. CHDOs must adhere to a fair lease and grievance procedure approved by DGCD, provide a plan for, and follow a program of tenant participation in management decisions. This plan may be incorporated in the Management Plan of the Property Management.
8. State the number of households currently assisted by Section 8 payments (this could be part of the rent role).
9. Submit a blank copy of the current year's Tenant Income Certification and all the current year's required documentation (application and/or re-certification questionnaire, consent and release form, verification of income and assets, asset addendum, current lease, HOME addendum and other addenda. Do not send a copy of the client file: we are only requesting blank forms that are used in the client files.
10. Submit a copy of 201\_ management agreement and plan.
11. Submit a copy of a blank lease agreement and addendums.
12. Submit the Vendor Selection process and supporting documentation for any new vendor selection that have occurred since Month 1, 202\_.
13. Submit a copy of the Life Expectancy Analysis (over a 20- year term) including Estimated Age, Expected Useful Life (EUL), and Effective Remaining Life (ERL).
14. Submit color digital pictures of your projects(s).
15. Submit a copy of your most recent Single Audit. **(RECEIVED)** The intent of the Single Audit Act is to assure that our recipients receiving federal funds properly account for their

expenditures from all federal sources, whether your agency's financial statements are presented in a fair manner, actual operating results in accordance with accepted standards, and whether your agency has both complied with specific financial requirements in terms of systems and procedures and achieved the intended results or benefits of the federally funded programs. If Concerns and/ Findings were noted, submit any Management responses to the Auditing Agency, an Implementation Plan to correct and prevent the specified deficiencies from recurring, training schedule for employees along with any correspondences from the Agency as items are cleared.

Thank you for your time and attention to this very important compliance matter.

Sincerely,

XX

Name of Signer,  
Title, Department of Grants and Community Development

Cc: Name, Programs Grants Service Manager  
Name, Fiscal Grants Service Manager  
Name, Assigned Management Analyst/Project Manager

**SAMPLE RANDOM MONITORING LETTER AND REPORT**

Name /Title  
Agency Name  
Street Address  
City, State Zip

Dear Name:

SUBJECT: **Windshield and walk through Observation Monitoring Review**

Dear Name:

The purpose of this correspondence is to advise that the DGCD has completed a windshield and walk through observation Monitoring Review for X. As a result of this review, our analysis noted a few deficiencies. Attached are the review results. We are requesting that these issues be reviewed with the Management Company and a response by your agency by Date. An additional follow-up visit will be conducted after this date.

If further assistance is needed, please do not hesitate to contact the undersigned.

Sincerely,

**XX**

Name of Signer,  
Title, Department of Grants and Community Development

Cc: Name, Programs Grants Service Manager  
Name, Fiscal Grants Service Manager  
Name, Assigned Management Analyst/Project Manager  
External Staff

**Corrective completed**

Month, 9, 20\_\_

Name /Title

Agency Name  
Street Address  
City, State Zip

Dear Name:

SUBJECT: **Windshield and walk through Observation Monitoring Review**

Dear Name:

The deficient items addressed in the recent windshield and walk through observation Monitoring Review for the X have been cleared. The items are now closed.

If further assistance is needed, please do not hesitate to contact the undersigned.

Sincerely,

XX

Name of Signer,  
Title, Department of Grants and Community Development

Cc: Name, Programs Grants Service Manager  
Name, Fiscal Grants Service Manager  
Name, Assigned Management Analyst/Project Manager  
External Staff

Enclosure

Monitoring Visit Report

VISIT DETAILS

Completed by	Assigned Management Analyst/Project Manager Name
Location	Agency & address
Dates	Month, Day, Year

VISIT AGENDA

Date	Activity
Month, Day, Year	Windshield and walk through observation

**GENERAL OBSERVATIONS**

XX
Attached picture here

**SPECIFIC ISSUES & ACTIONS**

Issue identified	Actions to be taken
	Please ensure
Attached picture here	

**CORRECTIVE ACTIONS NEEDED**

These issues should be resolved by Date, an additional follow-up visit will be conducted after this date.

**CORRECTIVE ACTIONS TAKEN**

ITEM #	CORRECTIVE ACTION

Upcoming site visit notification

Date Month, day, 20\_\_

Xxxxxx  
Name /Title  
Agency Name  
Street Address  
City, State Zip

**RE: CHDO Site Inspection/ Tenant File Review**

Dear Name:

In accordance with 24 CFR 92.251 (c) and 24 CFR 982.401 Federal Guidelines of the HOME Investment Partnership Program, all recipients of HOME funds will have their projects monitored annually. The Department of Grants and Community Development has conducted the first half of its annual compliance monitoring with the review of the desk audit items. This letter is to notify you that the required physical inspection and tenant file review of the above housing project has been scheduled for **Month Days, Year beginning at 10:00 a.m.** In addition to the interior and exterior units and buildings, this inspection shall include an examination of its common areas for example: entire complex, playgrounds and parking lots.

Please reply via email: [name@atlantaga.gov](mailto:name@atlantaga.gov) to confirm receipt of this notification and its indicated inspection date and time. Housing staff will be on site to inspect a random sampling of units and tenant files as outlined below. Please notify the designated or appropriate Property Management and tenants to ensure that all units described below are prepared for entry for the inspection. Please submit to DGCD the notice to the tenants advising of the upcoming inspection.

**Units:**

<b>BLDG #:</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>
<b>UNIT #:</b>	<b>1A</b>	<b>2H</b>	<b>3A</b>	<b>4E</b>	<b>5D</b>	<b>6C</b>	<b>7A</b>	<b>8B</b>	<b>9B</b>	<b>10B</b>	<b>11A</b>	<b>12C</b>	<b>13A</b>	<b>14A</b>	<b>15A</b>
	<b>1E</b>	<b>2C</b>	<b>3D</b>	<b>4D</b>	<b>5F</b>	<b>6F</b>	<b>7H</b>	<b>8H</b>	<b>9F</b>	<b>10F</b>	<b>11D</b>	<b>12E</b>	<b>13E</b>	<b>14G</b>	<b>15B</b>

Thank you for your time and attention to this very important compliance matter.

Sincerely,

**XX**

Name of Signer,  
Title, Department of Grants and Community Development

Cc: Name, Programs Grants Service Manager  
Name, Fiscal Grants Service Manager  
Name, Assigned Management Analyst/Project Manager  
External Staff

Enclosure

**Site Visit Results**

Date Month, day, 20\_\_

Xxxxxx  
Name /Title  
Agency Name  
Street Address  
City, State Zip

**RE: \_\_ Monitoring of Name of Agency HOME Funded Units**

Dear XXXX:

On Monday, Month, Day, Year and \_\_\_\_\_, a team comprised of programmatic staff from the Department of Grants and Community Development Department conducted an annual on-site review of your Community Housing Development Organization operations at Agency Name. As the Administrative Entity administering the funds from the US Department of Housing and Urban Development (HUD), it is the responsibility of DGCD to ensure all HUD funds are administered by subrecipients and partners in compliance with all applicable HUD and OMB regulations. Attached you will find the results of both the programmatic and site review.

With stringent monitoring and auditing requirements imposed upon DGCD by HUD, our goal will be to assist all partners in becoming familiar and in compliance with the expectations that

the HUD funding places on an entity. Our monitoring reports will require corrective action plans for identified issues and the responses received will be evaluated within the context of the required regulations. Upon this review, the corrective action plans will be either accepted or additional information will be requested. We anticipate that this process will be viewed by your organization as technical assistance with the intention of maintaining transparency and accountability with the Federal dollar. Monitoring and compliance findings will be expected to be cleared prior to any further commitments of CHDO funds.

Please review the reports attached and send your response with all required actions noted within 30 days of the date of this letter. Please do not hesitate to contact the undersigned at [Directors' email @atlantaga.gov](mailto:Directors_email@atlantaga.gov) should you have any concerns or questions. For specific programmatic information, please contact the assigned Management Analyst/Project Manager at [name@atlantaga.gov](mailto:name@atlantaga.gov) or at (404) XXX-XXXX.

Sincerely,

Name of Signer,  
Title, Department of Grants and Community Development

Cc: Name, Programs Grants Service Manager  
Name, Fiscal Grants Service Manager  
Name, Assigned Management Analyst/Project Manager  
External Staff

Attachments

## HOPWA Monitoring Tools

### INTRODUCTION

Effective management and oversight are a collaborative process among the City, its Project Sponsors, and the Department of Housing and Urban Development (HUD), with all entities working towards achieving program goals. Effective monitoring is not a one-time event, but an ongoing process of planning, implementation, communication, and follow-up. Monitoring requires detailed information, reports, meetings, and documentation involving HOPWA staff and Project Sponsors. The City of Atlanta's DGCD is responsible for all project activities and Project Sponsors funded with HOPWA, as well as responsible for ensuring that its project sponsors carry out activities in compliance with all applicable requirements in 24 CFR, Part 574.500(a). The primary objective is to establish a constructive relationship, which allows the City, its Project Sponsors, and HUD to work together to manage limited resources and develop quality housing programs for low-income individuals and families living with HIV/AIDS. With active oversight, the City is able to determine if its Project Sponsors are meeting the housing-related needs of persons living with HIV/AIDS in metro Atlanta. HOPWA monitoring serves many significant purposes including

- Ensuring accountability,
- Confirming compliance with program rules, DGCD internal policies and federal mandates:
- Evaluating organizational and project performance,
- Fiscal accountability; and
- Maximizing the use of resources.

HOPWA must also comply with the below noted regulatory mandates:

Fair Housing, Equal Opportunity and Accessibility Laws (nondiscrimination and equal access): Applicants must comply and certify with any and all federal, state and local laws relating to fair housing and equal opportunity.

- Fair Housing Act: Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended.
- Title VI - Civil Rights Act of 1964. (Pub. L. 88-352, 78 Stat. 241, enacted July 2, 1964) 24 CFR Part 1
- Section 109 - Title I - Housing and Community Act of 1974.
- Title VIII of the Civil Rights Act, 1968 (Fair Housing Act), as amended. The Act was amended in 1988.
- The Housing for Older Persons Act of 1995 (HOPA) final regulation 1999 effective on May 3, 1999.
- Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990. 24 CFR Part 8.
- Executive Order 11063

- Executive Order 12138- ("National Women's Business Enterprise Policy")
- Executive Order 12432: National Priority to Develop Minority and Women Owned Businesses of Oct. 13, 1971, appear at 36 FR 19967, 3 CFR, 1971-1975 Comp., p. 616
- Executive Order: 11625, "National Program for Minority Business Enterprise.
- Executive Order 12892, as amended
- Executive Order 13166 "Improving Access to Services for Persons with Limited English Proficiency" August 11, 2008.
- Age Discrimination Act of 1975.
- Title II of the Americans with Disabilities Act of 1990.
- Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity
- Section 3 of the Housing and Development Act of 1968, as amended Section 118 of Title I, Community Development and Housing Act, 1974, and implemented by HUD regulations.

Project Sponsors are selected based on the following but not limited to:

- Experience with and focus on serving people with HIV/AIDS.
- Ability to assess own performance and outcomes.
- Experience in managing interdisciplinary programs.
- Qualifications of staff to provide proposed services.
- Cultural competency to work with target population.
- Success in managing similar programs.
- Audit reports that demonstrate sound financial management.
- Organization is not barred from receiving federal funds
- Has a valid unique identifier, such as the Employer Identification Number (EIN) or Tax Identification Number (TIN), and
- Has a Duns & Bradstreet D-U-N-S® Number.

The Department of Grants and Community Development (DGCD) performs different types of monitoring including: remote/desk audit monitoring where financial, reimbursement requests and other information is reviewed, limited and by performing on-site monitoring visits. DGCD also gathers valuable information from the following source data:

- Review of monthly submissions of disbursement requests invoices, and accompanying documentation and reports. Regular performance and outcome reports submitted per grant agreement
- Community and participant feedback regarding the project
- Information obtained from program participant records
- Written policies and procedures

- Activity records
- Financial records (especially time accounting records related to HOPWA program payroll costs)
- Third party project evaluations

As part of the oversight plan, DGCD carefully examines its Project Sponsor's past performance, Basic elements listed in the overall HOPWA Policy manual and conducts a risk assessment to identify which Project Sponsors require a comprehensive on-site monitoring for the contract period. All HOPWA Project Sponsors receive an on-site monitoring visit at least once in a two-year contract cycle. Additional monitoring may be conducted as needed to ensure HOPWA Project Sponsors comply with HOPWA agreements with the City of Atlanta.

Basic elements include but is not limited to the following

- Client eligibility/ Eligibility and Household Composition Documentation
- File retention
- Procurement
- Fair Housing and Equal Opportunity/ADA
- Client confidentiality
- Policies
- Written Agreements Between Sponsors and Sub-recipients or Contractors
- Housing Assessments/Plans
- Conflict of Interest
- Rent Calculation and Re-certification/ Comparable Rents Checked/Reasonableness
- Leases
- Housing Quality Standards
- Use of Fair Market Rents
- Lead Paint & Fire Safety
- Participant Termination Policy
- Annual Reporting and Outcomes/ Accuracy and Timeliness of Reports
- Performance and Outcomes
- Time Limits

DGCD conducts onsite monitoring visits for those Project Sponsors identified as high-risk during the current contract period. This includes but is not limited to those Project Sponsors who:

- Are new Project Sponsors

- Note: The City conducts onsite monitoring for all new Project Sponsors within the first three (3) months after the start of the new HOPWA agreement
- Have experienced turnover of key staff positions or a change in HOPWA program goals or direction
- Have previous compliance or performance problems
- Failed to meet deadlines for submitting beneficiary reports and/or monthly reimbursement requests
- Have more than five client complaints within the contract year

DGCD will schedule and send notification for any on-site monitoring visit. Upon arrival, HOPWA sponsor should provide an appropriate space that allows for review of confidential client files, an opportunity to interview program staff, with other designated staff, and review of documentation that was not provided or available prior to the monitoring visit. On-site monitoring visits may be scheduled, with advanced notice, at any time to assure program compliance.

DGCD will use a sampling procedure based on consideration for all unresolved deficiencies remaining from a previous monitoring, new HOPWA activities being undertaken, and/or the extent of any HOPWA program activities considered high-risk. DGCD reserves the right, to conduct additional on-site monitoring visits if the results of sampling reviews raise questions concerning its Project Sponsors level of compliance.

### **Notification to the Program Sponsor**

DGCD communicates with its Project Sponsors to establish a date onsite monitoring visit. Once a date has been set, a formal written letter is sent. Unless there are extenuating circumstances, DGCD sends the letter at least two weeks prior to the on-site monitoring visit. The letter outlines the monitoring schedule, identifies areas to be reviewed, and the names and titles of staff conducting the monitoring. The letter also requests that necessary sponsor staff be available during the on-site visit and confirms the need for any required services (e.g. conference rooms, telephones, computers, access to electronic recordkeeping systems). For either on-site or remote monitoring, the letter identifies specific information to be submitted and a timeframe for submission.

### **Entrance conference**

The purpose of the entrance conference is to explain how the monitoring will be conducted. During the entrance conference and introductions, DGCD expects Project Sponsors identify key staff who will assist the reviewer(s) during the monitoring visit. The reviewer uses this time to confirm any interviews with staff or consumers, schedule unit inspections and verify all HOPWA activities being reviewed and confirms how access to files and work areas has

been granted. Throughout the on-site visit, DGCD staff will maintain an on-going dialogue with Program Sponsor.

### **Exit Conference**

At the end of the on-site monitoring visit, staff conducts an exit conference with the appropriate HOPWA Program Sponsor staff to discuss preliminary conclusions. The exit conference provides an opportunity for the project sponsor to correct any misconceptions or misunderstandings on the reviewer's part. It's also an opportunity to confirm the accuracy and completeness of the information used to form the basis for the monitoring letter and report. Lastly, Project Sponsors are afforded an opportunity to provide additional information that may clarify or support their position.

### **Monitoring Report/Conclusions**

As a result of the on-site monitoring, the Department of Grants and Community Development may reach the following conclusions that are supportable, defensible, and adequately documented.

- Performance was adequate or exemplary
- There are concerns identified that need to be brought to the attention of sponsor
- Staff may need to complete a performance improvement plan
- There are findings that require corrective actions
- Technical assistance was provided or is needed

### **Findings/Concerns**

The reviewer will validate if there is sufficient documented information and/or evidence to support a *finding* of noncompliance. The Program Sponsor should assist the reviewer in determining, the reason why a requirement was violated or provide evidence of compliance. Where deficiencies are identified as a *finding*, the *finding* will include the **condition, criteria, cause, effect, and required corrective** action.

- The **condition** describes what was wrong
- The **criteria** cite the regulatory or statutory requirement
- The **cause** explains why the condition occurred
- The **effect** describes what happened because of the condition or what could happen
- The **corrective action** identifies the action(s) needed to resolve the problem and, unless inapplicable or there are extenuating circumstances, should include the time frame by which the sponsor is to respond to the *finding*.

DGCD suggests or recommends actions that the project sponsor can take to address the concern, so that the concern does not become a *finding* in the future.

Within 45 days after completion of the on-site monitoring, DGCD sends written correspondence to the Project Sponsor describing the results in detail the areas that were covered and the basis for the conclusion. The written report clearly identifies strengths, weaknesses, and areas of concern. DGCD regularly provides opportunities for follow-up visits and technical assistance as needed.

The Director of Program Operations and/or Program Grant Services Manger assesses the quality and accuracy of on-site monitoring and provides assurance that reviewer(s) are making appropriate, supportable judgments and drawing conclusions so that project sponsor have a clear understanding of the City's evaluation of its performance for the time period and files reviewed.

When *findings* are identified, in general, the Program Sponsor will have 30-days to respond with a corrective action plan. This allows the Department of Grants and Community Development an opportunity to evaluate the effectiveness of the monitoring efforts and to determine if the corrective actions are appropriate for the identified deficiencies. If the project sponsor fails to respond within the 30 days, and does not request an extension prior to the deadline, a follow-up reminder is sent. If there is no response to the follow-up letter, a warning letter of a *failure to comply* with possible consequences, is mailed.

The HOPWA program like CDBG must adhere to Procurement standards mentioned on pages 24-34 of this manual and to Single audit requirements mentioned on pages 34-40 of this manual.

## **Sanctions**

### **2 CFR § 200.338 - Remedies for Noncompliance**

<https://www.govinfo.gov/content/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-sec200-338.pdf>

If a HOPWA Sponsor fails to comply with Federal statutes, regulations or the terms and conditions of a HOPWA contract, DGCD may impose sanctions and/or additional conditions. If DGCD determines that noncompliance cannot be remedied by imposing additional conditions, DGCD may take one or more of the following actions, as appropriate in the circumstances as described in § 200.207 Specific conditions. If the Federal awarding agency or pass-through entity determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency or pass-through entity may take one or more of the following actions, as appropriate in the circumstances:

- a. Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity.
- b. Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- c. Wholly or partly suspend or terminate the Federal award.
- d. Withhold further Federal awards for the project or program.
- e. Take other remedies that may be legally available.

### **Monitoring Tool**

A HOPWA program monitoring tool template containing the programmatic monitoring checklist is provided in advance of the required on-site monitoring visit. The monitoring checklist is a tool to help ensure that the management analyst monitor Project Sponsors in all important areas of program administration and regulatory compliance.

All monitoring action(s) will be documented. For each Project Sponsor, a monitoring section in the subrecipient file will be maintained, containing the basic monitoring record form, conclusions and recommendations, performance improvement plan, technical assistance information, corrective actions and the SR's routine reports and other pertinent information.

## **NEIGHBORHOOD STABILIZATION PROGRAM (NSP) Monitoring** **INTRODUCTION**

The Neighborhood Stabilization Program (Catalog of Federal Domestic Assistance number 14.228)

provides financial assistance for the redevelopment of abandoned, foreclosed, and vacant properties for the benefit of low to moderate income people. Initially authorized and funded by Congress in The Housing and Economic Recovery Act of 2008, the program was continued through the Wall Street Reform and Consumer Protection Act of 2010.

Monitoring will be conducted using procedures, rules, and regulations that govern NSP funded projects through the first and third rounds of the federal and/or state NSP funding. The monitoring policy should be used in conjunction with, and as a supplement to, Section 2301(b) of the Housing and Economic Recovery Act of 2008, as amended, and Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010. Policies referenced the CPD Monitoring HUD handbook exhibits. The handbook contains seven Exhibits specific to monitoring this Program, covering: NSP-1 Program Progress; NSP-1 National Objective of Benefit to Low-, Moderate-, and Middle-Income Persons; NSP-1 Cooperative Agreements; NSP-1 State Requirements; NSP-1 Continued Affordability; NSP-1 Eligible Use C: Establish Land Banks; and NSP-1 Fair Housing and Equal Opportunity Requirements.

Recipients of NSP funds have been provided NSP created tools: NSP Policy & Procedure Manual, Homeownership Manual, and the Rental Policy Guide, as well as NSP Regulatory Requirements: NSP Laws, NSP Notices/Register, NSP Policy Alerts and HUD Guidance on NSP Requirements. NSP staff continues to maintain awareness of HUD policy and a regulation change related to program and notifies all partners and developers.

### **PURPOSE:**

**Each activity, except planning and administrative activities, must benefit - LH 25 and LMMI households**

### **REQUIREMENTS: Laws and Regulations**

Monitoring should be directed to but not limited to:

**Affordable Housing-** HERA Sec. 2301 (f)(3)(A)(i) states that: “All of the funds appropriated or otherwise made available under this section shall be used with respect to individuals and families whose income does not exceed 120 percent of area median income.” Among other activities, NSP will be operated to stabilize neighborhoods by assisting LMMI individuals obtain affordable housing from the current stock of foreclosed and abandoned properties.

**Housing and Economic Recovery Act Title III Sec. 2301 (f) (3) (A):** (ii) not less than 25 percent of the funds appropriated or otherwise made available under this section shall be used for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of area median income.

**Eligible Activities: Housing and Economic Recovery Act Title III Sec. 2301 (c): Activities A- E**

**Eligible Costs: Developer Fee, Soft & Hard Cost**

**Eligibility Determination:** Purchase and Resale – review of sales contracts and appraisals

**Affordability Requirements:** based the amount of funds invested. Staff ensures that the terms of those provisions are met with an ongoing principal residency process. Sample letter is below

**Income Limits:** HUD published limits yearly.

**Financial Performance/Management & Administration:**

Provide for source documents for Project Level and Internal Expense Tracking: (appropriation ordinances, purchase orders, invoices, journal vouchers, cash receipts, bank deposit receipts, etc.) that support all financial transactions relating to NSP activities should be filed and maintained. Other items to review: Verification of income, Verification of property ownership, Owner occupancy, and Property type and value,

**Regulatory Compliance:** Federal and State laws, regulations and Executive Orders, are applicable in part or in whole to the NSP program. NSP funded projects must adhere to all applicable and other Federal requirements as outlined in 24 CFR part 570, HERA, ARRA, and NSP guidance from HUD in the course of administering the program. The applicable laws, regulations and Executive Orders (classified in general by compliance area) include but are not limited to:

**I.General**

- a. Neighborhood Stabilization Program (NSP-1) cited at 73 FR 58330. Revisions to these regulations are noted in NSP Bridge Notice FR-5255-N-02.
- b. Neighborhood Stabilization Program (NSP-3) cited at [75 FR 64322](#).
- c. Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative requirements for Emergency Assistance for redevelopment of Abandoned and Foreclosed Homes Grantees Under the Housing and Economic Recovery Act, 2008” (NSP Notice);

- d. Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative requirements for Emergency Assistance for redevelopment of Abandoned and Foreclosed Homes Grantees Under the Housing and Economic Recovery Act, 2008; Revisions to Neighborhood Stabilization Program (NSP) and Technical Corrections” (“Bridge Notice”);
- e. Community Development Block Grant Program Regulations/ The Housing and Community Development Act of 1974, as amended and as implemented by the most current HUD regulations (24 CFR Part 570).
- f. Current Consolidated Plan including any “Substantial Amendments” submitted for NSP funds.
- g. HOME Investment Partnerships Program Regulations. 24 CFR Part 92. The NSP program has adopted HOME guidelines for certain housing activities. The HOME Investment Partnerships Program is authorized by Title II, Cranston-Gonzalez National Affordable Housing Act of 1990, (42 United States Code §§12721 et seq.) and HUD’s Regulations at Title 24, Code of Federal Regulations, Part 92 (referred to as the Final Rule), as amended, which may be accessed online at: <http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/regs/finalrule.pdf>.
- h. Meeting the Low-Moderate-Middle Income (LMMI) National Objective: LMMI households are defined as households whose incomes do not exceed 120% of area median income The NSP program also mandates that at least 25% of its NSP award on developing homes and rental units are reserved for households at or below 50% of AMI. The Developer’s must ensure this quota is met as stated in Developer’s NSP Agreement.

## **II. Financial Management**

- a. 2 CFR 200 2 CFR 200 Uniform Administrative requirements, Cost Principles, and Audit requirements for federal awards.
- b. Federal OMB Circular A-133: “Audits of Institutions of States, Local Governments and Nonprofit Institutions” (revised June 1997) - refers to audit procedures and requirements for states, local governments and nonprofit organizations.
- c. 24 CFR Part 570, Community Development Block Grant Program -• Subpart I govern the State NSP Program, • Section 570.489 details program administration requirements.

## **III. Fair Housing Laws and Presidential Executive Orders**

- a. Fair Housing Act: Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and disability. (See Appendix I- Detailed Policy Fair Housing for further guidance)

- b. Title VI - Civil Rights Act of 1964. (Pub.L. 88-352, 78 Stat. 241, enacted July 2, 1964) 24 CFR Part 1 ( See Appendix I-Detailed Policy Fair Housing for detailed guidance)
- c. Section 109 - Title I - Housing and Community Act of 1974. Section 109 prohibits discrimination on the basis of race, color, national origin, sex or religion in programs and activities receiving financial assistance from HUD's Community Development and Block Grant Program.
- d. Title VIII of the Civil Rights Act, 1968 (Fair Housing Act), as amended. The Act was amended in 1988.
- e. The Housing for Older Persons Act of 1995 (HOPA) final regulation 1999 effective on May 3, 1999.
- f. Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990. 24 CFR Part 8. (See Appendix I: Detailed Policy: Section 504 for further guidance) Section 504 prohibits organizations which receive federal funds from discriminating against otherwise qualified individuals solely on the basis of disability. Section 504 is enforced by the U. S. Department of Education, Office for Civil Rights (OCR)
- g. Executive Order 11063 - Executive Order 11063 prohibits discrimination in the sale, leasing, rental, or other disposition of properties and facilities owned or operated by the federal government or provided with federal funds.
- h. Executive Order 12138- ("National Women's Business Enterprise Policy") requires that Grantees receiving HUD funds make special efforts, though, to advise women business owners of contracting opportunities and to encourage their participation in HUD procurements.
- i. Executive Order 12432: National Priority to Develop Minority and Women Owned Businesses of Oct. 13, 1971, appear at 36 FR 19967, 3 CFR, 1971-1975 Comp., p. 616
- j. Executive Order: 11625, "National Program for Minority Business Enterprise.
- k. Executive Order 12892, as amended, requires federal agencies to affirmatively further fair housing in their programs and activities.
- l. Executive Order 13166 eliminates, to the extent possible, limited English proficiency as a barrier to full and meaningful participation by beneficiaries in all federally-assisted and federally conducted programs and activities.
- m. Executive Order 13166 "Improving Access to Services for Persons with Limited English Proficiency" August 11, 2008.
- n. Age Discrimination Act of 1975: The Age Discrimination Act prohibits discrimination on the basis of age in programs or activities receiving federal financial assistance.
- o. Title II of the Americans with Disabilities Act of 1990.
- p. Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity

q. Section 3 of the Housing and Development Act of 1968, as amended Section 118 of Title I, Community Development and Housing Act, 1974, and implemented by HUD regulations.

**IV. Labor Standards:** (<http://www.dol.gov/whd/regs/statutes/FairLaborStandAct.pdf>). These standards include those contained within the Davis-Bacon and Related Acts, the Copeland Act and the Contract Work Hours and Safety Standards Act. Additionally, the Office of Labor Relations is responsible for the administration and enforcement of prevailing maintenance wage requirements of the U.S. Housing Act of 1937 and the Native American Housing Assistance and Self-Determination

**V. Acquisition/Relocation** (*Note: NSP mandates that all purchases of foreclosed upon or abandoned units must be purchased at a minimum of 1% below appraised value with the appraisal being conducted within 60 days of the offer to purchase being made. The Developer acknowledges and agrees to comply with the requirement*)

- a. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (46 U.S.C. 4601 and regulations at 49 CFR, Part 24). Revised guidance on NSP appraisals revised March 2012: Acquisitions financed with NSP grant funds are subject to the URA, and its implementing regulations at 49 CFR Part 24. See Appendix D for NSP Policy Alert.
- b. Georgia Real Estate Appraiser Licensing and Certification Act (O.C.G.A. Section 43-39-A-1 through 43-39 A-27).
- c. The Georgia Relocation Assistance and Land Acquisition Policy Act of 1973.
- d. The Georgia Urban Redevelopment Law (O.C.G.A., Section 36-61-1, et. seq.).
- e. Protecting Tenants at Foreclosure: Developer purchases of property from the initial successor in interest in a foreclosure will be subject to Protecting Tenants at Foreclosure Act of 2009 (Public Law 111-22, Title VII) requirements.
- f. Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law. 111-203) requirements.

## **VI. Housing**

1. The Truth in Lending Act (Regulation Z). See Appendix I: Detailed Policy Information: The Truth in Lending Act (Regulation Z).
2. Title I Consumer Protection Act (PL 90321).
3. The Lead Based Paint Poisoning Prevention Act (42 U.S.C. 4831(b)-5 et al.) and HUD implementing regulations {(24 CFR Part 35/ Subpart A—Disclosure of Known Lead-Based Paint and/or Lead-Based Paint Hazards, The Residential Lead-Based Paint Hazard Reduction Act of 1993 (PL 102-550)}.
4. Architectural Barriers Act of 1968 (42 U.S.C. §§4151-4157):

5. EPA's Regulations on Lead; Renovation, Repair, and Painting Program 40 CFR Part 745.
6. Construction Industry Licensing Board Act (O.C.G.A. Section 43-14-8).
7. Property Standards: Housing Quality Standards (HQS) 24 CFR 982.401, and the existing DGCD, state, and federal Housing codes; Specifically, HUD requires that: all gut rehabilitation or new construction be designed to meet the standard for Energy Star Qualified New Homes. Additionally, that to the extent feasible ensure that the design of rental units strategically incorporate modern, green building and energy-efficiency improvements to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods. Work write-ups should indicate the specific green building and energy efficiency techniques that will be accomplished in the rehabilitation.

**VII.Environmental:** In implementing NSP, the environmental effects of each activity must be assessed in accordance with the provisions of the National Environment Policy Act of 1969 and HUD's regulations at 24 CFR Part 58 through the following guidance, [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/environment/review/guidance](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/environment/review/guidance): A Environmental Review Record (ERR) detailing environmental review completed for the Project should include the following categories  
 Exempt (entire project, not separate activities)  Categorically Excluded Not Subject to Further Review (CENST)  Categorically Excluded Subject to Further Review (CEST)  
 Environmental Assessment (EA)  Environmental Impact Statement (EIS)

### **VIII.Other**

- a. Georgia Handicap Accessibility Law (O.C.G.A., Title 30, Chapter 3)
- b. O.C.G.A. 50-36-1, Verification of Lawful Presence.
- c. HB 87 Illegal Immigration Reform/ Illegal Immigration and Reform Enforcement Act of 2011:
- d. HUD Community Planning and Development (CPD) Notices, Model Guides
- e. U. S. Department of Labor (DOL); and
- f. U. S. Department of Energy (DOE).

### **PROCESS**

NSP monitors the affordability of the homes acquired and sold to income eligible persons.

NSP conducts desk audits as necessary for long-term compliance. The Compliance Specialist sends notification requesting items, with a timeline of receipt.

Notification for further information for review or

Notification that the information is cleared or

Notification for TA visit and onsite assessment, Results/Conclusions/Follow Up/Close out

NSP utilizes a basic monitoring strategy for onsite. The basic element of employing a monitoring strategy is as follows:

- Pre-monitoring preparation: Internally defining the scope and focus of the monitoring efforts. It identifies:
  - Functional area to be reviewed;
  - Data or information to be submitted prior to monitoring and confirm the need for any required services (e.g., conference rooms, telephones, computers);
  - Names of any participant staff members who will need to be consulted;
  - Defined areas of responsibilities for each reviewer (to avoid duplication) if more than one staff person will be conducting the monitoring; and
  - A schedule and/or anticipated time frames.
  - Utilizing appropriate monitoring checklists and/or Exhibits for reviews of technical areas. The review contains seven Exhibits specific to monitoring the NSP Program included in the U.S. Department of Housing and Urban Development's Community Planning and Development Monitoring Handbook: Assessing Compliance, Measuring Performance (Handbook 6509.2 Rev-5) covering: NSP-1 Program Progress; NSP-1 National Objective of Benefit to Low-, Moderate-, and Middle-Income Persons; NSP-1 Cooperative Agreements; NSP-1 State Requirements; NSP-1 Continued Affordability; NSP-1 Eligible Use C: Establish Land Banks; and NSP-1 Fair Housing and Equal Opportunity Requirements.
- Conducting the Monitoring:
  - Notification- Once a date has been set, a formal notification letter including the confirmation of monitoring dates, scope of the monitoring/areas of review, the schedule is sent. Unless there are extenuating circumstances, the letter is sent at least two weeks prior to the monitoring. For remote monitoring, the letter identifies specific information to be submitted by the program participant and a timeframe for submission.
  - Entrance Conference- The purpose of the entrance conference is to explain how the monitoring will be conducted. and ensures that all staff has a clear understanding of the purpose, scope, and schedule of the monitoring from the very beginning; identify/confirm key program participant staff who will assist during the monitoring; set up or confirm meeting or interview times, schedule physical inspections; verify the programs/activities to be reviewed and, if on-site, how access to files and work areas will be granted.
  - Assessment Process/ Documentation and Data Acquisition
- Staff interviews

- Reviewing all relevant records/ file reviews to verify and document compliance and performance. The Exhibit questions are designed to assess and document compliance with program requirements. Document the responses to the questions. The Exhibits form the basis for monitoring conclusions and are supplemented by program participant records copied or reviewed during the monitoring.
- Clear written record of the steps followed, and the information reviewed during the visit. Documenting any conversations conducted with the program staff, statistics and/or financial figures, on-site inspection of projects, and the written policies that are obtained from the file reviewed.
  - Provide a copy and obtain signatures for the Confidentiality Statement
- Exit Conference: At the end of the monitoring review, NSP staff conducts an exit conference with the appropriate participant officials or staff to discuss preliminary brief notes conclusions. In part, this serves to confirm the accuracy and completeness of the information used to form the basis for the monitoring conclusions. It may also highlight areas of disagreement/misconceptions or misunderstandings between DGCD NSP and the participant. Additionally, the Development Partner may clarify or support their position and acknowledge the deficiency and provide an opportunity to report on steps they are already taking to correct the matter
- Monitoring Conclusions: A written record is created detailing the steps followed and information reviewed during the compliance monitoring visit. All conclusions, whether positive or negative are supportable, defensible, and adequately documented. DGCD uses the following decision categories:
  - Performance was adequate;
  - There were concerns that need to be brought to the attention of the program participant. DGCD requires a response and possibly corrective actions;
  - There are deficiencies that need to be corrected;
  - Technical assistance is needed; and
  - There are findings that require corrective actions. The findings include the actual condition, criteria (cites regulatory or statutory requirements that were not met, cause, effect, and required corrective action (identifies the action(s) needed to resolve the problem and time frame of a respond to the finding).
- An official Monitoring Letter is sent will be mailed within two weeks after the exit conference describing all deficiencies, recommendations for improvements and time frame to reply.

All monitoring action(s) will be documented. For each subrecipient, a monitoring section in the subrecipient file will be maintained, containing the basic monitoring record form, conclusions and recommendations, performance improvement plan, technical assistance

information, corrective actions and the SR's routine reports and other pertinent information.

SAMPLE MONITORING RESULTS LETTER Month, Day, Year

Name, Title  
Full Name of Agency  
Street Address  
City, State, Zip Code

**RE: Monitoring of**

Dear Name

On (Date), (Name of Assigned Management Analyst/Project Manager) and (Names of any other staff with titles) for the Department of Grants and Community Development, monitored X. The Name of the Partner is an NSP funds subrecipient in the City of Atlanta and carries out insert type of activity.

The period under review was from (insert time frame). In the course of the review the Monitoring team met with the (insert names & title of staff). The Monitoring team also visited X number of units for each activity. On Date, names participated in an exit conference at the X office to discuss the results of the monitoring.

The purpose of the monitoring visits was to determine whether X had administered NSP funded activities according to all applicable Federal requirements. In this monitoring review, we gave attention to the compliance with eligibility requirements, 25% set-aside and income calculations. Other areas emphasized in the review were financial management systems, procurement practices, compliance with section 3 and MBE/WBE compliance requirements and use of program income.

Overall, the monitoring found that X was making diligent efforts to comply with applicable Federal requirements. The Monitoring team found X because of the most recent review, however, we are rating two findings and one concern regarding the use of funds. The definition of a finding is a program element that does not comply with a Federal statute or regulation, whereas the definition of a concern is either a potential finding or a program weakness in need of improvement to avoid future problems. The detailed findings and concern are below:

Deficiency #1 --\*\*\*\*\*:  
Corrective Action

Finding Number 1--"\*\*\*\*\*":  
  
Corrective Action

Concern Number 1--"\*\*\*\*\*":  
  
Corrective Action

We look forward to receiving your response within thirty (30) days of receipt of this monitoring letter by X. If there should be any reason why your organization would have difficulty responding to this deadline, please contact me immediately.

We should add that the findings from our review should not reflect negatively on your staff and their dedication to ensuring the success of the referenced programs.

Sincerely,

Name of Signer,  
Title, Department of Grants and Community Development

Cc: Name, Programs Grants Service Manager  
Name, Fiscal Grants Service Manager  
Name, Assigned Management Analyst/Project Manager  
External Staff

Attachments  
Cc:

## Emergency Solutions Grants (ESG)

### Introduction

**Purpose:** The HEARTH Act of 2009 established funding through HUD, to support specialized housing services for the homeless. The intent of this program is to provide safe, decent and sanitary housing for homeless individuals, as well as connect those individuals with the supportive services they need to improve their situation and maintain permanent housing. The ESG program is established by subtitle B of title IV of the McKinney-Vento Homeless Assistance Act which authorizes the Department of Housing and Urban Development (HUD) to make grants for the rehabilitation or conversion of buildings for use as emergency shelter for the homeless, for the payment of certain expenses related to operating emergency shelters, for essential services related to emergency shelters and street outreach for the homeless, and for homelessness prevention and rapid re-housing assistance.

It effectively expanded ESG's eligible activities from traditional homeless shelter and outreach services to include rapid rehousing and targeted homeless prevention. The HEARTH Act also codifies into law the Continuum of Care planning process, a longstanding part of HUD's application process to assist homeless persons by providing greater coordination in responding to their needs.

The ESG program objective is to assist individuals and families experiencing homelessness, or who are at risk of homelessness, to regain stability through services provided under the eligible activities.

DGCD and its SR's must comply with applicable laws and guidance including but not limited to the requirements of:

- OMB Uniform Guidance 2 CFR 200
- 24 CFR 576
- Federal Register Vol. 76, No. 233 published December 5, 2011 [Docket Number FR-5474-I-01]
- Section 103 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302)
- 24 CFR Part 91- Consolidated Submissions for Community Planning and Development Programs
- Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act
- Moving Ahead for Progress in the 21st Century Act (MAP-21); July 6, 2012, P.L. 112-141
- Homelessness Prevention and Rapid Re-housing Program (HPRP) Eligibility Determination and Documentation,

- *Fair Housing, Equal Opportunity and Accessibility Laws* (nondiscrimination and equal access): Applicants must comply and certify with any and all federal, state and local laws relating to fair housing and equal opportunity.
  - Fair Housing Act: Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended.
  - Title VI - Civil Rights Act of 1964. (Pub.L. 88-352, 78 Stat. 241, enacted July 2, 1964) 24 CFR Part 1
  - Section 109 - Title I - Housing and Community Act of 1974.
  - Title VIII of the Civil Rights Act, 1968 (Fair Housing Act), as amended. The Act was amended in 1988.
  - The Housing for Older Persons Act of 1995 (HOPA) final regulation 1999 effective on May 3, 1999.
  - Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990. 24 CFR Part 8.
  - Executive Order 11063
  - Executive Order 12138- ("National Women's Business Enterprise Policy")
  - Executive Order 12432: National Priority to Develop Minority and Women Owned Businesses of Oct. 13, 1971, appear at 36 FR 19967, 3 CFR, 1971-1975 Comp., p. 616
  - Executive Order: 11625, "National Program for Minority Business Enterprise.
  - Executive Order 12892, as amended
  - Executive Order 13166 "Improving Access to Services for Persons with Limited English Proficiency" August 11, 2008.
  - Age Discrimination Act of 1975.
  - Title II of the Americans with Disabilities Act of 1990.
  - Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity
  - Section 3 of the Housing and Development Act of 1968, as amended Section 118 of Title I, Community Development and Housing Act, 1974, and implemented by HUD regulations.

**Program Administration:** The Department of Grants and Community Development (DGCD) administers ESG funds on behalf of the City of Atlanta (COA). DGCD delegates the implementation to SR's; however, as the HUD grantee for this program, DGCD is responsible for ensuring that SR's carry out activities in compliance with all applicable federal and local internal requirements. SR's are responsible, whether they are providing services directly or through other subrecipients, for making sure that compliance with program requirements occur at all applicable levels.

DGCD monitors the SR's participation in the program to ensure compliance with program regulations. Visits are scheduled as a matter of routine or based on SR performance, fiscal reporting, program reporting or other areas of concern.

Monitoring has the below noted but not limited goals:

1. Ensure accountability;
2. Ensure effective and efficient use of resources;
3. Confirming compliance
4. Help assess response to community needs; and
5. Provide training and/or technical assistance.
6. Evaluating organizational and project performance, and
7. Maximizing the use of resources.

All SR's are monitored annually using a combination of approaches: remote/desk audit, on-site and limited review.

A monitoring report is completed for the following compliance areas:

- Environmental;
- Eligibility;
- Fair Housing;
- Immigration;
- Civil Rights and Equal Opportunity;
- Minority Women and Business Enterprises;
- Section 3;
- Financial and Audit;
- Federal Labor Standards;
- Beneficiary Information;
- Rehabilitation Standards and Policies;
- Lead Based Paint Hazard Reduction Regulation; and
- Citizen Participation.

### **Program Components**

Under ESG, the following program components will be reviewed:

1. Administration: Up to 7.5 percent of a recipient's allocation can be used for Administrative activities. These include general management, oversight, and coordination; reporting on the program; the costs of providing training on ESG requirements and attending HUD-sponsored ESG trainings; the costs of preparing and amending the ESG and homelessness-related sections of the Consolidated Plan, Annual Action Plan, and CAPER; and the costs of carrying out environmental review responsibilities.
  - a) Description: General management, oversight and coordination. Cost of overall program management, coordination, monitoring, and evaluation. These costs include but are not limited to:

- i. Salaries, wages and related costs of SR staff, or other staff engaged in program administration. DGCD will review time allocation sheets, payroll registers, etc. to verify the pro rata share of each person as specified in the written executed contract/agreement;
  - ii. Program administration assignments
- 2. Street Outreach
  - a. Essential Services: Essential services are used to reach out to unsheltered homeless people; connect them with emergency shelter, housing or critical services; and provide urgent, non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or an appropriate health facility.
    - i. Engagement Activities- Activities include:
      1. Making initial assessments of needs and eligibility
      2. Providing crisis counseling
      3. Addressing urgent physical needs, such as providing meals, blankets, clothes, or toiletries
      4. Providing information and referrals to programs targeted to homeless people, mainstream social services and housing programs (including emergency shelter, transitional housing, community-based services, permanent supportive housing and rapid re-housing.
    - ii. Case Management -Activities include:
      1. Using a centralized or coordinated assessment system as required under § 576.400(d)
      2. Conducting the initial evaluation, which includes verifying and documenting eligibility, counseling, developing, securing and coordinating services, obtaining Federal, State and local benefits, monitoring and evaluating program participant progress, providing information and referrals to other providers, developing an individualized housing and service plan, including planning a path to permanent housing stability.
    - iii. Emergency Health Services – Costs for the direct outpatient treatment of medical conditions that are provided by a licensed medical professional operating in community-based settings, including streets, parks and other places other unsheltered homeless people are living. ESG funds may only be used for these services to the extent that other appropriate health services are inaccessible or unavailable within the area. Eligible Treatment Activities:
      1. Assessing health problems and developing a treatment plan

2. Assisting program participants to understand their health care needs
  3. Providing directly or assisting to obtain appropriate emergency medical treatment
  4. Providing medication and follow-up services.
- iv. Emergency Mental Health services – Costs for direct outpatient treatment by licensed professionals of mental health conditions operating in community-based settings, including streets, parks, and other places where unsheltered people are living. ESG funds may only be used for these services to the extent that other appropriate health services are inaccessible or unavailable within the area. Eligible Services:
1. Application of therapeutic processes to personal, family, situational or occupational problems. Eligible Treatment Activities: Crisis interventions, Prescription of psychotropic medications, Explanation about the use and management of medications and Combinations of therapeutic approaches to address multiple problems.
- v. Transportation costs –Costs associated with transporting unsheltered people to emergency shelters or other service facilities and travel by outreach workers, social workers, medical professionals, or other service providers provided that the travel takes place during the provision of services eligible under this section. Allowable costs include: Program participant travel on public transportation, If service workers use their own vehicles, mileage allowance for service workers to visit program participants, the cost of purchasing or leasing a vehicle for the grantee or subrecipient and/or staff serving program participants and the cost of gas, insurance, taxes and maintenance for the vehicle and Travel cost to accompany or assist program participants to use public transportation.
- vi. Emergency Shelter: Eligible Treatment Activities: crisis interventions, Prescription of psychotropic medications, Explanation about the use and management of medications and combinations of therapeutic approaches to address multiple problems.
- b. Essential Services: Eligible Treatment Activities: Case Management, Child Care (Child care cost of children under the age of 13 unless the child is disabled. Disabled children must be under the age of 18), Educational Services, Employment assistance and job training, Outpatient Health Services (Eligible costs are for the direct outpatient treatment of medical conditions and

are provided by licensed medical professionals), Legal Services (Eligible costs are the hourly fees for legal advice and representation by attorneys licensed and in good standing with the bar association and by persons(s) under the supervision of the licensed attorney, regarding matters that interfere with the programs participant's ability to obtain and retain housing), Life Skills Training (The costs of teaching critical life management skills that may never have been learned or have been lost during physical or mental illness, domestic violence, substance use, and homelessness are eligible costs), Mental Health Services (Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems in order to bring about positive resolution of the problem or improved individual or family functioning or circumstances), Substance Abuse treatment (Eligible substance abuse treatment services are designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors and are provided by licensed or certified professionals), Transportation (Eligible costs consist of the transportation costs of a program participant's travel to and from medical care, employment, child care, or other eligible essential services facilities), Crisis interventions, Prescription of psychotropic medications, Explanation about the use and management of medications and Combinations of therapeutic approaches to address multiple problems.

- c. Shelter Maintenance (Operation): Costs to operate and maintain emergency shelters or to provide other emergency lodging, when appropriate
  - d. Renovation: Costs to renovate an emergency shelter. Allowable costs include: Labor, Materials, Tools and other costs for renovation (including major rehabilitation of an emergency shelter or conversion of a building into an emergency shelter).
  - e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA)
3. Homelessness Prevention: Homelessness prevention may be provided to individuals and families who meet the criteria under the "at risk of homelessness", or who meet the criteria in paragraph (2), (3), or (4) of the "homeless" definition in Subsection 576.2. The cost of homelessness prevention is only eligible to help the program participant regain stability in the program participant's current permanent housing or move into other permanent housing and achieve stability in the housing. Must meet one of the following conditions for At Risk of Homelessness:
- (1) An individual or family who:
    - (i) Has an annual income below 30 percent of median family income for the area, as determined by HUD at initial eligibility determination or at or below 30 percent at reassessment;

(ii) Does not have sufficient resources or support networks, e.g., family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the “homeless” definition in this section; and

(iii) Meets one of the following conditions:

(A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;

(B) Is living in the home of another because of economic hardship;

(C) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;

(D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;

(E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;

(F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or

(G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the grantee’s approved consolidated plan;

(2) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e–2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(m) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(m)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or

(3) A child or youth who does not qualify as “homeless” under this section but qualifies as “homeless” under section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a (2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

- a. Housing Relocation and Stabilization Service
- b. Short- Medium Term Rental Assistance

- i. Tenant-Based Rental Assistance
  - ii. Project-Based Rental Assistance
- 4. Rapid Re-housing: ESG funds may be used to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing. This assistance may be provided to program participants who meet the criteria under paragraph (1) of the “homeless” definition in Subsection 576.2.
  - a. Housing Relocation and Stabilization Service for rental application fees, security deposits (that is equal to no more than 2 months’ rent), last month’s rent (must not exceed one month’s rent and must be included in calculating the program participant’s total rent assistance, which cannot exceed 24 months during any 3-year period), moving cost, Services Costs, Housing search and placement, Housing Stability case management
  - b. Short- Medium Term Rental Assistance: Assistance for up to (3) months of rent
    - i. Tenant-Based Rental Assistance
    - ii. Project-Based Rental Assistance
- 5. Homeless Management Information System (HMIS)

**Emergency Shelter Requirements and Special Considerations § 576.403**

- 1. Regulatory Requirements:
  - a. fair housing, equal access, and civil rights requirements
  - b. take reasonable steps to ensure meaningful access to programs to persons with limited English proficiency (LEP)
  - c. all notices and communications shall be provided in a manner that is effective for persons with hearing, visual, and other communication-related disabilities consistent with section 504 of the Rehabilitation Act of 1973 and implementing regulations at 24 CFR 8.6.
  - d. Minority Business Enterprises/• Women’s Business Enterprise
  - e. Age Discrimination
  - f. Drug Free Workplace Act
  - g. Debarred Suspended
  - h. Section 504 of the Rehabilitation Act
  - i. Americans with Debarred, Suspended, Ineligible Contractors
  - j. Affirmative Outreach Disabilities Act/affirmative action program
- 2. Lead-based paint remediation and disclosure
- 3. Minimum standards for emergency shelters. Any building for which ESG funds are used for conversion, major rehabilitation, or other renovation, must meet state or local safety and sanitation standards, as applicable
- 4. Recordkeeping and reporting requirements: DGCD and its SR’s must comply with the

- recordkeeping requirements specified
- a. Sufficient records must be established and maintained to enable DGCD and HUD to determine whether ESG requirements are being met.
  - b. SR's must ensure any partners/other subrecipients using program funds also maintain appropriate and complete records.
5. Subrecipients shall retain all program records pertinent to client services and expenditures paid with ESG funds. It is also required to keep a record of all clients that are screened and classified as ineligible.
  6. Homeless Definition: All SR's must document and maintain evidence of meeting the definition
  7. Other documentation: all documentation related to Case management, child care, legal services, Employment Assistance and Job Training, Education Services, Life skills, Outpatient Health Services, substance abuse, transportation, Mental health must be maintained.
  8. DGCD and its SR's must comply with confidentiality protocols.
    - a. SR's must develop and implement written procedures to ensure:
      - i. All records containing personally identifying information (as defined in HUD's standards for participation, data collection, and reporting in a local HMIS) of any individual or family who applies for and/or receives ESG assistance will be kept secure and confidential;
      - ii. The address or location of any domestic violence, dating violence, sexual assault, or stalking shelter project assisted under the ESG will not be made public, except with written authorization of the person responsible for the operation of the shelter; and
      - iii. The address or location of any housing of a program participant will not be made public, except as provided under a preexisting privacy policy of the recipient or subrecipient and consistent with state and local laws regarding privacy and obligations of confidentiality.
  9. DGCD and its SR's must allow access to records. the requirements for access to records in 2 CFR 200.336. HUD and the Comptroller General of the United States, any of their representatives, DGCD have the right of access to any pertinent books, documents, papers or other records of the participating jurisdiction, state recipients, and subrecipients, in order to make audits, examinations, excerpts, and transcripts
  10. Income eligibility: A household must have a gross annual income that is at or below 30% of the AMI. DGCD will verify income sources.
  11. DGCD must ensure that SR's submit required reports- monthly or as mandated and annually for the CAPER.
  12. DGCD must ensure that Homeless Management Information System (HMIS) for the tracking of client-level data collection and management system is utilized and records

- are maintained.
13. Determine allowable rent: DGCD verifies rent reasonableness, if the rent is within the FMR standards. Similar to the rules of other HUD housing programs, the interim rule prohibits rental assistance from being provided for a housing unit, unless the total rent for the unit does not exceed the fair market rent established by HUD, as provided under 24 CFR, Part 888 and complies with HUD's standard of rent reasonableness 24 CFR 982.507.
  14. Financial Responsibilities: DGCD verifies the following but limited to:
    - a. Programs will maintain an accounting system which segregates each major ESG funding category.
    - b. Financial Standards- Budget Controls, Accounting Controls, records, systems, wages, and audits.
  15. Environmental Review: ESG activities are subject to environmental review under HUD's environmental regulations in 24 CFR Part 58. DGCD must complete an environmental assessment.
  16. Inspections
    - a. Habitability Standards
      - i. Emergency Shelters: All shelters must meet minimum habitability standards. Shelters renovated with ESG funds are required to meet state or local government safety and sanitation standards, include energy-efficient appliances and materials.
      - ii. Accessibility: Reasonable accommodations for persons with disabilities must be made in order to enable program participants with a disability to have an equal opportunity to participate in the program or activities. If undertaking shelter alterations, you must consult with the specific requirements to be in compliance with 24 CFR Part 8.
      - iii. Housing Standards: If ESG funds are used to help a program participant remain in or move into permanent housing that housing must meet habitability standards. Inspections must be conducted upon initial occupancy and signed by the subrecipients.
  17. Lease: Each program participant receiving rental assistance must have a legally binding, written lease
  18. Rental assistance agreement: The rental assistance agreement should also include provisions addressing the following:
    - a) A provision requiring the owner to give SR a copy of any notice to the program participant to vacate, or any complaint used to commence an eviction action. §576.106(e)).
    - b) The same payment due date, grace period, and late payment penalty requirements as the program participant's lease. §576.106(f)).

- c) For project-based rental assistance, the initial term of the rental assistance agreement must be one (1) year.
- d) The type of rental assistance being provided (tenant-based or project-based).
- e) Late Payments: If late payment penalties incur, it is the sole responsibility of the SR to pay those penalties using non-ESG funds. §576.106(f).
- f) Program Participant Sharing in Rent:
- g) Termination: When providing tenant-based rental assistance, the rental assistance agreement with the owner must terminate and no further rental assistance payments may be made under that agreement if: the program participant moves out of the housing unit; the lease terminates and is not renewed; or the program participant becomes ineligible to receive ESG rental assistance §576.106(h).

### **Process**

All Monitoring visits occur by the submission of a formal monitoring letter including the date, time, attendees, review of checklist of items, and any other pertinent information. Clear documentation of all information is required. ESG like the other HUD formula programs has up to six phases to any monitoring visit: Notification Letter, Entrance Conference, Documentation/Data Acquisition and Analysis, Exit Conference, Monitoring Conclusion-Letter and summary report and the Follow-Up.

- Pre-monitoring preparation: Before an on-site monitoring visit, DGCD will request certain documents to review in advance of the visit or desk audit. Documents may include but not limited to: case files, the most recent financial audit with management letter, budget, balance sheet, job descriptions and qualifications of key employees of the organization, an organizational chart, cash flow chart, income statement, program financial/draw records, fiscal/accounting policies, procurement policy, grievance policy, board minutes, and any other documentation that is deemed necessary to review grant compliance.
- Internally defining the scope and focus of the monitoring efforts. It identifies:
  - Functional area to be reviewed;
  - Data or information to be submitted prior to monitoring and confirm the need for any required services (e.g., conference rooms, telephones, computers);
  - Names of any participant staff members who will need to be consulted;
  - Defined areas of responsibilities for each reviewer; and
  - A schedule and/or anticipated time frames.
  - Utilizing appropriate monitoring checklists and/or Exhibits for reviews of technical areas.
- Conducting the Monitoring:

- Notification- Once a date has been set, a formal notification letter including the confirmation of monitoring dates, scope of the monitoring/areas of review, the schedule is sent. Unless there are extenuating circumstances, the letter is sent at least two weeks prior to the monitoring. For remote monitoring, the letter identifies specific information to be submitted by the program participant and a timeframe for submission.
- Entrance Conference- The purpose of the entrance conference is to explain how the monitoring will be conducted. and ensures that all staff has a clear understanding of the purpose, scope, and schedule of the monitoring from the beginning; identify/confirm key program participant staff who will assist during the monitoring; set up or confirm meeting or interview times, schedule physical inspections; and, if on-site, how access to files and work areas will be granted.
- Assessment Process/ Documentation and Data Acquisition
- Staff interviews
- Reviewing all relevant records/ file reviews to verify and document compliance and performance. The Exhibit questions are designed to assess and document compliance with program requirements. Document the responses to the questions.
- Clear written record of the steps followed, and the information reviewed during the visit. Documenting any conversations conducted with the program staff, statistics and/or financial figures, on-site inspection of projects, and the written policies that are obtained from the file reviewed.
  - Provide a copy and obtain signatures for the Confidentiality Statement
- Exit Conference: At the end of the monitoring review, DGCD staff conducts an exit conference with the appropriate participant officials or staff to discuss preliminary brief notes conclusions. In part, this serves to confirm the accuracy and completeness of the information used to form the basis for the monitoring conclusions. It may also highlight areas of disagreement/misconceptions or misunderstandings between DGCD and the participant. Additionally, the SR may clarify or support their position and acknowledge the deficiency and provide an opportunity to report on steps they are already taking to correct the matter
- Monitoring Conclusions: A written record is created detailing the steps followed and information reviewed during the compliance monitoring visit. All conclusions, whether positive or negative are supportable, defensible, and adequately documented. DGCD uses the following decision categories:
  - Performance was adequate;
  - There were concerns that need to be brought to the attention of the program participant. DGCD requires a response and possibly corrective actions;
  - There are deficiencies that need to be corrected;
  - A performance improvement plan needs to be completed;

- Technical assistance is needed; and
- There are findings that require corrective actions. The findings include the actual condition, criteria (cites regulatory or statutory requirements that were not met, cause, effect, and required corrective action (identifies the action(s) needed to resolve the problem and time frame of a respond to the finding).
- An official Monitoring Letter is sent will be mailed within two weeks after the exit conference describing all deficiencies, recommendations for improvements and time frame to reply.

All monitoring action(s) will be documented. For each SR, a monitoring section in the subrecipient file will be maintained, containing the basic monitoring record form, conclusions and recommendations, performance improvement plan, technical assistance information, corrective actions and the SR's routine reports and other pertinent information.

ESG like CDBG must adhere to Procurement standards mentioned on pages 24-34 of this manual and to Single audit requirements mentioned on pages 34-40 of this manual.

SR's are selected based on the following but not limited to:

- Experience level.
- Ability to assess own performance and outcomes.
- Experience in managing interdisciplinary programs.
- Qualifications of staff to provide proposed services.
- Cultural competency to work with target population.
- Success in managing similar programs.
- Audit reports that demonstrate sound financial management.
- Organization is not barred from receiving federal funds
- Has a valid unique identifier, such as the Employer Identification Number (EIN) or Tax Identification Number (TIN), and
- Has a Duns & Bradstreet D-U-N-S® Number.

Below is a sample monitoring notification letter and monitoring letter.

**Sample Letter:**

Month, Day, Year

Name, Title

Agency  
Formal Address  
City, State, Zip Code

Dear Mr. /Mrs. /Ms.:

As the Emergency Solutions Grant (ESG) recipient-, DGCD is responsible for monitoring subrecipient performance in accordance with 24 CFR 570.501 and 2 CFR 200. This includes a full review of the subrecipient's administrative methods, program implementation, and compliance with CDBG regulations. The reviews focus on the extent to which the planned program has been implemented, the measurable goals achieved, the effectiveness of program management and the impact of the program.

Generally, monitoring occurs at least once per activity per year for program recipients. Operations Program and Administrative and Technical Fiscal staff will visit to review the performance with the attached documentation. The visit will include an interview with the Executive Director and/or Program Administrator. Staff will be interested in reviewing/monitoring areas including, but not limited to the following: **(a)** Program Performance review **(b)** General management Practices **(c)** Financial management systems **(d)** Record keeping/reporting practices **(e)** Anti-discrimination compliance **(f)** Special Monitoring of X activities and **(g)** a tour of the facilities. Staff may also choose to interview clientele served by your agency. As provided in the executed written contract, authorized representatives of the City's DGCD and HUD have the right to access all activities and facilities operated by your Agency under your subrecipient executed written contract. *(A Confidentiality Statement may be signed by all staff included in the visit to ensure that all records reviewed remain in confidential status)*. The records obtained include all files, fiscal systems information, equipment/material log, and other documents related to the performance of services specified in the contract.

Effective on-site monitoring ensures contractual compliance, highlights areas of concern, and provides assistance as needed. If the identification of problem areas occurs, staff will be available to provide technical assistance to improve your Agency's performance. Having outlined the critical importance of a monitoring conference, your assigned Management Analyst/Project Manager would like to set up a monitoring visit for **Day, Month, Date, and Year, at 00:00 am /pm**. The purpose of the visit is to monitor your performance in implementing the **current years funding** activity utilizing CDBG funds.

For any questions or further information regarding the monitoring visit, please contact your

assigned Management Analyst/Project Manager (Name) at (404) xxx-xxxx. Thank you for your cooperation and continued support.

Sincerely,

Name of Signer,  
Title, Department of Grants and Community Development

Cc: Name, Programs Grants Service Manager  
Name, Fiscal Grants Service Manager  
Name, Assigned Management Analyst/Project Manager

Staff provides a copy and obtain signatures for the Confidentially Statement.

**CONFIDENTIALITY STATEMENT (All federal programs)**

I understand that during my monitoring review I may have access to confidential information about clients, and their families. I understand I must maintain the confidentiality of all verbal, written or electronic information contained in client files. In some instances, the information may be protected by law, such as state practice acts or other regulatory standards. In addition, the client's right to privacy by judiciously protecting information of a confidential nature is part of the Fiscal or operations Program Management Analyst/Project Managers' expected ethical behavior.

Through this understanding and its relationship to professional trust, I agree to discuss confidential information only in the setting as it pertains to review process and not where it may be overheard by visitors and/or other individuals. During each monitoring review of the program, I agree to follow each agency's established procedures on maintaining confidentiality.

\_\_\_\_\_  
SIGNATURE: Assigned Management Analyst/Project Manager

\_\_\_\_\_  
ATTEST: Agency Representative and Title

AGENCY NAME:

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DATE:

## Appendix A: AFFH Supplement

DGCD uses the below noted exhibit for assessing fair housing.

<b>Supplemental On-Site Monitoring</b>							
Participating Jurisdiction (PJ):			Subrecipient:				
Staff Consulted:							
Owner/Project Address:			Program				
			HOME		CDBG		NSP: _____
Project Number:		IDIS #		Contract Amount		Date of the award:	
Name(s) of Reviewer(s)				Date			

**AFFH Items**

1.

Does the recipient have an AFFH project file?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes    No    N/A</b>
If no, explain:	
<b>Describe Basis for Conclusion:</b>	

2.

Does the Agency have any actions this reporting year?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes    No    N/A</b>
---	---

Please list these actions and include the dates:
<b>Describe Basis for Conclusion:</b>

3.

Fair Housing Posters: All fair housing posters must be prominently displayed "to be readily apparent to all persons seeking housing accommodations. Are any posters posted in at least 1 public place?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
List Locations:	
Is the poster posted year-round?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Are the posters in other languages? List the other languages:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b>	

4.

Was a Fair Housing Resolution or proclamation adopted?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Attach a copy and provide dates	
<b>Describe Basis for Conclusion:</b>	

5.

Brochures: Are It's the Law or comparable brochures distributed or somewhere accessible?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Are the brochures translated into other languages? List the other languages:	
If so, list how many were distributed and/or where the brochures are located.	
<b>Describe Basis for Conclusion:</b>	

6.

<p>Is program information available in alternate formats/Has the program participant taken steps to ensure effective communication with applicants, beneficiaries, and members of the public who have hearing, vision, or speech impairments using:</p> <ul style="list-style-type: none"> <li>i. Qualified sign language and oral interpreters?</li> <li>ii. Readers?</li> <li>iii. Use of tapes?</li> <li>iv. Braille materials?</li> <li>v. TTD?</li> <li>vi. Other (describe below)?</li> </ul> <p>[24 CFR 8.6]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  <b>Yes No N/A</b></p>
<p>Provide any details/describe the method(s) used by the program participant to facilitate effective communication.</p>	
<p>Has the program participant adopted and implemented procedures to ensure that interested persons (including those with impaired vision or hearing) can obtain information concerning the existence and location of accessible services, activities and facilities? [24 CFR 8.6(b)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  <b>Yes No N/A</b></p>
<p>Is a copy of the "Reasonable Accommodation Policy" available for review? If so, attach a copy.</p>	
<p>Does the program participant maintain data for compliance purposes showing the extent to which persons with disabilities are beneficiaries of the program(s) being reviewed? [24 CFR 8.55 (b) and 24 CFR 8.121]</p>	
<p><b>Describe Basis for Conclusion:</b></p>	

7.

<p>Brochures: Are brochures distributed or somewhere accessible?</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  <b>Yes No N/A</b></p>
<p>If so, list how many were distributed and/or where the brochures are located.</p>	
<p><b>Describe Basis for Conclusion:</b></p>	

Fair Housing Items

1.

Is staff knowledgeable about Fair Housing?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
If no, explain:			
Has staff attended fair housing training?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
If so, list staff names and dates of the training:			
Does the staff need training?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

2.

Does the Agency have a complaint log/ documented actions/ records of limited interviews, telephone conversations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
Does the Agency have a referral log?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
Is there any record of complaints or a policy of how to file a complaint?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
Who maintains these logs: Name, Title, Email and Phone Number?			
<b>Describe Basis for Conclusion:</b>			

3.

Does the Agency have the referral list of Agencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Are any of the below Agencies listed?</b>			
U.S. Department of Justice (DOJ)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
HUD's Title VIII Fair Housing Complaint Process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is the telephone number listed? List the toll- free number, Fax: and the TTY:	Yes	No	N/A

Is the HUD regional office in Atlanta address or HUD Headquarter address listed?	
List the address:	
Is the website listed? <a href="https://www.hud.gov/program_offices/fair_housing_equal_opp/online-complaint">https://www.hud.gov/program_offices/fair_housing_equal_opp/online-complaint</a>	
Georgia Commission on Equal Opportunity's Fair Housing Division	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Is the address listed? located at 2 Martin Luther King Jr. Drive S.E. West Tower-Suite 1002 Atlanta, GA 30334;	Yes No N/A
Is the website listed? <a href="http://gceo.state.ga.us">http://gceo.state.ga.us</a>	
Is there marketing information concerning housing services and activities disseminated through agencies and organizations that routinely provide services to protected groups?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
If so, Attach these Agencies/Groups:	Yes No N/A
<b>Describe Basis for Conclusion:</b>	

4.

Material review: Does the Program/Operational Policies, SOP's, and error resolution procedures exist?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Yes No N/A
a. Logo Size: if other logotypes are used- the size of the fair housing logo must be at least equal to the largest of the other logotypes	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Yes No N/A
b. Fair Housing/Equal Housing Opportunity Slogan: " <i>Equal Housing Opportunity.</i> "	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Yes No N/A
c. Fair Housing statement: <i>We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status, or national origin.</i>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Yes No N/A
d. Advertisements- Review all media releases- Attach a tear sheet	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Yes No N/A
e. Record Retention- How are documents maintained and for how long?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Yes No N/A
F. Confidentiality: Are documents/files kept confidential?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
How many staff members have access to these records?	Yes No N/A
List Staff, Title, Email and Telephone number	

Location of the documents/files?	
<b>Describe Basis for Conclusion:</b>	

**Civil Rights-Related Program**

1.

For the period reviewed, did the Agency compile data on persons who had applied for, participated in, or benefited from, programs and activities funded in whole or in part with federal funds by racial and ethnic groups and, for single heads of households, by gender characteristics? [24 CFR 92.508(a)(7)(i)(A)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>Yes</b>	<b>No</b>	<b>N/A</b>
a. How is this beneficiary information is maintained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>Yes</b>	<b>No</b>	<b>N/A</b>
b. For the period reviewed, did the Agency maintain records of the implementation of its overall affirmative marketing strategy to market to those least likely to apply without regard to race, color, national origin, sex, religion, familial status, and disability, e.g., a written affirmative marketing strategy; records of actions taken to affirmatively market units; and records to assess the results of these actions? [24 CFR 92.351(a)(1)(iv) and 24 CFR 92.508(a)(7)(ii)(A)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>Yes</b>	<b>No</b>	<b>N/A</b>
c. For the period reviewed, did the Agency maintain documentation of steps taken by participating owners to affirmatively market their units funded through the HOME program? [24 CFR 92.351(a)(1)(iv) and 24 CFR 92.508(a)(7)(ii)(A)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>Yes</b>	<b>No</b>	<b>N/A</b>
d. Overall did the Agency carry out the AFHM Plan and program or affirmative marketing strategy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>Yes</b>	<b>No</b>	<b>N/A</b>

e. Was a good faith effort made to attract applicants?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>Yes</b>	<b>No</b>	<b>N/A</b>
f. Is the fair housing logo, policy statement and TDD # on official stationary, forms, documents etc.?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>Yes</b>	<b>No</b>	<b>N/A</b>
g. Does the Agency provide accessibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>Yes</b>	<b>No</b>	<b>N/A</b>
h. Does the Agency have meaningful access/ language assistance in place to the LEP individual?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>Yes</b>	<b>No</b>	<b>N/A</b>
Does the Agency have multilingual staff or employee –proficiency at least one other language?			
Does the Agency have a process for the replacement of written documentation from one language into an equivalent written text in another language or using translators?			
Is there a Written Grievance Procedure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>Yes</b>	<b>No</b>	<b>N/A</b>
<b>Describe Basis for Conclusion:</b>			

**Appendix B: City of Atlanta  
Part 1: CDBG/ESG/HOME Monitoring/Compliance Review**

*Transmit copy of completed form to Grants Management*

<b>PROJECT NAME:</b>	
<b>PROJECT NUMBER(S):</b>	
<b>MONITORING DATE(S):</b>	
<b>STAFF INTERVIEWED:</b>	
<b>CONTRACT PERIOD:</b>	
<b>NAME OF MONITORS:</b>	

COA Agency Head/Designee Signature: \_\_\_\_\_ Date \_\_\_\_\_

- I. Project Specific Actions/Outputs/Outcomes, Codes:** A = Verified by on-site observation  
 B = Verified by on-site review of files  
 C = Supported by required reports  
 D = Monitoring shows lack of compliance  
 E = Unable to determine

<b>Actions/Outputs/Outcomes</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>

**II. For Problems (Codes D or E) cited in Section I, provide explanatory comments and required corrective action(s) and timetable related to these findings.**

**III. Program Requirements:**

<b>Description of Requirement</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
A. Maintains copy of current CDBG/ESG contract/ amendments			
B. Maintains written policies/procedures covering program operations and accounting procedures			
1. Financial, including accounting, cash management, grants management and procurement			

2. Personnel policies, including employment rights, hiring practices, time/attendance records, non-discrimination, health benefits, and grievance procedures			
3. Job descriptions of all personnel directly involved with this contract			
4. Intake and service policies/procedures, including forms to be used.			
5. Managerial responsibilities, including reports required under this contract, annual program audit, and property management inventories (items purchased under this contract exceeding \$5,000)			
6. Program review procedures describe on-going actions to review and upgrade program and methodology to measure outputs and outcomes			
C. Housing Activity: Does the project maintain Project Profile Data which shows the composition of the occupants by the following categories:			
1. Race			
2. National Origin/Ethnicity			
3. Color			
4. Religion			
5. Sex			
6. Familial Status			
7. Disability			
D. Maintains affirmative action/nondiscrimination policies in both service provision and personnel hiring			
1. Employment ads contain EEO			
2. Services do not discriminate or exclude on basis of race, color, creed, sex, age, national origin, disabilities, sexual orientation, marital status, familial status, or ancestry			
3. For construction projects exceeding \$200,000 (and contract exceeding \$100,000): Section 3 compliance/documentation			
E. Has procedures to ensure drug-free workplace			
F. Publicity/news releases reference both City and HUD (if funding sources listed)			
G. Has safeguard procedures in place to prohibit conflict of interest by member, officers or employees of Contractor			
H. Financial Records			
1. Records enable tracking from project expenditures through disbursement			
2. Grant by grant accountability for receipts & expenditures			
3. Filing system for original and supporting documentation			
4. Audit, management letters, responses/resolutions to audit findings			
5. Program Income: identified, tracked, and disposed of according to contract conditions			

Description of Requirement	Yes	No	N/A
I. Payroll Records			
1. Maintains payroll distribution records			
2. Maintains employee time/attendance records signed by employee and certifying officer			
J. Maintenance of Records			
1. Financial records, supporting documents, statistical records and other records are maintained for 3 years from date of final expenditure report (see previous years' records)			
2. Records for non-expendable property purchased with City funds maintained for 3 years from date of final expenditure report (see previous years' records)			
K. Procurement: complies with Circular A-110 as verified by documentation			
L. Property Management			
1. Contractor Inventory Form for non-expendable property with a useful life of 1+ years and costs \$5,000+ or groupings of like items totaling \$5,000+			
2. Inventory form signed by project director and submitted to City within 30 days of purchase			
3. Equipment being used in program for which it was acquired			
M. Insurance is current; Bonding, if applicable			
N. Beneficiary Documentation			
1. Documentation of client eligibility in client files			
2. Has file copies of monthly beneficiary reports (CD/ESG-3's) with accompanying list of clients being reported			

**IV. For Problems cited in Section III, provide explanatory comments and required corrective action(s) and timetable related to these findings.**

**V. CDBG/ESG/HOME Client File Review:**

**Each column (1-10) represents an individual client file reviewed during this monitoring visit. At least 6 files should be reviewed for all projects. Note: More than 10 files should be reviewed if monitor feels it is warranted.**

**Key:** Y=Yes, verification on file  
N=No, verification not available  
NC=Not complete; some evidence but needs improvement  
NA=Not applicable

**Note: Not all requirements may be applicable for all projects**

Description of File Requirements	1	2	3	4	5	6	7	8	9	10
1. Verification of intake assessment/referral										
2. Verification of eligibility										

3. Verification of ongoing client assessment											
4. Section 504 (A.D.A.) reviewed at intake											
5. Verification of follow-up											
6. Documentation of client outcomes											
7. Documentation of services provided (specify services):											
8. For ESG Projects Only: Verification of "Participation of Residents" policy											

**VI. Observations/Suggestions/Findings Related to Client File Review: The required corrective action(s) and timetable related to these findings should be included in this section.**


**VII. Comments/Concerns of Agency**


I have reviewed the results of the monitoring report and have discussed the report with the City of Atlanta representative.

\_\_\_\_\_  
Director/Program Manager Signature

\_\_\_\_\_  
Date

**Part 2: 2018 HOPWA Monitoring/Compliance Review**  
(Revised August 2017)

**PROJECT NAME:** \_\_\_\_\_  
**CONTRACT NO. (DATES):** \_\_\_\_\_  
**TYPE OF PROGRAM:** \_\_\_\_\_  
**MONITORING DATE(S):** \_\_\_\_\_  
**STAFF INTERVIEWED:** \_\_\_\_\_  
**NAME OF MONITOR(S):** \_\_\_\_\_

**Management Analyst Signature: -** \_\_\_\_\_ **Date** \_\_\_\_\_

**OHS Director's Signature: -** \_\_\_\_\_ **Date** \_\_\_\_\_

**OGM Director's Signature:** \_\_\_\_\_  
**Date** \_\_\_\_\_

**CODE KEY:**

**For specific contract objectives:**

**A** = Verified by on-site observation                      **D** = Monitoring shows lack of compliance  
**B** = Verified by on-site review of files                      **E** = Unable to determine  
**C** = Supported by required reports                      **F** = In compliance but concern is noted

**For general compliance issues:**

**Y** = YES, agency is in compliance                      **N** = NO, agency is not in compliance  
**UTD** = Unable to determine                      \* = Comments/explanations are noted

**I. Monitoring of specific project objectives (as outlined in Part II of the HOPWA contract)**

Specific Project Objectives Outlined in Contract	A	B	C	D	E	F

--

II. For objectives cited under categories D, E or F above, provide explanatory comments, including corrective action and timetable

III. GENERAL REQUIREMENTS

Description of Requirement	Yes	UTD	No	N/A
A. Agency has a copy of the current HOPWA contract(s)				
B. Agency has copy approved contract amendments/changes [if applicable]				
C. Agency has an updated/current employee personnel manual				
D. Agency has published affirmative action/nondiscrimination policies in compliance with Contract requirements				
E. Agency published "public" documents cite HUD and The City of Atlanta as funding sources [if applicable]				
F. Copies of current Board of Directors' minutes were made available for review (last three meetings)				
G. Agency has copies of required HUD/HOPWA regulations:				
- 24 CFR Part 574 (HOPWA program guidelines)				
- 2 CFR Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)				
H. Maintains Sub-contracts [if applicable]				
1. Has copy of bid advertisement/solicitation				
2. Has copy of bid specifications/RFP				
3. Has record of bid ranking sheets				
4. Bid contains all contractual requirements				
5. Has record of pre-bid conference (if applicable)				
6. Evidence of on-site monitoring (construction projects only)				

**OBSERVATIONS/SUGGESTIONS:**

**IV. PROGRAM/CLIENT REQUIREMENTS**

*NOTE: See attached "HOPWA Client File Review" for additional information*

Description of Requirement	Yes	UTD	No	N/A
<b>A. GENERAL</b>				
1. Agency has copies of monthly HOPWA statistical reports for the contract period				
2. Agency maintains a list of HOPWA clients receiving services during the current contract period				
3. Agency has letters of agreement with collaborative agencies				
4. Program has written job descriptions for each HOPWA-funded staff person				
<b>B. POLICIES AND PROCEDURES</b>				
1. Program has written <i>admission</i> policies				
2. Program has written procedures for <i>intake/assessment</i>				
3. Program has written guidelines for developing client Individual Service/Housing Plans/on-going assessment.				
4. Program has written <i>program eviction/termination</i> policies/procedures				
5. Program has written Procedures for maintaining client confidentiality.				
6. Program has written <i>grievance</i> policies/procedures (clients)				
7. Program has written <i>medical</i> and other emergency procedures/protocols				
8. Program has written/posted <i>facility evacuation</i> procedures [if applicable]				
9. HUD's rent requirements are incorporated into program <i>rental procedures</i> [if applicable]				

**OBSERVATIONS/SUGGESTIONS:**

**V. FINANCIAL REQUIREMENTS**

Description of Requirement	Yes	UTD	No	N/A
<b>A. GENERAL</b>				

1. Monitor was provided a copy of agency's most recent audit				
2. Monitor was provided a copy of audit management letter				
3. Monitor was provided proof of up-to-date insurance, with COA named as additional insured; i.e. current ACORD certificate)				
4. Agency maintains inventory record (HOPWA-3 form) of HOPWA funded equipment for individual/grouped items totaling \$5,000+ (if applicable)				
5. Agency has written policies/procedures for purchasing/competitive procurement:				
(a) References 24 CFR Part 84 as regulation governing federally funded contracts				
(b) Contains conflict of interest statement for employees/officers				
(c) Encourages "open and free" competition of potential providers				
(d) Contains guidelines for threshold/dollar amount for which bids must be requested				
(e) Contains basic selection criteria for vendors/service providers				
6. Agency has written policies/procedures related to cash management (cash receipts, accounts receivable/payable, check writing/authorized signatures, etc.)				
7. Evidence of adequate financial management system(s):				
(a) Agency has a copy of current year's operating budget				
(b) Agency has a printed current Chart of Accounts				
(c) Agency provided evidence of current income records (monthly income statements/ledgers/spreadsheets, etc.)				
(d) Agency provided evidence of current expense records (monthly expense statements/ledgers/spreadsheets, etc.)				
(e) Agency has a current General Ledger				
8. Agency has copies of ALL current HOPWA reimbursement request forms (HOPWA-1s)				
<b>B. SALARIES/FRINGE BENEFITS COSTS [if applicable]</b>				

1. Agency has original payroll journals to verify P/R expenses				
2. Agency maintains bank statements/canceled checks verifying PR withdrawals				
3. Agency has copies of <u>all</u> HOPWA-funded employee time/attendance records for the contract period				
4. Agency has proof of payment of all applicable <b>federal/state taxes</b>				
5. Agency has proof of payment of Georgia Dept. of Labor (DOL) taxes				
6. Agency has proof of payment of employee fringe benefits (including invoices)				
<b>C. NON-SALARY PROGRAM COSTS</b>				
1. Agency has <i>original</i> invoices on file for expenses submitted for reimbursement				
2. Agency has <i>original canceled checks</i> verifying payment of expenses submitted ( <b>electronic bank statements</b> )				
<b>D. CLIENT RENT ASSESSMENTS/RECEIPTS</b> [if applicable]				
1. Agency has proof clients are given receipt for rent payments				
2. Records show how rent is used to the support housing/residency program				
<b>E. HOUSING/RENTAL ASSISTANCE PROVIDED TO CLIENTS</b> [if applicable]				
1. Agency maintains internal authorization to provide short-term/long-term housing assistance to the client on file				
2. Agency has proofed the authorized agency/landlord received/cashed check for housing assistance				

**OBSERVATIONS/SUGGESTIONS:**

**VI. HQS**

Description of Requirement	Yes	UTD	No	N/A
A. Housing Quality Standards for Facility-based Housing Programs				
1. Facility appears to be structurally sound				
2. <u>Each resident</u> has adequate space/security for belongings				
3. Rooms have natural/mechanical ventilation; pollution free				
4. Water supply free from potential contamination				
5. Heating/cooling mechanisms in proper operating condition				
6. Illumination/electricity in working order; adequate				
7. Food prep/service/storage safe and adequate				
8. Facility/equipment maintained in sanitary condition				
9. Facility well maintained/orderly (i.e. housekeeping)				
10. Security mechanisms are visible, adequate, and operable				
B. Agency has an HQS/facility maintenance plan?				
C. Agency has documentation that TBRA units meet HOPWA HQS				

**OBSERVATIONS/SUGGESTIONS:**

**VII. CONCERN(S)**

**VIII. FINDING(S)**

**IX. TIME TABLE FOR CORRECTIVE ACTION(S)\***

FINDING NO.	CORRECTIVE ACTION REQUIRED	DUE DATE
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\*Failure to comply with the required corrective action by the stated due date may result in the delay or halting of HOPWA pay reimbursements and/or future HOPWA funding.

City of Atlanta  
**HOPWA Monitoring/Compliance Client File Review**

**PROJECT NAME:** \_\_\_\_\_  
**DATE(S) OF MONITORING:** \_\_\_\_\_

*Use this form to annotate requirements for HOPWA client files. Each column (1-10) represents a client file reviewed during the monitoring visit. Attach as supplemental information to the primary monitoring form. **NOTE:** Additional files may be reviewed if the monitor feels additional file review is warranted.*

KEY: Y = YES, verification on file  
 N = NO, verification was not available  
 NC = NOT COMPLETE; some evidence but needs improvement  
 NA = NOT APPLICABLE to this contract/work program

Description of File Requirements [choose 5-10 files]	1	2	3	4	5	6	7	8	9	10
<b>A. GENERAL REQUIREMENTS</b>										
1. Has verification of intake assessment/referral										
2. Has verification of HIV/AIDS diagnosis or status										
3. Has verification of current income (or no income)										
4. Has verification client received/understands program policies and procedures										
5. Has verification client eived/understands grievance cess										
6. Has verification of housing plan or ISP (for services only) & ongoing assessment of client needs										
7. If no longer a client, record file re disposition of client										

B. FACILITY BASED HOUSING										
1. Has verification on file of income assessment										
2. Has verification on file of how client share of rent was calculated. Must be the higher of 30% of AGI or 10% of gross										
3. Maintains record of receipts/rent received from client										
4. Has evidence of ongoing rent reassessment/updates										

**OBSERVATIONS/SUGGESTIONS:**

**Comments/Concerns of Agency**

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I have reviewed the results of the monitoring report and have discussed the report with the City of Atlanta representative.

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Director/Program Manager Signature

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Date

**Appendix C**  
**SAMPLE OFFICE MONITORING VISIT - CHECKLIST**

Your agency has been scheduled for a HOPWA monitoring visit. To ensure this visit is productive and minimizes staff time, the following is a checklist of items to be reviewed. **You should collect this information in advance and have it readily available during the monitoring visit.** This monitoring will cover the effective dates stated in our current contract.

Visit      Date(s): \_\_\_\_\_ Agency      Name:

Names/Titles of Staff Conducting Monitoring:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Items for Review:

PROGRAM FILES

General Program Files

Necessary records pertaining to the CDBG funded program, properly filed and labeled, including, but not limited:

	Incorporation documents		Citizen comments, complaints or letters of appreciation
	Bylaws		General correspondence, public and DCGD
	Articles of incorporation		Service contract with DCGD
	Other _____		Certified insurance policies and certificates of insurance
	Program Policies		Fiscal documents, including expenditure documentation
	Personnel policies/ Fringe benefit plans		Invoices
	Fiscal		Receipts
	Procurement		Time cards/allocation sheets
	Internal Controls		Bank statements/wires

	Data Breach/confidentiality		Pay stubs
	Record keeping/retention		Canceled checks
	Client fee schedules		Single Audits/corrective actions
	Other: _____		Other: _____
	Program audit and pertinent correspondence		Accurate and complete listing of federal funded equipment/ make, model, serial number, purchase price, and use location
	Board of Directors actions/minutes		Complaints
	Davis Bacon standards		Section 3 standards

### Contract Activity Files

Files for each separately funded Federal program service/activity, properly filed and labeled, containing:

	Activity descriptions including goals, objectives, units of service to be provided, client target groups and other funding sources, etc.
	Notices and advertisements
	Correspondence pertaining to the service/activity
	Sub-contracts and procurement records
	Client direct benefit documentation (client counts by ethnicity, disability and female-headed households) kept current without double counting of clients
	Activity progress documentation
	Other

### CONTRACT PROVISIONS

#### Monthly Reports

	Submitted Monthly activity accomplishment reports to DGCD
	Submitted Direct benefit activity forms to DGCD (monthly, quarterly, and annually)
	Adequate program progress indicated Units of service provided per the terms of the Subrecipient agreement
	Submitted Fiscal reporting

#### Fiscal Management

The Subrecipient agreement has a fiscal system that accurately tracks its financial

condition.

Including:

	Fiscal tracking systems including reports on program allocations, obligations, expenditures, balances and totals
	Evidence of DGCD authorized budget amendments
	Program income documentation showing revenue, expenditures, profit/loss, and net income generated directly from use of CDBG funds
	Other: _____

### Audits

	Copy of the most recent audit under the Federal Single Audit Act, Year(s) _____
	All Subrecipient audit findings regarding CDBG funds have been adequately addressed and resolved
	Other: _____

### Insurance

	Subrecipient maintain throughout the term of the contractual agreement the following types of insurance: _____ Worker's Compensation _____ Comprehensive General and Automobile Liability _____ Errors and Omissions Liability _____ Professional Liability
	All stipulations (including "primary and non-contributing" and "subrogation rights against COA waived"), endorsements, and coverages required by the Subrecipient agreement are contained in the insurance documents

### Clientele Income Qualification

	Clientele Income Documentation meets the requirements of the Subrecipient Agreement
	List of HUD Income limits is current

### Service Performance

	Program performance follows the schedule outlined in the Subrecipient
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	agreement
	Program provides full scope of service defined in the agreement
	Performance quality is consistent with the terms of the agreement

**Equipment**

	Equipment is used for the funded service and is well maintained
	DGCD has authorized all non-expendable project purchases
	Equipment /Inventory List

**American Disability Act (ADA)**

	Evaluation of the facility program accessibility for disabled individuals
	Path of Travel – accessible route from the nearest bus stop, parking lot, public streets and sidewalks to the facility entry door
	Evaluation of parking stalls for handicapped parking
	A ramp to allow an accessible entrance for disabled individuals up to the facility entry door
	Space requirements of wheelchair passage for entry doorways
	Wheelchair turning space within the facility
	Comments/observations:  Lead

**HOPWA only**

**GENERAL ORGANIZATION CHECKLIST**

- \_\_\_ The agency’s copy of the HOPWA contract [and amendments, if applicable]
- \_\_\_ Copy of City approval of contract budgetary line item revisions [if applicable]
- \_\_\_ Copy of agency’s personnel/employment manual, including affirmative action and/or nondiscrimination policy statement(s)
- \_\_\_ Copies of publicly disseminated brochures, newsletters, press releases, and other collateral that list HUD and the City of Atlanta as financial supporters
- \_\_\_ Copies of your current Board of Directors minutes [3 most recent meetings minimum]
- \_\_\_ Verification that agency maintains copies of and follows basic published guidelines for federally funded programs and HOPWA:
  - 24 CFR Part 574 (HOPWA specific guidelines)
  - 2 CFR Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)

**PROGRAM MANAGEMENT FILES CHECKLIST**

- \_\_\_ Agency’s copies of monthly HOPWA program statistical reports

- \_\_\_ Reports or documentation that verify the objectives (as stipulated in the contract Part II, Section B) are being met
- \_\_\_ An up-to-date listing of clients receiving (or who have received) HOPWA-funded services during the current contract year
- \_\_\_ Evidence (i.e. written report) of *ongoing* program assessment and/or evaluation
- \_\_\_ Letters of agreement with collaborative agencies providing additional supportive services
- \_\_\_ Copy of agency's program policies/procedures manual, including job descriptions of grant-funded personnel

**CLIENT FILES CHECKLIST**

*At least ten (10) client files will be reviewed during the visit; more may be requested if deemed necessary. The following will be noted in each file:*

- \_\_\_ Documentation of client intake and assessment
- \_\_\_ Documentation verifying/determining client's HIV/AIDS diagnosis
- \_\_\_ Documentation verifying/determining client's low-income eligibility
- \_\_\_ Verification that client has received/understands program parameters and/or policies
- \_\_\_ Verification that client has received/understands the agency's grievance and termination policies and procedures
- \_\_\_ Documentation of *ongoing* client assessment; i.e., history of services provided/received vs. progress in the program vs. outcome, including final client disposition (if applicable)
- \_\_\_ Verification of how client rent is/was calculated (if applicable)
- \_\_\_ Verification that client received receipts of rental payments (if applicable)

**FINANCIAL FILES CHECKLIST**

- \_\_\_ Copies of all grant pay reimbursement requests
- \_\_\_ Copy of agency's most recent audit. *A copy for the City's files should be made available during the monitoring visit.*
- \_\_\_ Up-to-date certificate(s) of insurance [ACORD forms]
- \_\_\_ Inventory record(s) of ALL fixed assets/equipment purchased with grant funds – including prior years [if applicable]
- \_\_\_ Copy of agency's financial policies/procedures regarding competitive procurement and purchasing
- \_\_\_ Conflict of Interest policy for board members and staff.
- \_\_\_ Copy of agency's policies/procedures regarding financial and cash management; i.e., cash receipts, cash disbursements, petty cash, check signing authorizations, grants management, etc.
- \_\_\_ Verification that HUD's 24 CFR Part 84.20-49 (Financial and Program Management, Property Standards, and Procurement Standards) is referenced as an integral part of the organization's financial policies/procedures
- \_\_\_ Evidence of adequate accounting system(s):
  - Copy of current year's grant-funded program operating budget(s)
  - List of Chart of Accounts (highlighting accounts designated for grant income/expenses)

- Current up-to-date income/expense statement(s)
- Current up-to-date General Ledger
- Current up-to-date cash receipts journal
- Current up-to-date cash disbursements journal

**The grant reimbursement records for 1-2 randomly selected months will be reviewed during the visit.** The following will be noted for each month:

\_\_\_ For salary-related items, a complete audit trail **using original documentation** (from expense commitment to payment) for each grant-funded staff position:

- Copy of payroll journal(s)
- Copy of canceled payroll checks
- Copy of employee time and attendance records, highlighting the amount/% of time spent on grant-related activities/duties/responsibilities
- Proof of payment of employee/organization payroll taxes (Federal, state, DOL)
- Proof of payment of insurance benefits s; i.e., health, dental, life, disability, etc. (as applicable)
- Proof of payment of workers comp (if applicable)
- Proof of payment/deposit of retirement/pension payments (if applicable)

\_\_\_ For non-salary related items, a complete audit trail **using original documentation** (from commitment to disbursement) for each grant reimbursed item:

- Original documentation verifying proof of incurred expense(s); i.e., invoice
- Original documentation verifying proof of payment of expense(s); i.e., canceled check

\_\_\_ Verification of how client rent is recorded in the financial system (if applicable)

**IF YOUR PROGRAM IS A FACILITY-BASED RESIDENCE**

- \_\_\_ Verification of current and/or ongoing calculation of program/rent fees [if applicable]  
30% of adjusted monthly income OR 10% of monthly gross income
- \_\_\_ Verification that clients received receipt of payment
- \_\_\_ Verification of how client rent is recorded in organization’s financial system

*In addition, notes will be taken regarding the physical facility and grounds as they relate to HUD standards; i.e., cleanliness, maintenance, safety.*

**IF YOUR PROGRAM PROVIDES SHORT-TERM/EMERGENCY/LONG-TERM FINANCIAL HOUSING ASSISTANCE**

- \_\_\_ Verification of agency’s policies/procedures governing financial assistance
- \_\_\_ Verification that policies and procedures for financial assistance are being followed
- \_\_\_ Verification of client eligibility to receive financial assistance
- \_\_\_ Complete record of assistance provided to each grant-eligible client
- \_\_\_ Appropriate internal approvals for all disbursements made
- \_\_\_ Verification that financial assistance was not made payable directly to clients (nor that clients have not had assistance checks signed back over to them)