

# PROGRAM MONITORING



## 2019 Subrecipient Training Webinar



**Cobb County CDBG Program Office**  
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# Agenda

- ❖ Monitoring Strategies
- ❖ Risk Analysis Process (Low & High)
- ❖ Risk Analysis Subfactors
- ❖ Navigating the Monitoring Process
- ❖ Five Steps in a Monitoring Visit
- ❖ Monitoring Client File Review
- ❖ Monitoring Administrative File Review
- ❖ Monitoring Financial File Review
- ❖ Monitoring Results Follow-up
- ❖ Monitoring Tips
- ❖ Monitoring Resources
- ❖ Q & A



# Monitoring Strategies

**The 3 most important strategies for effective monitoring are:**

- ❖ On-site field visits
- ❖ Open communication
- ❖ Assisting Subrecipients in creating good record-keeping systems



## The purpose of monitoring is:

- ❖ To ensure compliance with all regulations governing administrative, financial, and programmatic operations through file audits.
- ❖ To ensure subrecipients achieve performance objectives on schedule and within budget.



***Note: All records must be retained for five-years after the close of the program year in which the funds were expended.***

# Risk Analysis Process

At the beginning of each Program Year, the CDBG Program Office conducts a risk analysis for all active grants.

The Risk Analysis reveals key financial or programmatic areas of concern that should be monitored. Some common risk factors include:

- ❖ Program size
- ❖ Program expenditures
- ❖ Number of employees
- ❖ Audit findings
- ❖ Programmatic compliance issues



***The Risk Analysis is a process that rates subrecipients into "high-risk" and "low-risk" categories.***

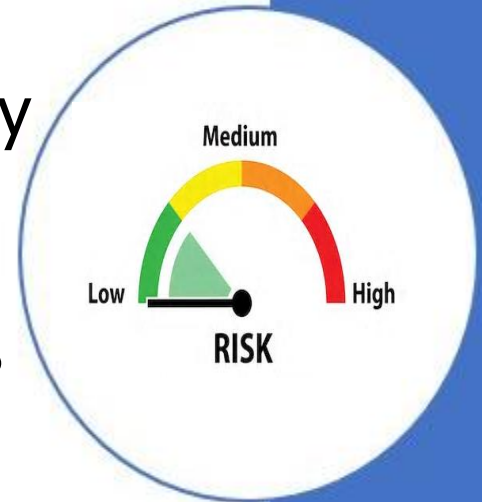
# “High-Risk” Subrecipients

- ❖ Newly funded subrecipient agencies will receive technical assistance within the first year.
- ❖ Subrecipients that have experienced turnover in key staff positions or a change in goals or direction.
- ❖ Subrecipients with previous compliance or performance problems including untimely expenditures and untimely submission of monthly reports, programmatic or audit findings.



# “Low-Risk” Subrecipients

- ❖ Subrecipients who expend funds and carryout their intended programs in a timely manner.
- ❖ Subrecipients that consistently submit timely monthly programmatic and expenditure reports.
- ❖ Subrecipients with adequate policies and procedures to carryout programmatic goals and objectives.



***Note: As a reminder, a “Low-Risk” rating does not always eliminate the need for monitoring. All subrecipients will be monitored within a 3-year period.***

# Risk Analysis Subfactors

## Financial

- Size of Grant
- Expenditure Timeliness
- Financial Compliance
- Audit
- Uniform Administrative Requirements

## Physical

- Physical Conditions of Housing Units & Service Locations

## Management

- Staff Capacity and Oversight
- Previous Monitoring Results
- Program Complexity
- Program Design
- Programmatic Reporting
- Environmental

## Responsiveness

- Citizen Complaints
- Subrecipient Responsiveness

## Services

- Meeting Program Objectives
- Carrying Out Program Activities
- Program Progress



# Navigating the Monitoring Process

A **"Desk Review"** is an in-house file review of previous documents submitted by the subrecipient.

An **"On-site Visit"** is a review of the subrecipient's programmatic, administrative, and financial records at an agency's service or administrative location.

Documents can include:

- ❖ Contractual agreement;
- ❖ Progress reports;
- ❖ Reimbursement requests;
- ❖ Documentation of previous monitoring.



***The file review will be a random sample of client files.***

# Five Steps in a Monitoring Visit

## Notification Letter *(At least 2 weeks notice provided)*

- ❖ Date, expected duration, and scope;
- ❖ CDBG Program Staff to be involved.



## Entrance Conference *(held immediately before monitoring)*

- ❖ Reiterates purpose, scope and schedule of the monitoring.



## Review & Analysis

- ❖ Review of programmatic and financial components.
- ❖ Analyze information and develop conclusions for any findings and/or concerns that might appear in the monitoring letter.
- ❖ Site Tour

## Exit Conference *(held immediately after monitoring)*

- ❖ Presentation of preliminary results;
- ❖ Additional information collected from appropriate staff to clarify or support their position



## Follow-Up Letter *(provided within 45 days of visit)*

- ❖ States deficiencies/areas of improvement (*concerns*) or regulatory/compliance issues (*findings*) and gives recommendations or required corrective action, as necessary.
- ❖ Deadlines for agencies to provide a written response.

# Monitoring Client File Review

The following documents will be included in the client file review:

- ❖ Case File Checklist
- ❖ Application for services
- ❖ Consent Forms
- ❖ Proof of Identification/Citizenship
- ❖ Proof of Residency
- ❖ Income Verification Documents
- ❖ Income Limits
- ❖ Environmental Review *(if required)*
- ❖ Housing Eligibility Documentation
- ❖ Additional Services Documentation

## **File Management Tips:**

- ✓ Documents should be placed in order of checklist.
- ✓ Separate case files by grant.
- ✓ Make information accessible by sectioning & tabbing case files.



# Monitoring Administrative File Review

The following documents will be included in an administrative file review:

- ❖ Subrecipient Agreement
- ❖ Amendments
- ❖ Notice to Proceed
- ❖ Budget Revisions
- ❖ CDBG Program Office Communications
- ❖ Match Log *(if required)*



# Monitoring Financial File Review

The following documents will be included in an financial file review:

- ❖ Financial Statements, including:
  - Chart of Accounts
  - General Ledger
  - Profit/Loss Statement
- ❖ Balance sheet and statement of cash flow
- ❖ Organizational financial policies and procedures
- ❖ Organizational Chart with staff members' duties identified

***Note: Documents are reviewed for compliance with the federal regulations at 2 CFR 200 (Uniform Administrative Requirements).***



# Monitoring Results Follow-up

The monitoring results letter identifies Findings, Concerns, Recommendations, and Corrective Actions based on applicable laws, regulations, or program policies with a deadline response by the subrecipient.

## Key Terms

A **"Finding"** is a violation of law or regulation that can result in a sanction.

A **"Concern"** is a matter that, if not properly addressed, can become a finding and can result in a sanction.

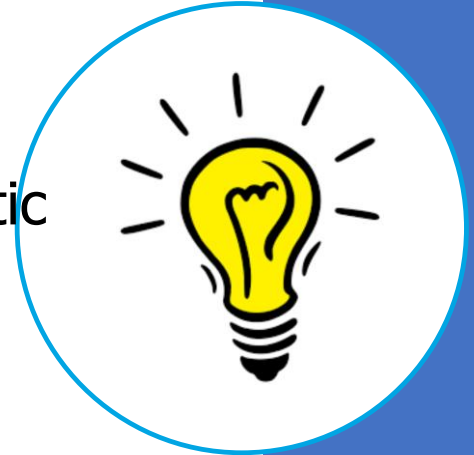
A **"Recommendation"** is a suggested action for the subrecipient to take to prevent concerns from violating laws or regulations at a later date.

An **"Corrective Action"** is the action required by the subrecipient to resolve findings.



# Monitoring Tips

- ❖ Always maintain “monitor-ready” files
  - Conduct internal file checks (semi-annually)
  - Correct any file deficiencies
  - Ensure projects are closed-out properly with all necessary beneficiary information
- ❖ Update policies with programmatic changes
  - Establish systems for incorporating new policy and programmatic changes
  - Verify program compliance for activities accomplished
- ❖ Perform quarterly financial reconciliations.
  - Monitor receipt and expenditures of grant funds and program income.
  - Identify and correct any deficiencies in financial recording
  - Ensure accurate reporting of all disbursements of funds



# Additional Monitoring Resources

CSBG

CSBG Self-Assessment Monitoring Tool

HUD Grants (CDBG, HOME, ESG)

CPD Monitoring Handbook 6509.2

JAG

2015 DOJ Grants Financial Guide





# CDBG Program Office Contacts



**CDBG Program Office**

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