

The background of the slide is a pair of red theater curtains with a scalloped top edge and yellow ties on the sides. The text is centered on the curtains.

# U.S. Dept. of Housing and Urban Development

Presents

“The Knock at the  
Door”

A stage with red curtains and a spotlight. The curtains are a deep red color with a pleated top and are tied back with yellow ribbons. A circular spotlight illuminates the floor in the center of the stage. The background is a dark, solid color.

Intro

# THE NEVER ENDING CYCLE OF OVERSIGHT



OIG Monitoring HUD

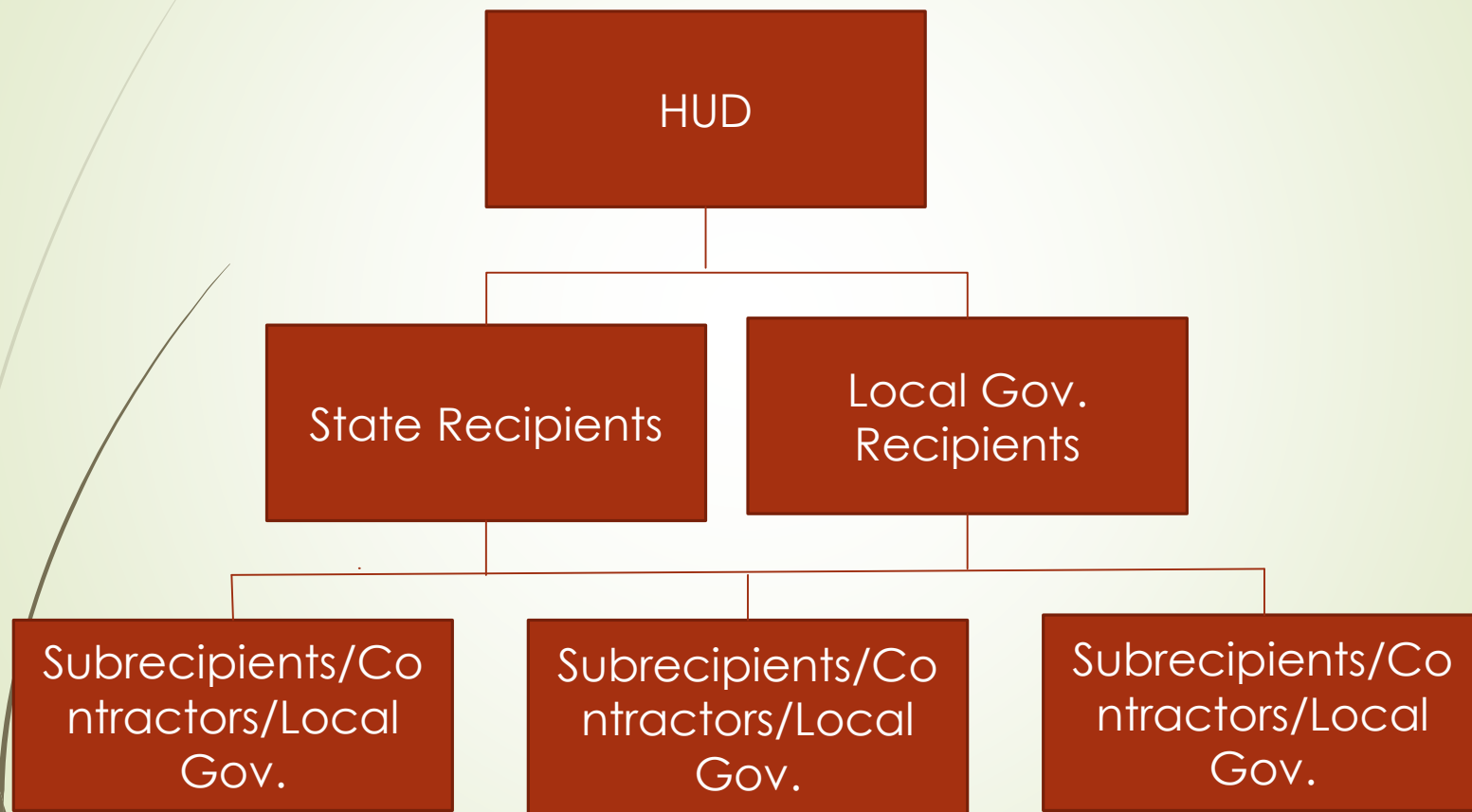


HUD Watching Recipients

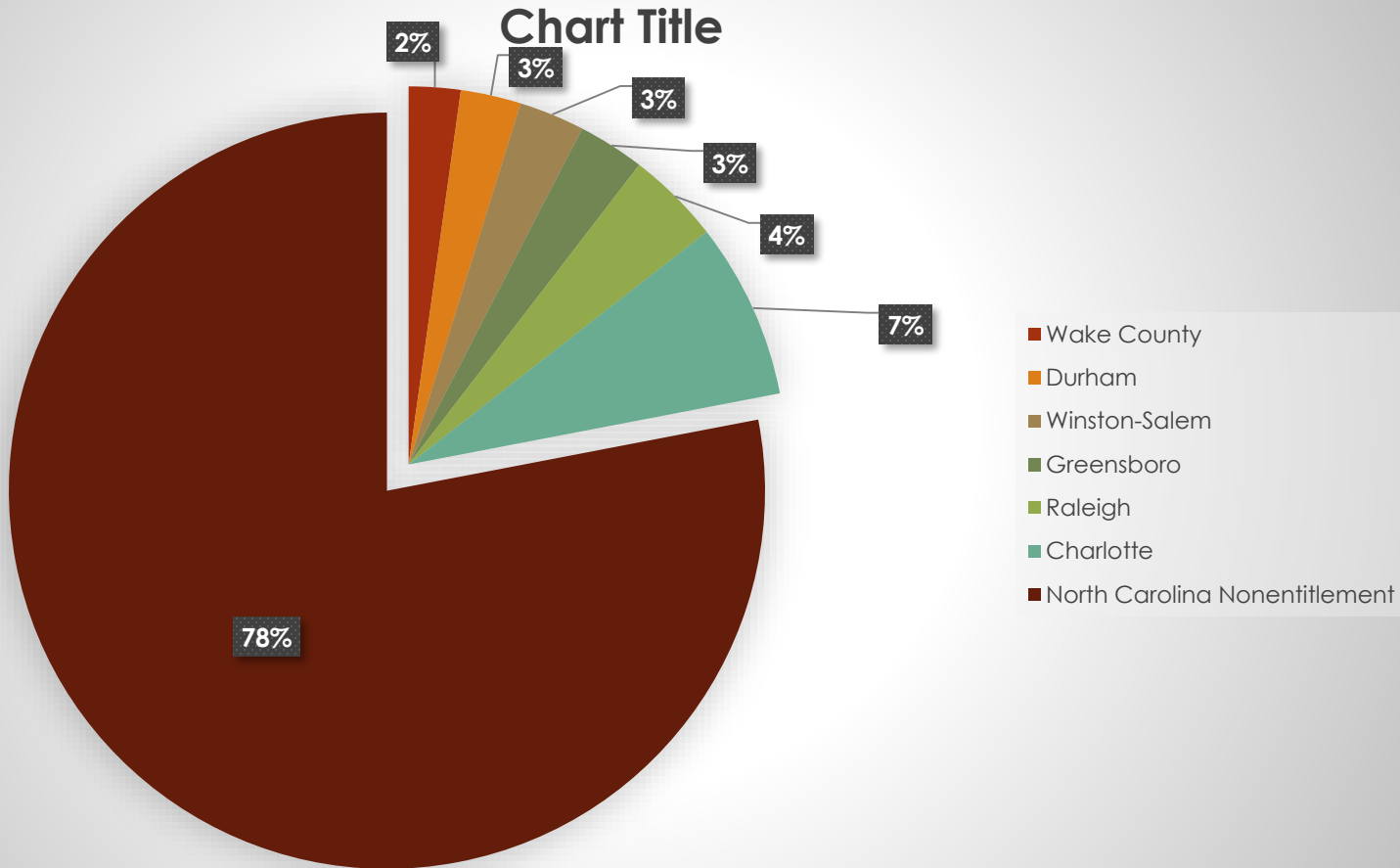


Recipients Watching  
Subrecipients

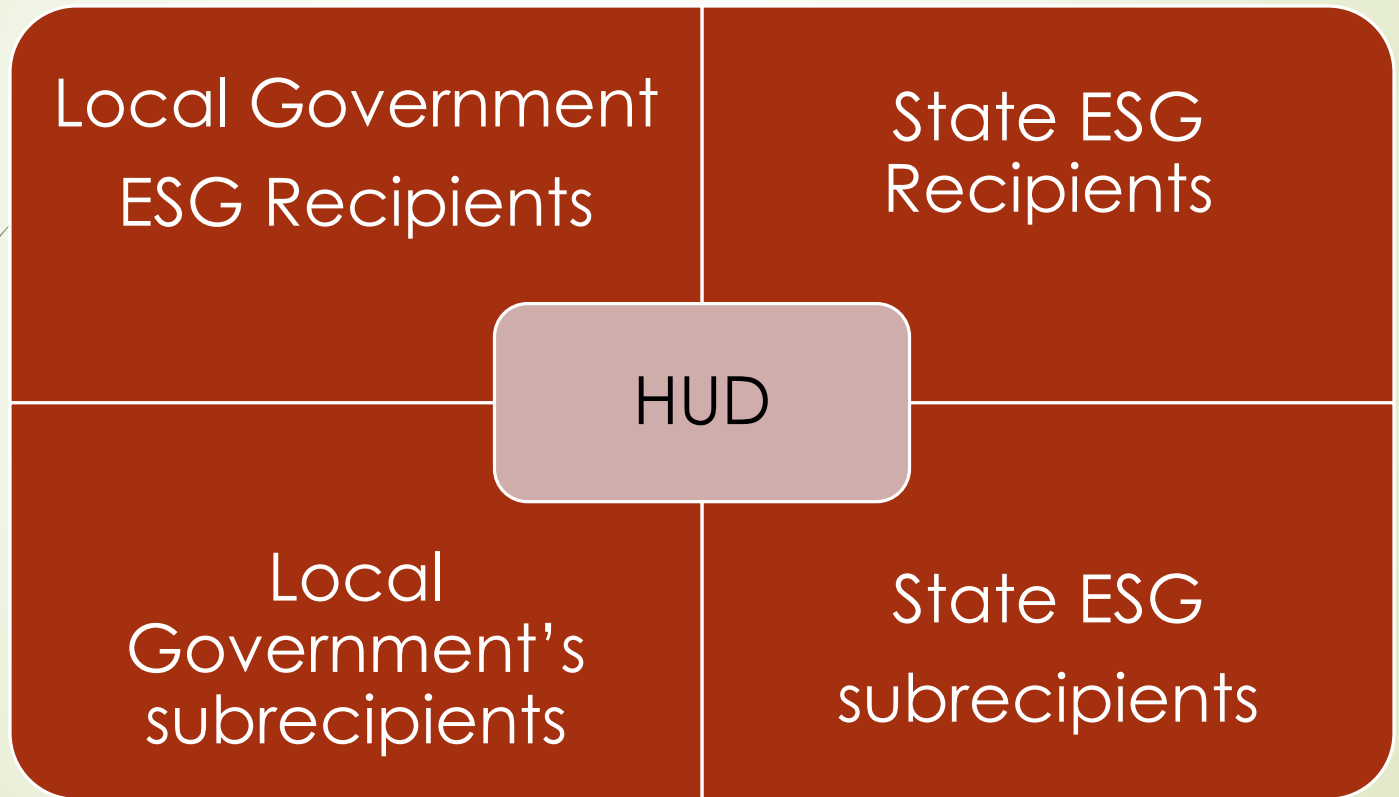
# ESG Funding Track



# HUD's North Carolina ESG Portfolio



# HUD's Monitoring Scope





# Common Shortfalls with ESG Recipients

Top 4 findings/concerns for ESG Recipients





# Common Shortfalls with ESG Subrecipients

Top 4 findings/concerns for ESG Subrecipients



The image features a stage with red curtains and a spotlight. The curtains are drawn back, revealing a dark stage floor. A bright, circular spotlight illuminates the center of the stage. The text is centered on the stage.

Tasleem Albaari,  
Sr. CPD Representative

Presents

“ Risk Analysis ”

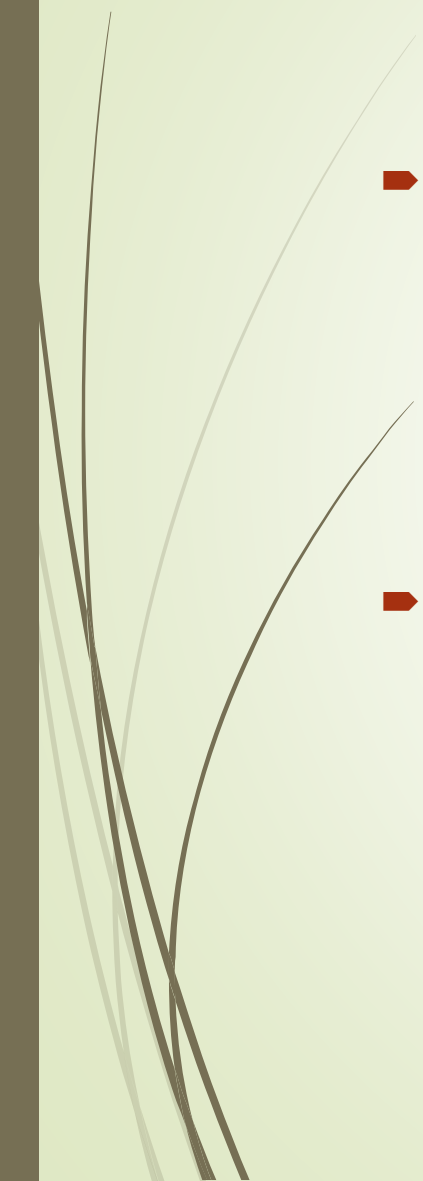


# What is the CPD Risk Analysis Process?

- HUD analyzes each program participant's past performance
- Performance is compared against the performance of other program participants
- Program participants are ranked in descending order, from highest to lowest risk
  - High, Medium and low risk
- All monitoring is to be based on the Risk Analysis process



# Risk Factors & Criteria

- Four Risk Factors:
    - Grant Management
    - Financial Management
    - Services & Satisfaction
    - Physical
  - Based on a 100 point rating scale:
    - High Risk – a total score of 51 or more
    - Medium Risk - a score between 30 – 50
    - Low Risk – a score of less than 30
- 



# Risk Factors & Criteria

## **Factor 1 - Grant Management**

- ▶ Reporting
- ▶ Program Staff Capacity
- ▶ Program Complexity
- ▶ Findings and Sanctions (Monetary & OIG)
- ▶ Cross-cutting Requirement Compliance

# Risk Factors & Criteria

## Factor 2 - Financial Management

- ▶ Financial Staff Capacity
- ▶ Grant Amount
- ▶ Timely submission of A-133 Audit
- ▶ Program Administration Cap (ESG)
- ▶ 24 month Expenditure met (ESG)
- ▶ Timely Expenditures





# Risk Factors & Criteria

## **Factor 3 – Services & Satisfaction**

- Citizen Complaints/Negative Media Exposure
- Responsiveness to Complaints
- Meeting Program Objectives
- Program Progress (CoC – Based on Reports)
- Homelessness Prevention Activities (ESG)
- Street Outreach & Emergency Shelter Activities (ESG)



# Risk Factors & Criteria

## **Factor 4 – Physical**

- Physical Condition of Emergency Shelters (ESG)
- Existing/Previous Physical Asset Problems (CoC)
- Multiple Sites for Physical Assets (CoC)
- Acquisition, Construction, Rehabilitation of Physical Assets, Leasing, or rental Assistance (CoC)





## **Risk Analysis Process identifies the following:**

- Which grantees will be monitored
- Method of monitoring (on-site/remote)
- Program areas to be monitored
- Type of monitoring (in-depth/limited)

The image features a pair of red, pleated curtains with yellow ties, framing a dark stage. A circular spotlight illuminates the floor in the center. The text is centered within the stage area.

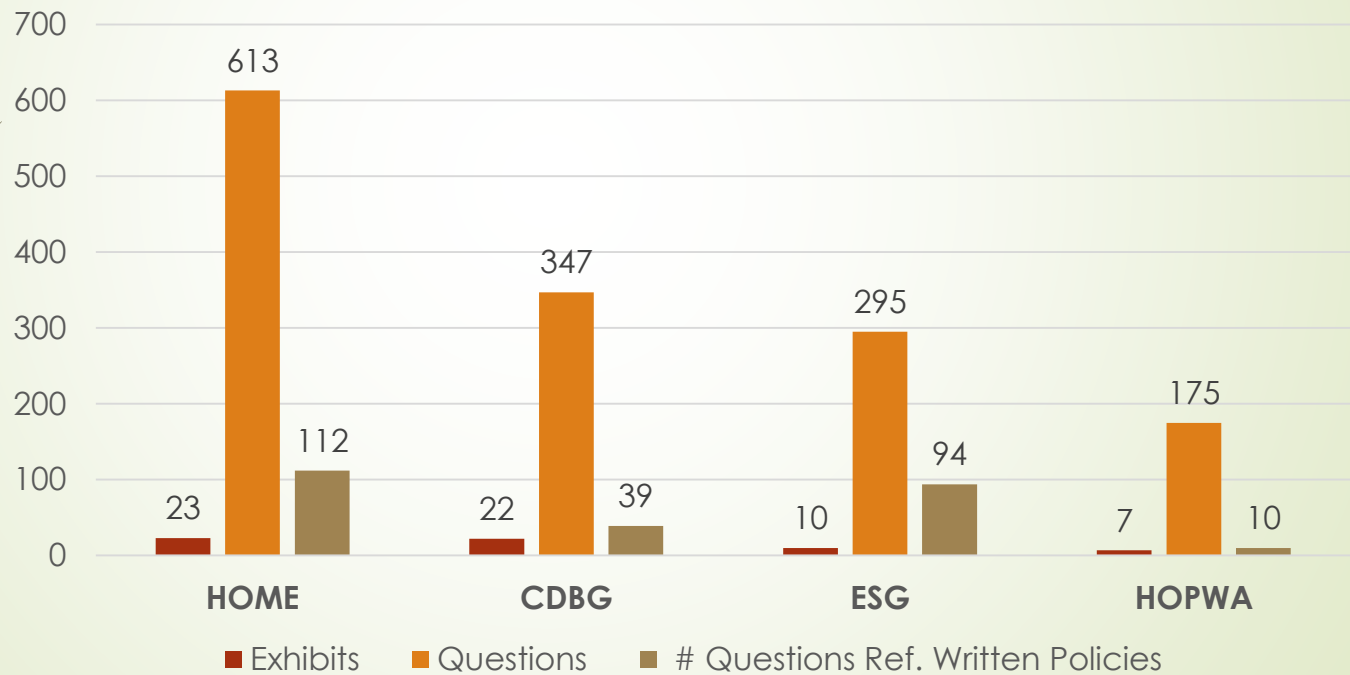
Harry Miles,  
Sr. CPD Representative

Presents

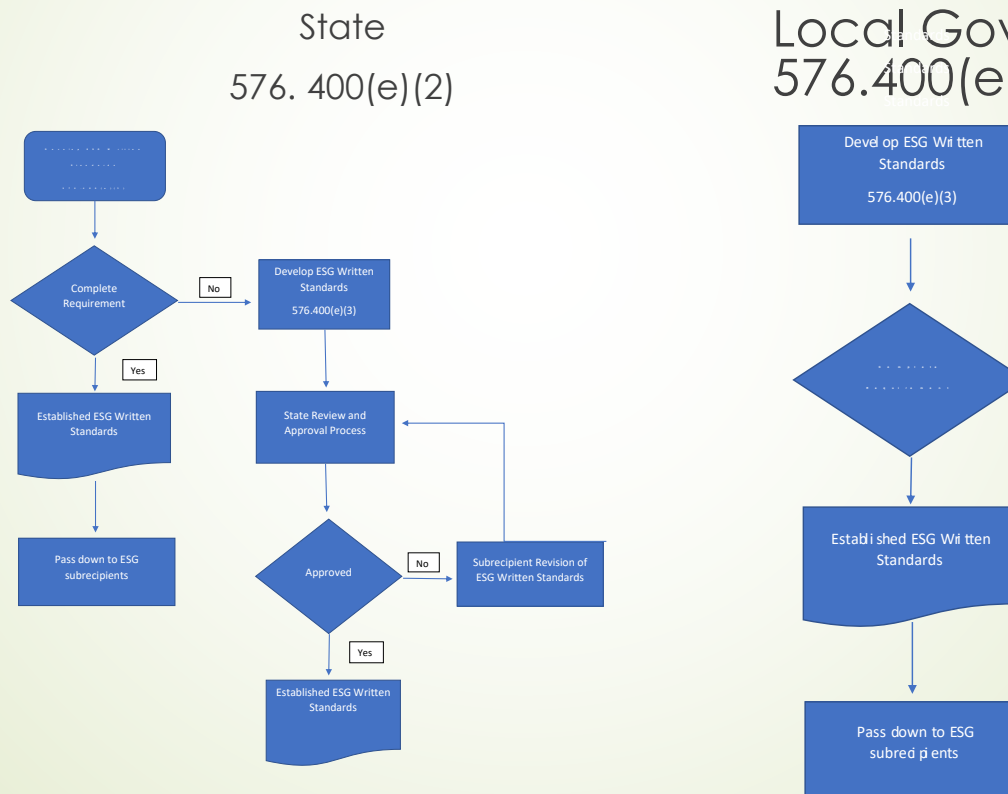
“ Bringing it Home ”

# CPD Monitoring Exhibits Structure

HOME-CDBG-ESG-HOPWA Exhibits



# Establishing ESG Written Standards 576.400(e)(1) & (2)





# Refresher



## Procedures

How do I do it?

## Policy

Why do I need to do it?

## Standards

Quantifiable Measurements  
i.e., How long-How Many- How much\$- What %-What level?



# Establishing Written Policies & Procedures

## 24 CFR 576.400(3)



1

iii

admission, diversion, referral, and discharge by emergency shelters assisted under ESG, including standards regarding length of stay



2

iv

assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter



3

v

Coordination among emergency shelter providers, essential services providers, and mainstream service and housing providers



4

vi

determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which will receive rapid re-housing assistance



# Establishing Written Standards

## 24 CFR 576.400(3)



1

ii

targeting and providing essential services related to street outreach



2

vii

what percentage or amount of rent and utilities costs each program participant must pay while receiving homelessness prevention or rapid re-housing assistance



3

viii

determining how long a person will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time



4

ix

the type, amount, and duration of housing stabilization and/or relocation services to be provided, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each person will receive




5

iii

regarding length of stay in emergency shelter





**Establishing Written  
Policies & Procedures  
& Standards for  
Short/medium Rental  
Assist.  
24 CFR 576.106**



**1**

**(a)(1)&(2)**

Will rental assistance be for 3 mo. (short) or 3 to 24 months (medium)?



**2**

**(a)(3)**

Will payment for rental arrears be provided, if so, how many months in arrears (max. 6 mo.)?



**3**

**(a)(4)**


Will rental assist. be TBRA or PBRA, or both



**4**

**(b)**

Will caps be set on rental assist.?  
What is the \$ or %?  
What is max # of months?  
How many times can a person request rental assistance in a prog. year?



# Establishing Written Policies & Procedures & Standards for Housing Relocation & Stabilization Services

## 24 CFR 576.105(a)



**1**

### **(a)(1)&(6)**

Will rental application fees be paid, if so, what is the max?  
Will moving and/or storage (max 3 mo.) costs be provided, if so, what are the caps?



**2**

### **(a)(3)&(4)**

Will 1<sup>st</sup> month and/or last month's rent be provided to LL(s)?  
Will security (2 mo. Max) & utilities deposits be provided, if so, who will be the payee for the return of the deposit?



**3**

### **(a)(5)**

Will utility payments & utility arrears be provided, if so, how many months (Utility payments max 24 mo./utility arrears max 6 mo.)

The background features a stage with red curtains and a spotlight. The curtains are drawn back, revealing a dark stage floor. A bright, circular spotlight illuminates the center of the stage. The text is centered on the stage.

Kellice Chance,  
CPD Financial Analyst

Presents

“ Financial Management  
Monitoring”



# Financial Management

How to prepare for a monitoring visit?



# Financial Management Exhibits

- ▶ New set of exhibits for grants signed after December 26, 2014 as a general rule.
  - ▶ 34-1 Guide for Review of Financial Management and Audits
  - ▶ 34-2 Guide for Review of Cost Allowability
  - ▶ 34-3 Guide for Review of Procurement
  - ▶ 34-4 Guide for Review of Equipment Management and Equipment Disposition



# Written Policies and Procedures

- ▶ Proper Accounting of the HUD grant(s) in accounting system
  - ▶ General ledger/chart of accounts
    - ▶ How funds are tracked and accounted for in the accounting system
    - ▶ Does the information agree with IDIS?
  - ▶ Documentation requirements
    - ▶ Records adequately identify the source and use of funds
  - ▶ Draw down and reimbursement process
    - ▶ What is the method of payment (reimbursement or advance)?
    - ▶ Minimize time between receiving funds from HUD and paying subrecipients
    - ▶ Must draw at least once per quarter
      - ▶ Subrecipients must get their funds within 30 days of the payment request



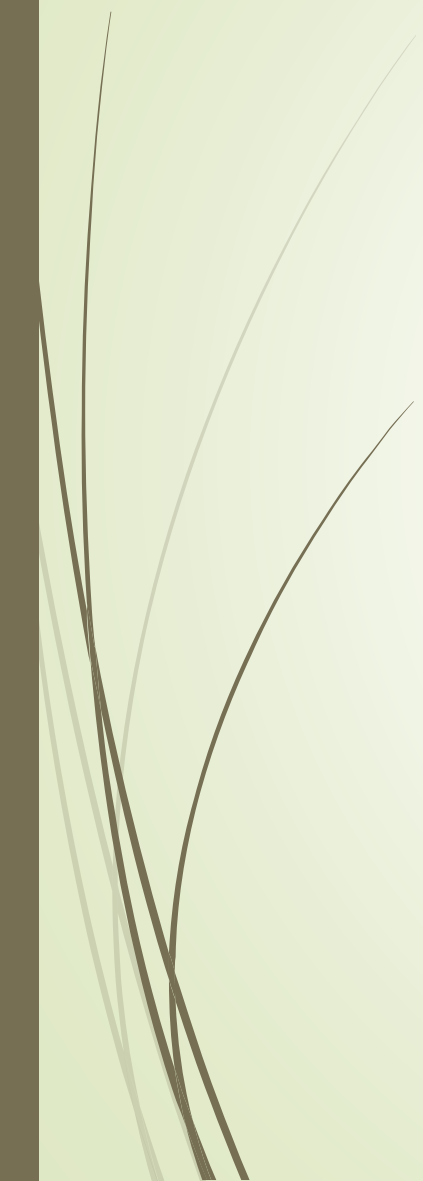
# Written Policies and Procedures

- ▶ Cost Allowability
  - ▶ Program design: What activities do the agency fund?
  - ▶ Is the cost eligible?
    - ▶ Administration at the state level
    - ▶ All costs at the subgrantee level
  - ▶ Is the cost adequately documented?
  - ▶ What happens when there is an error or improper payment?
  - ▶ Caps
    - ▶ Administration at or under 7.5%
    - ▶ Street outreach and emergency shelter activities does not exceed the greater of 60% of current year grant or the amount of FY2010 funds committed for homeless assistance activities





# Written Policies and Procedures

- ▶ Match
    - ▶ Tracking mechanism
      - ▶ Determine match liability and how the liability was met
    - ▶ Sources of match
    - ▶ Valuation of match
    - ▶ Documentation of match
    - ▶ Use of match
- 



# Written Policies and Procedures

- Audits
  - Any issue noted in recipient's Single Audit?
  - Has recipient notify its subrecipients of the Single Audit requirements?
    - Tracking subrecipients' audits
    - Does the Single Audit requirement apply to any subgrantee?
    - Any findings or issues that need to be address in a timely fashion
  - Audit services properly procured and grant charged fair share



# Written Policies and Procedures

- ▶ Record Retention and Access
  - ▶ Depending on what is being retained, it can be between 5 and 10 years
  - ▶ Personally Protected Identifiable Information and confidentiality
  - ▶ Granting access to files to HUD, and other federal agencies as needed
- ▶ Program Income
  - ▶ Tracking mechanism
  - ▶ Identify program income generating activities
    - ▶ Ex. Return of security and utility deposits
  - ▶ Documentation of source and use
    - ▶ Maybe used toward match as long as cost are eligible ESG costs
  - ▶ Who keeps the PI?



# Written Policies and Procedures

- ▶ Equipment Management and Disposition
  - ▶ Identify state laws and procedures for managing equipment
    - ▶ Is the equipment used for its intended purpose?
  - ▶ Subrecipients
    - ▶ Is the equipment used for its intended purpose?
    - ▶ Disposition policies
    - ▶ Property management system
      - ▶ Physical inventory
    - ▶ Safe guarding of assets
    - ▶ Insurance coverage
    - ▶ Maintenance



# Written Policies and Procedures

## ➤ Procurement

- State must use the same policies and procedures it uses for its non-federal funds
- Procurement methods (For Subrecipients)
- Management system
  - Avoiding purchasing unnecessary or duplicative items
  - Process for awarding contract
    - Ensure contractor not suspended or debarred
  - Contractor oversight
- Ensure procurement transaction conducted in a full and open manner
- Recipient ensures subrecipients follow procurement standards
- Conflict of interest
- Retaining all solicitations, agreements, and relevant paperwork



# Internal Controls

- ▶ Written Policies and Procedures
- ▶ Adequate segregation of duties
  - ▶ Review and approval processes
  - ▶ Enters draw and approves draw
  - ▶ Request funds and cut the checks
- ▶ Reconciliation and Correction
  - ▶ Does IDIS agree with accounting system?
  - ▶ Were grant funds posted to correct account?
  - ▶ Were grant funds given to correct subrecipient?
  - ▶ What to do if there is an error or improper payment?
- ▶ Recipient does self assessments to ensure internal controls are working



# Contractor or Subrecipient

## Subrecipient

- ▶ Determines who is eligible for ESG assistance
- ▶ Has its performance measured to determine if ESG objectives were met
- ▶ Makes programmatic decision
- ▶ Must follow ESG regulations and other Federal regulations noted in the federal award

## Contractor

- ▶ Recipient obtains goods or services for its own use within normal business operations
- ▶ Provides similar good or services to many different purchasers
- ▶ Normally operates in a competitive environment
- ▶ Is not subject to requirements of ESG program or other Federal regulations





# Selected Regulations

## 2 CFR Part 200

- 200.302 Financial Management
- 200.303 Internal Controls
- 200.305 Payment
- 200.313 Equipment
- 200.317-326 Procurement Standards

## ESG

- 576.100 General provisions & expenditure limits
- 576.201 Matching Requirements
- 576.500 Recordkeeping & Reporting

The image features a pair of red, pleated curtains with yellow ties, framing a dark stage. A circular spotlight illuminates the floor in the center. The text is centered within the stage area.

Harry Miles,  
Sr. CPD Representative

Presents

“Timeliness”



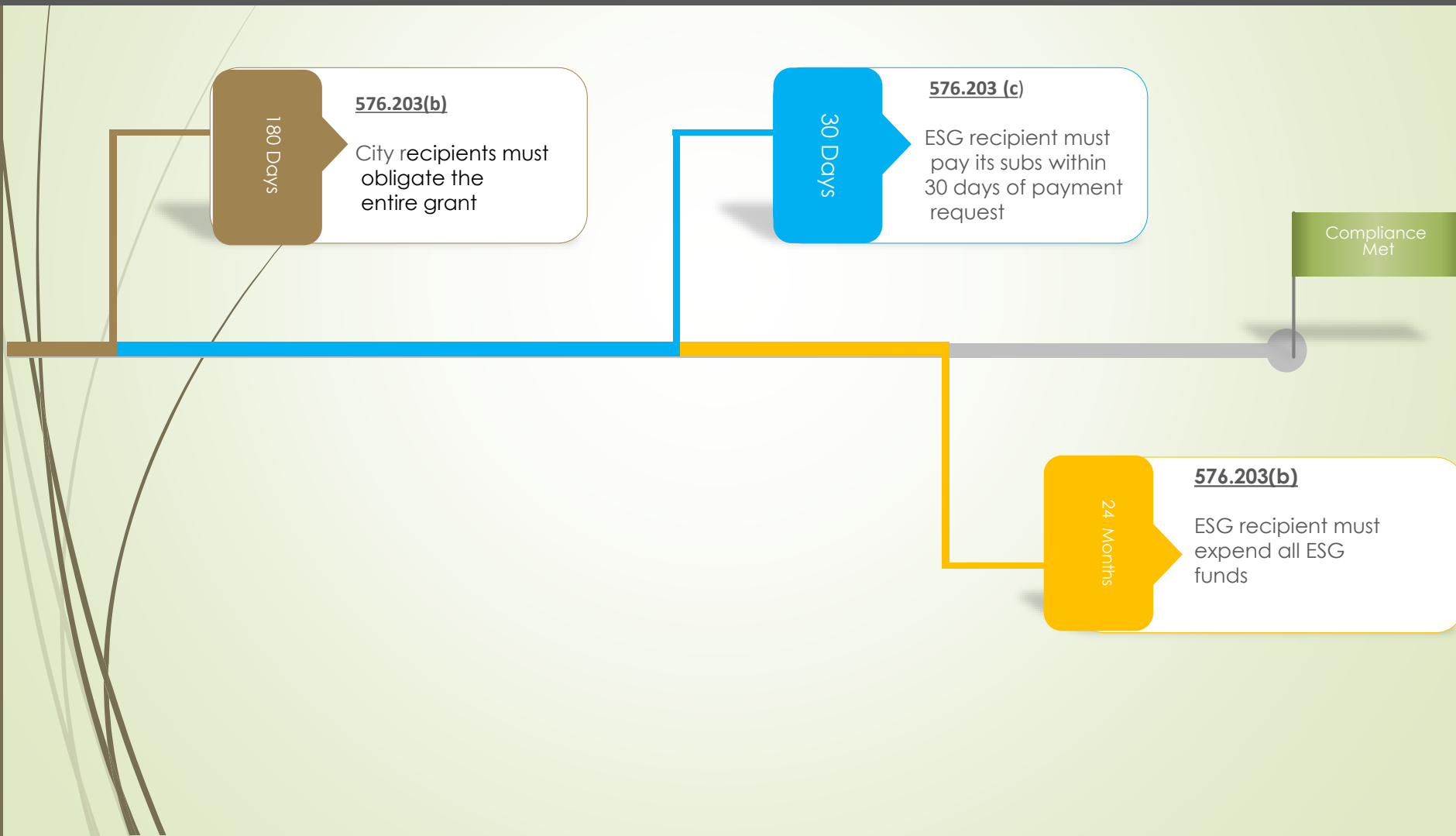
# Deadline Compliance

## 24 CFR 576.203

ESG Obligation, Expenditure, & Payment  
Requirements

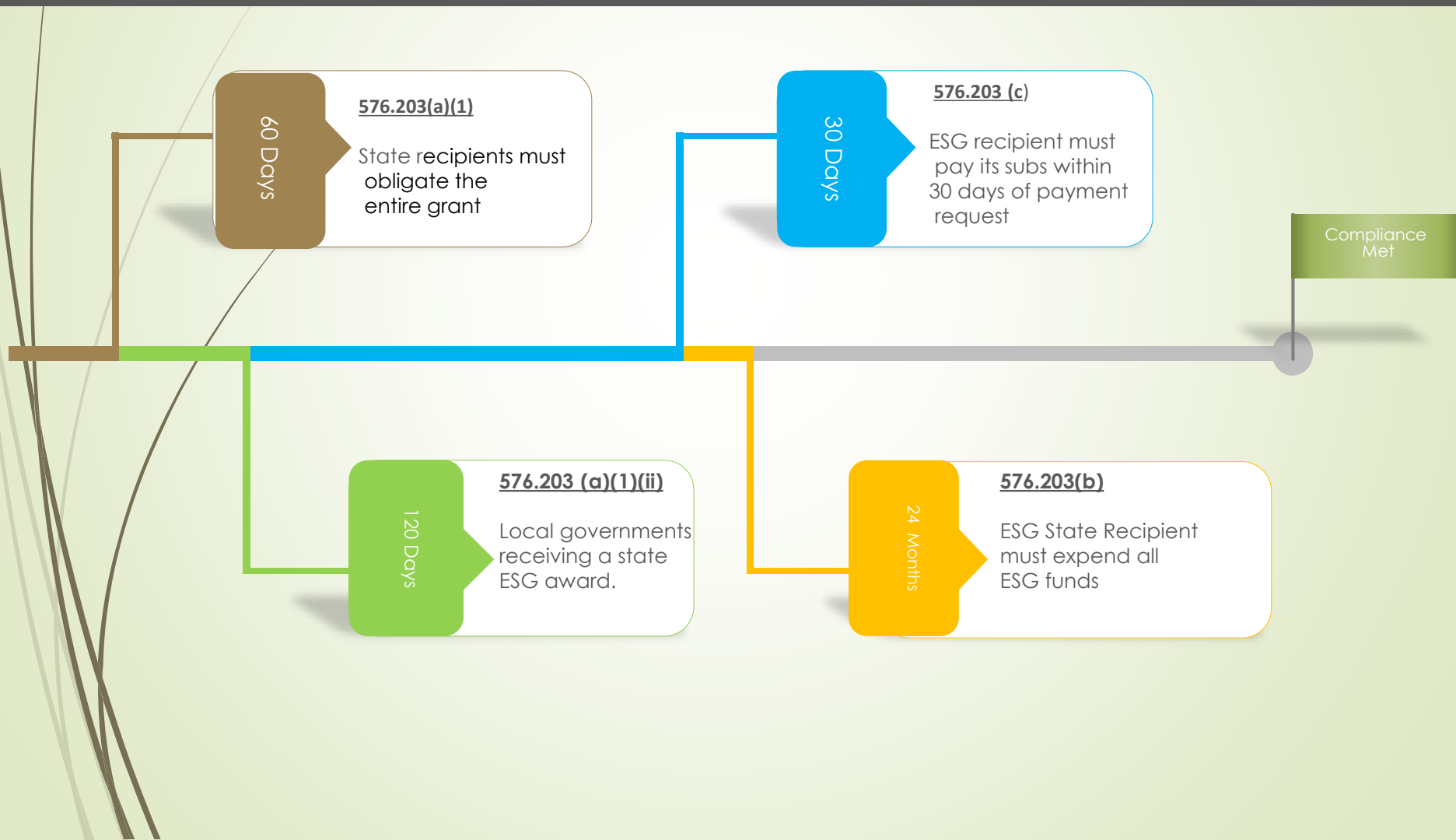
# Entitlement cities obligation, expenditure, and payment requirements.

24 CFR 576.203(b)



# State obligation, expenditure, and payment requirements.

24 CFR 576.203





# Journey Through the PR91

ESG Financial Summary Report

A stage with red curtains and a spotlight. The curtains are pulled back, revealing a dark stage floor. A bright spotlight illuminates a circular area on the floor. The text "THE END" is written in white, bold, sans-serif capital letters across the center of the image.

THE END