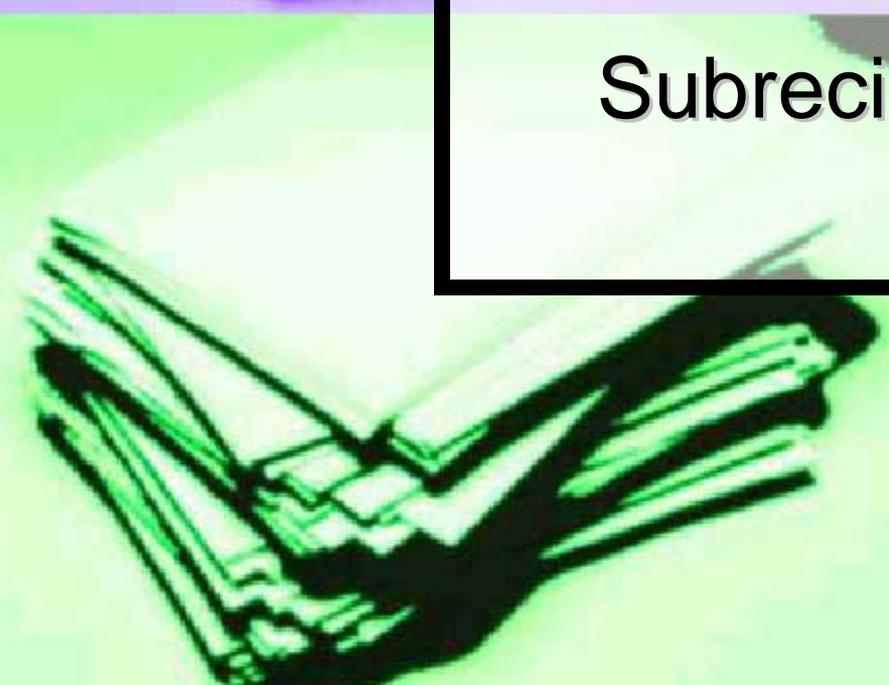
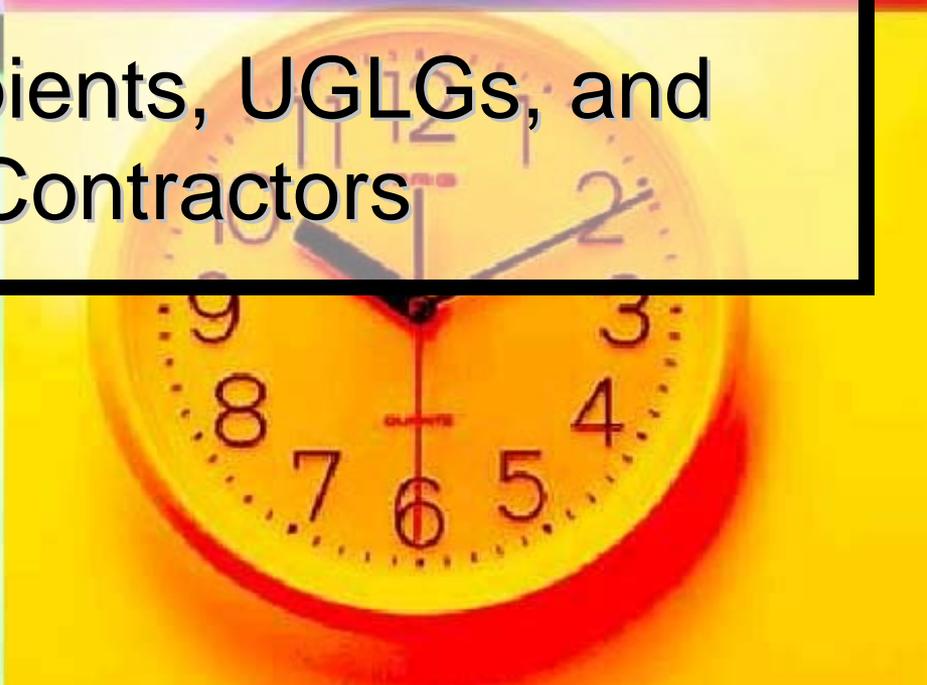


A stack of papers, slightly blurred, with a purple and blue color gradient.A clock face, slightly blurred, with a purple and blue color gradient.

Monitoring or Tracking for Performance and Compliance

A stack of papers, slightly blurred, with a green and blue color gradient.A clock face, slightly blurred, with a yellow and orange color gradient.

Subrecipients, UGLGs, and
Contractors

Why monitor?

- *Improve subrecipient and contractor performance*
- *Carry out your CDBG program in a timely manner*
- *Comply with regulations*
- *Improve management quality*
- *Solve problems*
- *Improve communication*
- *Save time*
- *Avoid audit hassles*



A vertical strip of four images on the left side of the slide. From top to bottom: a clock with a blue face and black hands on a red background; a clock with a yellow face and black hands on a blue background; a stack of papers on a green background; and a stack of papers on a purple background.

Another reason

Effective CDBG programs depend upon ***cooperative, problem-solving relationships*** between grantees, subrecipients, units of general local government (UGLGs), and contractors.

Who monitors?

- States can design own policies and procedures.
- Based on studies of results, HUD strongly recommends that monitoring subrecipients/UGLGs or performance tracking of contractors is done at all levels throughout the life of the activity in every contact with the subrecipient, UGLG, or contractor.



Subrecipient versus contractor

- Subrecipient can be **designated** by the grantee.
- Contractors must be selected through a **competitive procurement process**.
 - Other than rules relating to bonding, insurance, prevailing wages, and other such provisions, most of the standard Federal administrative and monitoring requirements (described in 24 CFR Parts 84 and 85, as applicable) do **not** apply to contractors, post procurement.





UGLG grant recipients

- Term used to describe general government (for example: city, county, village) recipients of grants under a traditional State CDBG method of distribution.
- Can use regular State CDBG guidance for agreements, monitoring, and other controls of these entities. Can also be subrecipients.

Subrecipient versus contractor

- The difference lies in the procurement process and in the administrative and monitoring requirements for subrecipients.
- The procurement process tends to be more rigorous for contractors, while the administrative and monitoring requirements are greater for subrecipients.



Life Cycle Tools

- Screen pre-award
- Assess risk
- Orient and train
- Make strong written agreements
- Set performance standards
- Monitor subrecipients; track contractor milestones and deliverables
- Follow up to resolve problems



Goal-oriented process

- Meeting program regulations
- Measuring progress toward performance goals
- Improving the product or the service being delivered
- Assuring timely delivery of benefits



What to monitor or track?

- Progress toward deliverable
- Compliance with agreement terms
- Where is the money?
- Ways to improve the program
- File tells the story





National Objectives and Eligibility

- Critical to CDBG grants; urgent need and slum/blight can be done up front
- Low/mod national objective may require additional documentation at the subrecipient level
- Eligibility = Match written agreement AND Action Plan.



State CDBG-land

- State is responsible for written procedures and records that demonstrate that all requirements are met
- Model recordkeeping included in State CDBG *Guide to Eligible Activities*
- Advised to use the CDBG Entitlement regulations as interpretive guidance
- Encourage consolidating policies in a single State grant administration manual

Ineligible activities

- Buildings used for the general conduct of government
- General government expenses
- Partisan political activities



Ineligible activities

- Purchase of construction equipment; purchase of furnishings and personal property, unless part of a public service activity or necessary for use by a grantee in the administration of the CDBG program.
- Repair, operation, and maintenance of public facilities; improvements and services, except expenses associated with eligible public service activities; interim assistance; and office space for CDBG program staff.
- Income payments of a subsistence nature.





Allowable costs

- *Authorized*: Follow the contract/agreement
- *Supported*: Check each invoice's supporting documentation
- *Listed*: Review against OMB A-87 or other applicable Federal cost circular

What does HUD look for?

Based on Section 104(e) of the Act, 24 CFR 570.490 requires that the State maintain records which are adequate to allow the Secretary to determine whether or not the program is being carried out in accordance with the State's certifications, the requirements of the HCDA, and other applicable laws.



What does HUD look for?

- The State is required to conduct reviews of (sub)recipients to ensure compliance with applicable laws and Title I requirements.
- No reviews of contractors are required, but HUD expects contract deliverables and milestones will be tracked and met to demonstrate reasonableness of costs.
- Records must demonstrate that the State has conducted reviews sufficient for the State to determine whether (sub)recipients are in compliance.



What does HUD look for?

- A method to select recipients for review.
- Evidence that the frequency of review is adequate.
- Evidence that the review by the State examined all necessary items.
- Evidence to support the conclusions reached.
- Evidence that the results of reviews, particularly negative findings, were communicated to (sub)recipients.
- Evidence that negative findings were tracked and successfully resolved.





Disclaimer

This presentation was designed by Jessie Handforth Kome, Director, Disaster Recovery and Special Issues Division. It is based on the Entitlement CDBG *Guide to Subrecipient Management*, the State CDBG regulations, and the *Federal Register* Notices applicable to most disaster recovery CDBG grants. All errors are Jessie's. Please report them to her at jessie.handforth.kome@hud.gov.