



# CDBG MONITORING MANUAL

**CITY OF SANTA CLARA**

**HOUSING AND COMMUNITY SERVICES DIVISION**

The Community Development Block Grant (CDBG) is funded and regulated at the federal level by the U.S. Department of Housing and Urban Development (HUD) and administered locally by the City of Santa Clara under the auspices of the Community Development Department. The CDBG Program is authorized under Title I of the Housing and Community Development Act of 1974. The regulations implementing the CDBG Program are located in the 24 CFR, Part 570.

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## I. MONITORING PROGRAM OVERVIEW

The purpose of this Subrecipient Monitoring Plan is to provide a Guide so that staff who review subrecipient performance over time have the tools necessary to ensure compliance with HUD.

This Guide is focused on non-profit Subrecipients funded with Community Development Block Grant (CDBG): 24 CFR 570.502, including the applicability of uniform administrative requirements, (a) (14) and with 2 CFR 200.328.

The Monitoring Plan allows the City staff to make informed judgments about program effectiveness, efficiency, and the Subrecipients ability to prevent fraud, waste and abuse of public funds. Monitoring also allows City staff to provide technical assistance to help subrecipients comply with applicable laws and regulations, improve technical skills, increase capacity and stay updated on regulations relevant to HUD funding. Items that are monitored include, but are not limited to:

- Activities and expenditures
- Financial and quarterly reports
- Organization operations
- Internal and management controls
- Policies and procedures

## II. RISK MANAGEMENT

City staff will use a variety of risk factors to help identify and select Grantees considered "high risk" for final monitoring visit such as:

### A. Risk Factors Considered:

- Experience managing government grants
- Experience administering the program/project being referred to
- Program requirements
- Results of monitoring visits, possibly from other departments
- Amount of the grant award

- Results of staff questionnaires
- Subcontracting
- Participation in trainings/meetings
- Communication with the City
- Progress and performance measure reports
- Reimbursement and reconciliation reporting
- Budget

#### **B. Risk Factor Analysis and Monitoring Selections**

Grantees are weighted using the risk factors and scores in order to identify potential problems before they occur. Although Grantees identified as high risk are the main objective of the monitors, medium and low-risk Grantees can be selected for a monitoring visit. Medium and low-risk Grantees may be monitored based on random selection, anonymous tips, requests from Grantees, or management directive.

#### **C. Risk Assessment Process**

If a Subrecipient is determined to have high-risk levels in one area or indicate higher levels of risk across multiple areas, it will trigger an annual monitoring. Monitoring every organization at least once in every three-year period will be standard operating procedure.

### **III. TYPES OF MONITORING**

Standard types of monitoring for determining risk are:

- A. Quarterly Desk Reviews:** Staff will conduct a quarterly desk review using the Quarterly Desk Review form (Attachment A) on the subrecipient's quarterly progress reports, goals, and expenditures. This review will help inform areas of risk for further review and will generally include both programmatic and financial reviews. Capital Improvement Projects may have additional aspects to their review.
- B. On-Site Monitoring Review:** A basic on-site monitoring review will typically be a site visit and will achieve a balance between programmatic and fiscal reviews, and

much documentation review can be done prior to the on-site visit. The monitoring includes a tour of the program facilities as appropriate, an explanation of the services, discussions with program and administrative staff, and introduction to one or more actual beneficiaries, if possible. As a result of this visit, staff may determine that an in-depth review is needed for further clarification of one or more issues that arose during the on-site visit. City staff will document this review through the Subrecipient Monitoring Checklist, Staff Interview Form and Follow-Up Technical Assistance report.

**C. In-Depth Review:** An in-depth review is a concentrated and focused review around an activity or program area. High-risk areas or critical functions, include, but are not limited to:

1. **Program review** will focus on the specific subrecipient program activities. Program staff may be asked to define the strategic plans for the related programs and, as applicable, how those plans are used to help clients in those programs.
2. **Client documentation** is a condition of receiving the HUD grant. The Subrecipient, must certify that low- and moderate-income persons are being served. HUD also requires demographic information such as race and ethnic background of the clients, how many are female heads of households, and income level. City staff and HUD must also have access to client data. Any information regarding applicants for services funded through federal funds shall be held in strict confidence.
3. **Financial review** will make the connections between the program budget, expenditure rate and actual beneficiaries assisted, including evidence of case managers' time in client files, reviewing payroll documents for the period clients are reported, determining eligibility of clients based on income documentation in client files, the general relationship between the contents of client files (excluding Attorney Client or HIPAA confidential data) and benefit data reported by the subrecipient on the same clients.

Invoices may be randomly selected for review and traced back from CDBG reimbursement to the original organization's advance expenditure and client assisted (if appropriate). For example, exact dollars billed for housing accessibility modifications can be traced directly to one client. Conversely, a different review model is required when dollars billed provided case management for multiple homeless individuals. It is expected that City

staff will review original invoices, cancelled checks, and other such documentation evidencing the expenditure, the relationship to the program objective, the appropriate proportion of CDBG expenditure in comparison to other funding, and accounting receipt of the federal grant funds.

4. **Payroll** will be reviewed to ensure that grant funds are allocated to correct expenses and in the proper proportion. Timesheets, payroll taxes, pay rate, and benefits will all be reviewed.
5. **Procurement and subcontracting practices (if applicable) that are reviewed include, but are not limited to:**
  - a. Procurements were made through full and open competition.
  - b. Cost or price analysis has been conducted, and cost pricing is reasonable.
  - c. Written justification and that prior approval was obtained on sole-source procurements as required.
  - d. Documentation was retained.
6. **Equipment (if applicable)** refers to tangible, non-expendable property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. The review will consist of:
  - a. Equipment was procured properly,
  - b. Assets purchased with Grant Awards are used solely for authorized purposes,
  - c. Physical inventory of the equipment was conducted within the last two (2) years
  - d. Equipment removed from the inventory list was disposed of properly
7. **File organization and maintenance** on clients benefiting from activities and programs is required. As a condition of receiving the HUD grant, the City Subrecipients should structure their project/program files and other records to comply with the general requirements as discussed in this manual. In setting up a program or client file, the following items should

be included:

- a. Original executed copy of the agreement with the city containing program goals & expectations.
- b. Any amendments to the agreement.
- c. Budget Amendment (if applicable).
- d. Copies of Requests for Reimbursement.
- e. A copy of the Program Intake form (i.e., application). Form must have current income levels, demographic data, and a place for agency staff to certify the information provided by applicant.
- f. Copy of program guidelines by the agency.
- g. Any other information pertinent to the CDBG Grant.

#### **IV. ADMINISTRATION PROCESS FOR MONITORING**

City Staff will use the risk analysis criteria identified in this plan to determine which subrecipients to be monitored. A **Notification Letter/Email** will be issued to the agency to notify executive staff that an initial monitoring visit will be conducted. The letter/email seeks to identify the date of the site visit.

Upon the arrangement of mutual date and time with the subrecipient, City staff will send. These monitoring policies and checklist(s) and identify which files will be requested for review. The number of case files to be reviewed will reflect approximately 10% of the total clients served in the program, or more if there appear to be any systemic issues to address.

During the initial conference, City staff will meet with management and key personnel to discuss the purpose, objectives and process of the monitoring visit. The monitor will inquire if there are any specific areas where the subrecipient would like technical assistance.

File review will generally confirm compliance with reporting requirements, financial submittals, and contract provisions and much of it will be completed prior to the on-site visit. On-site reviews will also focus on the beneficiary documentation and services provided, including quantitative performance outcomes to local and federal objectives, and financial processes and documentation only available at the program site.

Information provided through narratives or other methods that may inform the City of subrecipient activities, challenges, successes or other pertinent information.

Items that could be reviewed are:

- Income eligibility process and the accuracy of how income is calculated.
- Review of distribution of beneficiaries across income groups (extremely low, very low, and low-income).
- Beneficiary accomplishments compared to annual program goals.
- Proportional distribution of services across racial and ethnic populations evidencing adequate outreach.
- The extent to which services are provided to female-headed households and persons with disabilities.

## V. FINDINGS, CONCERNS AND NONCOMPLIANCE

At the conclusion of the monitoring visit, staff will close out the monitoring visit by verbally summarizing (i.e., debrief) any concerns and/or findings discovered with executive and regular staff present. Within thirty (30) days of the monitoring visit, City staff will follow up the monitoring visit with a formal Compliance Review Letter and a Corrective Action Plan (if applicable).

**A. Corrective Action Plan.** A Corrective Action Plan (CAP) documents the findings and/or identified during the monitoring visit and provides a course of action that will correct a finding or a concern.

1. **Findings** are deficiencies of, internal controls, noncompliance with laws, regulations, or the contract, such as disallowed costs.
2. **Concerns** are lower level issue that does not require addressing but are highly recommended to address in order to improve the program.

Typically, the agency is given ninety (90) days to address any concerns or findings identified in the monitoring letter. City staff will provide technical assistance and recommendations to correct any deficiencies as need.

**B. Appeals Process:** If the Grantee does not agree with the finding, they have 30 days from the date the compliance review report is issued to dispute the finding in writing and provide additional supporting documentation. If the



finding is not cleared with the additional information provided, a notification letter will be issued. The Grantee may appeal the decision to the department within 30 days of the notification letter. The final decision on any appeal rests with the Housing and Community Services Division Director.

- C. Closing Corrective Action Plan.** Once the CAP has satisfactorily been addressed, City staff will issue a closing letter informing the agency that the compliance review is closed.

## **VI. SINGLE AUDIT PROCESS**

Grantees of federal grants are required to comply with the Title 2 CFR § 200.501 (a). This section requires that a non-federal entity that expends \$750,000 or more during the non-federal entity's fiscal year in federal awards must have a single or program-specific audit conducted for that year and submitted within the earlier of 30 calendar days after receipt of auditor's report or nine months after the end of the audit period. A non-federal entity that expends less than the \$750,000 during the non-federal entity's fiscal year in federal awards is exempt from federal audit requirements for that year. Guidance on determining federal awards expended is provided in accordance with Title 2 CFR § 200.502. Grantees that do not comply with the audit requirement may not be eligible for future grant funding

The subrecipient must be in compliance with both HUD's CDBG Crosscutting Issues: Financial Management and Procurement, and the Cost Principles for Non-Profit Organizations found at 2 CFR Part 230.

## **VII. FORMS AND CHECKLISTS**

The following pages contain printable forms and checklist for CDBG Monitoring in the City of Santa Clara

## DESK REVIEW

### Mid-Year or Final Review

Project Number: \_\_\_\_\_ Agency: \_\_\_\_\_

Project Name: \_\_\_\_\_

**Instructions:** The Analyst is to fill out the following summary using the quarterly progress reports, expense reports, backup documentation, correspondence, and information provided in the agency contract.

Question			Explanation
1. Did the subrecipient provide the services as described in their contract? If no, please explain.	Yes	No	<i>Examples: 1) Subrecipient provided 300 meals to Seniors during the last 2 quarters, or 2) Subrecipient provided only 200 meals to seniors (100 short of goals) during the last 2 quarters but expects attendance in day care to rise after the holidays.</i>
2. Did the subrecipient meet all of its Units of Service and Performance Measures based upon the contract scope of services and quarterly reports? If no, please explain.	Yes	No	
3. Was the staffing consistent with the contract? If no, please explain.	Yes	No	
4. Did the subrecipient evaluate and monitor the program? If no, explain how the sub recipient submits statistical reports.	Yes	No	
5. Did the subrecipient measure and evaluate its performance outcomes (Units of Service and Performance Measures?) If no, please explain.	Yes	No	
6. Did the subrecipient submit quarterly reports or other required reports in a timely manner? If no, please explain.	Yes	No	

7. Did the subrecipient provide the correct backup documentation with the expense summary/reimbursement request?	Yes	No	
8. Did the subrecipient require technical assistance and additional follow-up or corrective action plan? If yes, see form D.	Yes	No	
9. Based upon analysis of quarterly reports and the mid-year program review, is the subrecipient recommended for future funding and/or contract renewal?	Yes	No	

**I hereby certify that based upon my review the above is true and factual.**

Staff Signature \_\_\_\_\_

Date \_\_\_\_\_

## CITY OF SANTA CLARA

### Subrecipient Monitoring Checklists

**Instructions:** The use of this checklist should begin prior to an on-site visit. Some materials and documentation from the subrecipient noted below should be in the grantee’s project files. Other materials from throughout the checklist may be provided for review prior to the on-site visit and would include at least the agreement, submitted reports, financial documentation and other records to be maintained as defined by 570.506.

<b>Monitoring Status</b>	
City Reviewer:	Monitoring Date:
1 <sup>st</sup> On-site or Desktop monitoring conducted on:	1 <sup>st</sup> Monitoring Letter Sent on:
Follow-up monitoring visit Conducted:	Determination Letter sent on:
Agency Staff Present:	Agency Staff Present:

<b>Subrecipient Contact Information</b>		
<b>Subrecipient Name:</b>		<b>Contract No.:</b>
Program Name:		Grant Amount:
Director:	Phone:	Email:
<b>Program Contact:</b>	<b>Phone:</b>	<b>Email:</b>
Case Manager:	Phone:	Email:
Other: Finance	Phone:	Email:
Agency Address:		

<b>Project Information</b>
Site Address: - <i>Program Site:</i>
<b>Program Description</b>

**National Objective:** Check the National Objective Subcategory that will be used to meet the National objective of Benefiting Low- and Moderate- income (LMI) persons:

<b>National Objective Subcategories:</b>	✓
<b>Low Mod/Limited Clientele (LMI)</b> – 51% of beneficiaries of an activity have to be LMI	
<b>Low Mod/Area Benefit (LMA)</b> – area where at least 51% of residents are LMI persons	
a. Service area is verified as to definition, is it reasonable, in a primarily residential area and primary benefits the residents in the service area? Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>Low Mod/Income Housing Activities (LMH)</b> – 51% of beneficiaries of an activity have to be LMI	
a. Which eligibility category (570.201-570.204) was used to classify the activity?	
b. Type of structure: <input type="checkbox"/> Single Family <input type="checkbox"/> Owner Occupied <input type="checkbox"/> Multi-Family <input type="checkbox"/> Commercial Rental	
c. Program uses appropriate determination methods for low/mod-income eligibility and appropriate written agreements with property owners? Yes <input type="checkbox"/> No <input type="checkbox"/>	

<b>If activity falls under Limited Clientele (i.e. LMC) please answer the questions below:</b>		
	<b>Category:</b>	<b>Basis for Conclusion:</b>
Under what limited clientele (LMC) category does this program address? 1. <input checked="" type="checkbox"/> Presumed benefit – activity limited to: <input type="checkbox"/> Abused children <input type="checkbox"/> “Severely disabled” adults <input type="checkbox"/> Battered spouses <input type="checkbox"/> Persons living with AIDS <input type="checkbox"/> Elderly persons <input type="checkbox"/> Migrant farm workers <input type="checkbox"/> Homeless persons <input type="checkbox"/> Illiterate adults		
2. <input type="checkbox"/> Family size and income – at least 51% served are low/mod families.		
If the activity is classified under <u>family size and income</u> , does the subrecipients files have documentation showing that at least 51% of the beneficiaries are members of a low/mod-income family? [24 CFR 570.208(a)(2)(i)(B) and 24 CFR 570.506(b)(3)(iii)]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
3. <input type="checkbox"/> Low/mod-income eligibility restrictions – all persons benefitting are low/mod.		
If the activity is classified based on income eligibility requirements that restrict it exclusively to <u>low/mod-income persons</u> , do the subrecipients files have documentation to support this? [24 CFR 570.208(a)(2)(i)(C) and 24 CFR 570.506(b)(3)(iii)]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
4. <input type="checkbox"/> Nature and location – beneficiaries are predominately low/mod		
If the activity was classified based on low-income Census Tract, were the appropriate income limits used by the Subrecipient when checking the income of the persons served? [24 CFR 570.3, 24 CFR 208(a)(2)(i)(B) or (C), and 24 CFR 570.506(b)(3)(iii)]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<b>Basis for Conclusion:</b>

**Note:**

- a. Interview staff to learn how they assess eligibility.
- b. Verify documentation that supports income eligibility for LMC category of activity.
- c. Note the type of documentation checked for all client files reviewed and any comments as to how all beneficiary eligibility is assured.

<b>File Review: Determine the number of participant files to review</b>	
Number of Clients served by the program x 10% of total:	
How many files were reviewed during onsite visit?	

<b>Conformance to the Subrecipient Agreement</b>
<p><u>Contract Scope of Services</u> – Is the full scope of services listed in the Agreement being undertaken? Do interviews with staff and/or clients, client files, reports or other documentation reflect funded services are being provided? <b>Note verification methods, list any deviations.</b></p>
<p><u>Collaborative Program</u> – Is this a collaborative program with one lead provider working with one or more other service providers? <input type="checkbox"/> Yes <input type="checkbox"/> No          If yes, is there a legally-binding agreement among all collaborators with all appropriate regulatory references? <input type="checkbox"/> Yes <input type="checkbox"/> No          Is there documentation that the lead collaborator is exercising their due diligence to verify the partners are serving eligible clients and that expenses are appropriate? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><b>Note verification method or any areas of deficiency.</b></p>
<p><u>Levels of Accomplishments</u> – Compare actual accomplishments reported up to the point of monitoring with planned accomplishments. Is the project achieving the expected level of performance (# of persons served, # of units rehabbed, etc.) and reaching the intended client group? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>Explain any problem the subrecipient may be experiencing. Acknowledge accomplishments.</i></p>

<b>Record Keeping Systems – Records and documentation should demonstrate that each activity undertaken meets the criteria for National Objectives and Eligibility compliance. Review subrecipient records compliance as follows:</b>	
A. Filing System – Are both the subrecipient’s client files and financial records up-to-date, orderly, comprehensive, and secured for confidentiality where necessary? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	Note areas of deficiency.
B. Documentation (activities, costs, and beneficiaries) – Do the subrecipient records have the necessary documentation supporting: <ul style="list-style-type: none"> <li>a. National Objective being met? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li>b. Participant eligibility? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li>c. Program costs? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>	
C. Record Retention – Is there a process for determining which records need to be retained and for how long and has subrecipient maintained records for the appropriate period?	Note verification process.
D. Program/Project Site Visit (if different than administrative location) – Is the information revealed by a site visit consistent with the records maintained by the subrecipient and with data previously provided to the grantee? <input type="checkbox"/> Yes <input type="checkbox"/> No	Explain problems.
E. Is the project accomplishing what it was designed to do? <input type="checkbox"/> Yes <input type="checkbox"/> No	

<b>Financial Management Systems (84.21-28 non-profits)</b>	
1. System for Internal Control – Does organization have written fiscal policies & procedures (updated to reflect any prior site visit or audit recommendations) that contain, at a minimum:	
a. Current policies are in writing? <input type="checkbox"/> Yes <input type="checkbox"/> No b. Internal control (safeguarding of assets, authorization of transactions, and reconciliation of accounting records)? <input type="checkbox"/> Yes <input type="checkbox"/> No c. Financial reporting? <input type="checkbox"/> Yes <input type="checkbox"/> No d. Accounts payable? <input type="checkbox"/> Yes <input type="checkbox"/> No e. Accounts receivable? <input type="checkbox"/> Yes <input type="checkbox"/> No f. Petty cash? <input type="checkbox"/> Yes <input type="checkbox"/> No g. Payroll? <input type="checkbox"/> Yes <input type="checkbox"/> No	Explain as needed.
2. Accounting – Review and/or compare drawdown requests, bank records, payroll records, receipts/disbursements., etc. as specifically related to funded program budget and expenditures. For example, if only staff positions funded, expect to review payroll register and payroll tax reports for funded period. Note any discrepancies.	
3. Eligible, Allocable, and Reasonable Costs – Pay particular attention to the time distribution record where the subrecipient has employees who work on both CDBG and non-CDBG funded activities, and verify timesheets to client files. Note any discrepancies.	
4. Maintenance of Source Documentation – Note any discrepancies in sample records, invoices, vouchers and time records traced through the system.	
5. Final Assessment – Are all expenses are eligible and appropriate? <input type="checkbox"/> Yes <input type="checkbox"/> No	

<b>Subrecipient Agreement Details</b>			
IDIS Matrix Code	IDIS #	Accomplishment Type	Documentation of Eligibility
			1) Intake sheet; 2) Census Tract; 3) Rehab Scope of Work; 4) Receipts
Ex: 05 - Public Services	Ex: 1612	Ex: People	Ex: Intake Sheet

<b>Eligibility</b>	✓
Public Service	
Housing	
Public Facilities & Improvements	
Economic Development	

<b>Consolidated Plan Activity</b>	✓
Affordable Housing (Create or Maintain)	
Homelessness (Activities to end homelessness)	
Public Services	
Public Facility Improvement	
Fair Housing Services	

<b>Primary Objectives:</b>	✓
<b>Create Suitable Living Environment:</b> This objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment.	
<b>Provide Decent Affordable Housing:</b> This activity focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of larger effort.	
<b>Provide Decent Affordable Housing:</b> This activity focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of larger effort.	
<b>Creating Economic Opportunities:</b> This objective applies to the types of activities related to economic development, commercial revitalization or job creation.	

<b>Primary Outcome:</b>	✓
<b>Availability/Accessibility:</b> Activity that makes services, infrastructure and/or shelter available and accessible.	
<b>Affordability:</b> Activity that provides affordability in the creation of affordable housing, transportation or daycare.	
<b>Sustainability:</b> Activity which promotes livable or viable communities or neighborhoods by providing services or by removing slums or blighted areas.	

<b>Outreach</b>	<b>Yes</b>	<b>No</b>	<b>Basis for Conclusion</b>
Is outreach conducted (ex. Referrals, flyers, etc.)?			

**Agency Documents – Review of Subrecipient Documents**

<b>Intake Form</b>	<b>Yes</b>	<b>No</b>	<b>Basis for Conclusion</b>
Does the form include Client Name?			
Does the form include Client Signature?			
Does the form include Intake Date?			
Does the form include Client Specific Services?			
Does the form request Income information? If so, is there supporting income documentation?			
Does the form include Demographic Information (i.e. race, gender, female head of household)?			
Does the form include List of Race Categories?			

<b>Subrecipient Performance</b>	<b>Yes</b>	<b>No</b>	<b>Basis for Conclusion</b>
<b>Time of Performance:</b> Is the work being performed in a timely manner (i.e., meeting the schedule as shown in the Agreement)?			
<b>Progress Reports:</b> Have progress reports been submitted with payment requests (where required) on time, complete and accurate?			
<b>Payment Requests:</b> Are requests for payment being submitted in a timely manner and consistent w/completed work?			
<b>Budget:</b> Do actual expenditures match the line item budget? Check for discrepancies and eligibility conformance.			
<b>Insurance:</b> Does the subrecipient have appropriate insurance documents and submitted a current copy to Ebix?			



**Schedule of Performance:** Estimate the number of unduplicated Santa Clara persons/households to be served per contract quarter.

Schedule of Goals	Have Actual # of Clients Served Met Estimated Goals Set?				
Quarter	Est. # Per Quarter	Actual #	Performance Indicator (check one)		
Q1: Jul 1 – Sept 30			<input type="checkbox"/> People	<input type="checkbox"/> Households	<input type="checkbox"/> Housing Units
Q2: Oct 1 – Dec 31			<input type="checkbox"/> People	<input type="checkbox"/> Households	<input type="checkbox"/> Housing Units
Q3: Jan 1 – Mar 31			<input type="checkbox"/> People	<input type="checkbox"/> Households	<input type="checkbox"/> Housing Units
Q4: Apr 1 – Jun 30			<input type="checkbox"/> People	<input type="checkbox"/> Households	<input type="checkbox"/> Housing Units
<b>Total Unduplicated Clients Served:</b>			Goals Achieved?		

Desk Review	Yes	No	Comments
<b>Quarterly Report (Note if late)</b>			
Q1: Report Late?			
Q2: Report Late?			
Q3: Report Late?			
Q4: Report Late?			

Assess and note areas of risk and/or subject areas for focus during desk review or visit.

Program Verification/Back-Up Documentation	Yes	No	Basis for Conclusion
Is there a sign-in sheet/client tracking system?			
Is there a separate tracking of unduplicated participants? (e.g. client folder, client tracking data, etc.)			
Is there a weekly/quarterly activity schedule?			
Do the activities match contract scope?			
Is staffing adequate to implement services?			
Does the agency maintain and retain adequate records, for a period of not less than four years after project closeout, to comply with program requirements as set forth at 24 CFR 570.503 and 24 CFR 85.42 or 84.53(b) as well as any special documentation required by the contract or project activity type? [24 CFR 570.502(a)(16) or 24 CFR 570.502(b)(3)(ix)]			
Are files consistent w/activities described in contract scope?			
Is there data documentation to verify output goals?			

<b>Outcome Tracking Methodology</b>
How were the stated outcomes measured and tallied (summary and detailed worksheets and forms used to collect the information)? Describe basis for conclusion:
Does the description of methodology in the outcome measurement report match with the actual methodology used by the agency? Describe basis for conclusion:

<b>Fiscal Policies and Procedures</b>	<b>Yes</b>	<b>No</b>	<b>Basis for Conclusion</b>
Review written fiscal policies & procedures. Are they available?			

<b>Independent Public Accountant (IPA) Audits</b>	<b>Yes</b>	<b>No</b>	<b>Basis for Conclusion</b>				
Grantee should have been provided copy of most recent audit or financial review. Has subrecipient expended \$750,000 or more in federal funds for the subject program year?							
IPA Audit Required? If yes, date last conducted:							
What type of opinion was rendered?							
<table border="1" style="display: inline-table; vertical-align: middle;"> <tr> <td>Qualified</td> <td>Unqualified</td> <td>Adverse</td> <td>Going Concern</td> </tr> </table>	Qualified	Unqualified	Adverse	Going Concern			
Qualified	Unqualified	Adverse	Going Concern				
Was there a Management Letter noted in audit?							
Were there material weaknesses or findings related to CDBG?							
Has agency given written responses to any findings or concerns?							
Explain status of findings or Mgt. Letter comments (if applicable).							

<b>Financials Continued</b>	<b>Yes</b>	<b>No</b>	<b>Basis for Conclusion</b>
Are funds being used in accordance with the written agreement?			
Does the agency maintain adequate source documentation to ensure invoices match with charges on reimbursement requests (both personal and non-personal costs)? [24 CFR 570.502(a)(4)]			
Did the review indicate any instances of ineligible expenditures?			
Does agency use <u>timesheets</u> for all employees whose salaries are paid by CDBG grant?			
Are timesheets signed by a cognizant supervisor?			
Does agency have an organization chart that sets forth the actual lines of responsibility (including mechanisms to avoid perceived or real conflicts of interest fraud and/or misappropriation of funds)?			
Are costs properly allocated to the CDBG grant?			
Are indirect costs charged to the program?			
Are indirect costs billed in accordance with an approved Cost Allocation Plan or Indirect Cost Rate developed.			
Are charges applicable to the period covered by the grant and the costs actually incurred?			
Do programs require fees from clients for services?			
If agency collects fees or otherwise generates program income, does agency have a mechanism to track its use?			

### ***Conclusions 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 and follow-up measures to be taken by the grantee and/or subrecipient as a result of this monitoring review.
  - a. If there are any findings, be sure to identify the condition, criteria, cause, effect, and required corrective action what will be communicated to subrecipient.
  - b. List the required schedule for implementing corrective actions or making improvements.
  - c. List the schedule for any needed technical assistance or training and identify who will provide the training.
3. Discuss results with any partnering jurisdictions per agreement. Prepare Monitoring Response Letter for subrecipient. In accordance with collaborative agreement, provide copy for review and comment by partner jurisdiction as appropriate.

## QUESTIONS FOR STAFF INTERVIEW

Question	Responses		
1. Describe services provided. How do you relate to the overall goals and objectives of the program?			
2. How are clients recruited?			
3. Does your program require fees from clients for services? If yes, what amount and for what services?	Yes	No	
4. What are the eligibility requirements and how is data validated?			
5. Is there a client tracking system in place? If so, please describe.	Yes	No	
6. Does your program develop a plan to meet Units of Service and Performance Measures? If yes, how is this done?	Yes	No	
7. Describe procedures used to measure and evaluate your program. How often is this done?			
8. Who is responsible for maintaining client files?			
9. Do you have other job assignments besides this project? If yes, please describe these other assignments.	Yes	No	
10. Do you have any other comments and/or suggestions that you wish to make regarding your program and/or activities?			

\_\_\_\_\_  
Staff Name and Signature

\_\_\_\_\_  
Date

## FOLLOW-UP & TECHNICAL ASSISTANCE REPORT

Agency: \_\_\_\_\_

Project Name: \_\_\_\_\_

**Instructions:** This report is to be used if the grantee requires follow-up or requests technical assistance. It is intended to assist you in developing follow-up notes and noting the needs for technical assistance by the grantee.

<b>Dates where follow-up or technical assistance was noted.</b>	
Explain the nature of the contact (technical assistance and/or follow-up).	
Describe action(s) to be taken, as a result of the contact.	
Describe the outcome of your contact.	

**I hereby certify that based upon my review the above is true and factual.**

\_\_\_\_\_  
Program Manager Signature

\_\_\_\_\_  
Date

## CORRECTIVE ACTION PLAN

\_\_\_\_\_

Date

Agency: \_\_\_\_\_

Project: \_\_\_\_\_

List the area(s) where the grantee is not in compliance with the contract:	<ol style="list-style-type: none"> <li>1. Intake Forms have elements missing <span style="float: right;"><input type="checkbox"/> YES <input type="checkbox"/> NO</span></li> <li>2. Sign-in sheets are missing <span style="float: right;"><input type="checkbox"/> YES <input type="checkbox"/> NO</span></li> <li>3. Invoices for actual expense are missing <span style="float: right;"><input type="checkbox"/> YES <input type="checkbox"/> NO</span></li> <li>4. Reimbursements do not match invoices <span style="float: right;"><input type="checkbox"/> YES <input type="checkbox"/> NO</span></li> <li>5. Back-up documentation Outcomes is missing <span style="float: right;"><input type="checkbox"/> YES <input type="checkbox"/> NO</span></li> <li>6. Quarterly Activity Reports are turned in late <span style="float: right;"><input type="checkbox"/> YES <input type="checkbox"/> NO</span></li> <li>7. Documentation on allocation of costs to grant <span style="float: right;"><input type="checkbox"/> YES <input type="checkbox"/> NO</span></li> <li>8. Other: _____ <span style="float: right;"><input type="checkbox"/> YES <input type="checkbox"/> NO</span></li> </ol>	
Provide a detailed description of activities that will assist grantee to reach contract compliance:		
Provide a timeframe in which activities are to be implemented to assist the grantee reach contract compliance:		
List possible actions that may be taken by the City if the grantee will be unable to meet contract compliance:		

I hereby certify that this Corrective Action Plan was developed in collaboration with the grantee and has been mutually agreed upon by both parties.

\_\_\_\_\_  
Analyst Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Grantee Signature

\_\_\_\_\_  
Date

***Follow-up with Letter***  
Date resolved: \_\_\_\_\_

\_\_\_\_\_  
Analyst Signature

\_\_\_\_\_  
Date

**CONSTRUCTION PROJECT FILE CHECKLIST**  
Only necessary items to meet Eligibility and National Objective

City:	Prime Contractor:
Project Name:	
CDBG Project Number:	Agency Project Number:

CONTRACT ACTIVITY	YES	NO	COMMENTS
<b>PRE-BID REQUIREMENTS- CITY must ensure that the Bid Document is reviewed by HCD Staff <u>prior to advertisement</u></b>			
CITY Requested Bid Document Review via electronic submittal			Request Date:
HCD Staff responded to the CITY's request.			Response Date:
HCD Staff required changes to the Bid Documents.			
HCD Staff notified the CITY of Bid Document Approval.			Approval Date:
CITY verified the Wage Decision 10 calendar days prior to the Bid Opening Date.			Lock-In Date: CA Mod. # Mod. Date:
CITY published NOFA in a media of general circ. ( <i>Affidavit of Publication</i> in file).			Publication Date(s):
CITY held a Section 3 pre-bid meeting (if applicable).			Pre-Bid Meeting Date:
CITY held a Public Bid Opening and documented the results.			Bid Opening Date:
<b>CONTRACT AWARD – CITY must verify contractor eligibility <u>prior to Contract Award</u></b>			
CITY verified eligibility of all contractors.			Number of subcontracts:
CSLB indicates all contractors have appropriate Worker's Compensation insurance.			
CSLB License Status & Personnel List printed out for SAM check of all contractors.			
<i>Excluded Parties List System</i> was checked for Contractor Eligibility.			
CITY awarded a construction contract.			Date:
CITY signed a construction contract.			Date:
HUD-4010 (FLSP) form & the assigned <i>Federal Wage Decision</i> attached to contract.			Contract Amount: \$
CITY sent a "Notice of Contract Award" letter to the prime contractor.			Date:
"Agency Report of Contract Award" available for the HUD-2516 form.			Annual Contract/Subcontract Activity Report
<b>PRE-CONSTRUCTION CONFERENCE – CITY <u>must present</u> Labor Standards Requirements</b>			
CITY held a pre-construction conference.			Date:
<b><i>CITY'S PRE-CONSTRUCTION CONFERENCE MINUTES INCLUDED:</i></b>			
Project Name, Project Location & CDBG Project Number.			
Prime Contractor's Name.			
Dollar amount of the contract award.			
Date & Place where Conference was held and list of persons in attendance.			
Prevailing Wage Requirements & a summary of the labor requirements covered			
List of attendees.			
Federal Wage Decision Number, Modification Number, and Date of Modification			CA:      Mod.      Date:
CITY sent a "Notice to Proceed" to the prime contractor on (Date):			Start Date:

CONTRACT ACTIVITY	YES	NO	COMMENTS
<b>CONSTRUCTION – CITY must actively administer Labor Standards Provisions by monitoring contractor’s performance</b>			
<b>ALL CONTRACTS- CONTRACTORS HAVE MET THE FOLLOWING REQUIREMENTS:</b>			
Provided HCD Staff with a “List of Proposed Subcontractors” form.			
Submitted a “Fringe Benefit” form.			
Submitted weekly “Public Works Payroll Report” in an authorized form and format.			
Attached a “Statement of Compliance” form to each weekly payroll report submitted.			
Submitted “Additional Work Classification Request” form for classifications not listed.			
Provided a “Certificate of Understanding & Authorization” form.			
<b>PRIME CONTRACTOR (\$50,000 OR MORE) HAS MET THE FOLLOWING</b>			
Submitted a complete, notarized “non-collusive affidavit” w/bid.			
<b>\$100,000+ contractors must meet the following requirements:</b>			
• Submitted a “Federal Lobbying Certification” form			
• Submitted a “Section 3 Business Certification” form			
• Submitted “Section 3 Resident Certification” form(s)			
• Submitted a “Section 3 Economic Opportunity Plan”			Proposed low-income new hires
• Submitted a “Section 3 Commitment” form			
• Submitted a “Section 3 Economic Opportunity Report” with the final payroll report			
<b>\$10,000 OR MORE- CONTRACTORS HAVE MET THE FOLLOWING REQUIREMENTS:</b>			
Submitted a “County Lobbyist Certification” form.			
Submitted a “Non-Segregated Facilities Certification” form.			
Submitted a “Past Performance Certification” form.			
Submitted a “Notice of Equal Employment Commitment” form.			
<b>POSTING REQUIREMENTS –Staff verified that the Posting Requirements are documented in the project file for the following:</b>			
Applicable “Federal Wage Decision” is posted at the site, accessible to employees			CA Mod. Date:
“Notice to Employees” – Davis-Bacon Poster includes the contact person’s name			Name
“The Law” – EEO Poster			
“Notice of Equal Employment Opportunity” form			
“Notice of Section 3 Commitment” form			
Documented in file via: Photographs, Memo-to-File, Interview form, Other			
<b>FIELD INTERVIEWS –Staff verified Field Interviews were conducted using the HUD-11 form and compared them with corresponding CPRs:</b>			
“Field Interview” forms are complete and attached to CPRs.			
At least 10% of the workforce for each trade was interviewed.			



CONTRACT ACTIVITY	YES	NO	COMMENTS
<b>CERTIFIED PAYROLL REPORTS (CPR) –Staff must review each contractor’s CPR and ensure that they met the requirements:</b>			
Staff verified the reports are Numbered Sequential & the last is Annotated “Final”			DATE of last work day:
Staff verified reports include Name, Address and EIN of Contractor			
Staff verified the reports include the Name, Address of Employees			
Staff verified ALL Work Classifications reported correspond with Wage Decision			
verified ALL “Other” deductions are documented or authorized by each worker			
verified that the computations are correct.			
<b>STATEMENT OF COMPLIANCE – HCD Staff must ensure Statement of Compliance is attached to each CPR:</b>			
Contractor provided HUD Authorized Form & Format and Attached to corresponding CPR			
Staff verified that the Original (Authorized) Signature is on each statement			
<b>EACH CONTRACTOR MUST PROVIDE APPLICABLE APPRENTICE DOCUMENTATION</b>			
“Apprentice Status” letter was obtained for each reported apprentice.			
Staff verified status letter is attached to corresponding CPR for each apprentice.			
Staff verified Ratio of Apprentice to Journeymen met HUD and/or Union standards.			
<b>PROCEDURAL DISCREPANCIES &amp; LAW VIOLATIONS</b>			
Procedural Discrepancies were noted in the project file.			Date of Discovery:
Discrepancies were addressed by LCA & resolved for each affected contractor.			Date of Resolution:
<b>UNDERPAYMENTS</b>			
Staff discovered underpayment(s) to workers			Date:
Staff identified all affected workers involved.			Number of Workers:
Staff calculated underpayment amount and documented findings on spreadsheet.			Amount \$
Staff notified the contractor of the underpayment and corrective action.			Date:
informed the Contractor of his/her Right of Appeal.			Date:
Contractor responded.			Date:
Contractor was able to locate and make restitution payments to all affected workers.			Date:
Contractor was unable to locate or pay underpaid workers			Number of Unfound Workers:
Staff sent letters (Regular & Certified Mail) to each unfound/underpaid workers.			Amount Outstanding \$
Staff has established an Escrow Account to pay the unfound workers.			ID Number:            Date:
Staff reported the underpayments to CDC using the <i>Labor Violation Report</i> form.			Date:
Staff submitted a 5.7 Enforcement Report (Unfound workers and/or \$1,000 or more)			Date:
Staff document restitution payments made to underpaid workers			
<b>POST-CONSTRUCTION REQUIREMENTS – LCA must request the file review within 30-days of the end of construction</b>			
CITY filed a <i>Notice of Completion</i> for this project.			Date:
CITY requested a <i>Contract Compliance File Review</i> .			Date:
Labor Compliance issued final clearance and indicated release of 10% retention.			Date: