

HOME, CDBG AND ESG MONITORING PROCEDURE

HOME, CDBG, and ESG recipients will sign binding contracts that enumerate program requirements. OCD will monitor its grant recipients for compliance with specific program requirements, including applicable federal requirements, such as handicapped accessibility, fair housing, lead-based paint, and Davis-Bacon. In addition, OCD will monitor in the areas of general management, performance goals, financial management, data collection and reporting, eligibility determinations, nondiscrimination, program outreach, timely reporting, coordination with other programs, and inspection of completed units.

Monitoring will consist of both desk and on-site reviews. On-site reviews will consist of periodic site visits which will include an in-depth review of agency, project and client files. Desk monitoring of voucher submittals includes a review of contractual commitments, financial documentation, determination of cost eligibility, drawdown rates, and outcome/performance measurement review.

Primary Goals

OCD has four primary goals associated with its approach to monitoring programs and projects:

- Ensure accomplishment of service or production
- Ensure accountability of public funds
- Ensure compliance with federal requirements
- Evaluate project performance during a specific time period.

HOME Monitoring Plan: Rental and Homebuyer Housing (acquisition, rehabilitation and new construction)

Workshops are offered once a year for all new and current HOME developers, sponsors and owners. Workshops are held in August just prior to the application deadline for HOME projects in October. Technical assistance on all aspects of HOME performance and compliance issues is available upon request.

HOME developers, sponsors and/or owners are responsible for completing HOME-funded projects and maintaining compliance throughout the period of affordability in accordance with the terms of their HOME Project Agreement. HOME staff are available to provide one-on-one technical assistance to HOME sponsors on an as-needed basis. This is done during on-site during monitoring visits, upon request or as a result of recurring findings from ongoing monitoring visits.

The HOME staff objectives for monitoring are to determine if grantees are:

- Ensuring compliance of their rental housing and homebuyer projects as specified in their HOME Project Agreements (as modified or amended) throughout the period of affordability
- Maintaining rental housing properties to their applicable housing quality standards
- Ensuring income verification is performed on an annual basis for all tenants of HOME-funded rental housing
- Complying with other applicable laws, cross-cutting regulations and terms of the HOME Project Agreement
- Properly complying with HOME regulations for homebuyer projects, including income verification and principal residence requirements.

The Project Agreement between Washington County and the sponsor/developer/owner will establish specific policies for monitoring. The schedule for on-site inspections of rental projects will be based on Washington County's risk-based monitoring procedures, which ensure at least every property is inspected once every three years.

CDBG and ESG Monitoring Plan:

The procedures outlined in the CDBG Monitoring Plan are designed specifically to apply to monitoring of CDBG- and ESG-funded projects in Washington County.

Through on-site and desk monitoring, the reviewer can determine whether the program participant's performance meets program requirements and improve program participant performance by providing guidance and making recommendations. The specific purposes of monitoring are to:

- Validate the accuracy of information presented by the program participants;
- Follow-up on problems identified during the monitoring visit;
- Determine compliance for those activities where there is sufficient information to make eligibility and/or national objective determinations;
- Evaluate the reasonableness of judgments made for those activities that necessarily involve high levels of program participant judgment;
- Ascertain the Sponsor's ability to ensure that activities carried out meet compliance requirements;
- Verify the accuracy of the program participant's records; and,
- Identify apparent causes of any problem(s) and offer recommendations for corrective actions.

ELIGIBILITY AND NATIONAL OBJECTIVE COMPLIANCE CRITERIA

The specific categories of eligible activities under which an activity may be carried out by a program participant using CDBG funds are found at 24 CFR 570.201 through 24 CFR 570.206. The criteria for determining whether an activity addresses one or more of the three national objectives are found at 24 CFR 570.208.

The specific categories of eligible activities under which a homeless services activity may be carried out by a program participant using ESG funds are found at 24 CFR Part 576.

DOCUMENTATION

As described in the CDBG regulations at 24 CFR 570.200(a), each Sponsor is required to maintain records that fully describe the assisted activity, including related financial and eligibility information, typically to show that the project funded with CDBG funding is benefitting low and moderate income individuals. The required documentation that must be maintained by the program participant is described at 24 CFR 570.506(a) and (c) for eligibility and at 24 CFR 570.506(b) for national objectives. Required documentation and recordkeeping requirements under the ESG program are found at 24 CFR 576.500.

APPROACH TO MONITORING

OCD staff views monitoring not as a once-a-year or a periodic exercise, but as an ongoing process involving continuous communication with the Sponsor and evaluation of financial records. Such a process involves frequent telephone/email contacts, written communications, analysis of reports and audits, and periodic meetings as needed. It is the responsibility of OCD staff to keep fully informed concerning Sponsor's compliance with program requirements and the extent to which technical assistance is needed.

The overriding goal of monitoring is to determine compliance, prevent/identify deficiencies and design corrective actions to improve or reinforce Sponsor performance. As part of this process, OCD staff must be alert for fraud, waste and mismanagement or situations with potential for such abuse. Where possible, any identified deficiencies in need of corrective action should be handled through discussion, negotiation, or technical assistance in a manner that maximizes local discretion. Monitoring also provides opportunities to identify program participant accomplishments as well as successful management, implementation, and evaluation techniques that might be replicated by other Sponsors.

OCD will conduct monitoring in the fall, with a few exceptions. OCD staff will revise the Monitoring Checklist annually to determine which projects are to be monitored. The Program Manager will be provided a copy of the monitoring schedule. Past practice has been to monitor all Sponsors who have spent funds since last year, but in years where there may be too many projects to monitor, staff will use their discretion to implement a method to calculate those projects that may be more vulnerable and require monitoring more often than others. Emergency Solutions Grant projects will be monitored each year.

MONITORING STANDARDS

Because it is not always possible that OCD staff will be able to monitor all of a program participant's activities, projects and/or functions, or even review activities in a specific area spanning a participant's entire program year, random sampling is generally expected to form the basis for drawing conclusions about the program participant's performance. Staff may choose to take a sufficient sample of projects to be monitored, based on a "risk" calculation to determine a sampling of units to be monitored. In certain instances, however, non-random sampling will be the more efficient method to use. Such cases include activities that have only a few projects to review, any activities with unresolved problems remaining from previous monitoring visits, any new types of activities being undertaken, and/or activities considered high risk. Note that any sample review or spot-check of program participant records that raises questions concerning the accuracy of the data indicates the need for further follow-up.

For a detailed summary of the monitoring selection process for CDBG and ESG projects, procedures manuals can be found on the County's website.

A-133 AUDIT RESPONSIBILITIES

All sponsors that expend \$750,000 or more in federal funds in a year must meet the audit requirements as specified in OMB Circular A-133. Additionally, all financial transactions with CDBG monies are subject to federal audit. Each sponsor is required to permit independent auditors access to the records and financial statements at least once a year, or not less frequently than every two (2) years. Sponsors must be prepared to explain how transactions were made, why, and be able to account for any funds expended. A-133 compliance is audited on a yearly basis separate from the project monitoring outlined above.