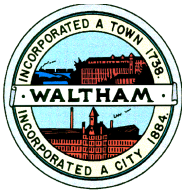


City of Waltham

Planning Department

Community Development Block Grant Monitoring Guide

Version 2020



Monitoring Guide

CDBG Funded Programs & Projects

Summary

The City of Waltham Planning Department is required to monitor all entities receiving Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funding. The regulations state we must “ensure that CDBG funds are being used in accordance with all program requirements” (24 CFR 570.501(b)). To meet HUD requirements, the City may conduct an on-site monitoring visit, or in certain instances, the City may conduct a “desk-top” monitoring visit, whereby the agency is not visited, and their grant is monitored only by review of the information in City files.

Monitoring Objectives

- ✓ To determine if a subrecipient is carrying out its community development program, and its individual activities, as described in the contract.
- ✓ To determine if a subrecipient is carrying out its activities in a timely manner, in accordance with the schedule included in the Agreement.
- ✓ To determine if a subrecipient is conducting its activities with adequate control over program and financial performance, and in a way that minimizes opportunities for waste, mismanagement, fraud, and abuse.
- ✓ To assess if the subrecipient has a continuing capacity to carry out the approved project, as well as future grants for which it may apply.
- ✓ To identify potential problem areas and to assist the subrecipient in complying with applicable laws and regulations.
- ✓ To assist subrecipients in resolving compliance problems through discussion, negotiation, and the provision of technical assistance and training.
- ✓ To provide adequate follow-up measures to ensure that performance and compliance deficiencies are corrected by subrecipients, and not repeated.
- ✓ To comply with the Federal monitoring requirements of 24 CFR 570.501(b) and with 24 CFR 84.51 and 85.40, as applicable.
- ✓ To determine if any conflicts of interest exist in the operation of the CDBG program, per 24 CFR 570.611.
- ✓ To ensure that required records are maintained to demonstrate compliance with applicable regulations.

Stages of the Monitoring Process

1. Notice of Monitoring Visit Letter – Sent to the Executive Director with date and time of visit
2. Entrance Conference – Takes place the day of the monitoring visit with all appropriate staff
3. Monitoring – Documents are viewed and the monitoring checklist is completed
4. Exit Conference – Next steps are communicated and all questions or concerns can be answered
5. Follow Up (if applicable) – Findings are remedied and plans are put in place to avoid future issues

Proper Documentation

Below is a list of records that must be retained for the duration of the grant and open for review during the monitoring visit. Your agency is only required to retain documents which indicate the responsible entity is the "Subrecipient".

Documents to be Retained for Monitoring	
Documents	Responsible Entity
Project Application <ul style="list-style-type: none">• Original Application• Amendments to Application• Approval of Amendments• Notice of Award• Correspondence	<input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient + Grantee <input type="checkbox"/> Grantee <input type="checkbox"/> Grantee <input type="checkbox"/> Subrecipient/Grantee
Pre-Award Documentation <ul style="list-style-type: none">• Articles of Incorporation/Bylaws• Non-profit Determination• List of Board of Directors• Authorization to Request Funds• Authorized Official• Organizational Chart• Resumes of Chief Admin. and Chief Fiscal Officers• Financial Statement and Audit• Conflict of Interest Statement	<input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient
Subrecipient Agreement <ul style="list-style-type: none">• Subgrant Amount• Date of Subgrant• Statement of Work• Budget by Task/Activity• Schedule by Task/Activity• Standard Provisions• Special Conditions• Amendments (Dates)	<input type="checkbox"/> Grantee <input type="checkbox"/> Grantee <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Grantee <input type="checkbox"/> Grantee <input type="checkbox"/> Grantee <input type="checkbox"/> Grantee

Financial Records <ul style="list-style-type: none"> • Current Approved Budget • Authorization Letter/Signatures • Financial Management Systems (Accounting books, reporting systems) • Chart of Accounts • List of Source Documents to be Maintained • Financial Status Report (total budget, amount expended) • Drawdown Request Forms • Executed Contracts/Bid Docs • Board Minutes for Approval of Contracts or Bids • Copy of Most Recent Audit Report • Certification of Insurance Coverage/Bonding • CDBG Payroll Records • Certified Construction Payroll Record (Davis-Bacon applicable) • Approved Cost-Allocation Plan • Relevant Financial Correspondence 	<ul style="list-style-type: none"> <input type="checkbox"/> Subrecipient/Grantee <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Grantee <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient/grantee <input type="checkbox"/> Subrecipient/grantee
Project Monitoring & Control <ul style="list-style-type: none"> • Completed Monitoring Reports • National Objectives Documentation (Income Verification Forms) • Eligible Activities Documentation • Activity Status Report (scope, cost, schedule, Actual v. Agreement) • Drawdown Request/Reports • Subrecipient Staffing • Meeting Minutes • Telephone Log/Notes • Correspondence 	<ul style="list-style-type: none"> <input type="checkbox"/> Grantee <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient
Regulatory Compliance File <ul style="list-style-type: none"> • HUD Monitoring Results • Real property inventory, Management and Change of Use • Anti-discrimination, Fair Housing, EEO, ADA/504 Certifications • Procurement, Bonding, Insurance • Labor standards • Acquisition, Displacement, Relocation, Replacement Housing • Environmental Review • Loan Status Reports (economic development, rehabilitation) • Administrative Activities • Flood Insurance Purchase 	<ul style="list-style-type: none"> <input type="checkbox"/> HUD/Grantee <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Grantee <input type="checkbox"/> Subrecipient/Grantee <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient
Other Project Activity Files <ul style="list-style-type: none"> • Plans & Specs (rehabilitation, historic preservation) • Orientation and Training • Special Case Records 	<ul style="list-style-type: none"> <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient

**CHECKLIST FOR ON-SITE MONITORING OF A SUBRECIPIENT
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

Subrecipient _____

Project Name/Agreement No. _____

Project Director _____

In-house review and general oversight conducted on _____

On-site monitoring visit(s) conducted on _____

Monitoring letter sent on _____

Follow-up monitoring visit conducted/letter sent on: _____

National Objective and Eligibility

Which National Objective does this project meet (570.208)*?

Benefit to Low- and Moderate-Income Persons

____ Low/Mod Area Benefit

____ Low/Mod Housing Benefit

____ Limited Clientele Benefit

Job Creation or Retention

Conformance to the Subrecipient Agreement

1. Contract Scope of Services – Is the full scope of services listed in the Agreement being undertaken? List any deviation.

2. Levels of Accomplishments – Compare actual accomplishments at the point of monitoring with planned accomplishments. Is the project achieving the expected levels of performance (number of persons served, number of units rehabbed, etc.) and reaching the intended client group?

Explain any problem the subrecipient may be experiencing. Acknowledge major accomplishments.

3. Time of Performance – Is the work being performed in a timely manner (i.e., meeting the schedule as shown in the Agreement)? Explain

4. Budget – Compare actual expenditures versus planned expenditures.
Note any discrepancies or possible deviations.

5. Requests for Payment – Are requests for payment being submitted in a timely manner and are they consistent with the level of work accomplished? Is program income properly accounted for and recorded? Explain.

6. Progress Reports – Have progress reports been submitted with payment requests (where required) on time and were they complete and accurate?

Record-Keeping Systems (570.506)

Records should demonstrate that each activity undertaken meets the criteria for National Objectives compliance. Such records should be found in both the grantee's project file and the subrecipient file.

1. Filing System – Are the subrecipient's files orderly, comprehensive, secured for confidentiality where necessary, and up-to-date? Note any areas of deficiency.

2. Documentation (activities, costs and beneficiaries) – Does the project file and subrecipient records have the necessary documentation supporting the National Objective being met, eligibility, and program costs as they relate to 570.506? Do the project files support the data the subrecipient has provided for the CAPER?

3 Record Retention – is there a process for determining which records need to be retained and for how long?

Financial Management Systems [85.20 (local governments) and 84.21–28 (non-profits)]

1. Systems for Internal Control – Are systems in compliance with accounting policies and procedures for cash, real and personal property, equipment and other assets (85.20(b)(3) and 84.20(b)(3))?

2. Components of a Financial Management System – Review the chart of accounts, journals, ledgers, reconciliation, data processing, and reporting system. Note any discrepancies.

3. Accounting – Compare the latest performance report, drawdown requests, bank records, payroll records, receipts/disbursements, etc. Note any discrepancies.

4. Eligible, Allocable, and Reasonable Costs – See OMB Circulars A-87, A-122. Pay particular attention to the time distribution records where the subrecipient has employees who work on both CDBG and non-CDBG funded activities. Note any discrepancies.

5. Cash Management/Drawdown Procedures – See Treasury Circular 1075, 85.20(b)(7), and 84.20. Has all cash been promptly drawn down and deposited? Are all drawdowns of Federal funds properly recorded? Note any discrepancies.

6. Maintenance of Source Documentation – (85.20(b) and 84.20(b)) Note any discrepancies in sample records, invoices, vouchers and time records traced through the system.

Procurement

1. Procurement Procedures – Do the procedures the subrecipient uses for procurement of goods and services meet CDBG requirements? Review a sample number of procurements.
2. Conflict of Interest – How does the subrecipient assure there was no conflict of interest, real or apparent? Review the process and comment.

Equipment and Real Property

1. Has the subrecipient purchased equipment with CDBG funds in excess of \$1,000? Does the subrecipient maintain the records required at 84.34?
2. Has a physical inventory taken place and the results reconciled with property records within the last two years?
3. If the subrecipient disposed of equipment/property that was purchased with Federal funds within the last five years:
 - a. Were proceeds from the sale reported as program income?
 - b. Did the grantee approve expenditure of program income?
 - c. Was the program income returned to the grantee?

Non-Discrimination and Actions to Further Fair Housing

1. Equal Employment Opportunity – Refer to 570.506, 601 and 602. Note any deficiencies.
2. Requirements for Disabled Persons – Refer to 8.6. Note any concerns.

Conclusion and Follow-up

1. Is the subrecipient meeting the terms of the Subrecipient Agreement and HUD regulations? Discuss both positive conclusions and any weaknesses identified.
2. Identify any follow-up measures to be taken by the grantee and/or the subrecipient as a result of this monitoring review.
 - a. List the required schedule for implementing corrective actions or making improvements.
 - b. List the schedule for any needed technical assistance or training and identify who will provide the training.

Helpful Hints for a Stress Free Monitoring Visit

Look through the required documents and checklist prior to the day of the monitoring visit – self check yourself, if there are any documents missing or questions that cannot be answered, communicate with your staff members to determine how to remedy the issue before the monitoring visit.

Create one central location for all CDBG related documents based on program year, stay organized and keep original documents in a safe space. **Confidentiality is key!** Keep intake forms and participant records in a locked file cabinet or office which locks and is only accessed by key staff.

Be sure you're keeping up to date with the most recent program changes. The OneCPD resource exchange (link on the Planning Dept. CDBG webpage) can be a great place for webinars and new federal requirements. Sign up to become a part of their list serve and receive the most recent information. (Sometimes before we do!)

Keep your employee manual and CDBG policies and procedures current. Both of these documents should be a work in progress with additions and subtractions being made regularly. If you are having trouble developing a CDBG handbook, reach out to some of the other funded agencies in your area and share ideas with each other.

Don't be afraid to raise a potential problem during the monitoring visit. The largest misconception is that we are monitoring because we want to catch a mistake or take your money back – this is **absolutely** not the case! We are here to help and to solve problems.

Think about how both of us can improve as a team in future funding cycles. Communicate possible changes that will help your staff run the program successfully.

If you have any questions or concerns contact Jennifer Englehart, Administrative Assistant

Trainings are offered in one-on-one session and in groups of 5 or more!

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