MONITORING

A HUD Perspective

OBJECTIVES

➤ **Review the process for conducting monitoring.**

➤ **Review actions needed to complete the monitoring process.**

➤ **Identify best practices, perils, and pitfalls.**

Your "Go To" Guides

➢ *CPD Monitoring Handbook 6509.2 REV-7* **at:**
https://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/
handbooks/cpd/6509.2.

Basic Process

➢ **Risk Analysis**

➢ **Monitoring Strategy**

➢ **Grantee Notification Letter**

➢ **Conducting the Monitoring**

➢ **Communicating Results**

➢ **Follow-Up**

Guarantee Your Success

Success is based on:

➢ **How well you prepare in advance.**

➢ **Please complete the exhibits. They have all the answers.**

➢ **Make all pertinent staff and documentation available.**

The Basic Steps

- **Entrance Conference**:
  - ❖ Following up on information in the Notification Letter, explain how the monitoring will be conducted; identify/confirm grantee staff who will assist during the monitoring; set up/confirm meeting/interview times (including clients and beneficiaries, if any) and site visits (if planned); verify what is to be reviewed and, if on-site, how you will access files and documentation (especially if files contain sensitive information or if sites are hazardous).

- The **Assessment Process or "Real Work"** – Evaluate, Communicate, Document:
  - ❖ This consists of interviews, file reviews, site visits - using the Exhibits to assess compliance and progress, and collecting supporting information, as necessary and appropriate.

- **Exit Conference**:
  - ❖ The purpose is to present preliminary conclusions, confirm accuracy and completeness of information used for your determinations, and to identify areas of disagreement, follow-up. Exit Conferences should be held on the last day of the monitoring, but never longer than 15 days from the monitoring start date.

Conducting the Monitoring
(The Assessment Process)

➢ **Evaluate. Communicate. Document.**

➢ **Files reviews are an essential part of the process.**

➢ **File reviews serve to verify – or not – what you have stated in the exhibits sent to HUD and/or what was provided during staff interviews.**

➢ **Client interviews serve to assess satisfaction with services provided.**

➢ **Site inspections serve to document how the funds were spent to achieve intended results.**

Common Exhibit Problems to Avoid

➢ **Unexplained blanks. No one can interpret a blank.**

➢ **In the "Describe Basis for Conclusion" text box, repeating the question for the response.**

➢ **Not answering the question being asked.**

➢ **Having the same answer for different questions.**

➢ **Saying "file documentation" or "file review" in the "Describe Basis for Conclusion" text box.**

➢ **Filling in more than one Yes/No/N/A radio button.**

Requirements for Findings

There are five parts (see Section 2-8.B.1 in the *CPD Monitoring Handbook 6509.2*):

1. Condition – a description of the problem.

2. Criteria – what requirement was not met.

3. Cause – why the problem occurred (root cause analysis).

4. Effect – what happened because of the violation or what could happen.

5. Corrective Action(s) – what action(s) the grantee is requested to take to resolve the deficiency, to meet the applicable program standard(s), and by what date.

Tips for Corrective Actions to "Cure" the Deficiency

➤ **Identifying the root cause and developing Corrective Actions that address the root cause is how you build and strengthen management capacity.**

➤ **Your Corrective Actions can have up to three prongs:**

   ❖ **identifying actions to resolve the instant case;**

   ❖ **looking back at previous expenditures/activities for additional resolution;**

   ❖ **looking forward to prevent recurrence.**

➤ **Even if you are advising that funds be repaid, always work towards addressing and eliminating the root cause of a deficiency to prevent it from recurring, focusing on the policy/process and staffing framework.**

What are Concerns?

➢ Deficiencies in program performance not based on a statutory, regulatory, or other program requirement.

➢ While these are optional for the reviewer to identify, it makes sense to acknowledge and recognize them, either to prevent a problem from turning into noncompliance OR to provide sound management guidance to help the grantee run a better program.

➢ How do you know if it is a Concern? One way is to ask yourself: Would there be noncompliance if you took no action? If the answer is "no," that's a Concern, not a Finding.

The Monitoring Letter/Report: Communicating Results

➢ **The letters must be sent within 60 days of the date of the Exit Conference.**

➢ **Must contain 11 required elements:**
1. **Program, project, or entity monitored.**
2. **Dates of the monitoring (beginning and ending).**
3. **Name(s) and title(s) of HUD staff conducting the monitoring.**
4. **Listing of the program/project/activity areas reviewed (which, generally, should repeat what was in the Notification Letter).**
5. **If applicable, an explanation of any deviations from the Notification Letter.**

The Monitoring Letter/Report (continued)

6. Monitoring conclusions, positive or negative – supportable, defensible, adequately documented (see Section 2-8.A in the *CPD Monitoring Handbook 6509.2*).

7. If applicable, clearly labeled Findings and Concerns with all required elements.

8. If there are Findings, an opportunity for the grantee to demonstrate, <u>within 30 days</u>, that it did, in fact, comply with the requirements, or that it disagrees with HUD's conclusions.

9. Response time frames, if needed.

10. If applicable, identification of FHEO issues that are being referred to FHEO for follow-up (CPD can't make Findings or Concerns, only identify "issues" to be brought to the attention of FHEO).

11. An offer of technical assistance, if needed, or a description of the technical assistance that was provided.

Follow-Up

➢ **If Findings are made and responses are needed, you will receive (reasonable) timeframes and actions.**

➢ **Follow up in writing, or by telephone, will be provided if a deadline has passed and no response is received.**

➢ **If information to clear a Finding is submitted, it will be reviewed within 15 working days and a written response will be provided within 30 calendar days – whether the response is acceptable or not.**

Must. Close. Findings.

➢ **Closing Findings is an essential part of the monitoring process and directly relates to grantee management. Timeframes for grantee responses to clear Findings should rarely extend beyond a year, unless there is an agreed-upon repayment plan, or the Finding is contested. It is in CPD's best interest to timely close Findings; failing to do so reflects negatively on us and the programs we manage.**

A Goal to Strive For

- ➢ Think about a "good" grantee you may have a relationship with. What makes that grantee well-performing and compliant?

- ➢ Who has both the policies/processes and staff in place to implement the program.

- ➢ How can you foster development of that kind of organizational structure within your own organization?