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Date

**Appendix L – Sample Monitoring Follow-up Letter**

June 19, 2012

Kevin Coughlin

Multnomah County Human Services, MHASD

421 SW Oak, Suite 200

Portland, OR 97204

RE: Follow-up to April 12th, 2012 on-site monitoring visit

Dear Mr. Coughlin:

The Portland Housing Bureau has completed its April 12th monitoring of Multnomah County’s City funded Bridgeview Transitional Housing program in omnibus contract #30002192. The monitoring consisted of the following:

1. Review of Multnomah County’s program oversight of the PHB-funded Bridgeview program activities; process of contracting funds to the Subrecipient agency (Luke-Dorf); monitoring Luke-Dorf’s program policies and guidelines, including selection criteria & enrollment forms.
2. Review of PHB-funded staff descriptions
3. Review of FY 11-12 quarterly reports
4. Interview with Multnomah County MHASD and Luke-Dorf staff members
5. General review of County’s fiscal and HMIS/Service Point management protocols

The monitoring process involved a review of program documents and processes to identify potential findings and concerns. Findings are defined as direct violations to applicable regulations or contract conditions, and require immediate action to correct. Concerns are defined as issues that may pose challenges to performance and/or items that could be added to enhance performance of a particular program(s), in which recommended actions are provided.

**One programmatic finding and two strong concerns (one fiscal and one programmatic) were found as a result of the onsite visit and other monitoring, summarized on Pages 2-3 of this letter.**

All items relate to insufficient program and fiscal oversight and monitoring of Luke-Dorf of the Bridgeview Transitional Housing program, which place the County at strong risk for being negligent in managing CDBG funds. At the time of the onsite monitoring, the County’s procedures and practices were not in compliance with City and federal HUD contract requirements, specifically, Part B., item T. (General Terms and Conditions) of the contract between PHB and Multnomah County which states:

*“In connection with its activities under this contract, [Multnomah County] shall comply with all applicable federal, state and local laws and regulations. For Community Development Block Grant- funded projects, [Multnomah County] shall carry out its activities in compliance with 24 CFR 570…”*

Since the time of the monitoring, you and I have exchanged multiple email conversations and had one follow-up meeting on May 31, 2012, to address the items and develop action plans to correct and address the issues, as summarized:

**One programmatic finding:**

1. Lack of monitoring for CDBG compliance: At the April 12th monitoring visit, you stated being unaware of CDBG regulations connected to PHB’s contract for Bridgeview activities. The County currently monitors the Bridgeview program per State requirements, however does not specifically monitor for compliance with CDBG guidelines. The County is not sufficiently overseeing the program to ensure that the activities performed and expenditures invoiced are in compliance with CDBG allowable uses and activities.

Required action: As discussed in our email correspondences and May 31, 2012 meeting, the following actions will to be taken and implemented for FY 12-13:

1. County MHASD staff with oversight responsibilities for administering CDBG funds associated with the Bridgeview will become familiar with the guidelines and allowable and unallowable expenses associated with CDBG. Resources to review include, but are not limited to: [Basically CDBG](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/training/basicallycdbg) (particularly Chapters 1, 3, 7, 9, and 11), [Cost Principles for Non-Profit Organizations](http://www.whitehouse.gov/omb/circulars_a122_2004/), and [CDBG Monitoring Handbook](http://www.hud.gov/offices/cpd/library/monitoring/handbook.cfm) and [Monitoring Strategies and Procedures](http://efiles.ci.portland.or.us/webdrawer/rec/3755605/view) for CDBG monitoring criteria standards.
2. County will incorporate CDBG-specific monitoring activities into the current monitoring practice. This will include the items on the “CDBG Monitoring Checklist” (attached). The County will monitor Luke-Dorf in FY 12-13 and maintain documentation of monitoring activities for PHB’s review.

**Two strong concerns (one fiscal and one programmatic):**

1. Insufficient process for reviewing financial invoices: At the time of the monitoring visit, the County didn’t review financial invoices submitted by Luke-Dorf prior to submitting invoices to PHB. Without this review, the County is unable to track invoiced costs throughout the contract term, nor confirm that invoiced categories match up with approved categories in the contract per CDBG regulations. By not having a review process in place for financial invoices, the County exposes itself to undue risk and is out of compliance with PHB’s expectations for contract management.

Required action: In our May 31, 2012 follow-up meeting, we discussed changes the County will implement for FY 12-13. The County will receive and review financial invoices and back-up documentation from Luke-Dorf to ensure consistency of invoiced amounts to budgeted amounts per PHB’s contract and to ensure that costs are allowable and sufficiently-documented under Federal guidelines. The County will approve each invoice prior to submission to PHB and submit invoices with back-up financial documentation from Luke-Dorf to support invoiced amounts.

In addition, PHB will schedule a full fiscal on-site monitoring of County MHASD for the Bridgeview Transitional Housing program in FY 2012-2013.

1. Insufficient review of HMIS/ServicePoint reporting: At the April 12th monitoring visit, you were unaware of the ServicePoint system and reporting requirements for Bridgeview as stated and required in the FY11-12 contract. As you mentioned, Luke-Dorf currently completes and submits ServicePoint reports directly to PHB and there is no process in place for the County to review or approve reports to ensure timeliness, completeness and accuracy of data entry.

Required action: At our May 31, 2012 follow-up meeting, Wendy Smith, HMIS Administrator at PHB, provided you with an overview of Service Point reporting for the Bridgeview program. We discussed changes the County will implement for FY 12-13. The County will receive and review quarterly Service Point reports from Luke-Dorf for progress and accuracy. If needed, County staff will work with Luke-Dorf staff to address any questions or concerns on the reports. The County contract manager will approve reports prior to submission to PHB.

I appreciate the County’s prompt attention and commitment to remedy the issues identified through the monitoring. Based on the implementation of the above actions, the County MHASD will be in compliance with managing the CDBG funds for the Bridgeview Transitional Housing program in contract #30002192.

PHB is grateful for the work of the County and Luke-Dorf in managing the Bridgeview program. Please contact me at (503) 823-2391 or [Jennifer.Chang@portlandoregon.gov](mailto:Jennifer.Chang@portlandoregon.gov) to follow-up on any of the above items, or if you have questions.

Sincerely,

Jennifer Chang, MPH

Program Coordinator

cc: Sally Erickson, PHB

Jacob Fox, PHB

Paul Stewart, PHB