

Chapter 12

Monitoring and Grant Amendments

Introduction

CDBG is required by statute to monitor its UGLGs. This requirement is outlined in Title I of the Housing and Community Development Act of 1974, as amended and 24 CFR Part 570.492 of the State CDBG Regulations. Section 104 (e) of Title I outlines the review responsibilities of the State.

During the course of a CDBG project, the Program Specialist will monitor each UGLG through periodic on-site visits and written semi-annual reports, so that any problems that might occur may be resolved as soon as possible. It is the goal of MEDC to assist and support UGLGs in complying with applicable State and Federal requirements and in implementing their project activities in a timely manner.

As discussed throughout this Manual, UGLGs are required to maintain complete financial and program files and to comply with program reporting requirements. These files should be maintained on-site. IF A CGA IS USED, PROGRAM FILES MUST BE MAINTAINED AT THE UGLGs OFFICE. UGLGs must also provide citizens with reasonable access to these records pertaining to the past use of CDBG funds. UGLGs must retain all CDBG records until notified by the Program Specialist.

Section 1 – Monitoring Objectives

Federal regulations require the State to oversee and document all expenditures of CDBG dollars. The review responsibility requires that the State ensure three key areas are in compliance:

1. Approved activities are carried out in a **timely manner**.
2. Activities and certifications are conducted in accordance with the requirements and the primary objectives of **Title I and with other applicable laws**.
3. UGLGs show a continuing **capacity** to carry out approved activities in a timely manner.

The MEDC staff may schedule a monitoring visit with the UGLG at any time to review the program performance on-site. A visit may be a comprehensive program evaluation or it may be oriented toward assessing performance in specific areas. All records and files pertaining to the program, as well as any other information requested should be made available to Program Specialist.

The purpose of the monitoring visit is to determine if the grant is being conducted in compliance with applicable Federal and State laws and requirements which have been discussed in this Manual. The review will also determine the UGLG's ability to implement the program in a timely manner. The monitoring visit consists of a review of project files, records and documentation as well as a visit to the project site.

Together, the UGLG and MEDC will decide on a suitable date and time for the monitoring visit. The UGLG will be notified, via email, approximately two weeks prior to the visit. The email will provide instructions with regard to documents and staff required to be present at the onsite monitoring. The UGLG must have all records, files and documentation available for review at the monitoring visit. Failure to have records readily accessible will result in a program "finding."

Findings of Deficiency are program elements which do not comply with a Federal statute, regulation, or other applicable laws, guidelines and program policies.

Areas of Concern are potential findings or program weaknesses that should be improved upon to avoid future problems.

Even though the monitoring visit is a formal review of the grant, the MEDC staff, to the extent possible, will work with the UGLG on-site to correct any problems. Any problems that cannot be corrected will be discussed in the monitoring letter. Technical assistance may be provided, as necessary, during the monitoring visit.

Section 2 - Protocols for Monitoring Visits

The monitoring visit begins with an entrance conference with the project administrator and others the UGLG feels should attend. It is expected that the chief elected official or chief administrator will attend this initial meeting, if possible. The Program Specialist will briefly outline the purpose of the monitoring visit and the areas to be monitored. The monitoring visit will be conducted in accordance with the State's monitoring procedures and will last approximately one day. It should be pointed out that complex programs, i.e., those containing loan funds or involving a large number of acquisitions or relocation, may require additional time.

The following is a listing of the program areas to be reviewed as applicable:

1. National Objectives
2. Environmental Review
3. Financial Management
4. Citizen Participation
5. Procurement and Contracting
6. Construction Management and Labor Standards
7. Section 3
8. Fair Housing and Equal Opportunity
9. Acquisition and Relocation
10. Program Requirements – Rental

This listing may not include all areas that may be reviewed during an on-site monitoring visit.

After the monitoring visit, the Program Specialist will have an exit conference to discuss any findings or areas of concern. The Program Specialist, to the extent possible, will work with you on-site to correct any problems. Any problems that cannot be corrected will be discussed in the monitoring letter.

In approximately 30 days following the monitoring visit, the Program Specialist will send a letter which identifies both the positive and negative findings of the monitoring review. Each program area monitored will be summarized and any findings/identified problems or concerns will be outlined along

with suggested corrective actions. A “finding or identified problem” is an action or lack of action(s) in direct violation of a statutory requirement or regulation. A finding/identified problem usually requires a corrective action or actions that are outlined by the Program Specialist. A concern is a non-statutory issue that involves program improvement or management. Actions or recommendations may be provided to address the identified concern.

A written response will be required from the UGLG if there are findings/identified problems or concerns within 30 days of receipt of the monitoring letter. Failure to respond within the 30 day period will be considered non-compliance with the grant’s terms and conditions. This situation may result in a hold on payments being placed on the grant until a suitable response is received by the MEDC.

Section 3 - Sanctions

If the UGLG does not comply with the provisions of the CDBG grant agreement, MEDC may take one or more of the following actions to prevent a continuation of the deficiency; mitigate, to the extent possible, the adverse effects or consequence of the deficiency; or prevent a recurrence of the deficiency. The following actions may be pursued, as well as any other actions deemed appropriate:

1. Issue a letter of warning that advises the UGLG of the deficiency and notifies the UGLG that additional action will be taken if the deficiency is not corrected or is repeated.
2. Advise the UGLG that additional information or assurances will be required before acceptance of one or more of the certifications required for future CDBG projects.
3. Advise the UGLG to suspend or terminate expenditure of funds for a deficient activity or grant.
4. Advise the UGLG to reimburse the grant in any amount improperly expended.
5. Refrain from extending any further assistance to the UGLG until such time as the UGLG is in full compliance.

Section 4 - Technical Assistance

When deficiencies are identified as a result of monitoring, technical assistance may be required to assist in the resolution of the deficiency. The objective of technical assistance is to aid the UGLG in their day-to-day compliance with program and regulatory requirements as they administer their individual programs. The nature and extent of technical assistance should be determined at the discretion of the Program Specialist. Examples of technical assistance may include:

1. Verbal or written advice
2. Formal training
3. Documentation and guidance

Section 5 – Grant Amendments

A **Grant Amendment** is defined as any change in the grant that involves some or all of the following (1) introduce a new activity to the project, (2) *significantly* alter existing activities or beneficiaries, (3) extend the term of work, or (4) changes to the award budget.

To request a grant amendment the UGLG must submit:

1. A completed Grant Amendment Request form (Form 12-B) from the authorized official to the Program Specialist outlining the proposed changes. Revised Application Budget form, if applicable.
2. Public Notice 15-day notice if applicable.
3. Local resolution from the UGLG’s governing board in support of the amendment, if applicable. The local resolution must be passed after the public hearing or appropriate/approved action plan requirements.
4. Environmental review, if applicable (see 24 CFR Sec. 58.47).
5. A map of the project area, showing the original project area, the new project area and distinguishing what is being added and deleted.

Chapter 12 Form(s)

12-A	Monitoring Checklist
12-B	Grant Amendment Request
12-C	Implementation Schedule – OBSOLETE AS OF 04.01.17