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CHAPTER 6. ACTIONS TAKEN ON MONITORING CONCLUSIONS

- 6-1. DOCUMENTING MONITORING CONCLUSIONS. All monitoring conclusions shall be properly documented including those conclusions based on documentation reviews, e.g., CDBG Grantee Performance Reports and UDAG Quarterly Progress Reports, as well as conclusions from on-site visits. After a monitoring visit, the FHEO staff shall record all persons interviewed, files examined, sites inspected and monitoring results and specific action required, if any. Appendix F is a suggested guideline for the documentation. Conclusions should be recorded in FORMS/CPD.
- 6-2. ADVISING THE GRANTEE OF MONITORING CONCLUSIONS. Grantees are to be advised in writing of all the major conclusions, including all findings related to monitoring activity. This shall include consultation with the grantee as set forth in paragraph 3-6. Monitoring findings shall be based on the requirements of Title VI, Section 109, and Title VIII and other civil rights statutes, regulations or executive orders and the appropriate CPD regulations which cite the civil rights requirements. Each finding must reference the appropriate statute or executive order and relevant regulatory provisions. Grantees shall be given an opportunity to take the necessary corrective or remedial actions HUD deems necessary. Whenever such actions are required, the grantee shall be given a due date for response. Formal notification of the grantee shall be coordinated with CPD, as set forth in paragraph 3-7.
- 6-3. CORRECTIVE AND REMEDIAL ACTIONS. When on the basis of a grantee's performance, it is determined that the grantee has not conformed to the fair housing and equal opportunity requirements of the program, actions may be taken, as appropriate to the circumstances. In each instance, these actions are designed to prevent a continuance of the nonconformance; to mitigate any adverse effects of consequences of the deficiency to the extent possible under the circumstances; and to prevent a recurrence of the same or similar deficiencies. Corrective and remedial actions shall be progressive in nature; and every effort made to gain conformance with fair housing and equal opportunity requirements without imposition of the most serious corrective actions. FHEO staff shall provide the grantee an opportunity to provide information which explains or disputes findings.
- a. Community Development Block Grant Program - Entitlement and Small Cities Grants. FHEO staff may recommend to the Area Manager that HUD take such actions as the following.

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- (6-3)
- (1) Notify the grantee of apparent deficiencies identified as the result of monitoring and request the grantee to submit any additional information or clarification concerning the apparent deficiency. The Area Office shall set a response date that is reasonable and appropriate on a case-by-case basis.
  - (2) Notify the grantee, following evaluation of information submitted in response to the notification of apparent deficiencies, whether a deficiency exists or does not exist. If a deficiency exists, a FHEO monitoring finding has been made.
  - (3) Notify the grantee of actions which will correct findings and require the grantee to submit a statement of actions it will take to correct or remedy the monitoring findings. (Examples of corrective actions include maintaining records regarding racial, ethnic and gender characteristics of program beneficiaries, and implementing fair housing activities contained in the approved application.) Offer technical assistance to the grantee.
  - (4) Notify grantee whether its proposed actions are appropriate and acceptable.
  - (5) Notify the grantee that the certifications are no longer acceptable as provided in 24 CFR 570.311(b) and require submission of a special assurance specifying performance goals and a specific timetable calling for quantifiable results where the grantee has failed to show action or substantial progress in FHEO areas of monitoring.
  - (6) Notify the grantee that more serious corrective and remedial actions will be taken if the deficiency is not corrected or is repeated.
  - (7) Recommend compliance action by the Regional Office of FHEO.
  - (8) The actions which follow would only be considered after taking one or more of the actions, as appropriate in each instance, described in subparagraph 6-3a(1)-(7) above.

- (6-3)
- (a) Impose a condition on the approval of a succeeding year's application if there is substantial evidence of a lack of conformance with established performance standards certifications or applicable laws.
1. A condition should be imposed only for those deficiencies which may result in funding sanctions in the current year or in a subsequent year if the condition is not met.
  2. FHEO staff shall advise the Area Manager and the CPD Division, as early as possible, of its recommendations that a contract condition be imposed.
  3. Concurrent with the Area Office's informal consultation with communities concerning the prospect of special contract conditions including FHEO requirements, the FHEO staff should notify, by telephone, the FHEO Office of Management and Field Coordination (in Headquarters) and the Regional Director of FHEO. The FHEO Office of Management and Field Coordination will apprise the Program Standards Division and the Assistant Secretary for FHEO of the prospect of the special contract conditions. The Regional Director of FHEO may choose to comment to the Assistant Secretary for FHEO on the proposed condition. CPD staff shall notify the CPD Office of Field Operations and Monitoring (Headquarters) of the prospect of any special contract conditions including FHEO-related conditions.
- (b) Recommend to the Assistant Secretary for Community Planning and Development that the Entitlement grant amount be reduced.
- (c) Reduce the Small Cities grant amount.

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- b. Other Community Development Programs. When there are FHEO monitoring findings regarding Community Development programs, other than CDBG-Entitlement or Small Cities grants, the FHEO staff should prepare a memorandum for the signature of the Area Manager to the Assistant Secretary for CPD, which outlines the deficiencies, recommends corrective actions and

requests approval and other appropriate action, if any, from the Assistant Secretary. The memorandum shall have the concurrence of Director, CPD Division.

- 6-4. FACTORS TO CONSIDER IN DETERMINING CORRECTIVE ACTIONS. In determining the appropriate actions to take, the following factors should be considered:
- a. Whether the grantee has been warned previously about inadequate performance regarding the equal opportunity area in question.
  - b. Whether the grantee has been given technical assistance in correcting the area of inadequate performance.
  - c. Whether the grantee has been previously subject to extra requirements or conditions (e.g., special assurances, grant conditions, etc.).
  - d. The type of deficiency; for example, failure to maintain records regarding preconstruction conferences would be considerably less serious than findings of differences in program administration on the basis of race.