

# PHB's CDBG Training

## The CDBG Cycle

Presented by Maggie Jonsson

# Purpose of Training

- Purpose: Strengthen implementation of CDBG program.
- Objectives:
  - Increase understanding of the CDBG process and cycle.
  - Increase understanding of financial management guidance.
  - Improve compliance with rules and standards
  - Promote greater performance
  - Enhance development of comprehensive strategies

# Agenda Topics

- Overview of CDBG Program
- Planning and Administration
- Financial Management Standards
- Procurement
- Federal Cost Principles
- Financial Analysis & Project Specific Requirements
- Monitoring
- Audits and Reports

The CDBG Cycle: Action Plan create the activities to meet PHB's Con Plan goals and objectives. The activities are tracked under different matrix codes in IDIS. Accounting also tracks the activity's budget and spending through the chart of accounts. The IDIS information, as well as other information, is gathered into the CAPER, showing how our goals of the Con Plan are met.



# CDBG Implementation Process

**SUBMIT CONSOLIDATED PLAN & DETERMINE PROGRAM DELIVERY METHOD**



**SELECT ACTIVITIES THAT MEET A NATIONAL OBJECTIVE**



**SELECT ACTIVITIES THAT ARE ELIGIBLE**



**COMPLY WITH OTHER FEDERAL REQUIREMENTS**



**ADDRESS FINANCIAL AND ADMINISTRATIVE REQUIREMENTS**



**ENTER RESULTS INTO IDIS DETERMINE PROGRAM DELIVERY**



**REPORT AND MONITOR PROGRESS**

# Program History

The Community Development Block Grant (CDBG) Program is authorized under Title I of the Housing and Community Development Act of 1974, as amended. The CDBG program was enacted in 1974 under the Housing and Community Development Act or HCDA. Prior to this point in time, there were numerous federal programs which addressed community development issues.

CDBG grew out of the consolidation of eight categorical programs under which communities competed nationally for funds. The consolidated programs include:

- Open Space;
- Urban Renewal;
- Neighborhood Development Program grants;
- Historic Preservation grants;
- Model Cities supplemental grants;
- Public Facilities loans;
- Neighborhood Facilities grants; and
- Water and Sewer grants.

# CDBG Primary Purpose

The primary objective of Title I of the Housing and Community Development Act of 1974, as amended, is the development of viable urban communities.

These viable communities are achieved by providing the following, principally for persons of low and moderate income:

- Decent housing;
- A suitable living environment; and
- Expanded economic opportunities.

To achieve these goals, the CDBG regulations set forth

- eligible activities and
- national objectives
- each activity must meet both.

As recipients of CDBG funds, grantees are charged with ensuring that these requirements are met.

# CDBG Regulations

The regulations implementing the CDBG Program are found at 24 CFR Part 570.

The CDBG regulations were dramatically revised over the past several years, primarily to increase flexibility for grantees in carrying out funded activities, to reflect statutory changes, and to respond to audits of the program by the Inspector General.

- New housing construction permitted
- Neighborhood revitalization encouraged
- Administrative requirements tightened
- Performance measurement established

## SEE REFERENCE MANUAL

- **September 30, 2003 (effective October 30, 2003)**—This final rule revised various HUD regulations, including the CDBG regulations at 570.200(j), 570.503, and 570.607, to remove barriers to the participation of faith-based organizations in eight of HUD's Community Planning and Development programs, including the CDBG program. A subsequent rule change effective August 9, 2004, revised the CDBG regulations at 570.480 for the same purpose.



# Key Definitions

- **CDBG Recipient:** Local governments are known as grantees or recipients. As noted above, they participate in either the Entitlement Program (for cities in metropolitan areas over 50,000 in population, designated principal cities of metropolitan statistical areas or urban counties with more than 200,000 people). Under the States and Small Cities Program, states receive funding directly from HUD and provide it to small cities (non-entitled communities), also referred to as units of general local government.
- **Entitlement Program:** The Entitlement Program is the portion of the CDBG Program that provides formula grants to metropolitan cities and urban counties. The Entitlement Program is the largest component of the CDBG Program receiving 70 percent of CDBG appropriations. Participating local governments automatically receive an annual allocation of CDBG funds. The grant amounts are determined by the higher of two formulas: Data based on overcrowded housing, population and poverty; or Data based on age of housing, population growth lag, and poverty.
- **State and Small Cities Program:** The State and Small Cities Program provides CDBG grants to state governments (except in the state of Hawaii where HUD directly administers the program). Under this Program, State agencies then provide CDBG assistance to non-entitlement communities within their jurisdiction. This training manual focuses primarily on the regulations implementing the Entitlement Program. Although many of the rules for the State and Small Cities Program are very similar to the rules for the Entitlement Program, readers representing states or small cities are encouraged to consult the applicable regulations at 24 CFR Part 570, Subpart I and the statute for additional guidance.

# Key Definitions

- **Subrecipient:** An entity that assists the recipient to implement and administer its program. Subrecipients are generally nonprofit organizations that assist the recipient to undertake one or more activities on behalf of the grantee, such as administer a home rehabilitation loan pool or manage a job training program. More information on subrecipients is provided in Chapter 2 of this manual. Subrecipients are also referred to as subgrantees.
- **Low and Moderate Income:** Low and moderate income (also referred to in this manual as LMI) means family or household annual income less than the Section 8 Low Income Limit, generally 80 percent of the area median income, as established by HUD.

Below is a *sample income chart indicating the Section 8 low income limits, as well as the 30% of median income and 50% of median income limits.*

Area: Sample FY 2008 Median Family Income: \$68,600

	ADJUSTED INCOME LIMITS (by household size)					
	<u>1 Person</u>	<u>2 Persons</u>	<u>3 Persons</u>	<u>4 Persons</u>	<u>5 Persons</u>	<u>6 Persons</u>
30% Limits	\$14,400	\$16,450	\$18,500	\$20,600	\$22,250	\$23,850
Very Low Income	\$24,000	\$27,450	\$30,850	\$34,300	\$37,050	\$39,800
LMI Income	\$38,400	\$43,900	\$49,400	\$54,900	\$59,250	\$63,650

# Selecting Activities and Objectives

- Determine if proposed activity
  - **Included in listing of eligible activities**
  - **Not among explicitly ineligible activities**
  - **Meets one of the national objectives**
  - **Ensures 70% benefit to low and moderate-income persons**
  
- **MUST MEET ALL 4 OF THE ABOVE**

See Reference Manual (Basically CDBG)

# Selecting Activities and Objectives

- Determine if proposed activity
  - **Included in listing of eligible activities**
    - Housing
    - Public facilities
    - Public services
    - Economic development
    - Planning and administration
    - Others include historic preservation, CBDO activities, use of CDBG to match other federal sources.
  - **Not among explicitly ineligible activities**
    - Government Buildings
    - Government expense
    - Political activities
    - Income payments (welfare)
  - **Meets one of the national objectives**
  - **Ensures 70% benefit to low and moderate-income persons**

# Selecting Activities and Objectives

- **Meets one of the national objectives**

- Benefit low- and moderate-income persons

- Area benefit: Activity provides benefit to area where at least 51% of residents are LMI persons.
  - Area primarily residential and activity meets LMI needs
  - Income levels documented by Census or other approved source
- Limited Clientele: Activity benefits limited number of persons who are at least 51% LMI.
  - Persons presumed to be LMI (abused children, elderly, homeless)
  - Help for LMI persons owning or developing micro businesses
  - Include job training and/or placement activities
- Housing: Activities providing or improving residential structures to be occupied by LMI persons.
  - At least 51% of units occupied by LMI
- Jobs: Activities create or retain jobs.
  - 51% of the jobs must be held by or available to LMI persons

- Aid in prevention of slums or blight

- Area basis: addresses slum and blight in area designated by state or local law
- Spot basis: activity eliminates specific condition of blight in particular instance
- Urban Renewal Area: Activity located in Urban Renewal Area or Neighborhood Development Program area.

- Meet urgent need – RARELY USED

- Community must show conditions are serious and immediate threat to health and welfare, conditions are recent, cannot fund activity on their own, other sources unavailable.

# Selecting Activities and Objectives

- **Ensures 70% benefit to low and moderate-income persons**
  - Grantees must expend more than 70% of funds on low and moderate activities
  - Planning and administration costs excluded from calculation
  - Based on aggregate expenditures over period of up to 3 years.
- Related Programs (See Reference Manual)
  - Section 108 loan guarantees
  - Neighborhood stabilization program (NSP)
  - CDBG-R

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**REPORT AND MONITOR PROGRESS**

# CDBG Implementation Process – Submit Con Plan

## SUBMIT CONSOLIDATED PLAN & DETERMINE PROGRAM DELIVERY METHOD

This page is located on the U.S. Department of Housing and Urban Development's Homes and Communities Web site at <http://www.hud.gov/offices/cpd/about/conplan/toolsandguidance/cpmp/index.cfm>.

### Consolidated Plan Management Process (CPMP) Tool

#### Jump To...

- Download the CPMP Tool
- CPMP Files
- Completed Materials

Welcome to the Consolidated Plan Management Process (CPMP) tool. HUD has created this optional tool to assist formula grantees in meeting the requirements of a Consolidated Plan—a Strategic Plan, up to five Annual Action Plans, and up to five Consolidated Annual Performance and Evaluation Reports (CAPER).

**Note that use of the tool is *OPTIONAL*. Grantees may still submit their Consolidated Plans, Annual Action Plans, and CAPERs in the format they have submitted them in the past. They may also choose to combine parts of the CPMP with formats currently used by grantees. However, where signatures are needed (i.e., SF-424s, certifications), submission of hard copies with original signatures will still be required until a methodology for electronic signatures is implemented.**

It is still the responsibility of each grantee to assure compliance with applicable statutes and regulations. The CPMP will facilitate compliance only if all questions (that apply to the grantees) are answered completely and accurately. The CPMP tool, as it is currently designed, is suited more to local jurisdictions than to states. Future versions will be customized for states.

**Note: The CPMP tool is a free tool developed by HUD for your use. You should never have to pay for it.**

#### Download the CPMP Tool

This tool is comprised of nineteen (19) different documents—the CPMP main workbook, the Strategic Plan, 5 Annual Action Plans, State and Non-State Certifications, the SF424, CAPERs, the Needs workbook, the Projects workbook, and the new Specific Objectives and Goals workbooks. The tool also contains 7 folders. There are five program year Additional Files folders for you to store optional images or maps in. The new "Ver2.0\_DataMigration" folder contains files that help you migrate some of your data from CPMP version 1.3 to this new one. More about this is discussed on the CPMP Version 2.0 Summary page.



# Planning and Administration of CDBG program

Pre-Award: Submit Con Plan (Application)

What types of activities will be funded?

Who will implement them?

POST AWARD : Manage Program Activities

How does Grantee Ensure Compliance

What is achieved?



# Planning and Administration of CDBG program

- Pre-award Requirements and considerations
  - Pre-award costs allowed if identified in the Con Plan, Environmental Review Complete, costs don't exceed 25% of total grant. (See Reference Manual – Basically CDBG, Financial Management)
  - Can use CPMP tool to walk through precise steps of putting the Con Plan together. (See Reference Manual, Other Resources)
    - Describe needs, priorities, and activities for 3 to 5 years, with Action Plan covering 1 year.
    - Covers CDBG, HOME, ESG, and HOPWA
    - Citizen participation
    - Submitted 45 days before start of program year (May 15 for July 1 start)
    - After HUD approval, needs to be amended for changing method of allocating funds, undertaking new activity or changing purpose of present activity. (PHB start with NOFA in Fall 2010 to determine 2011 Action Plan)

# Planning and Administration of CDBG program

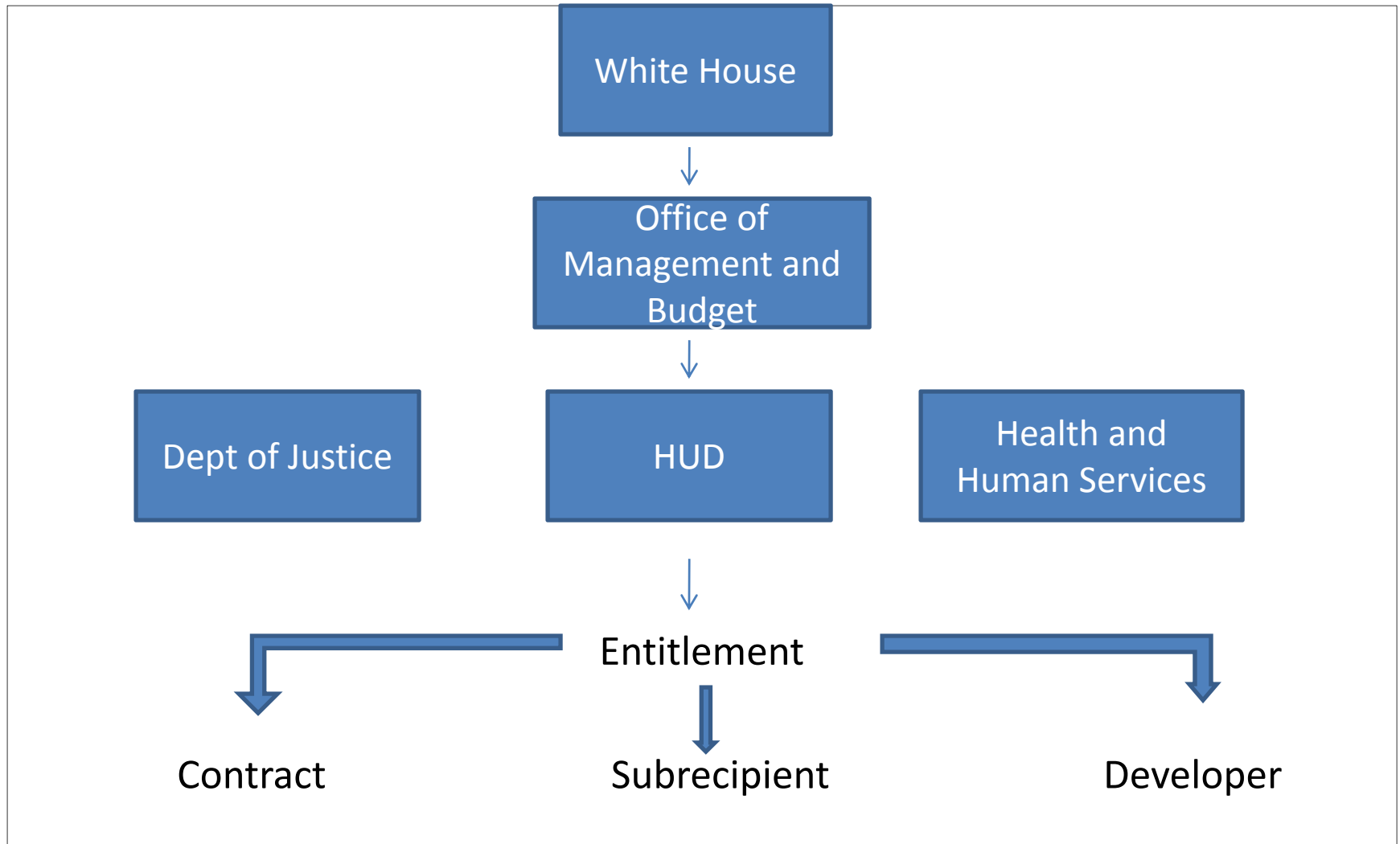
- Post-award Requirements (LOTS OF THEM)
  - Tools of accountability to monitor what was achieved, demonstrating cost – benefit has become increasingly important for tracking dollars spent and characteristics of program impact. Methods of accountability must meet Uniform Administrative Requirements.
    - Policies and Procedures
    - Written Agreements
    - Accounting practices
    - Performance measurement
    - Monitoring, reporting and record-keeping
    - Training and Technical assistance
- Seamless integration through cycle tracked by the Integrated Disbursement Information System (IDIS). HUD's accounting system.
  - Con Plan → Action Plan → IDIS → CAPER

# Focusing on the Post award Requirements

- Uniform Administrative Requirements
  - Common set of rules or standards for running programs
    - Grant administration
    - Financial management
  - Issued in OMB Circulars and HUD regulations (See Reference Manual, Laws & Regulations, Federal Regulations, OMB Circulars)

Area of Program Management	State and Local Governments	Not-for-Profits
Uniform Administrative Requirements	OMB Circular A-102 24 CFR Part 85	OMB Circular A-110 24 CFR Part 84
Cost Principles	OMB Circular A-87 (2 CFR Part 225)	OMB Circular A-122 (2 CFR Part 230)
Audits	OMB Circular A-133	OMB Circular A-133

# Focusing on the Post award Requirements (see Decision Tree)



# Focusing on the Post award Requirements

- Contractor Agreements (major elements include)
  - Description of good or service and use of funds
  - Bonding and insurance
  - Other federal requirements (extent of applicability depends on activity)
  - Duration of agreement

# Focusing on the Post award Requirements

- Subrecipient Agreements (major elements include)
  - Statement of work
  - Records and reports
  - Program income
  - Uniform administrative/other Federal requirements.
  - Conditions for religious organizations
  - Suspension and termination
  - Reversion of assets

# Focusing on the Post award Requirements

- Developer Agreements (major elements include)
  - Statement of work and use of funds
  - Project requirements
    - CDBG benefit test, property standards (ER), etc.
    - Performance data
  - Affirmative marketing
  - Payment procedures
  - Enforcement procedures
  - Duration of agreement
  - In addition, agreements with CHDOs receiving HOME and CDBG funding must include: HOME related provisions, performance data.



# Focusing on the Post award Requirements

- All written agreements should include:
  - Roles and responsibility of each party
  - Outcome performance measures
  - Consequences of non-performance (allows termination)
  - Criteria for successful completion of program, service or project (allows bonus)

## Focusing on the Post award Requirements: Financial Management (24 CFR Part 85 & OMB Circular A-87)

- Establish minimum standards for managing grants
  - Control and account for funds, property, other assets (internal controls)
  - Identify source and use of all Federal funds (accounting system)
  - Allow accurate, timely and complete financial reporting (budgets and reports)
  - Minimize time in transfer of funds between Federal government and grantee (cash management)
  - See Reference Manual (DVD)

# Financial Management: Internal Controls

- Internal control: The combination of policies, procedures, job responsibilities, personnel and records that create accountability.
- Ensures funds are used and managed properly
- Example: Organizational Chart
  - Supervision of employees
  - Lines of Authority
  - Communication
  - Delineates responsibility, functions, and duties

# Financial Management: Accounting System

- System of tracking sources and uses of funds or “fund accounting”– method that groups resources into funds.
- Ensures that program costs are:
  - Incurred for proper period
  - Actually paid
  - Expended on eligible items
  - Expended from appropriate grant
  - Approved by appropriate officials
- Accounting system includes:
  - Chart of accounts
  - Cash receipts journal
  - Cash disbursements journal
  - Payroll journal
  - General Ledger

# Financial Management: Budgets and Reports

- Records that compare and control expenditures
  - *Budgeted amounts*
  - *Compare obligations and expenditures to planned budgets and accomplishments*
  - *Report deviations from budgets and plan (critical feedback to monitor & control costs)*
- Ensures that grantee performs and is held accountable for results
- CDBG budgets should consist of:
  - *Funding allocation*
  - *Supplementary information (project information)*
  - *IDIS Set-up (CDBG Matrix Codes)*
- Personnel costs must be supported by appropriate records
  - *Timesheets*
    - After the fact determination of actual activity (allocation percentage or actual time tracked)
    - Signed by employee and supervisor
  - *Applies to HUD **grantees** and **subrecipients** ONLY!*
- Reports should summarize financial and performance data recorded regularly during the grant year. **CAPER for us!**

# Financial Management: Cash Management

- Procedures to minimize the time between receipt and disbursement of funds required.
- Ensure that grantee holds grant dollars for least time period necessary.
- Three methods allowed
  - Reimbursement (most used method)
  - Cash advance
  - Working capital
- IDIS satisfies cash management standards. (See Reference Manual, Other Resources: IDIS Online for CDBG Training, Keeping your CDBG funds moving, etc.)
  - **Objectives**
    - Manage and account for disbursement of CDBG
    - Collect, consolidate and report information on CDBG performance
  - **Functions**
    - Like bank with deposits, withdrawals PLUS activity information

## How does Grantee Ensure Compliance?

- Procurement
- Federal Cost Principles
- Financial Analysis and Program Specific Requirements
- Audits and Reports

## How do we know what we achieved?

- Audits and Reports, Reports, Reports

# Compliance: Procurement

- Standards
- Methods
- Recommendations

## Standards

- Uniform Administrative Requirements cover procurement
- OMB Circular specifies general rules
- Two sets of HUD regulations implement those rules

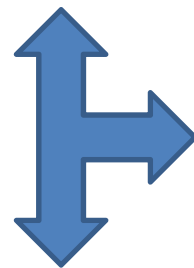


# Compliance: Procurement Standards

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Audits	OMB Circular A-133	OMB Circular A-133

Ceiling

City Plan



The city can create a higher standard, but not a lower standard. The HUD audit will hold you to your standard.

Floor

HUD requirements

# Compliance: Procurement Standards

- Grantees and subrecipients must adhere to Federal procurement rules when purchasing
  - Services
  - Supplies
  - Equipment
- Procurement policies must be in place
- Must follow written procedures and document compliance.

# Compliance: Methods of Procurement

- Small purchases (less than \$100,000)
- Sealed bid (construction)
- Request for proposals (RFP)
- Non-competitive

# Methods of Procurement: Small purchases

- Also known as “streamlined” method
- May be used for purchases below \$100,000
- Requirements include
  - Getting 3 to 5 competitive quotes (can be from catalogs or checking at stores). If 3 are all comparable, document it, and shop at all 3.
  - Selecting the most reasonable offer (not necessarily the cheapest).
  - Use purchase orders or petty cash to purchase.

# Methods of Procurement: Sealed Bid

- Usually used when you know what you want.
- Use for construction contracts and to purchase equipment or supplies.
- Process involves
  - Developing an invitation for bids
  - Publicly soliciting bids
  - Opening bids and announcing prices
  - Reviewing bids in detail (can use review to find lowest “conforming” bid and outliers can be thrown out for pricing, in complete, poorly documented, etc.)
  - Awarding contract to winning bidder

# Methods of Procurement: Request for Proposal

- Used when sealed bid not appropriate (consulting services, project not designed, etc.). Mainly asking 2 questions:
  - What is your technical skill and what is your approach to the project.
  - What is your price.
- Process involves
  - Announcing and issuing RFP
  - Opening, reviewing and comparing proposals
  - If necessary, negotiating with offerors
  - Requesting and reviewing “best and final offers”
  - Awarding contract

# Methods of Procurement: Non-Competitive Award

- Permitted when award is infeasible under other methods **and** one of following applies
  - Item is available from only one source
  - Emergency situation will not permit delay
  - HUD authorizes non-competitive proposals
- Price or cost analysis and written justification must be in the files.

# Methods of Procurement: The other details

- Contract types
  - Firm fixed price, agreed upon regardless of cost, only type used for sealed bid, but can be used for other selection processes.
  - Cost reimbursement, estimated cost with ceiling, used with other method selections.
- Bonds
  - More than \$100,000 must have
    - payment and performance bonds.
    - Deposit of cash
    - Letters of credit
- Insurance requirements
- Affirmative Action – MBE/WBE requirements
- Ethics: conflict of interest, gratuities, confidential info, influence peddling.



# Methods of Procurement: Recommendation

- Use procurement standards with the most restrictive procedures.
- Generally subrecipients adhere to same procedures that apply to grantee.
- Developers typically do not have to follow procurement procedures. (Reference CD – Other Resources, Decision Tree)
- Other factors that influence procurement standards
  - Community size and grant amount
  - Type of program
  - Local politics
  - Organizational capacity
- Procurement procedures
  - Written guidance
  - Follow them
  - Apply consistently to purchases by same type of entity

## How does Grantee Ensure Compliance?

- ✓ Procurement
- Federal Cost Principles
- Financial Analysis and Program Specific Requirements
- Audits and Reports

## How do we know what we achieved?

- Audits and Reports, Reports, Reports

# Compliance : Federal Cost Principles

Components explained in OMB Circular A-87

- Cost allowability
- Cost reasonableness
- Cost allocation

(See reference manual)

## RADAR

- Reasonable
- Allowable
- Documented
- Allocable
- Reimbursable

# Federal Cost Principles:

Costs are only eligible if they:

- Are associated with an eligible client
- Pay for eligible activities
- Are delineated in grantee application
- Have adequate source documentation (documents behind the invoice)
- Meet the OMB standards (allowable, reasonable, allocable)

# Compliance : Federal Cost Principles

## Cost allowability:

- Necessary and reasonable
- Allocable to program
- Authorized or not prohibited
- Conform to rules and requirements (A-87 even has a list – Tab 5 in book)
- Not charged to any other program

# Compliance : Federal Cost Principles

## Cost reasonableness:

- Costs charged to Federal award must be necessary, reasonable and directly related to the grant. i.e.
  - Is cost ordinary and necessary
  - Market price for comparable goods and services
  - Benefit to individuals involved
  - Significant deviations from established practices of grantee may present “unreasonable cost”.

# Compliance : Federal Cost Principles

Cost allocation: A cost is allocable to HUD program if

- Treated consistently with other similar costs
- Incurred specifically for program
- Benefits program or can be distributed based on a reasonable proportion
- Necessary to operations

# Compliance : Federal Cost Principles

## Cost allocation: Direct and Indirect costs

- Direct costs can be identified with specific program or activity
- Indirect costs are incurred for common/joint purpose benefiting more than one program or activity (admin salaries, accounting expenses, facilities maintenance, etc.)
- Must pro-rate costs when HUD is not the full cost
  - Source documentation
  - Personnel pro-rated based on time %
  - Operating pro-rated based on % space or time used
  - Document, document, document



# Compliance : Federal Cost Principles

## Eligibility

- If approved in budget, cost is allowable
- If properly procured, cost is reasonable
- If directly linked to grant, cost is allocable

All of the above must be true for costs to be reimbursable from Federal sources.

# Compliance : Financial Analysis

In addition to managing finances and documenting compliance, grantees are expected to

- Analyze numbers (3 years b/s, i/s, liquidity, f/s notes)
- Make good deals with 9 steps evaluation
- Earn income: program income
- Timeliness

# Financial Analysis: 9 steps to good deals

- Define project
- Establish each party's interests
- Collect and review facts
- Review and assess assumptions
- Maximize non-CDBG debt
- Maximize borrower equity
- Determine financing gap
- Evaluate public benefit (jobs 35/50, area 350/1000)
- Make judgment decision- take the long view

# Financial Analysis: Program Income

Gross income received by grantee and subrecipient that is directly generated by use of CDBG.

- Proceeds from sale/lease of property
- Rental income
- Loan repayments
- Funds collected through special assessments

## Not program income

- Income earned on grant advances from Treasury
- Income from section 108 activities
- Amount of \$25,000 or less in single year
- Proceeds from fundraising
- Income generated 5 years after closeout

# Program Income: Remission

- IDIS tracking ensures that reported program income spent first. Usually undergoing constant revision.
- At year's end, grantee must determine if it has excess program income and return excess income
- Any amount in excess of 1/12 of most recent grant must be remitted.

# Financial Analysis: Timeliness

Grantee cannot have more than 1.5 times current program year CDBG in line of credit (calc 60 days prior to YE)

See reference manual – “Keeping funds moving” or don’t be afraid to pull the plug.

# Compliance: Monitoring

Grantees are responsible for ensuring that subrecipients and other entities:

- Comply with all applicable requirements
- Achieve their objectives within schedule and budget

Monitoring should offer ongoing support and assistance (TA)

Monitoring includes:

- Procedures
- Documenting compliance
- Corrective Actions

# Monitoring: Procedures

## Desk Reviews

- Usually first step
- Examine reports and financial information sent into office
- Gather additional info as needed

## On-site Monitoring

- Review files and meet with staff
- Identify areas of good and/or problem performance
- Assess compliance with CDBG
- Determine whether records are adequate
- Get and share information (interviews, record review, unit inspections, facility inspection, discussion with beneficiaries, exit interviews)



# Monitoring: Procedures

## On-site Monitoring 3 step process

### 1. Preparation

- » Prepare for visit by brushing up on rules and reviewing materials (agreements, reports, audits)

### 2. Conduct visit

- » Send notice of date, scope, and focus of review
- » Hold entrance conference with chief official
- » Document, gather, and analyze information (checklists, HUD sample audit forms)
- » Exit conference to report results.

### 3. Follow-up

- » Letter follow-up (praise and findings/concerns)
- » Set deadline for response or action

# Monitoring: Documenting Compliance

## Key Documents

- Regulations and notices
- Written agreement
- Forms/checklists
- Subrecipient and other entities information
- Project files
- Payment requests/invoices
- Past monitoring files

## Reference DVD and notebook

- Notebook - full table of contents of CPD monitoring handbook
- DVD – Chapter 3 of HUD's Monitoring Handbook (use for monitoring or use for prep for HUD monitoring PHB). If you can't check yes, then it's a finding of non-compliance.

# Monitoring: Corrective Action (3 levels)

## Low level

- Identify problem and corrective action
- Plan strategy with more reports/monitoring

## Moderate level

- Restrict payments
- Disallow expenses or require repayments
- Impose probation

## High level

- Suspend organization
- Do not renew
- Terminate activity
- Initiate legal action

# Monitoring: Results and TA

End result of monitoring should foster:

- Production/accountability
- Compliance with requirements
- Responsiveness to community needs
- Effective use of resources
- Good organizational performance

Capacity Building Tips:

- Perform needs assessments with subrecipients
- Engage leadership in prioritization
- Arrange expert professional advice
- Provide incentives or rewards for accomplishments

# Performance Evaluation Tools

- Audits (not covered here)
- CAPER
  - Due within 90 days of end of program year.
  - Satisfies reporting requirements for formula grant programs
  - Helps HUD assess performance
  - Provides info to Congress
  - Describes achievement to citizens

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# CAPER

Includes narrative and financial components

– Narrative

- Assessment of 3 to 5 year goals and objectives
- Relationship of CDBG uses to priorities
- Self-evaluation

– Financial Summary Report (see PR26 in notebook)

- Info on expenditures, disbursements, and accomplishments.
- Includes CDBG and other programs
- Instruction updated in 2007

# CAPER

Performance data collected and reported must respond to HUD guidance.

- Notice of Outcome Performance Measurement System – March 7, 2006
- IDIS entries
- CAPER submission



# CAPER:HUD's measurement system

Grantee, using CPMP Tool, selects:



Measure outcome of activities (Wendy's world)

- Grantees identify performance data to be collected
- Subrecipients and other entities establish methods to collect and report
- Grantees coordinate with partners to include data in IDIS and CAPER

Account for funding (Alissa's world)

Inform community (PHB and HUD world)

# Be a higher performer

Data from CAPER has uses beyond requirements

- Productivity analysis to improve efficiency
- Program evaluation to better target resources & meet needs.
- Helps to tell CDBG story

*“You can’t manage what you don’t measure, and what you don’t manage doesn’t get done.”*

➤ *Peter F. Drucker*