

City of Steubenville Community Development Program (CDP) Subrecipient Monitoring Policy

Emphasis will be placed on programmatic on-site monitoring visits for all major projects (contract more than \$50,000). Conducting annual on-site fiscal monitoring visits for minor projects (contract \$50,000 or less) will not be as necessary if desk monitoring and risk analysis is ongoing. Each subrecipient initially funded through the HOME/CHIP program will have an on-site monitoring visit to test the adequacy of their accounting system. Such monitoring will not be necessary for CDBG as further explained below. The cost of CDBG and HOME/CHIP Program monitoring is an eligible administrative expense under each program. Monitoring Plans for CDBG and HOME/CHIP programs follow:

CDBG Program Monitoring Plan

Introduction

In order for the City of Steubenville to comply with its responsibilities for Subrecipient projects funded under the Community Development Block Grant (CDBG) Program, the following Monitoring Plan will be utilized.

Only construction/rehabilitation (bricks and mortar) projects will be funded. Self-help or public service activities will not be funded with CDBG funds, but may be funded with CDBG-DR or CDBG-CV funds; and all construction/rehabilitation work must be contracted with and completed by professionals in the related field. CDP staff will maintain frequent contact with CDBG subrecipients to be certain they have an understanding of the processes and requirements involved with the use of CDBG funds. Subrecipients will not be provided with or have control over CDBG funds, either directly or indirectly. All consultant (architect, engineer, environmental) procurement, selection and payment will be completed by the CDP staff. Contractor public advertising, selection, contracting, payment, etc. will likewise be completed by CDP staff. All records will be retained by the CDP office. All projects monitoring such as Davis-Bacon, environmental review, etc. will be completed by CDP staff. At project completion CDP staff will continue oversight of the project, either on a formal or informal basis, in order to measure compliance with the regulations on a long-term basis.

This represents a continuation of past policy concerning use of CDBG funds by subrecipients which has been successful. It does not require full subrecipient monitoring because at no point does the subrecipient have access to or control of the CDBG funds. As noted above however, it will require CDP staff to continue some level of oversight of the project after completion to be certain its continued use complies with CDBG program requirements. Should the City at some future point in time choose to fund rental rehabilitation or revolving loan program with CDBG funds, this policy will need to be revised to require more detailed project monitoring.

HOME/CHIP Program Monitoring Plan

Introduction

The HOME Investment Partnership Program/Community Housing Improvement Program (HOME/CHIP) Monitoring Plan is utilized in order for City of Steubenville and HOME/CHIP Program subrecipients to ensure compliance with the HOME/CHIP Program and contract

requirements. The allocation of HOME/CHIP Program funds to subrecipients is relatively new to the City; therefore this monitoring plan is expected to be especially important and is expected to help avoid future audit issues.

Monitoring Plan Objectives

The objectives are to ensure subrecipients:

- Comply with HOME/CHIP Program regulations governing their administrative, financial, and programmatic operations.
- Produce quality affordable housing for low income households in an expeditious and cost-effective manner.
- Continue to have the capacity to manage HOME/CHIP funds they receive.

Monitoring Techniques and Strategy

Monitoring will be an on-going process in all HOME/CHIP projects. CDP staff will maintain frequent contacts with each HOME/CHIP subrecipient during every phase of the project. CDP staff is especially involved throughout the pre-development phase by providing technical assistance to subrecipients to be certain they have an adequate understanding of program requirements. If the project is a construction/rehabilitation project, then monitoring will be completed using the CDBG monitoring plan described previously. For projects or programs involving direct financial assistance to subrecipients, such as Tenant Based Rental Assistance (TBRA), monitoring will involve all facets of the program from reviewing client files, applications and reports to be sure they are complete to financial reviews regarding draw requests and rent payments. Monitoring is provided as a means of providing technical assistance to each project in order to ensure activities are eligible, income and rental levels are appropriate, and other program requirements are being met.

Risk analysis will be conducted by CDP staff and a private auditor under contract with the City, to systematically analyze each HOME/CHIP subrecipient. This assessment will be used to identify how frequently to contact the various subrecipients. At a minimum, monitoring will occur prior to beginning of the HOME/CHIP funded project or program, at the approximate mid-way point of the project or program, and at or just prior to project or program completion.

Various techniques will be used to meet the goals of monitoring:

Desk monitoring will be accomplished on projects and programs using written communication, telephone communication, e-mail communication, and meeting with subrecipients. Separate files will be established for each project and each subrecipient, and will be maintained in the CDP office. The CDP Office will maintain an excel spreadsheet and various financial reports on HOME/CHIP funds allocated, obligated, and expended as well as other information required for the HOME/CHIP Program.

CDP staff will provide program information and a project checklist of required documentation to each subrecipient. CDP staff will maintains various records in order to track the progress of all subrecipient, projects or programs through all stages of their development. Project progress reports and project completion reports for each project will be required from the subrecipient and maintained in the CDP office. Housing quality standard (HQS) inspections will be required to be conducted by subrecipients for TBRA with the results of initial and follow-up inspections maintained in client files.

On-site monitoring will be conducted during various phases of each project or program. Initially, subrecipients new to the HOME/CHIP Program will receive an on-site monitoring visit by the CDP staff and a private auditor under contract with the City for the purpose of technical assistance. This visit will be conducted prior to the initiation of the HOME/CHIP funded project or program. The purpose is to increase the subrecipient's understanding of program requirements and to discuss the following:

- Eligible activities / allowable costs
- Compliance with OMB circulars
- Maintenance of appropriate program documentation/reporting requirements.
- Financial standards and systems
- Procurement procedures
- Building standards requirements
- Deadline for expenditure of funds

The subrecipients will be notified in advance of the time of the visit.

Project Completion / Program Close-out

Upon completion of a project, the subrecipient will file a project completion report. Said reports will be reviewed by CDP staff and filed with the Ohio Department of Development, Office of Housing and Community Partnerships after a final on-site visit.

On-site HQS inspections will be conducted every two years by CDP staff unless a need for more frequent inspections is demonstrated. HOME/CHIP units associated with Section 8 subsidy are inspected annually by the Public Housing Authority (PHA) and reports are filed at the PHA Section 8 administrator's office.

For newly constructed or rehabilitated units, occupancy and rents will be required to be annually re-certified. The subrecipient will be notified in writing by the CDP staff each December and will be required to complete a Unit Status Report which certifies each tenant's income and rent paid. Said report will be due to the CDP office in January of each year. The subrecipient will be required to re-examine each tenant's income on the anniversary of their original evaluation and lease signing. This requirement is mandatory during the period of affordability established for each project and assures that initial and future incomes of tenants meet the HOME/CHIP program rules.

Corrective and Remedial Action

If it is determined that a subrecipient has not met a requirement of the HOME/CHIP Program, the CDP office will provide written notice of this determination and give the subrecipient an opportunity to demonstrate within thirty days that it has done so. If unable to demonstrate compliance, the CDP office will take corrective action or remedial action. Said actions will be designed to prevent a continuation of the deficiency; mitigate; to the extent possible, its adverse effects or consequences; and prevent its recurrence. Subrecipients may be required to submit and comply with proposals for action to correct, mitigate and prevent a performance deficiency through one or more of the following:

1. Prepare and follow a schedule of actions for carrying out the affected activities, consisting of schedules, timetables, and milestones necessary to implement the affected activities;
2. Establish and follow a management plan that assigns responsibilities for carrying out the remedial action;

3. Cancel or revise activities likely to be affected by the performance deficiency, before expending HOME/CHIP funding for the activity.
4. Reimburse the City for funds expended that were determined improper or ineligible costs.
5. Cancel or void the contract for HOME/CHIP funding.

Areas of Monitoring

Financial monitoring will be conducted by a private auditor under contract with the City. The areas of compliance monitoring include financial regulations and OMB circulars; program disbursements; equipment and records; financial management standards; procurement; conflict of interest; and audits. Records of financial monitoring will be maintained in the CDP Office. Administrative and programmatic monitoring will be conducted by the CDP staff. The areas of compliance include eligible activity requirements, environmental compliance, occupancy/income targeting, affordability/rental limitations, housing quality standards and any additional applicable requirements. Records of said monitoring will be maintained in the CDP Office.

Adopted by the Steubenville Planning and Zoning Commission on
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