Chapter

9

MONITORING

This chapter includes description of complete file management for a good record of compliance and monitoring purposes.

As a grant recipient, you must be able to fully document the CDBG Housing program so that you can demonstrate compliance with all applicable regulations. Records must be kept for a period of three years after you receive your final closeout letter from DOH. Although, not listed in this manual, please be aware of local record keeping requirements. They may establish stricter policies.

The filing system you establish should be easy to follow, and must provide chronological account of your activities for examination and review by the DOH staff, HUD staff, and other entities such as financial auditors, etc. A separate administrative file system must be established for each CDBG housing contract.

All CDBG Grantees will be monitored at least once per contract period to determine their performance level. Many Grantees will also receive technical assistance visits to assist them with program set-up and/or any concerns related to management of their program.

When DOH representatives come to your community to monitor your CDBG program you can expect the following:

- ✓ You will be notified in advance of the monitoring visit. CDBG reps will never pay a "surprise" visit to your office. Dates and times are usually not negotiable unless unforeseen circumstances.
- ✓ You will receive a letter and/or email prior to the monitoring visit describing when the reps will arrive, and scope of monitoring.
- ✓ You will be requested to provide a conference room or other enclosed area in which at least two people can work comfortably.

- ✓ CDBG reps have the right to review any file or record that is associated with the CDBG program whether paper or electronic copy.
- ✓ To the extent you are able to have the necessary forms and documentation ready and available, your monitoring visit will go quickly and smoothly.
- ✓ The CDBG reps monitoring your program will use the forms listed in attachments.

The documents to have ready for your monitoring visits are described below.

ADMINISTRATIVE FILES

The administrative file will include records related to pre-award, implementation, and closeout process.

PRE-AWARD RECORDS

1. Application to DOH.
2. Correspondence about the application.
3. Citizen participation plan and documentation showing requirements have been met before and during public hearing: published notices, 14-day evidence, clerk's certification, hearing date and minutes.
4. Signed "lobbying" certification form.
5. A copy of Non-violent demonstration Policy.
6. A copy of Anti-Displacement Policy.
7. Relocation Plan.
8. Procurement records.

   More detail related to procurement process is included in CDBG Housing Procurement Guide included in this Manual.

   The minimum record includes:

   a. A local procurement policy listing procedures.

   b. Evidence of fair procurement practices when hiring contractors/consultants/inspectors/engineers:

i. Request for Proposals

ii. Method used to evaluate proposals

iii. Selection committee/board approval of successful bidder(s) and rationale

iv. A copy of the executed contract

9. Environmental Review Record Tier I

   a. Copy of the letter received from DOH

10. Grant Award Letter from DOH.

11. Current **acquisition/disposition register** and DOH approval for purchase/lease equipment valued in excess of $2,000.

    All grantees are required to maintain an Acquisition/Disposition Register. Use this document to report all property (including real property) acquisitions for items costing over $500 if CDBG funds were used for their purchase. The register should include a description of the item, cost, date purchased, how disposed, and when. If the grantee has not acquired anything costing more than $500, it must still maintain a register to show that. All dispositions of CDBG-purchased items (including those purchased with previous state-administered grants) must also be recorded on this Register.

    Keep the Acquisition/Disposition Register in your closeout file as it must be submitted with the Closeout Report when your program is completed

    Items valued at less than $2,000 may be purchased with the CDBG funds designated for grant administration.

    Items (including computer software) valued in excess of $2,000 are not normally eligible expenses. These items should be of a size and capacity appropriate to the current CDBG program administrative needs. If the grantee wishes to acquire an item with greater capacity than is needed for current administrative needs, the CDBG administrative funds will pay for only that size/capacity needed to serve the CDBG program. If the grantee wishes to purchase equipment with the intention of also using it for other local government needs, the cost should be prorated with other users based upon the percentage of usage.

    Equipment valued in excess of $2,000 may be acquired in one of the following ways:

- ✓ Items may be leased from a vendor based on a 5-year amortization of the cost of the item, or the life of the item, whichever is greater. In this case, the CDBG administrative budget will cover the monthly cost of this lease for the 18-month contract period; or

- ✓ The local unit of government may purchase the item and then charge the CDBG administrative budget the equivalent of the lease cost of the item for the life of the program. The remaining cost above the life of the program becomes the responsibility of the local government; or

- ✓ The grantee may purchase the item outright using the CDBG administrative budget funds. At the end of the contract period the grantee must appraise the trade-in value of the item and add that trade-in value to the calculation of the amount to be returned to the Department at the end of the contract period.

TO BE AN ELIGIBLE ADMINISTRATIVE EXPENSE, ALL PURCHASES OF PROPERTY VALUED IN EXCESS OF $2,000 MUST BE APPROVED IN WRITING BY DOH PRIOR TO THE PURCHASE.

Disposition of Equipment

At the time of closeout of a CDBG program, the grantee must assess the trade-in value of those items purchased with CDBG funds and reimburse the Department of Administration for the assessed trade-in value of that equipment if the aggregate value of the items exceeds $2,000. This amount should be included on line D.3. of the Certificate of Completion.

12. Program Outreach Materials.

13. Record of annual tenant verification (may also be included in the individual project files).

14. Housing Committee records

    a. Adopted Policies & Procedures Manual and evidence of adoption

    b. Membership names and contacts

    c. Meeting minutes and evidence of open public meeting requirements

15. Grant Agreement signed by both parties.
16. Regional Cooperative Agreement and adopting resolutions.

EQUAL OPPORTUNITY FILES

1. Demographic profile of distribution area.
2. AAP notice posted in conspicuous place, visible for all to see.
3. Grantee employment data.
4. Current chart of MBE/WBE contracts/subcontracts.
5. Current chart of Section 3 businesses.
6. Evidence of efforts made to promote the use of local businesses.
7. Actions taken to implement Title VI and Section 109.
8. Record of promotion local LMI employment/training.
9. Fair Housing Ordinance(s).
10. Evidence of minimum 3 actions to further fair housing.

ADMINISTRATIVE EXPENDURES

Each CDBG contract includes a budget line for administrative expenses.

Eligible administrative expenses include:

- ✓ salary
- ✓ fringe benefits
- ✓ office rent
- ✓ travel
- ✓ CDBG-related training
- ✓ consultant payments
- ✓ inspection fees

CDBG administrative funds may NOT be used for:

- ✓ refreshments
- ✓ salary for elected officials
- ✓ payments for activities not related to implementing the CDBG housing contract

FINANCIAL MANAGEMENT FILES

State and federal regulations set forth the financial management procedures which must be followed in administering a CDBG grant. For details on how to comply with these requirements see Financial Chapter of this manual. If you have questions concerning those requirements, contact DOH.

The following must be maintained to document your financial management activity:

1. Drawdown Register
2. Depository Certification form
3. Signature Certification form
4. Requests for Payment of CDBG Funds
5. Grant Account Transactions Journal
6. CDBG Reimbursement Request Form
7. Rehabilitation Obligations Tracking Journal
8. Working Account Transactions Journal
9. Individual Obligation Journal
10. Program Beneficiaries Data Sheet
11. Source documentation for administrative costs (invoices, payrolls, contracts, etc.)
12. Cancelled checks, deposit slips, bank statements, etc.
13. Other Funds documentation (copy of bank mortgages, donation checks, materials receipts)

CONFLICT OF INTEREST FILES

1. A copy of the legal opinion signed by the attorney.
2. Meeting minutes showing disclosure of the conflict and attendees.
3. Correspondence from DOH.

PROJECT FILES

Individual project files should include a complete record of all project activities. Each project must have its own file. Within each file there should be documentation to record the chronological history of the project. Grantee should establish a checklist for each phase of the project. The checklist shall be attached to the project file, so the process is easy to follow. Here are the phases of the CDBG Housing project:

1. Application Intake.
    a. Signed and dated application form
    b. Homeowner's insurance
    c. Determine age of structure
    d. Determine location of the property
        i. Property on the map
        ii. Boundaries of distribution determination
        iii. Floodplain determination
    e. Determine conflict of interest
    f. Release of information form
2. Income Verification – LMI limits must be included in project file.
    a. Gather information about sources of income (tax form)
    b. Gather individual records of income (pay stubs, etc.)
    c. Verify income (letters to employers, etc.)
    d. Correspondence to homeowner

3. Application approval.
    a. Correspondence approving/denying application
4. Environmental Review (see Environmental Chapter).
    a. Determine age of structure. If can't be determined it is assumed to be 50 years old.
    b. ER checklist must be dated and signed.
    c. Other ER correspondence, if necessary
5. Inspection.
    a. HQS Report completed and signed
    b. Exterior pictures of the property
    c. Pictures of the items to be repaired
    d. Lead-based paint brochure receipts
    e. Lead-based paint presumption notice or risk assessment
6. Bidding.
    a. List of contractors from the homeowner
    b. Letter from Grantee to bidders specifying bid deadline and bid opening date
    c. Contractor verification form and required copies of certification and licenses
    d. Detailed work specifications. The work specifications should be inspected and signed by the homeowner
    e. Returned bid packets from minimum three bidders. The bids must be dated.
    f. Evidence of free and open procurement.
    g. Evidence of MBE/WBE and Section 3 requirements.
7. Contracting.
    a. Acceptance of bids signed by the homeowner

b. A copy of rehabilitation contract signed by homeowner and contractor. Signature block shall include signature and printed name, as well as date.

c. Was any relocation done?

8. Mortgage closeout.

a. Terms & Conditions

b. Mortgage form – signed and recorded

c. Promissory Note

d. Right of Rescission

e. Truth-in-Lending statement

f. Add Grantee to homeowner's insurance letter and consequent policy changes

g. Documentation of match funds, if applicable.

9. Project payments.

a. Individual obligation journal

b. Contractor's invoices

c. Interim Inspection Reports

d. Payment Request form signed by homeowner, administrator and inspector

e. Lien Waiver(s)

f. Written and authorized change orders

10. Final Inspection and project closeout.

a. Final Inspection Report/Correspondence to homeowner

b. Lead-based paint compliance (clearance, if necessary)

c. Evidence of smoke and carbon monoxide detectors

d. After rehab pictures

MONITORING FORMS

Attached, please find copy of monitoring forms that the Department of Administration will use when monitoring your files.