



City of Lowell

Division Planning and Development

Community Development Block Grant Monitoring Guide

Version 2023



Monitoring Guide

CDBG Funded Programs & Projects

Summary

The City of Lowell Division of Planning and Development is required to monitor all entities receiving Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funding. The regulations state we must “ensure that CDBG funds are being used in accordance with all program requirements” (24 CFR 570.501(b)). To meet HUD requirements, the City may conduct an on-site monitoring visit, or in certain instances, the City may conduct a “desk-top” monitoring visit, whereby the agency is not visited, and their grant is monitored only by review of the information in City files. The City will conduct a risk assessment to determine which organization will be monitored. All organizations being monitored will receive an email with

Monitoring Objectives

- ✓ To determine if a subrecipient is carrying out its community development program, and its individual activities, as described in the contract.
- ✓ To determine if a subrecipient is carrying out its activities in a timely manner, in accordance with the schedule included in the Agreement.
- ✓ To determine if a subrecipient is conducting its activities with adequate control over program and financial performance, and in a way that minimizes opportunities for waste, mismanagement, fraud, and abuse.
- ✓ To assess if the subrecipient has a continuing capacity to carry out the approved project, as well as future grants for which it may apply.
- ✓ To identify potential problem areas and to assist the subrecipient in complying with applicable laws and regulations.
- ✓ To assist subrecipients in resolving compliance problems through discussion, negotiation, and the provision of technical assistance and training.
- ✓ To provide adequate follow-up measures to ensure that performance and compliance deficiencies are corrected by subrecipients, and not repeated.
- ✓ To comply with the Federal monitoring requirements of 24 CFR 570.501(b) and with 24 CFR 84.51 and 85.40, as applicable.
- ✓ To determine if any conflicts of interest exist in the operation of the CDBG program, per 24 CFR 570.611.
- ✓ To ensure that required records are maintained to demonstrate compliance with applicable regulations.

Stages of the Monitoring Process

1. Notice of Monitoring Visit Letter – Sent to the Executive Director with date and time of visit
2. Entrance Conference – Takes place the day of the monitoring visit with all appropriate staff
3. Monitoring – Documents are viewed and the monitoring checklist is completed
4. Exit Conference – Next steps are communicated and all questions or concerns can be answered
5. Follow Up (if applicable) – Findings are remedied and plans are put in place to avoid future issues

Proper Documentation

Below is a list of records that must be retained for the duration of the grant and open for review during the monitoring visit. Your agency is only required to retain documents which indicate the responsible entity is the “Subrecipient”.

Documents to be Retained for Monitoring	
Documents	Responsible Entity
<p>Project Application</p> <ul style="list-style-type: none"> • Original Application • Amendments to Application • Approval of Amendments • Notice of Award • Correspondence 	<ul style="list-style-type: none"> <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient + Grantee <input type="checkbox"/> Grantee <input type="checkbox"/> Grantee <input type="checkbox"/> Subrecipient/Grantee
<p>Pre-Award Documentation</p> <ul style="list-style-type: none"> • Articles of Incorporation/Bylaws • Non-profit Determination • List of Board of Directors • Authorization to Request Funds • Authorized Official • Organizational Chart • Resumes of Chief Admin. and Chief Fiscal Officers • Financial Statement and Audit • Conflict of Interest Statement 	<ul style="list-style-type: none"> <input type="checkbox"/> Subrecipient
<p>Subrecipient Agreement</p> <ul style="list-style-type: none"> • Subgrant Amount • Date of Subgrant • Statement of Work • Budget by Task/Activity • Schedule by Task/Activity • Standard Provisions • Special Conditions • Amendments (Dates) 	<ul style="list-style-type: none"> <input type="checkbox"/> Grantee <input type="checkbox"/> Grantee <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Grantee <input type="checkbox"/> Grantee <input type="checkbox"/> Grantee <input type="checkbox"/> Grantee

<p>Financial Records</p> <ul style="list-style-type: none"> • Current Approved Budget • Authorization Letter/Signatures • Financial Management Systems (Accounting books, reporting systems) • Chart of Accounts • List of Source Documents to be Maintained • Financial Status Report (total budget, amount expended) • Drawdown Request Forms • Executed Contracts/Bid Docs • Board Minutes for Approval of Contracts or Bids • Copy of Most Recent Audit Report • Certification of Insurance Coverage/Bonding • CDBG Payroll Records • Certified Construction Payroll Record (Davis-Bacon applicable) • Approved Cost-Allocation Plan • Relevant Financial Correspondence 	<ul style="list-style-type: none"> <input type="checkbox"/> Subrecipient/Grantee <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Grantee <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient/grantee <input type="checkbox"/> Subrecipient/grantee
<p>Project Monitoring & Control</p> <ul style="list-style-type: none"> • Completed Monitoring Reports • National Objectives Documentation (Income Verification Forms) • Eligible Activities Documentation • Activity Status Report (scope, cost, schedule, Actual v. Agreement) • Drawdown Request/Reports • Subrecipient Staffing • Meeting Minutes • Telephone Log/Notes • Correspondence 	<ul style="list-style-type: none"> <input type="checkbox"/> Grantee <input type="checkbox"/> Subrecipient
<p>Regulatory Compliance File</p> <ul style="list-style-type: none"> • HUD Monitoring Results • Real property inventory, Management and Change of Use • Anti-discrimination, Fair Housing, EEO, ADA/504 Certifications • Procurement, Bonding, Insurance • Labor standards • Acquisition, Displacement, Relocation, Replacement Housing • Environmental Review • Loan Status Reports (economic development, rehabilitation) • Administrative Activities • Flood Insurance Purchase 	<ul style="list-style-type: none"> <input type="checkbox"/> HUD/Grantee <input type="checkbox"/> Subrecipient <input type="checkbox"/> Grantee <input type="checkbox"/> Subrecipient/Grantee <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient
<p>Other Project Activity Files</p> <ul style="list-style-type: none"> • Plans & Specs (rehabilitation, historic preservation) • Orientation and Training • Special Case Records 	<ul style="list-style-type: none"> <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient <input type="checkbox"/> Subrecipient

CHECKLIST FOR ON-SITE MONITORING OF A SUBRECIPIENT

GENERAL INFORMATION

Date: _____ Project ID#/IDIS#: _____ IDIS Matrix Code: _____ P.O. #: _____

Project/Program Manager: _____ Title: _____

Organization: _____

Program Name/Location: _____

Contact Person: _____

Address: _____ City/State/Zip Code: _____

Phone: _____ Fax: _____ E-mail: _____

Contract/Grant Amount: \$ _____ Contract/Grant Period: _____

Funds drawn to date: \$ _____

Amendment/s: _____ New Amount Funded: _____ New Contract Date: _____

Comments: _____

PERFORMANCE EVALUATION REVIEW

[Required by 24 CFR 570.501(b) and 24 CFR 85.40(a)]

1. **National Objectives Compliance:** [24 CFR 570.208]

Yes No

N/A

Please check all that apply:

- Low/mod benefit (Area)
- Low/mod benefit (Direct)
- Low/mod limited clientele benefit
- Presumption of low/mod benefit for special needs groups; documentation required
- Slums & blight (Area)
- Slums & blight (Spot)
- Urgent needs

2. **Eligible/Ineligible Activities Compliance:** [24 CFR 570.201-7] Yes No
 N/A

Type of eligible activity: _____

3. **Performance Based Contracting (in agreement):** Yes No
 N/A

Compare current vs. original in agreement: _____

On a timely schedule to achieve accomplishment goals as spelled out in contract?: _____

Definition of Units of Service in Scope of Service: [24 CFR 570.503(b)(1)] _____

4. **Contract Statement of Work:** Yes No N/A

Compare actual work performed vs. planned: _____

5. **Contract Schedule:** Yes No
 N/A

Compare actual progress vs. planned: _____

6. **Contract Budget:** Yes No
 N/A

Compare actual expenditure vs. planned: _____

7. **Summary of Achievements:** Yes No
 N/A

Acknowledge major accomplishments: _____

RECORD-KEEPING SYSTEMS

[Required by 24 CFR 570.506]

1. **Filing System:** Yes No
 N/A

Orderly, comprehensive and up-to-date

List of records/files reviewed: _____

2. **Equipment purchased with CDBG:** [24 CFR 85.32(d)] Yes No
 N/A

Any equipment purchased with CDBG funds must be properly recorded and maintained. Records must include description of equipment, date of purchase, cost, source of funds, title, serial number, and use of property.

3. **Location and Accessibility:** [24 CFR 570.508] Yes No
 N/A

Are records reasonably accessible to the public for review?

4. **Documentation:** [24 CFR 570.506] Yes No
 N/A

Monthly reporting requirements and Self-Declaration of Income (if applicable).

Do all participants meet eligibility requirement?

Is there a copy of income verification on file for each participant?

Document Presumed Benefit – nature of facility or program, or location (area) of program.

5. **Retention of Records:** [24 CFR 570.502(b)(3); 24 CFR 85.42] Yes No N/A

Notes: _____

OVERALL MANAGEMENT SYSTEMS

1. *Does the subrecipient maintain written procedures describing* Yes No
 N/A
the management of the CDBG-funded program?

2. *How are responsibilities for implementing and managing the*

CDBG- funded program assigned and delegated?

3. *Has a system been developed to track the progress of the CDBG-funded activity?* Yes No N/A

4. *Are required reporting forms submitted timely and accurately?* Yes No N/A

5. *Is there a system in place where a subrecipients weekly payroll records track hourly time distribution for an employee that works on both CDBG and non-CDBG funded activities?* Yes No N/A

FINANCIAL MANAGEMENT SYSTEMS

1. **Systems for Internal Control:** [24 CFR 85.20(b)(3)] Yes No N/A
Accounting policies and procedures and staffing in place. Are effective controls in place to safeguard all property (cash, real estate, assets and personal property) and to assure that the property is being solely used for authorized purpose?
2. **Components of Financial Management System:** Yes No N/A
Chart of accounts, journals, ledgers, reconciliation, data processing, reporting system, and software utilized.
3. **Accounting records:** Yes No N/A
Accurate, current, and complete disclosure of financial results – Compare latest GPR, drawdown requests, bank records, payroll records, receipts/disbursements, timesheets, cost allocation plan, & expense tracking.

4. **Eligible, allocable and reasonable costs:** Yes No
 N/A
Are costs eligible and reasonable?

5. **Management of Program Income (when applicable):** [24 CFR 570.504] Yes No
 N/A
Describe type and amount of program income or registration/client fees: _____

6. **IPA Audit Reports/Follow-up:** [24 CFR 85.20(b)] Yes No N/A
Collect copy of subrecipient's most current IPA Audit Report.
Records must adequately identify source of funds and use.

7. **Maintenance of Source Documentation:** [24 CFR 85.20(b)(6)] Yes No
 N/A
Accounting records must be supported by source documentation such as

cancelled checks, paid bills, payroll, time and attendance records, contracts,

and sub-grant award documents, etc.

8. **Budget Control:** [24 CFR 85.20(b)(4)] Yes No
 N/A
Actual expenditures must match budget.

9. **Revision to Financial Plans & Close-out (when applicable):** Yes No
 N/A

Notes: _____

PERFORMANCE EVALUATION REVIEW - CONCLUSION

1. **Summary of Corrective Actions/Deadlines:** Yes No N/A

Schedule for corrective actions or improvements (if any): _____

2. **Technical Assistance and Training needed:** Yes No N/A

Schedule for technical assistance or improvements: _____

3. **Comments/Suggestions from the Subrecipient:** _____

4. **Best Practices:** _____

5. **How Would You Like to Change or Improve the Program?** _____

Helpful Hints for a Stress Free Monitoring Visit

Look through the required documents and checklist prior to the day of the monitoring visit – self check yourself, if there are any documents missing or questions that cannot be answered, communicate with your staff members to determine how to remedy the issue before the monitoring visit.

Create one central location for all CDBG related documents based on program year, stay organized and keep original documents in a safe space. **Confidentiality is key!** Keep intake forms and participant records in a locked file cabinet or office which locks and is only accessed by key staff.

Be sure you're keeping up to date with the most recent program changes. The OneCPD resource exchange (link on the Planning Dept. CDBG webpage) can be a great place for webinars and new federal requirements. Sign up to become a part of their list serve and receive the most recent information. (Sometimes before we do!)

Keep your employee manual and CDBG policies and procedures current. Both of these documents should be a work in progress with additions and subtractions being made regularly. If you are having trouble developing a CDBG handbook, reach out to some of the other funded agencies in your area and share ideas with each other.

Don't be afraid to raise a potential problem during the monitoring visit. The largest misconception is that we are monitoring because we want to catch a mistake or take your money back – this is **absolutely** not the case! We are here to help and to solve problems.

Think about how both of us can improve as a team in future funding cycles. Communicate possible changes that will help your staff run the program successfully.

If you have any questions or concerns contact Susan Murphy
Trainings are offered in one-on-one session and in groups of 5 or more!
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