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CHAPTER 10
ONGOING MANAGEMENT & MONITORING

This chapter addresses the ongoing obligations of the Recipient during program implementation. It addresses property management, change of use and monitoring by the Recipient and OCR.

Recipients and sub-recipients are responsible for administering their NYS CDBG projects in accordance with all applicable state, federal and program requirements. In addition to OCR's monitoring of the program, Recipients of NYS CDBG funds have the responsibility to ensure that sub-recipients are carrying out their projects in accordance with these requirements. Monitoring activities help Recipients to systematically assess the progress of their program, identifying obstacles to successful program implementation and alternatives or solutions to problems.

To fulfill its administrative responsibilities, the Office of Community Renewal (OCR) will monitor the program activities of Recipients sometime during the term of the grant agreement. Monitoring is the mechanism by which OCR provides administrative oversight to Recipients. Monitoring serves several purposes for both the state and Recipients. First, monitoring is the primary means by which OCR carries out its program management responsibilities including ensuring that funds are expended in a timely manner for the purpose for which they were made available; ensuring that programs are carried out in accordance with applicable laws, rules, and regulations; and minimizing opportunities for fraud, waste, and mismanagement.

Therefore, monitoring is an important part of OCR's effort to work with communities in a cooperative manner toward common objectives. Whenever possible, deficiencies are corrected through discussion, negotiation, or technical assistance and in a manner, which preserves local discretion.

I. PROPERTY MANAGEMENT

A. Introduction

Recipients must comply with the federal requirements for the management and disposition of property acquired in whole or in part with NYS CDBG funds. The treatment and disposition of property purchased with NYS CDBG funds will depend on the type of property, personal or real.

Recipients are responsible for any property acquired in whole or in part with NYS CDBG funds. Recipients must:

- Maintain a physical inventory of all property, both real property and equipment;
- Reconcile property records at least once every two years;
- Maintain a control system to ensure safeguards to prevent loss, damage, or theft of property. Any loss, damage, or theft must be investigated;
- Develop adequate maintenance procedures to keep property in good condition; and
- Establish proper sales procedures that will ensure the highest possible return when the sale of real property is necessary.

B. Real Property

Real property is the land, including improvements to the land, structures, property and appurtenances. Real property does not include moveable machinery and equipment.

The regulations governing real property apply to real property within the Recipient's control which was acquired or improved in whole or in part using NYS CDBG funds in excess of $25,000. These standards shall apply from the date NYS CDBG funds are first spent for the property until five years after closeout of the grant from which the assistance to the property was provided.

1. Title - Title to real property acquired under a grant will vest in the Recipient upon acquisition.

2. Use - Except as otherwise provided by federal statues, real property will be used for the originally authorized purpose as long as needed for that purpose, and the Recipient shall not dispose of or encumber its title or other interests.

3. Disposition - When real property is no longer needed for the originally authorized purpose, the Recipient will request disposition instructions from the NYS CDBG program. The instructions will provide for one of the following alternatives:

   a. Retention of Title - Retain title after compensation to the NYS CDBG program. The amount due the program will be computed by applying NYS CDBG's percentage of participation in the cost of the original purchase to the fair market value of the property. However, in those situations where a Recipient is disposing of real property acquired with grant funds and acquiring replacement real property under the same program, the net proceeds from the disposition may be issued as an offset to the cost of the replacement property.

   b. Sale of Property - Sell the property and compensate the NYS CDBG program. The amount due the NYS CDBG program will be calculated by applying NYS CDBG's percentage of participation in the cost of the original purchase to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the grant is still active, the net proceeds from sale may be offset against the original cost of the property. When a Recipient is directed to sell property, sales procedures shall be followed that provide competition to the extent practicable and result in the highest possible return.

   c. Transfer of Title - Transfer title to the NYS CDBG program or to a third-party designated/approved by OCR. The Recipient shall be paid an amount calculated by applying the Recipient's percentage of participation in the

purchased of the real property to the current fair market value of the property.

C. Equipment

Equipment is tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of $10,000 or more per unit.

1. Title
   Title to equipment acquired under a grant will vest in the Recipient upon acquisition.

2. Use
   a. Equipment shall be used by the Recipient in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by federal funds. When no longer needed for the original program or project, the equipment many be used in other activities currently or previously supported by a federal agency.

   b. The Recipient shall also make equipment available for use on other projects or programs currently or previously supported by the federal government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the NYS CDBG program. User fees should be considered, if appropriate.

   c. The Recipient must not use equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted or contemplated by federal statute.

   d. When acquiring replacement equipment, the Recipient may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property subject to approval.

3. Management Requirements - Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, at a minimum, meet the following requirements:
   a. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, percentage of federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property, Real Property Register, Form 10-5.

b. A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years.

c. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of property. Any loss, damage, or theft shall be investigated.

d. Adequate maintenance procedures must be developed to keep the property in good condition.

e. If the Recipient is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

4. Disposition - When original or replacement equipment acquired under a grant is no longer needed for the original project or program or for other activities currently or previously supported by a federal agency, disposition of the equipment will be made as follows:
   a. Items of equipment with a current per-unit fair market value of less than $5,000 may be retained, sold or otherwise disposed of with no further obligations.

   b. Items of equipment with a current per-unit fair market value in excess of $5,000 may be retained or sold and the NYS CDBG program shall have a right to an amount calculated by multiplying the current market value or proceeds from sale, by NYS CDBG's share of the equipment.

   c. In cases where a Recipient fails to take appropriate disposition actions, the NYS CDBG program may direct the Recipient to take excess and disposition actions.

5. Federal Equipment - In the event a Recipient is provided federally owned equipment:
   a. Title will remain vested in the federal government.

   b. Recipients will manage the equipment in accordance with federal agency rules and procedures and submit an annual inventory listing.

   c. When the equipment is no longer needed, the Recipient will request disposition instructions from the federal agency.

6. Right to Transfer Title - HUD may reserve the right to transfer title to the federal government or a third party named by the NYS CDBG program when such a third party is otherwise eligible under existing statues. Such transfers shall be subject to the following standards:
   a. The property shall be identified in the grant or otherwise made known to the Recipient in writing.

b. The NYS CDBG program shall issue disposition instruction within 120 calendar days after the end of the federal support of the project for which it was acquired. If the NYS CDBG program fails to issue disposition instructions within the 120 calendar-day period, the Recipient shall follow Item D above, Disposition.

c. When title to equipment is transferred, the Recipient shall be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property.

D. Supplies

Supplies are all tangible personal property other than equipment.

1. Title - Title to supplies acquired under a grant will vest, upon acquisition, in the Recipient.

2. Disposition - If there is a residential inventory of unused supplies exceeding $10,000 in total aggregate fair market upon termination or completion of the award, and if the supplies are not needed for any other federally sponsored programs or projects, the Recipient shall compensate the NYS CDBG program for its share.

II. CHANGE OF USE OF REAL PROPERTY

The regulations governing the change of use of real property apply to real property within the Recipient's control (including activities undertaken by subrecipients) which was acquired or improved in whole or in part using NYS CDBG funds in excess of the threshold for small purchase procurement. These standards shall apply from the date NYS CDBG funds are first spent for the property until five years after closeout of the Recipient's grant.

1. A Recipient may not change the use or planned use of any such property (including beneficiaries of such use) from that for which the acquisition or improvement was made, unless the Recipient provides affected citizens with reasonable notice of and opportunity to comment on any proposed change, and either:

   a. The new use of the property qualifies as meeting one of the national objectives and is not a building for the general conduct of government; or

   b. The requirements in paragraph 2 below are met.

2. If the Recipient determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use that does not qualify under paragraph 1(a) above, it may retain or dispose of the property for the changed use if the Recipient's NYS CDBG project is reimbursed or the NYS

CDBG program is reimbursed, at the discretion of the state. The reimbursement shall be in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-NYS CDBG funds for acquisition of, and improvements to, the property, except that if the change in use occurs after grant closeout but within five years of such closeout, the Recipient shall make the reimbursement to the NYS CDBG program account.

3. Following the reimbursement of the NYS CDBG program in accordance with paragraph 2 above, the property no longer will be subject to any NYS CDBG requirements.

III. SUBRECIPIENT MONITORING

It is very common for communities to involve and utilize other organizations to accomplish mutually shared goals and objectives. This is most common in the delivery of social services, housing and economic development. It can be extremely advantageous for Recipients of NYS CDBG funds to accomplish their program objectives through the utilization of subrecipients. If a Recipient chooses to contract with a subrecipient, the most important responsibility the Recipient has in the effective management of its project is in monitoring the subrecipient's performance. It is not only good management practice to monitor, but it is required.

Subrecipients must be monitored to ensure compliance with all of the requirements outlined in their agreement with the Recipient. A well thought out and clear agreement is essential in avoiding problems. Most agreements are project-specific, with many of the general requirements only referenced. Monitoring is, in effect, a method of determining if the subrecipient is either in default of the agreement or will be in default, if things are allowed to continue.

Monitoring should not be a one-time event. To be an effective tool for avoiding problems and improving performance, monitoring must be an on-going process. The most successful strategy is one of establishing a monitoring plan at the beginning of the project. The frequency and coverage of monitoring is highly dependent on the risk associated with a particular project, as measured by:

- The experience of the subrecipient with the NYS CDBG program. Obviously, an organization which has never been exposed to NYS CDBG requirements needs a lot more training and "hand-holding" than one which has years of experience (unless, of course, that experience has been consistently negative);

- The stability of the subrecipient's organization, particularly as measured by staff turnover;

- Previous experience with the execution of government-funded programs, particularly if there were previous compliance or performance problems; and

- The complexity of the project and/or activities. HUD views certain activities as "risky" by definition, especially housing rehabilitation and economic development.

  Complexity is an issue primarily to the extent that a project involves third and fourth parties (businesses, homeowners, financial institutions, etc.) in project execution.

Recipients should develop a monitoring plan that specifies the areas to be examined during the course of any given monitoring visit. It should be clear to the subrecipient what documents, processes, reports and files will be examined during any given visit.

After the monitoring visit, the Recipient should supply the subrecipient with a report of the monitoring visit informing the subrecipient of the results of the monitoring.

Exhibit 10-1 provide recipients with a template monitoring plan for subrecipients

IV. CONSULTANT MONITORING

Recipients may choose to procure for and retain professional services to assist in some aspect of the delivery and administration of the CDBG grant. These services are distinct from those performed by a subrecipient in several ways:

- Unlike subrecipients, consultants do not share the burden of complying with federals laws and regulations
- Consultants are contractors whose services are procured following regulations 2 CFR Part 200 and outlined in Chapter 4 of the Grant Administration Manual
- Consultants do not administer a CDBG project "on behalf of" the recipient, but rather perform specific functions defined in a scope of work included in a professional services contract

While there are several important differences between subrecipient and consultant functions, recipients are also obligated to monitor the work performed by consultants in a manner like that described above. Special consideration must be given to the quality and completeness of the activities described in the approved scope of work. Like subrecipient monitoring, consultant monitoring should not be a one-time event but must be documented over the life cycle of the grant. OCR will review both subrecipient and consultant monitoring during grant implementation and at the conclusion of the project.

Exhibit 10-1 provide recipients with a template monitoring plan for consultants.

V. OCR MONITORING OF THE RECIPIENT

To demonstrate compliance with applicable requirements, implement a successful program and enable self-monitoring, Recipients must maintain accurate records. Chapter 6, File Maintenance of this manual is a good guide to help you meet the record

retention requirements and to prepare your files for a monitoring visit. **Such records must be maintained in the offices of the Recipient.** Remember that NYS CDBG files are public records and anyone wishing to view your files has the right to do so. Incomplete files can prompt legal disputes and forfeiture of funds.

Since our monitoring analysis is based on the review of maintained files, it is imperative that each Recipient establish an effective file-keeping system. In addition, record keeping is a requirement governed by the Code of Federal Regulations, which states that files must be sufficient to facilitate reviews and audits to determine compliance. In light of these requirements, we have included a section on file maintenance in the manual.

It is OCR's policy to conduct all monitoring activities in a positive, helpful manner. The monitoring system adopted by OCR is designed not as a means of levying sanctions on grant Recipients, but rather to identify concerns and problems in order to assist Recipients in solving problems and completing projects in accordance with all program requirements. If the problems cannot be resolved and there are disallowed costs, funds must be repaid to the federal government.

Problems should be identified and addressed as they happen, rather then waiting until the monitoring visit. Routine telephone contact with your OCR Community/Economic Developer can be very helpful in avoiding problems during the implementation of your program, as well as at the end of your program. Remember it is best to deal with problems at their onset than to wait.

A. Objectives

The objectives of monitoring and reporting are to determine if Recipients:

1. Are carrying out their NYS CDBG projects as described in their grant agreement with the Housing Trust Fund Corporation and have obtained and organized documentation to support all actions and national objective compliance;

2. Are carrying out the project in a timely manner in accordance with the time frames required by the grant agreement;

3. Are charging costs to the program or project that are eligible under applicable regulations;

4. Are complying with all applicable procedures, policies, laws, regulations and terms of the grant agreement;

5. Are conducting the program in a manner which minimizes the opportunity for fraud, waste and mismanagement; and

6. Have a continuing capacity to carry out the approved program or project.

B. Assessing Performance

In carrying out these objectives, your program will be reviewed by assessing the administration of the program and compliance with program and regulatory requirements.

1. Program Administration

Your program progress will be monitored by evaluating the progress of individual activities and the program as a whole. On-site reviews include the review of records, interviews with staff and site inspections. The OCR Community/Economic Developer will determine whether the activities were carried out in a timely manner and if they were conducted in a manner that is compliant with the requirements of the program.

Progress will be judged against the program schedule, which is part of the grant agreement. As the entity responsible for administering the CDBG program, the Recipient is contractually obligated to complete project activities in a timely manner.

OCR must determine if the Recipient is carrying out activities in a timely manner and whether or not the Recipient has the continuing capacity to carry out activities in a timely manner. Timeliness is closely related to capacity and, therefore, it is your responsibility to notify your OCR Community/Economic Developer of any delays, the reason for the delay and any actions you propose to correct the situation. Timeliness and capacity determinations will be reflective of program progress.

To carry out a program in a timely manner, Recipients must have a system that monitors the progress of activities. The system you choose should help you identify problems and take corrective actions to correct the problems before they affect the timeliness of grant execution.

In addition to program progress, monitoring will also focus on programmatic and financial compliance specific to project eligibility, national objective compliance, citizen participation, environmental review, civil rights, labor standards including retention of certified payrolls (where applicable), relocation and acquisition, financial management, etc.

2. Compliance

Compliance monitoring consists of programmatic and financial monitoring activities.

Programmatic

Programmatic monitoring activities will focus primarily on the following areas:

a. National objective compliance and record keeping. Recipient must maintain income surveys and documentation when used to determine eligibility.
b. General organization of files. Refer to Chapter 7, File Maintenance.
c. Financial and general grant management. Have all bank records available.
d. Environmental compliance. Recipient is responsible for maintaining the complete Environmental Review Record.
e. Public participation and complaint procedures. Retain public notices and minutes for public hearings held for the application.
f. Labor standards compliance documentation. The Recipient **MUST** retain all payroll documentation for projects involving Davis-Bacon prevailing wages, if the Recipient is using force account labor, payroll records related to the project must be retained as well.
g. Civil Rights benefits to minority persons.
h. Construction contracts. The recipient must retain all documentation related to bidding, bid award, and all construction related documentation.
i. Property acquisition, relocation or displacement.

Financial

Financial monitoring will focus on the following areas:

a. Capacity of the accounting system and the maintenance of financial records

b. Internal controls. For example, the person authorized to sign disbursement requests, form 1-4 and 1-4A should not be the same person signing checks disbursing NYS CDBG funds.

c. Adequate sources of documentation. For example, documentation that demonstrates the NYS CDBG-funded activities and expenditures are eligible and that supports the trail of funds.

C. Types of Monitoring

One of OCR's primary duties is to ensure that Recipients are provided with the best information and service in the administration of their grants. As such, OCR will conduct a minimum of one on-site monitoring visit for each grant that is awarded through the CDBG program. This monitoring will not only provide technical assistance and guidance in the administration of the Recipient's grant but will also ensure compliance with all statutory and regulatory requirements. There are three types of on-site monitoring activities that may be conducted: technical assistance visit; abbreviated monitoring; and comprehensive monitoring.

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1. Technical Assistance Visit

When a Recipient appears to be having difficulties in expending funds or making sufficient progress toward completing its program, it may be determined that a technical assistance visit is necessary. A technical assistance visit may be scheduled when one of the following occurs:

- A Recipient has not completed the environmental review record and Request for Release of Funds within three months (90 days) of the execution of the grant agreement.

- A Recipient has not expended/requested any NYS CDBG funds within 6 months (180 days) of the date of the grant agreement.

There are several circumstances that may warrant the scheduling of a technical assistance visit by a Recipient's Community/Economic Developer. Examples include, but are not limited to:

- Delays in the project schedule including requesting grant funds
- Concerns with the administration of the project
- Significant number of citizen complaints
- Poor communication between parties
- Overall poor performance
- The inability to expend the funds according to the grant application
- Non-compliance with program regulations, guidelines, and requirements

A Recipient may also request a technical assistance visit. If a Recipient feels that it will benefit from a visit by their OCR Community/Economic Developer, the Recipient may provide a written request outlining the items that are in question or for which assistance is requested. Once the request is received, the Recipient will be contact contacted to arrange for the technical assistance visit. An abbreviated monitoring may also be conducted during the technical assistance visit.

2. Abbreviated Monitoring

An abbreviated monitoring is a tool that is used to gauge the progress of a Recipient's project and to determine if the statutory and regulatory requirements are being met. Although most often conducted during a technical assistance visit, the abbreviated monitoring may also be conducted when it is determined that non-compliance with program guidelines, regulations, and requirements may have occurred.

An abbreviated monitoring will include a review of the Recipient's program files. Of particular importance is file maintenance. Prior to the visit, a Recipient should take the opportunity to review the file maintenance section of this

manual and organize the files accordingly. This will help facilitate the monitoring visit.

3. Comprehensive Monitoring

Before a grant can be closed out, a Comprehensive Monitoring of the Recipient's program must be conducted. This type of monitoring is an in-depth review of a Recipient's performance in meeting program statutory and regulatory requirements.

The following guidelines will be used by the OCR to determine when Comprehensive Monitoring should be conducted:

- Any housing activity that has expended 70% of project funds.
- All other grant projects that have expended 80% of project funds

D. The Monitoring Visit

1. Scheduling the Visit

Once it is determined that an abbreviated or comprehensive monitoring visit is required, the Community/Economic Developer contacts the Recipient's Chief Elected Official to arrange a time for the visit. The initial contact will be followed by a letter confirming the date and time of the visit.

2. The Visit

The following is an outline of an abbreviated and comprehensive monitoring visit. While the OCR aims to be as flexible as possible, the Chief Elected Official must be available for an exit interview to discuss the results of the monitoring visit. If the Chief Elected Office will not be available, the visit may be rescheduled, or the exit interview conducted via telephone.

a. The Community/Economic Developer will conduct an entrance interview with the Chief Elected Official, if available, and key staff involved with accomplishing the activity.

b. After the entrance interview, the Community/Economic Developer will ask for an area in which to work with access to all program files. At this time, the key staff and Chief Elected Official are requested to conduct their normal routine.

c. A representative of the Recipient should be prepared to accompany the Community/Economic Developer on a site visit of the project site or sites. Prior to a monitoring visit for Housing Rehabilitation, Microenterprise, and Homeownership projects, the Community/Economic Developer will request

a list of the projects completed and underway and will notify the Recipient as to which properties he/she would like to visit during the monitoring.

d. At the end of the day, the Community/Economic Developer will conduct an exit interview with the Chief Elected Official (mandatory attendance) and staff to discuss the conclusions, Findings, Concerns, or Recommendations of the monitoring visit.

A Finding is specific noncompliance with federal or state regulatory requirements or OCR policies and procedures. Findings must be addressed within 30 days of receipt of the monitoring report. If a response is not received, OCR will begin the process of suspending funds for all open grants. Consideration of funding of future applications may be impacted if these issues are not resolved in a timely manner.

A Concern is a potential problem that, if not addressed and corrected, may later result in a "finding." The first violation of an OCR policy or procedure will be considered a concern. However, subsequent violations of the same policy or procedure will be elevated to a finding. Recipients must provide OCR with a written explanation as to how the concern will be corrected for current and future grant awards. OCR staff will closely examine areas of concern during future monitoring visits. If a concern was identified in a prior monitoring visit and the issue persists, it will result in a finding.

A Recommendation is a suggestion that may be followed to assist in the implementation of your program. It is up to the Recipient to determine whether recommendations will be followed or not. No action is required, and no concerns or findings will result if you choose not to follow the recommendations.

Monitoring will cover all aspects of program administration and management. At a minimum, the following areas will be reviewed during the monitoring visit:

- ***Program Administration***
  During the monitoring visit, the Recipient's general administrative procedures and policies and maintenance of files will be reviewed. For projects involving a third party such as a subrecipient or consultant, the Community/Economic Developer will also review the procedures of those entities and will verify that the Recipient is maintaining appropriate oversight of the third parties.

- ***Civil Rights***
  A review of the Recipient's Civil Rights compliance will include a review of the following:
  - Policies and procedures pertaining to both the Recipient's employment practices and project activity practices.

- Compliance with the obligation to administer all programs in a manner that affirmatively furthers fair housing, as detailed in the AFFH Guide for HCR-Funded Localities available here: https://hcr.ny.gov/affh Compliance with Section 504 (American's with Disabilities Act)
- Policies and procedures that encourage the hiring of Minority and Women's Business Enterprises (M/WBE) and the hiring of low- and very low-income persons (Section 3 compliance).

➢ ***Citizen Participation***

The Community/Economic Developer will conduct a review of the Recipient's Citizen Participation Plan including all documents pertaining to the public hearings associated with the NYS CDBG program. At a minimum, the Recipient should maintain files that include newspaper notices, meeting minutes, and list of meeting attendees for all public hearings and meetings associated with the NYS CDBG program and any correspondence including citizen complaints received during the project's implementation.

➢ ***Environmental Compliance***

Recipients are required to maintain an Environmental Review Record (ERR) that includes all required information and forms. The ERR should include the following:

- NEPA documentation and classification
- SEQR documentation and classification
- Environmental Assessment
- Statutory Checklist
- SHPO correspondence
- Environmental Impact Statement (if required)
- FONSI/NOI/RROF as published and the affidavit of publication
- Release of Funds from OCR
- Any additional agency comments

➢ ***Procurement***

Procurement policies and procedures are an important part of the Monitoring review. Recipients should ensure that for projects involving any or all of the following types of procurement, that the appropriate documentation of compliance is available for review:

- Procurement by Sealed Bids
- Procurement by Competitive Proposals
- Procurement by Non-Competitive Proposals
- Small Purchase Procurement

➢ ***Bonding Requirements and Contract Provisions***

For construction projects involving procurement using competitive negotiations and sealed bids resulting in a contract totaling $100,000 or

more, the Community/Economic Developer will review the contracts to verify that both the required bonding and contract provisions are included. If more than one contract in excess of $100,000 was issued, a minimum of two contracts will be reviewed.

- ***Conflict of Interest***
  The Community/Economic Developer will conduct a review of the procurement files and program files to determine if there is any evidence, either real or apparent, of a conflict of interest.

- ***Financial Management***
  One of the most important aspects of the monitoring visit will include a review of financial management procedures. The following will be reviewed during the monitoring visit:

  - General Financial Management: a review of the Recipient's financial management procedures and controls.

  - Accounts Management: a minimum of 20% of the Recipient's requests for funds will be reviewed from invoice to payment. All financial records must be available for review and the person responsible for financial management must be available to discuss any issues.

  - Program Income: if a Recipient has received program income (income of $35,000 or more in one fiscal year) all files pertaining to the program income will be reviewed.

- ***Labor Standards Compliance***
  For projects requiring compliance with federal or state labor standards, all files relating to such will be reviewed including those pertaining to wage determination verification, payrolls, employee interviews, and all other pertinent information.

- ***Property Acquisition and Management***
  When a Recipient acquires real property using NYS CDBG funds for the purpose of a public facility, public sewer or public water project, certain regulations must be followed. To ensure that all regulatory requirements for acquisition have been met, the Community/Economic Developer will review the following:

  - Initial notification documents
  - Determination of Fair Market Value including all appraisals
  - Documentation of offer and negotiations procedures, if used
  - Eminent domain/condemnation procedures, if used
  - Donated property documentation, if used
  - Evidence of acquisition payments

- ***Displacement, Relocation and Replacement***
  All projects that may result in the displacement or relocation of occupants of housing must have prepared an Anti-Displacement and Relocation Assistance plan. In addition to the review of this plan, the Community/Economic Developer will also review all individual case files for displacement and relocation, and the files for replacement housing assistance.

- ***Project Type Specific***
  Each NYS CDBG project has certain rules and regulations that pertain to its type of program. The Community/Economic Developer will review the program-specific files.

  For Housing Projects (Homeownership, Housing Rehabilitation, New Construction, and Water/Sewer Laterals), the Program Administration will review files to ensure compliance with the national objective, marketing and outreach, and general policies. A minimum of 20% of the case files will be reviewed to determine compliance with the Recipient's program requirements, NYS CDBG program requirements, and lead based paint requirements.

  Monitoring of Public Facilities projects will include a review of the policies and procedures as well as a review of the construction files.

  Micro Enterprise activities will include the basic policies and procedures review and a review of approximately 20% of the case files. At a minimum, the Community/Economic Developer will review applicant eligibility, job reporting, technical assistance provided, and loan/ underwriting documents.

  Economic Development projects will be reviewed based on the type of assistance provided either direct assistance or infrastructure. As with all grants, a review of the policies and procedures will also be conducted.

  To more clearly understand the requirements of file maintenance, each Recipient should review the File Maintenance Section of this Manual.

3. Results of the Monitoring Visit

Approximately 45 days after the monitoring visit, the Recipient will receive a monitoring report outlining the results of the visit. The report will state at least one of the following:

a. The Recipient is in compliance with all requirements and there is no recommendations.

b. A Recommendation which suggests minor changes or modifications in the implementation of the program. Recommendations should be incorporated into the administration policies for all future grants. Failure to address recommendations could result in a concern.

c. A Concern is a problem with statutory or regulatory requirements or OCR policies and procedures. Failure to address concerns could result in a finding during future monitoring. The Community/Economic Developer will closely examine areas of concern during future monitoring visits. Recipients must provide a written explanation as to how the concerns will be addressed for all current and future grants.

d. A Finding which is a specific noncompliance with federal or state regulatory requirements or OCR policies and procedures. The Recipient must respond to any findings within 30 days of receipt of the monitoring report.

E. Recipient Responsibilities

Throughout the administration of the grant, Recipients have certain responsibilities regarding file maintenance and program management. Even though a Recipient may have hired a consultant or subrecipient to handle to day-to-day administration of the grant, the ultimate responsibility for the storage and maintenance of the grant files lies with the Recipient and all files must be available in the Recipient's office for review. It will be considered a finding if the project and administrative files are maintained at the consultant or subrecipient's offices rather than the Recipient's office.

The following are some guidelines that should be followed by the Recipient to ensure that the monitoring visit is as efficient as possible.

- Maintain complete and detailed records for every aspect of administration and program implementation
- Organize the files according to the File Maintenance section of this Grant Administration Manual.
- Prior to the monitoring visit, review the appropriate sections of the Grant Administration Manual, including project specific sections.
- Provide access to program files and financial records.
- Ensure that all pertinent staff are available to address any questions.
- Contact property owners in advance to schedule site visits on the day of the monitoring. Community/Economic Developers will provide a list of the properties they wish to visit.

F. Resolving Monitoring Findings

If the monitoring report identified concerns or findings, the Recipient must provide documentation within the stated time period that those items have been corrected.

If a Recipient has not sufficiently responded within the time frame mandated in the monitoring letter, further payments to the Recipient will be withheld until the Recipient submits the required responses and/or takes the required corrective actions and those responses or actions are determined to be acceptable. If responses or corrective actions are determined to be unacceptable, funds will continue to be withheld until satisfactory actions are taken.

When reviews of all documentation of corrective actions taken by the Recipient indicate that the identified concerns or findings have been corrected to the satisfaction of OCR, a letter will be mailed to the authorized official of the Recipient stating that the findings are resolved. All findings from monitoring visits must be cleared prior to closeout.

G. Maintenance of Monitoring Records

All monitoring materials received by the Recipient must be maintained in the grant administration files of the Recipient. These are considered public record and are subject to the regulations of the Freedom of Information Act.

VI. EXHIBITS

10-1 Subrecipient/Consultant monitoring template

CHAPTER 10
ONGOING MANAGEMENT & MONITORING

EXHIBIT 10-1
Subrecipient/Consultant Monitoring Template

RECIPIENT NAME			
MONITORING ORGANIZATION		**NAME OF PERSON(s) PRESENT**	
SUBRECIPIENT / CONSULTANT ORGANIZATION		**NAME OF PERSON(s) PRESENT**	
CDBG PROJECT #			
MONITORING DATE			

Area #1 – required for all

1. **Statement of Work – must include but not limited to**
    a. Outline scope of work for this project (e.g. environmental review, Davis Bacon, Section 3 oversight)
    b. Review the statement of work and discuss any potential changes/additions since it was signed.
    c. Discuss feedback with the roles and responsibilities including positives and areas of improvement.

Area #2 – required for consultant only

2. **Consultant**
    a. Describe the frequency of communication between the consultant and recipient.
    b. Describe whether the consultant has been undertaking the activity as directed under the scope of work.
    c. Review quality of work

Area #3-9 – required for subrecipients only

3. **Internal controls:**
    a. Does the subrecipient have a written set of policies and procedures that describes staff qualifications and duties, lines of authority, separation of duties, and access to assets and sensitive documents?
    b. Does the subrecipient have written accounting procedures for approving and recording transactions?
    c. Does the subrecipient periodically compare financial records to actual assets and liabilities, and check them for completeness and accuracy?

4. **Accounting records:**
    a. Does the subrecipient financial accounting system contain these basic elements: (a) a chart of accounts, (b) a general ledger, (c) a cash receipts journal, (d) a cash disbursements journal, (e) a payroll journal, (f) accounts

payable and receivable ledgers, and (g) job cost journals (if involved in construction)?

b. Does the subrecipient accounting system provide reliable, complete, and up-to-date information about the sources and uses of all funds?
c. Does the subrecipient perform “trail balances” regularly (at least quarterly)?
d. Can the subrecipient’s accountant confirm that the accounting system and records meet the requirements of OMB Uniform Guidance 2 CFR Part 200?

5. Allowable costs:

a. Does the subrecipient have a defined set of standards and procedures for determining that costs charged are reasonable, allowable, and allocable expenditures that are consistent with the basic Federal rules (2 CFR 200, Subpart E)?
b. Does the subrecipient know what types of expenditures are prohibited under the CDBG program?
c. Does the subrecipient have an approved indirect cost allocation plan?

6. Source documentation:

a. Does the subrecipient maintain up-to-date files containing source documentation (receipts, invoices, canceled checks, etc.) for all financial transactions, including the obligation and use of CDBG program income?

7. Budget controls:

a. Does the subrecipient maintain a current approved budget for all funded activities comparing budgeted and actual expenditures?
b. Does the subrecipient/consultant periodically compare progress on achieving program or project goals with the expenditure rate of program funds?

8. Cash management:

a. Does the subrecipient have a consistent process for projecting its cash needs, both to meet cash needs and minimize the time between the receipt and disbursement of grant funds?
b. Can the subrecipient certify that all CDBG program income is used in accordance with the subrecipient agreement – i.e., either returned to the grantee or used by the organization for permitted activities before making additional grantee drawdowns for the same activity?

9. Financial reporting:

a. Can the subrecipient provide accurate, current, and complete disclosure of the financial results of each Federally sponsored project or program that meets the CDBG reporting requirements?

[Monitoring Agency Name]

Signature:_____
Name and Title: _____
Signature Date: _____

[Name of Agency Being Monitored]

Signature: _____
Name and Title: _____
Signature Date: _____