

Chapter 14 - Record of Changes

Date	Description of Change	Section

CHAPTER 14 – MONITORING

OVERVIEW

Monitoring is a requirement as outlined in Title I of the Housing and Community Development Act of 1974, as amended and 24 CFR Part 570.492 of the State CDBG Regulations. Section 104 (e) of Title I outlines the review responsibilities of the State. DED monitors the implementation of the CDBG project with the active participation of the subrecipient and its certified administrator. The monitoring compliance review process provides technical assistance, determines status of CDBG-funded and local cost-share activities, evaluates subrecipient’s financial management system, and assesses compliance with state and federal rules and regulations. Monitoring provides an opportunity to collaborate and recognize the subrecipient’s accomplishments and areas for improvement. Standard policy requires DED to undertake monitoring procedures prior to grant closeout.

MONITORING BENCHMARKS

Monitoring is conducted on an ongoing basis and includes a review of the subrecipient’s project activities and processes. The following monitoring benchmarks occur:

- Compliance Status Benchmark 1: A desktop review conducted by DED. The subrecipient submits requested documentation to DED. This Benchmark occurs approximately 6 - 8 months after the subrecipient receives Notice of Release of Funds/Environmental Clearance. DED notifies the subrecipient and certified administrator of the procedures and documentation for submission.
- Compliance Status Benchmark 2: DED reviews and evaluates the subrecipient’s Project Status Reports, Drawdowns, prior monitoring compliance report, and other related documents/reports. DED determines future compliance review types; desktop or an onsite/virtual review.
- Compliance Status Benchmark 3: Once the subrecipient is within three months of the subrecipient agreement period of performance end date or if the subrecipient has expended 75% of CDBG funds, DED initiates this compliance review.
- Compliance Status Benchmark 4: The subrecipient has met the subrecipient agreement conditions, submitted final reports, and received monitoring compliance clearance. DED issues a Certificate of Completion.

DED requests the subrecipient to complete the Monitoring Exhibits applicable to the CDBG grant. Exhibits 1 through 6 apply to **all** CDBG subrecipients.

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| 1. National Objective/Performance | 7. Labor Standards/Construction/Contracts |
| 2. Subrecipient Record Keeping Self-Certification | 8. Acquisition |
| 3. Environmental Review | 9. Demolition |
| 4. Financial Management | 10. Relocation |
| 5. Procurement and Contracts (Services/Materials & Goods) | 11. Housing Rehabilitation |
| 6. Fair Housing/Equal Opportunity | 12. Commercial Rehabilitation |
| | 13. Legal/Loan Documents (For Profit/Non-Profit) |

Each monitoring exhibit will be evaluated and identified with one of the following terms:

- **Satisfactory Performance:** The determination is a conclusion that the subrecipient is meeting its statutory and regulatory responsibilities.
- **Concern:** A deficiency in program performance not based on a statutory, regulatory, or other program requirement. Sanctions or corrective actions are not authorized for concerns. However, DED should bring the concern to the subrecipient's attention and, if appropriate, may recommend (but cannot require) actions to address concerns and/or provide technical assistance.
- **Finding:** A deficiency in subrecipient performance based on a statutory, regulatory or program requirement for which sanctions or other corrective actions are authorized. Such sanctions or actions are generally subject to State discretion, within prescribed parameters. A finding may be correctable based on the subrecipient's response data/documents, or non-correctable.
- **Action Required:** It is actions taken to remove, remedy, or counteract the causes of an existing non-conformity or other undesirable situation. Regarding monitoring findings, DED may request the submission of a remediation plan that addresses the subrecipients administrative steps to remedy a set of circumstances that resulted in being non-compliant with the CDBG statute, regulations, and other related federal/state regulations.
- **Non-Correctable Finding:** It is an action or occurrence that must meet the rules as applied during that specific time period, which cannot be applied or remedied after the occurrence because the criteria for meeting the rules has passed.
- **Recommendation/Technical Assistance:** DED provides guidance or assistance regarding rules, regulations and/or policies.

DESKTOP MONITORING (DED REVIEW)

CDBG funded projects may receive a desktop monitoring. DED submits a request to the subrecipient to complete the monitoring exhibits that relate to the CDBG project. DED reviews the submission. If additional information is needed, DED follows-up with the subrecipient and the certified administrator. Upon completion of the review, DED issues a monitoring compliance report.

ON-SITE/VIRTUAL MONITORING

On-site monitoring is a structured review conducted by DED at the locations where project activities are being carried out or project records are maintained. During the on-site monitoring, DED may inspect the project's location. A **virtual monitoring** is a structured review conducted using technology to have a discussion with both the Certified Administrator

and subrecipient concerning components of the monitoring exhibits. Prior to an onsite or virtual monitoring, DED will request that monitoring exhibits be provided or updated. The bulk of the visit is time spent on documentation, data acquisition, note taking, and analysis. Upon completion of the review, DED issues a monitoring compliance report.

Weather and/or other unseen events may cause a delay in scheduling and/or actual undertaking of an on-site visit. DED shall reschedule and complete the on-site monitoring in a timely manner or conduct a virtual monitoring visit.

EXIT CONFERENCE

The program representative may schedule an exit conference to discuss preliminary results and tentative conclusions, including any identified deficiencies, concerns, questions of performance, and/or findings. The exit conference is conducted by the program representative in the presence of the certified administrator and local contact. The chief elected official is encouraged to attend the exit conference. This provides an opportunity for the program representative to provide guidance and/or technical assistance to the subrecipient for corrective action.

MONITORING COMPLIANCE REPORT

The Monitoring Compliance Report is issued by DED to the subrecipient; this report includes identification of any components the subrecipient is doing well, areas for improvement, and any corrective action items, as needed. In general, DED shall issue the report within approximately 60 days. Where deficiencies and/or action items are identified, typically the subrecipient has 30 days to respond and address those items.

There are instances where deficiencies stand despite the subrecipient's response (e.g., where an action plan or management plan is required to address non-compliant project implementation). Financial management deficiencies often result in uncorrectable deficiencies and/or findings. When no further action is required, DED issues a monitoring report with a "clearance" status.

SUBRECIPIENT NON-COMPLIANCE

Where the subrecipient fails to respond to an issued monitoring report and following repeated unsuccessful attempts by the program representative to resolve areas of non-compliance, sanctions may be applied. Such sanctions, which could include, but not limited to, delay of payment of remaining funds, ability to secure future DED grants, or repayment of existing grant funds.

If there is still no action taken on behalf of the subrecipient to resolve the outstanding deficiencies, DED shall determine the consequences for such inaction. Such consequences shall be based on the severity of the deficiency, the state and federal rules and regulations governing the area(s) of noncompliance, the impacts to the community, and consequences to DED. DED shall notify the subrecipient of the decision by official letter. The subrecipient shall have the ability to appeal the decision by DED following the process described within the letter.