

CDBG Subrecipient Management: Training for Practitioners Primer – Part 2

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CDBG Subrecipient Management Training

Agenda – Day 2

6. Subrecipient Training – Preparing for success
7. Setting Up The Files
8. Tracking Subrecipients
9. Monitoring
10. Problem Solving

CDBG Subrecipient Management Training

3

Your HUD field rep is coming to monitor your subrecipient management system.

CDBG Subrecipient Management Training

The first question:

“Describe the program participant’s management system for the oversight of its subrecipients. (If the program participant has described its subrecipient management policies/processes/systems in writing, attach a copy ...)”



CDBG Subrecipient Training

PREPARING FOR SUCCESS

CDBG Subrecipient Training

How does the program participant ensure that its CDBG-funded subrecipients understand how to apply and meet the CDBG program requirements to the activities that they are carrying out?

CDBG Subrecipient Training

Chapter 4 of HUD's *Managing Subrecipients* guidebook makes a distinction between "orientation," "training" and "technical assistance."

CDBG Subrecipient Training

Another way of approaching the grantee's responsibility is to view training as a continuum that while encompassing HUD's three components, also includes additional tools for a well-equipped toolbox.

CDBG Subrecipient Training

Think like a teacher –

- ▶ show the concept to the students;
- ▶ discuss the concept using real-life applications if possible;
- ▶ ask questions to be sure the students understand the concept;
then
 - repeat the process if mastery has not been achieved.

CDBG Subrecipient Training

The Pre-Application Stage - Basic concepts to be mastered:

- ▶ What is the Community Development Block Grant
- ▶ How much funding is available – For public services, a brief explanation of the cap
- ▶ Meeting a National Objective
- ▶ Eligible activities
- ▶ Record Keeping and Reporting
- ▶ Super Circular requirements including internal controls and financial management
- ▶ How to submit the application
- ▶ How the application is evaluated

CDBG Subrecipient Training

The Post-Award Stage – Basic Concepts to be Mastered

- ▶ What is in the Subrecipient Agreement
- ▶ Documenting the activity
- ▶ Record Keeping
- ▶ Reporting
- ▶ Super Circular requirements including internal controls and financial management
- ▶ Availability of technical assistance and other resources

CDBG Subrecipient Training

Training and technical assistance cannot be twice a year events.

CDBG Subrecipient Training

Technical assistance and monitoring are not the same thing -

Technical assistance is usually one-on-one consultation with subrecipient staff to assist with the day-to-day management of the subaward.

Monitoring is a formal process as established in the jurisdiction's monitoring plan involving an on-site visit or desk review.

CDBG Subrecipient Training

Technical assistance can be provided in many ways:

- Telephone
- E-Mail
- Snail Mail
- Site Visit

The primary goal? Head off trouble before it turns into a finding or worse.

CDBG Subrecipient Training



CDBG entitlements and their subrecipients are under a Congressional microscope.

CDBG Subrecipient Training

Congress is responsible for the annual CDBG allocation.

Recipients and subrecipients are not allowed to lobby, but nothing says they can't be advocates – and the strongest form of advocacy is good projects backed up by solid data.

CDBG Subrecipient Training

During training sessions, impress on subrecipients the importance of generating good data.

Gathering good data starts with setting realistic – and measurable – goals, hitting the benchmarks, then reporting accomplishments accurately.

CDBG Subrecipient Training

Subrecipients also need to be asked this question during training and technical assistance sessions:

Are the CDBG dollars being invested in your program being used effectively?

CDBG Subrecipient Training



Don't forget the microscope.

We have to tell the CDBG story.

CDBG Subrecipient Training

Have you ever been talking with a subrecipient and suddenly realized the look on their face says,

“I haven’t got a clue what you’re talking about.”

CDBG Subrecipient Training

Practitioners know the shorthand, the specialized technical language and acronyms we used by the experienced professional to talk with others in our field. Unless your subrecipients came out of the world of CDBG, they do not.

CDBG Subrecipient Training

Chapter 12 of the course manual includes a comprehensive annotated bibliography of training resources and links to find and download. Until you have a chance to take the course and get the manual, though, HUDExchange.info is your go-to source.

The HUD monitor will want to know if the subrecipient has been made aware of resources specifically devoted to increasing its knowledge of the CDBG subrecipient process.

CDBG Subrecipient Training

Polling Question # 3

For each of the four questions, answer Yes or No

CDBG Subrecipient Training

Exercise

“We will be using some of our CDBG public service funds to purchase high-end computers and printers for an employment program. After the term of the contract, will we have to return the computers to the City?”

CDBG Subrecipient Training

Exercise

“We will be having a fundraiser during the term of the contract. One of the CDBG participants will be giving a testimonial at the dinner. Are the proceeds program income?”

CDBG Subrecipient Training

Exercise

“Our staff work on multiple programs. Is it OK to just estimate their time on this CDBG-funded project for the time cards?”

CDBG Subrecipient Training

Exercise

“Our building is not handicapped accessible. Since its old, and we don't have funds to upgrade it, is that OK?”



Setting Up The Files

Setting Up The Files

If it's not documented, it didn't happen.

Get a checklist then check the boxes.

Setting Up The Files

An Internal Controls Checklist – Documentation

- Subrecipient Agreement
- IRS 501(c)3 Letter
- Articles of Incorporation
- Bylaws
- Mission Statement
- Board Roster
- Board Handbook
- Job Evaluation Tool
- Organization Chart
- Job Descriptions
- Monitoring Reports
- Contingency Plan
- Succession Plan
- Authorization to Request Funds
- Procedures Flow Charts
- Reports to Grantee
- Newsletters
- Social Media Printouts
- Monitoring Schedule
- Performance Reports
- §200.328(d)(1)-related correspondence
- Required Certifications (§200.415 & §200.324(c))
- Certificates of Policy Compliance

An Internal Controls Checklist – Policies and Procedures Manual

- Non-Discrimination (§570.602 & 618)
- Code of Ethics (Principle 1)
- Conflict of Interest (§200.318 & §570.611)
- Procurement (§200.318(a))
- Grievance (Staff and Clients) §570.607(a)
- Termination (Staff and Clients) §570.607(a)
- Confidentiality (§200.303(e))
- Record Retention (§570.506)
- Information Technology (Principle 11)
- Whistleblower (Principle 14)
- Monitoring (§200.328)

If Housing Activities Involved:

- Fair Housing (§570.611)
- Lead-Based Paint (§570.608)

Setting Up The Files

Two types of grantee file:

- The program file
- The activity file

Setting Up The Files

Document the national objective

Do you have a piece of paper?


Setting Up The Files

Public Service activities in [*this jurisdiction*] comply with the National Objective identified in 24 **CFR 570.208(a) Activities benefiting low- and moderate-income persons** meeting the criteria in paragraph (a)(1) *Area benefit activities*; (a)(2) *Limited clientele activities*; or (a)(3) *Housing activities*. The National Objective Codes for [*this jurisdiction's*] public service activities are LMA, LMC and LMH.

Setting Up The Files




The National Objective is now officially documented.

	City of Happy Valley Community Development Department Public Service Grant Program
-------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------

Subrecipient Primary Care & Hope Clinic Activity Primary Care & Hope Clinic

This public service activity complies with the National Objective identified in 24 CFR 570.208(a) Activities benefiting low- and moderate-income persons meeting the criteria in paragraph (a)(2) Limited clientele activities. The National Objective Code for this public service activity is LMC.

 7/1/14
Happy Valentine, Community Development Director Date

Setting Up The Files

The Program File

- ❑ The NOFA
- ❑ Training Session Sign-In Sheets
- ❑ Print Out of Training Session Slide Show
- ❑ The Application Evaluation Tool
- ❑ Rejected Applications
- ❑ Letter to unsuccessful applicants
- ❑ General correspondence pertinent to the program

Setting Up The Files

Before funds can be committed an Environmental Review Record has to be completed.

Most public service projects will be
Exempt, Not Subject to §58


Setting Up The Files

24 CFR 58.34 Exempt activities

(a)(4) Public services that will not have a physical impact or result in any physical changes, including but not limited to services concerned with employment, crime prevention, child care, health, drug abuse, education, counseling, energy conservation and welfare or recreational needs;

Setting Up The Files

The ERR for most public service activities is going to be a one-page document.

	<p>City of Happy Valley Community Development Department Public Service Grant Program</p>
-------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------

Certification of Exemption for HUD Funded Projects
 Determination of activities per 24 CFR §58.34(a)
 May be subject to provisions of 24 CFR §58.6, as applicable

Project Name: _____
 Project Description: _____
 Address: _____

Funding Source: **CDBG** Effective Dates of Grant: July 1, 2018 – June 30, 2019
 Funding Amount: \$ _____ Grant Number: **B-18-MC-00-0000**

- 1. Environmental and other studies, resource identification and the development of plans and strategies;
- 2. Information and financial services;
- 3. Administrative and management activities;
- 4. Public services that will not have a physical impact or result in any physical changes, including but not limited to services concerned with employment, crime prevention, child care, health, drug abuse, education, counseling, energy conservation and welfare or recreational needs;
- 5. Inspections and testing of properties for hazards or defects;
- 6. Purchase of insurance;
- 7. Purchase of tools;
- 8. Engineering or design costs;
- 9. Technical assistance and training;
- 10. Assistance for temporary or permanent improvements that do not alter environmental conditions and are limited to protection, repair, or restoration activities necessary only to control or arrest the effects from disasters or imminent threats to public safety including those resulting from physical deterioration;
- 11. Payment of principal and interest on loans made or obligations guaranteed by HUD;
- 12. Any of the categorical exclusions listed in 24 CFR §58.35(b)(2) provided there are no circumstances that require compliance with any other Federal law and authorities cited in 24 CFR §5. – Supportive services

If your project falls into any of the above categories, you do not have to submit a Request for Release of Funds (PROF), and no further approval from HUD will be needed by the recipient for the drawdown of funds to carry out exempt activities and projects. However, the responsible entity must still document in writing its compliance with and/or applicability of "other requirements" per 24 CFR §58.6 (included with this document).


Happy Valentine Community Development Director
 Responsible Entity Certifying Official Name & Title (please print) _____

Responsible Entity Certifying Official Signature _____ Date _____

Setting Up The Files

The ERR should be easy – most public service activities are exempt.



 City of Happy Valley
Community Development Department
Public Service Grant Program

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Happy Valentine Community Development Director
Responsible Entity Certifying Official Name & Title (please print)

Responsible Entity Certifying Official Signature

Date

Setting Up The Files

Pre-Award Assessment - §200.231(b)

- (1) The subrecipient's prior experience ...
- (2) The results of previous audits ...
- (3) Whether the subrecipient has new personnel or new...systems
- (4) The extent of Federal awarding agency monitoring [e.g. CoC awards]

Do you have a piece of paper?

Setting Up The Files

The Application –

If your application was submitted electronically, you will still want the signed hard-copy original of the subrecipient's certification that the information in the application is correct.

Setting Up The Files

- Application
 - Board of Directors Roster
 - Conflict of Interest Policy
 - Non-Discrimination Policy
 - Grievance/Termination Policy
 - Procurement Policy
 - Most recent Audit (if federal expenditures exceed \$750,000)

Setting Up The Files

Sine qua non

“Without which there is nothing...”

The Subrecipient Agreement

Setting Up The Files

4.

a. Does the program participant provide technical assistance or training to subrecipients on an on-going and/or an as-needed basis?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Yes	No	N/A
Describe Basis for Conclusion:				
b. If the answer to “a” above is “yes,” describe the technical assistance or training the program participant has provided during the most recently completed program year and complete the table below. (Attach training materials, brochures, attendance lists, etc., if appropriate.)				
Subrecipient Name	Number of Persons Trained	Topics	Training Date(s)	
Describe Basis for Conclusion:				

Setting Up The Files

CDBG SUBRECIPIENT TRAINING

Preparing for Success

Document -

When?

Who attended?

Setting Up The Files

For Monitoring Covered by 2 CFR Part 200 Requirements.

c. Is there evidence that the program participant has provided appropriate resource materials to its subrecipients (e.g., governing regulations, 2 CFR Part 200, CPD Notices, the *CDBG Program Guide to National Objectives & Eligible Activities for Entitlement Communities*, or corresponding websites) and keeps subrecipients abreast of program changes and new or revised requirements?

Yes**No****N/A**

Describe Basis for Conclusion:

Setting Up The Files

How do you document this?

- A letter to subrecipients listing the mentioned resources?
- Screen shots from your jurisdiction's web site showing links to "appropriate resource materials"?
- A page from your application that lists some of the available resources and where to find them?
- Other ideas?

Setting Up The Files

Correspondence

What goes into the file?

- Letters
- E-mails
- Faxes
- Notes to the files
- Anything that will help that interested person understand what happened.

Setting Up The Files

Payment Requests

Reimbursement

- Backup Documentation

Advance

- Documentation supporting compliance with §200.305(b)(1) & (b)(2)

- Program Income Tracking (if applicable)

- Payment Ledger

Reports

- _____ Semi-Annual _____ Year-End

- Technical Assistance Provided [*§200.331(e)(1)*]

- Letter to subrecipients detailing available resources

- Date, names, nature of training provided

- Monitoring Report(s)

- Internal Controls

- IDIS Reports

- PR03

- PR05

Setting Up The Grantee File

Who said HUD could go paperless?

Tracking Subrecipients

Tracking Subrecipients

The Grantee has

- ✓ Selected its subrecipients; trained them;
- ✓ Signed the subrecipient agreement;
- ✓ Begun an activity case file; and
- ✓ Set up the activity in IDIS.

What next?

Tracking Subrecipients

§ 200.400 Policy guide.

The application of these cost principles is based on the fundamental premises that:

- (a) **The non-Federal entity is responsible** for the efficient and effective administration of the Federal award through the application of sound management practices.
- (b) **The non-Federal entity assumes responsibility** for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
- (c) **The non-Federal entity**, in recognition of its own unique combination of staff, facilities, and experience, **has the responsibility** for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.

Tracking Subrecipients

Two ways to view monitoring mandate:

1. A formal process as established in the jurisdiction's monitoring plan involving an on-site visit or desk review;
2. The jurisdiction's day-to-day management of the subaward.

Tracking Subrecipients

On a day-to-day basis, what should the grantee be looking for?

“The majority of difficulties experienced by subrecipients lay in the area of financial management, administrative systems, documentation and record keeping.”

Playing By the Rules

Tracking Subrecipients

Day-to-day oversight does not mean keeping office hours with the subrecipient.

Day-to-day oversight does mean paying close attention to details like making sure files are set up correctly, payment requests are in order and reports submitted on time and with correct data.

Tracking Subrecipients

The grantee must provide the subrecipient guidance in building an activity file that addresses

- ❑ Financial management;
- ❑ Internal controls
- ❑ Documentation and record keeping; and
- ❑ Areas of potential difficulty identified during the pre-award assessment.

Tracking Subrecipients

§200.61 Internal controls.

Internal controls means a process, implemented by a **non-Federal entity**, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) Effectiveness and efficiency of operations;
- (b) Reliability of reporting for internal and external use; and
- (c) Compliance with applicable laws and regulations.

Tracking Subrecipients

200.69 Non-Federal Entity.

Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

Tracking Subrecipients

The second the subrecipient agreement is fully executed, the subrecipient becomes a non-federal entity subject to the same stipulations of 2 CFR 200 as the grantee.

Tracking Subrecipients

Which "... statutes, regulations and the terms and conditions of Federal awards..." ?

The HUD rule governing the specific award provides guidance (e.g. 24 CFR 570 Subpart K lists all the statutes, rules and Executive Orders incorporated into the CDBG rule by reference.)

Tracking Subrecipients

The objective of internal controls is to minimize risk for asset loss and provide for the conducting of operations in an efficient and orderly manner through **policies**, **procedures**, segregation of activities and other activities.

Tracking Subrecipients

There is a reason HUD is very interested in policies and procedures.

b. What is the program participant's system(s) or procedure(s) for ensuring that CDBG funds are used in accordance with program requirements?

[24 CFR 570.501(b); 2 CFR Part 200.303]

Describe Basis for Conclusion:

Tracking Subrecipients

The non-federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in **“Standards for Internal Control in the Federal Government”** issued by the Comptroller General of the United States or the **“Internal Control Integrated Framework”**, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Tracking Subrecipients

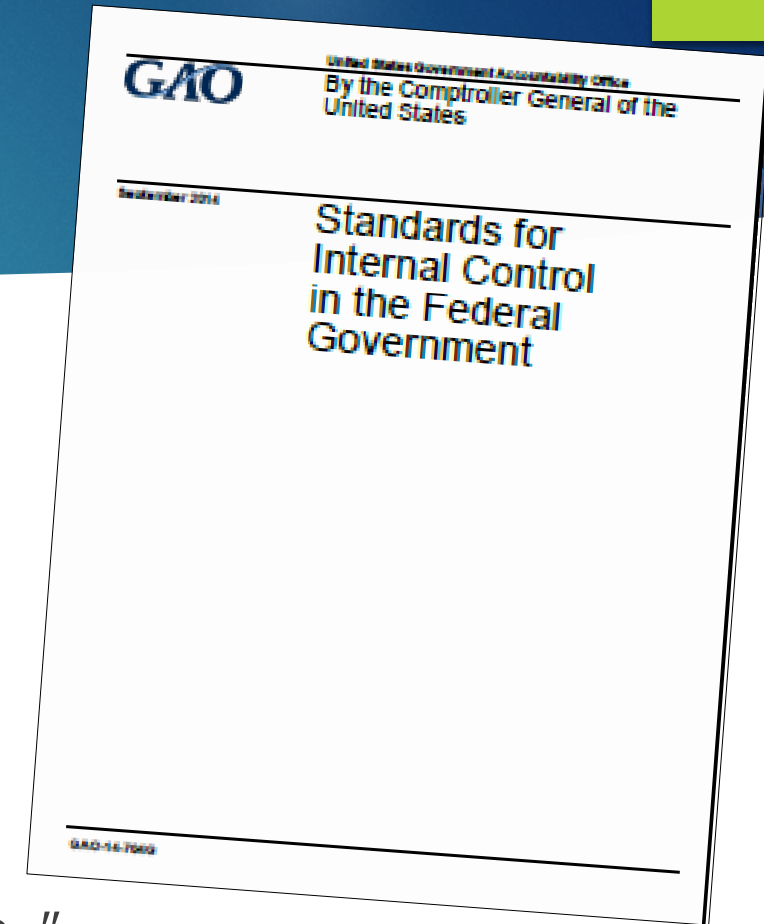
Standards for Internal Control in the Federal Government (known as the Green Book), provides the overall framework for establishing and maintaining an effective *internal control* system. ... The term *internal control* in the Green Book covers all aspects of an entity's objectives (operations, reporting, and compliance). The link below is to the current edition:

<https://www.gao.gov/assets/670/665712.pdf>

Tracking Subrecipients

The Green Book defines the standards for internal control for the Federal government.

“Non-federal entities may use the Green Book to design, implement, and operate an internal control system.”



The Green Book (p. 7)

Tracking Subrecipients

An Internal Controls Checklist developed using the five components and the 17 principles will satisfy the requirements of §200.303(a) **and** §200.303(b)(c)(d) and (e), as well.

Tracking Subrecipients

- ❑ Monitoring Schedule
 - ❑ Performance Reports
 - ❑ Any Correspondence Related to §200.328(d)(1) Reports Including Remediation Activities
 - ❑ Required Certifications
(See §200.415)
- ❑ Certificates of Compliance for each of the policies – signed by person who executed Subrecipient Agreement on behalf of the organization
- Policy and Procedures Manual
- Monitoring Policy/Procedures

Tracking Subrecipients

“Documentation is a necessary part of an effective internal control system. The level and nature of documentation vary based on the size of the organization and the complexity of the operational processes the entity performs.”

The Green Book (p. 71)

Tracking Subrecipients

Subrecipient Agreement

IRS 501(c)3 Letter

Articles of Incorporation

Bylaws

Mission Statement

Board Roster

Board Handbook

Job Evaluation Tool

Organization Chart

IRS 501(c)3 Letter

Articles of Incorporation

Bylaws

Mission Statement

Board Roster

Board Handbook

Job Evaluation Tool

Organization Chart

Job Descriptions

Monitoring Reports

Contingency Plan

Succession Plan

Authorization to Request Funds

Procedures Flow Charts

Reports to Grantee

Newsletters

Social Media Printouts

Monitoring Schedule

Performance Reports

§200.328(d)(1)-related
correspondence

Required Certifications (§200.415
& §200.324(c))

Certificates of Policy Compliance

Tracking Subrecipients

Non-Discrimination (§570.602 & 618)

Code of Ethics (*Principle 1*)

Conflict of Interest (§200.318 & §570.611)

Procurement (§200.318(a))

Grievance (Staff and Clients)
§570.607(a)

Termination (Staff and Clients)
§570.607(a)

Confidentiality (§200.303(e))

Record Retention (§570.506)

Information Technology (*Principle 11*)

Whistleblower (*Principle 14*)

Monitoring (§200.328)

If Housing Activities Involved:

Fair Housing (§570.611)

Lead-Based Paint (§570.608)

Tracking Subrecipients

What should be in the activity file maintained by the subrecipient? Start with the basics:

- National Objective Documentation [*§570.200(2)*] – Supplied by grantee
- Environmental Review Record (*§58.34(a)*) – Supplied by grantee
- Subrecipient Agreement
- Amendments to the Subrecipient Agreement
- Certifications: Anti-discrimination; Fair Housing; ADA/Section 504; EEO; Others required by terms of Subrecipient Agreement

Tracking Subrecipients

Financial Management Systems (see §200.302)

- Most recent Audit (if federal expenditures exceed \$750,000)
- Statement from CPA if federal expenditures do not exceed \$750,000
- Current Approved Budget
- Financial Status Report
- Chart of Accounts
- Documentation of Match
- Documentation of negotiated indirect cost rate (if applicable)

- Program Income Tracking ledger (if applicable)

- Payroll records – timesheets, salary schedule (if applicable)

- Payment Requests

Reimbursement

- Source documentation

- Backup Documentation

Advance

- Documentation supporting compliance with §200.305(b)(1) & (b)(2)

Tracking Subrecipients

The Super Circular's confidentiality requirement:

(e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or the non-federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

Tracking Subrecipients

The confidentiality requirement applies to both the grantee and subrecipients.

Is the process in writing?

Is the process followed?

Tracking Subrecipients

Client Documentation

- Dated HUD-Approved Income Chart(s)
- Client Intake Forms
- Number of persons assisted (**for non-housing activities**)
 - Income
 - Race
- Ethnicity
- Number of households assisted (**for housing activities**)
 - Income
 - Race
 - Ethnicity
 - Female Head of Household

Tracking Subrecipients

Reporting

- Reports _____ Semi-Annual _____ Year-End
- Technical Assistance Provided [*§200.331(e)(1)*]
- Date, names, nature of training provided
- Monitoring Report(s)
- Correspondence

Tracking Subrecipients

Good reporting is essential to effective day-to-day management of subrecipients.

The HUD monitor will ask the grantee if it requires subrecipients to submit reports. How often reports are to be submitted is left up to the grantee.

How often is enough?

Tracking Subrecipients

How much day-to-day oversight do subrecipients need?

Subrecipients send signals.

- ❑ Are invoices submitted in a timely fashion and appropriately documented?
- ❑ Are the expenses submitted for payment reasonable?
- ❑ Are the expenses submitted for payment eligible?
- ❑ Are the results being reported in line with the goals and objectives?

Any one of these – and more – can be signals that more supervision is needed.

Tracking Subrecipients



Tracking Subrecipients

§200.343. Closeout

The Federal agency or pass-through entity will close-out the Federal award when it determines that all applicable administrative actions and all required work of the Federal award have been completed by the non-Federal entity.

Tracking Subrecipients

The Grantee initiates the process when the activity is complete – for a public service activity, that is the end date specified in the Subrecipient Agreement; the final report submitted and accepted; and all the bills associated with the activity have been paid – and drawn down through IDIS.

Tracking Subrecipients

Before officially closing out the activity, accomplishment data has to be entered in IDIS.

Tracking Subrecipients

Even after closeout, subrecipients have on-going responsibilities:

- ❑ Record retention;
- ❑ The obligation to open the files and their books;
- ❑ Any audit requirements that may pertain; and
- ❑ The grantee's right to disallow costs and recover funds if CDBG funds are found to have been used for ineligible expenses.

Monitoring

Monitoring

A nod to starting at the beginning – SP-80

“The [Consolidate Plan] must describe the **standards** and **procedures** the jurisdiction will use to monitor its housing and community development projects and ensure long-term compliance with program and comprehensive planning requirements.”

Monitoring

The Super Circular (2 CFR 200.331(d),(f),(g) and (h)) says:

- Review financial and performance reports
- Verify single audit compliance (using data gathered previously and through the FAC)
- Ensure corrective action on deficiencies

Monitoring

- Issue timely management decisions on relevant audit findings
- Consider whether audit results or other factors necessitate adjustment of pass-through entity records
- Consider whether enforcement actions are necessary

Monitoring

For Monitoring Covered by 2 CFR Part 200 Requirements.

<p>1. b. Describe the program participant's management system for the oversight of its subrecipients. (If the program participant has described its subrecipient management policies/processes/systems in writing, attach a copy, if practical.) [24 CFR 570.502; <u>2 CFR 200.228</u>; 2 CFR 200.331]</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>
<p>Describe Basis for Conclusion: Correct citation is 2 CFR 200.328</p>	

Monitoring

Standards

Procedures

Monitoring

STANDARDS

Monitoring

Administer a standard, proactive monitoring approach that:

- Provides early indication of problems;
- Prevents fraud, waste and mismanagement;
- Promotes efficient and effective subrecipient performance; and
- Promotes good client relations.

Monitoring

Policy flows from Standards.

Monitoring

The policies your jurisdiction uses for its monitoring plan come from questions like these:

- ▶ How many subrecipients?
- ▶ How many staff members oversee subrecipients?
- ▶ What else do those staff members have on your plate?
- ▶ What level of subrecipient oversight was indicated during the pre-award assessment?

Monitoring

“The policy of this jurisdiction is to monitor its subrecipients in a manner consistent with the requirements of 24 CFR 570, 2 CFR 200.328, and 2 CFR 200.331(d).”

Monitoring

This jurisdiction will monitor a minimum of x subrecipients each program year.

A minimum of x_1 subrecipients will be monitored through a formal, on-site review process; the balance (x_2) will be monitored using a desk review.

Staff will [*from time-to-time*] analyze risk for each subrecipient to determine which subrecipients should be monitored during that program year using which method of review.

Monitoring

Each subrecipient will be monitored on-site at least (*how often*) or (*if the subrecipient will not be participating in the next program year?*).

Monitoring

Don't make promises that can't be kept.

Monitoring

PROCEDURES

Monitoring

When?

Monitoring

The Scheduling Process

- At what point in the program year are monitoring decisions made?
- What kind of red flags trigger technical assistance?
- What kind of red flags trigger an early monitoring visit?

Monitoring

Time to work the plan.

Do not reinvent the wheel.

Monitoring

Who?

Monitoring

The Risk Analysis Process

- What factors does the risk analysis consider?
- Is there a checklist?
- How often does staff do the risk analysis?

Monitoring

Four Risk Factors – HUD Uses These to Determine Grantees to Monitor

1. Grant Management
2. Financial Management
3. Services To Beneficiaries
4. Satisfaction



Monitoring

CPD-14-04

SUBJECT: Implementing Risk Analyses for Monitoring Community Planning and Development Grant Programs

Monitoring

Attachment A-1 (pp. 11-19)

Grant Management – 52 points

Financial Management – 45 points

Services and Satisfaction – 3 points

Monitoring

HUD's Risk Analysis Model Modified For Assessing Subrecipients:

Scoring (High Risk/ Medium Risk/ Low Risk)	Score
Factor 1 – Grant Management	
A. Subrecipient Reporting (6/4/0)	
B. Subrecipient Staff Capacity and Program Design (10/8/0)	
C. Subrecipient Program Complexity (12/8/0)	
D. Subrecipient Open or Stalled Activities (6/4/0)	
E. Subrecipient Findings and Sanctions (Monitoring and OIG) (10/6/0)	
F. Subrecipient Cross-Cutting Requirement Compliance (4/2/0)	
G. Last On-Site Monitoring (+3 years – 4; 1-2 years – 2; Previous year – 0; Not Renewed – 4)	
Subtotal for Grant Management (Max. 52 pts.)	

Monitoring

Factor 2 – Financial Management	
A. Subrecipient Financial Staff Capacity (8/4/0)	
B. Monitoring Finding Resulting in Repayment or Grant Reduction (12/6/0)	
C. CDBG Grant Amount (12/8/0)	
D. Subrecipient Program Income (4/2/0)	
E. Subrecipient Single Audits or Other Financial Reporting (4/0)	
Subtotal for Financial Management (Max. 38 pts.)	

Monitoring

Factor 3 – Services & Satisfaction	
A. Subrecipient Citizen Complaints or Negative Media Exposure (6/2/0)	
B. Subrecipient Responsiveness (4/2/0)	
Subtotal for Services & Satisfaction (Max. 10 pts.)	

Monitoring

Where?

Monitoring

On-Site

On-site monitoring - an in-depth review that includes a visit to the subrecipient's office to review documents and source information, observe actual program operations, and discuss programs and projects with the staff carrying them out.

Desk

Desk monitoring - a review of pertinent subrecipient reports and other documentation submitted from a variety of sources.

Monitoring

Types of Monitoring Reviews

On-site or desk – in either case, the grantee must document the process and the subrecipient's compliance

Monitoring

Desk Monitoring Process

- ✓ Notification Letter
- ✓ Documents Submitted
- ✓ Document Review
- ✓ Follow-up Monitoring Letter

Monitoring

On-Site Monitoring Process

- ✓ Notification Letter
- ✓ The Monitoring Visit
- ✓ Follow-up Monitoring Letter

Monitoring

Formal notification letter to:

- ▶ Set the dates and scope of the monitoring;
- ▶ Describe the information to be reviewed during the visit;
- ▶ Specify the expected duration of the monitoring visit; and state ...
- ▶ Who will conduct the monitoring visit;
- ▶ Whether office space will be required; and
- ▶ Which of the subrecipient's staff will need to be available to the monitor.

Monitoring the Subrecipient

Use the Entrance Conference to:

- Outline the schedule for the monitoring;
- Review the scope of the monitoring; and
- Reinforce the concept that the visit shouldn't be considered a negative exercise.

Monitoring the Subrecipient

Who should attend the entrance conference? At a minimum,

- Person who signed the Subrecipient
- The CFO or primary financial contact person
- Staff responsible for record keeping and reporting

Monitoring the Subrecipient

Documentation, Data Acquisition, and Analysis

- Compliance with the Subrecipient Agreement
- Source documentation
- Internal controls including:
 - Financial management policies and procedures
 - Procurement policies and procedures
 - Record-keeping policies and procedures
- Compliance with Federal audit requirements
 - Financial statements if single audit not required

Monitoring the Subrecipient

H. HUD REVIEW OF SUBRECIPIENTS

Instructions: Select a sample of subrecipients to review, either on-site or remotely, to determine the effectiveness of the program participant's subrecipient management efforts. Use this section (H) of Exhibit 3-16 to reflect the results of a single subrecipient review. Attach a separate form of this section (H) for each additional subrecipient reviewed, as needed.

Monitoring the Subrecipient

At the Exit Conference:

- Review results of the documentation, data acquisition and analysis phase of the monitoring visit
- Review positive aspects of the activity
- Present areas of concern and discuss corrective actions that will be required
- Explain the difference between a “concern” and a “finding” if applicable
- Gather any additional information that is relevant to an evaluation of the activity
- Explore whether there are concerns and/or findings that can be cleared quickly

Monitoring the Subrecipient

The **Monitoring Letter** should be used to:

- ✓ Document the visit and provide timely feedback to the subrecipient
- ✓ Reinforce the positive aspects of the activity
- ✓ List any concerns and/or findings with applicable citations
- ✓ List exactly what the subrecipient must do to clear the finding or concern
- ✓ Set deadlines for clearing the finding or concern.



Problem Solving

WHAT COULD POSSIBLY
GO WRONG?

Problem Solving

The grantee has

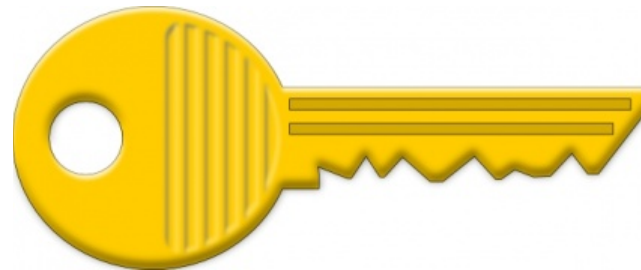
- ▶ carefully crafted its policies for managing subrecipients;
- ▶ established clear written procedures informed by all applicable Federal regulations;
- ▶ involved the public as required by its Public participation plan;
- ▶ provided technical assistance to the subrecipients as appropriate; and
- ▶ carefully monitored the subrecipient to be sure the training has been absorbed.

Problem Solving

What could possibly go wrong?

Problem Solving

The key to problem solving is finding the resources with the answer to the problem.



Problem Solving

Key resources for managing the subrecipient process include:

- ✓ HUD manuals, guidebooks
- ✓ HUD training videos
- ✓ The Code of Federal Regulations
- ✓ NCDA conferences and training
- ✓ NCDAonline.org for the Forum and Document Archives
- ✓ Your personal peer network

To summarize ...

Subrecipient Management is a process that flows from policy. Put it all in writing ... and check the boxes as you move through the process.

There is no substitute for knowing the rules.

You are not alone ... when in doubt, ask. Most of the problems you will encounter have already been solved by someone who would love to share the solution.

CDBG Subrecipient Management Training

Questions

Send me an email

johnncallow@bellsouth.net

CDBG Subrecipient Management Training



Your feedback is needed!

ncda20006 invited you to comment on [Subrecipient Management Primer](#)

[OPEN SURVEY](#)