

CDBG Subrecipient Monitoring SOP

The City of Cincinnati receives an annual Community Development Block Grant (CDBG) entitlement grant from the U.S. Department of Housing and Urban Development (HUD). CDBG program and project delivery often involves engaging third-party organizations to provide goods or services, which can take the form of a Subrecipient relationship with the City. This relationship carries specific obligations of both the Subrecipient and the City (the “Grantee”). Among other things, the City is required to monitor Subrecipients to analyze the benefits of its CDBG investments. It also helps the City track and evaluate the effectiveness of Subrecipient program activities, performance, and expenditures.

Purpose:

The City Manager’s Office of Grant Administration (OGA) provides this Standard Operating Procedure (SOP) for use by City Departments charged with implementing CDBG programs, specifically to provide City Department personnel (Directors and their designated Program Managers) with a management tool for the sole purpose of monitoring Subrecipient progress and practices as they carry out CDBG-funded activities. This SOP is not intended to amend or replace the Subrecipient Agreement and should be used in conjunction with a careful review of the Subrecipient Agreement. Best practices are to follow the steps outlined in this SOP. If you have suggested improvements or would like to request a deviation for your specific project, please contact the OGA in writing with your request.

Intended User:

City Department Directors, designated Program Managers, and personnel responsible for managing Subrecipient Agreements and activities in CDBG-funded programs

Customer of the Activity:

Third-party organizations providing goods/services as a Subrecipient for CDBG-funded programs

Procedural Steps for Monitoring CDBG Subrecipients:

Prior to undertaking the steps of this SOP, ensure familiarity with the written agreement w/applicable Terms and Conditions (*i.e.*: Subrecipient Agreement in the approved form prepared by Law Department)

Procedural Step for Monitoring CDBG Subrecipients		Ref.
1	Furnish “Playing by the Rules” Subrecipient Handbook to the Subrecipient	p. 2
2	Prepare a Risk Assessment of each Subrecipient – 2 CFR 200.331(b)	p. 4
3	Establish the monitoring strategy and schedule; deliver to Subrecipients	p. 6
4	Conduct monitoring activities <ul style="list-style-type: none"> i. Monitoring: Best Practices & References (p. 8-14) <ul style="list-style-type: none"> a. Desk Reviews b. Onsite Monitoring Visits ii. Special monitoring considerations (p. 14) <ul style="list-style-type: none"> a. NRSAs b. Program Income 	p. 8
5	Closeout report	p. 15
	Appendices – Forms and Samples <ul style="list-style-type: none"> i. CDBG Subrecipient - Invoice Checklist (2 Pages) ii. Subrecipient Site Visit Monitoring Documentation (2 Pages) iii. CDBG Subrecipient Close Out Report (3 Pages) iv. Sample Demographic Form (1 Page) v. Sample Time and Labor Time Sheets (2 Pages) vi. CBDO Application (4 Pages) 	p. 16

1. ‘Playing by the Rules’ Document

ACTION ITEM: Provide each Subrecipient with “Playing by the Rules” Handbook

- ✓ Furnish the HUD Handbook to each Subrecipient (email pdf or link); get written acknowledgement of receipt/review:

<https://files.hudexchange.info/resources/documents/Playing-By-the-Rules-a-Handbook-for-CDBG-Subrecipients-On-Administrative-Systems.pdf>

- ✓ Engage in discussion with Subrecipients about the Handbook, Subrecipient Agreement, and monitoring expectations as needed to ensure clarity as early in the program as possible
- ✓ The Handbook is not a replacement for other technical assistance or Subrecipient training

Helpful Reminders & References

Successful Implementation of a CDBG Grant

Subrecipients which receive CDBG funding must be able to implement the program soon after the award, subsequent funding agreement, and complete the performance within the specified time frame. All tasks undertaken with a CDBG grant must be in compliance with all applicable federal regulations and guidelines, referenced in this document and the City’s CDBG Policies and Procedures Manual. In addition, Subrecipients must fulfill the National Objective, performance measures, and all requirements identified in their Subrecipient Agreement.

Written Agreement with City

A written agreement must be entered into between the City and all entities receiving CDBG funds. The written agreement forms the basis for the contractual obligation between the parties to fund and implement the activity or program. The agreement will denote responsibilities attributable to each party and shall outline in exact measure the scope of services to be provided, methods of accountability, and conditions for payment. Execution of the agreement binds the Subrecipient for a specified period of time, which may be revised in accordance with the agreement or through a formal amendment (as applicable).

Limitation of Expenditures

- The Subrecipient shall not expend funds provided under the funding agreement prior to the effective date of the contract or subsequent to the suspension or termination of the agreement.
- Expenditures shall be made in conformance with the approved budget and shall meet the criteria established for allowable costs.
- Expenditures shall be in direct support of the program that is the subject of the funding agreement.

CDBG National Objectives

The primary emphasis of the CDBG grant program is to ensure that each activity meets and complies with one of HUD’s three broad objectives, which are:

1. Benefit to low-and moderate-income (LMI) households and/or persons,
Low/Moderate Income Persons are defined as households under 80% of Area Median Income. Income Limits are updated annually. Subrecipients are responsible for working with the administering department and ensuring they are using the most current income limit.
2. Prevention and/or elimination of slum and blight, or
3. Addressing other community development needs having a particular urgency.

These objectives are broken down into smaller categories. Each activity funded under CDBG must meet one of the following categories for the CDBG National Objective.

<https://www.hudexchange.info/onecpd/assets/File/CDBG-National-Objectives-Eligible-Activities-Chapter-2.pdf>

LMI Documentation for CAPER Requirements

When a Subrecipient is meeting the LMI National Objective, they are required to maintain demographic information of clients benefiting from the CDBG-funded program. As a condition of receiving the HUD grant the City, and in turn the Subrecipient, must certify that low- to-moderate income persons are being served.

Required Documentation includes the following :

- Application for assistance including client name and address;
- Gender;
- Ethnicity/race;
- Head of household status;
- Income; and
- Languages Spoken.

All Subrecipients must obtain and maintain a signed Demographic Form, as provided in the Appendix. City staff and HUD must also have access to the names and addresses of the clients.

The exceptions to Maintaining Required Income Documentation, income documentation is not required for projects that qualify as a benefit to:

1. Clients of a battered women's shelter; and/or
2. Persons with recognized disabilities.

All other documentation for these two classes is required. This information must be provided to the Community Development Administrator for the Consolidated Annual Performance and Evaluation Report (CAPER), due to HUD on March 31. The information must be submitted to the CD Administrator no later the mid-February.

2. Prepare Risk Assessment

ACTION ITEM: *Prepare Risk Assessment*

Each Subrecipient must be evaluated for risk when receiving CDBG funds.

- ✓ Using the CDBG Subrecipient Risk Assessment Form provided on the following page, please evaluate each Subrecipient for the specified criteria. Risk level is gauged on a scale of low, medium, and high. Higher risk Subrecipients should be subject to more frequent monitoring, reflected in the subsequent Monitoring Strategy.
- ✓ Often, it will be necessary to collect information from the Subrecipient in order to complete the CDBG Subrecipient Risk Assessment Form, which should be done in writing. Retain a copy of all such written communications for the project file. A form questionnaire for Subrecipients to complete may supplement the CDBG Subrecipient Risk Assessment Form at a later date.
- ✓ Please retain a copy of the Risk Assessment Form in the project file.

CDBG Subrecipient Risk Assessment					
Factor	Subfactor	Criteria	Risk Level (Circle One)		
Level of funding	Amount of funds	<input type="checkbox"/> >\$1,000,000	High	Med	Low
		<input type="checkbox"/> \$500,000-\$999,999			
		<input type="checkbox"/> \$100,000-\$499,999			
		<input type="checkbox"/> Under \$100,000			
Capacity of Funding Subrecipient	Experience of Subrecipient with federal awards	Never undertaken project before	High	Med	Low
		Never undertaken project before, but have capacity			
		Undertaken project before, but need TA help			
		Undertaken project before and have capacity			
	Low productivity or unusually high spending	Yes	High	Med	Low
		No			
	Lack of progress spending funds	Yes	High	Med	Low
		No			
Staff Capacity	Staff turnover	Yes	High	Med	Low
		No			
	Inexperienced staff	Yes	High	Med	Low
		No			
	Change in program leadership	Yes	High	Med	Low
		No			
	New or substantially changed systems	Yes	High	Med	Low
		No			
Quality of Reporting and Documentation	Project reports on time and accurate	Yes	High	Med	Low
		No			
	Audit findings or no audit done	Yes	High	Med	Low
		No			
	Low quality documentation	Yes	High	Med	Low
		No			
	Failure to meet schedules	Yes	High	Med	Low
		No			
	Failure to comply with written agreement	Yes	High	Med	Low
		No			
Past Compliance Problems	Not monitored last year	Yes	High	Med	Low
		No			
	Recurring monitoring findings either by Federal agencies or the City	Yes	High	Med	Low
		No			
	Inability to clear up outstanding issues/ compliance violations	Yes	High	Med	Low
		No			
	Letters of complaint from beneficiaries or investigations	Yes	High	Med	Low
		No			
	Poor performance/ compliance in other programs or projects	Yes	High	Med	Low
		No			
Subtotal			<u>High</u>	<u>Med</u>	<u>Low</u>
Total Risk Assessment					

3. Establish Monitoring Strategy

ACTION ITEM: Establish a Monitoring Strategy & Deliver to Subrecipients

Administering Department program personnel are responsible for developing a thoughtful Subrecipient monitoring strategy for their CDBG-funded programs.

- ✓ Draft a programmatic monitoring strategy with the following elements:
 1. Program name and identification as either New or Continued
 2. Identification of Subrecipients
 - a. Estimated number of Subrecipients, if entities are not known
 3. Identify which Subrecipients will be monitored, the method of monitoring to be conducted, and the timing of monitoring to be performed
- ✓ While each monitoring strategy should be tailored based on nature/type of program, Subrecipient risk assessment results, and other factors, the following minimum elements must be incorporated in the strategy:
 - New Subrecipients – Minimum of 1 onsite monitoring per contract period (assuming no extenuating circumstances that prevent this occurrence)
 - All Subrecipients – Desk review 50% of vouchers per contract period, 1 Closeout Report per contract period, and 1 onsite monitoring per 3-year period
- ✓ Communicate the monitoring strategy to the Department Program Manager for approval.
- ✓ Upon approval, furnish the monitoring method and schedule to the Subrecipients.

Helpful Reminders & References

Why Monitor Subrecipients?

As indicated in related HUD handbooks: When using public funds, the cardinal rule is **documentation**. *If it is not documented, it never happened.* That is, to confirm Subrecipients have followed specific rules in the CDBG program, each Subrecipient must have documentation in the file to support the achievement of program goals and completion of activities. If the Subrecipient activities, personnel, procedures, expenditures, and results are not documented properly, from the Federal Government's perspective, the Subrecipient has not performed successfully, *regardless of the accomplishments*.

Recordkeeping

Subrecipients shall adhere to HUD's recordkeeping requirements as outlined in the applicable regulations and Subrecipient Agreement, HUD funded records must be retained for five years after the completion of the project or program, in order to allow access for audit and public examination. If audit findings are not resolved, the records shall be retained beyond the five years until such time as there is a satisfactory resolution. Generally, the retention period starts when the annual or final expenditure report has been submitted.

City Conducted Monitoring Reviews

As the Grantee, the City will regularly monitor Subrecipient progress by reviewing Subrecipient documentation to confirm compliance with the requirements governing their administrative, financial and programmatic operations. This includes assuring that performance goals are achieved within the scheduled time frame, budget, and, as necessary, taking appropriate actions when performance problems arise. All Subrecipient obligations and requirements are indicated in their Subrecipient Agreement, with applicable regulatory references therein.

The City may conduct Subrecipient monitoring through documented desk reviews, onsite visits, and ongoing contract supervision. Any program is subject to any combination of monitoring practices throughout the life of the project.

4. Conduct Monitoring

ACTION ITEM: Conduct Monitoring Activities Pursuant to Approved Strategy

Administering Department personnel are responsible for performing the monitoring activities in accordance with the approved strategy.

- ✓ Department personnel charged with responsibility for Subrecipient management and monitoring are expected to perform these duties accurately, timely, and in a manner that enables documentation of all such activities. Personnel performance may be assessed by measures associated with effective Subrecipient monitoring.
- ✓ For purposes of CDBG Subrecipient monitoring, acceptable forms of monitoring include Routine Desk Reviews and Onsite Monitoring Visits. These monitoring methods are discussed on the following pages. These activities are performed in addition to the ongoing contract supervision and program management expected of City personnel.
- ✓ Staff must be aware of additional monitoring considerations when managing CDBG Subrecipients carrying out activities as CBDOs and performing work in NRSAs. These special circumstances are further discussed in the following Monitoring Best Practices and References.

Monitoring Best Practices & References

Program File Maintenance

Subrecipients should structure their project/program files and other records to comply with the general requirements as discussed in this document. In setting up a program or client file, the following may be helpful:

Program files should contain:

- Original executed copy of the agreement with the City and any related documents;
- Any amendments to the application and agreement;
- Correspondence relating to the grant award;
- Copies of Requests for Reimbursement and all associated supporting documentation;
- Any other information pertinent to the CDBG Grant;
- Signed and dated demographic form for each household assisted, whether directly through services, housing, or job creation; and
- Program measurable goals and expectations.

Ongoing Contract Supervision

Department personnel will conduct on-going monitoring in order to review the programmatic and financial aspects of the Subrecipient's activities. Department personnel will review reports as submitted by the Subrecipient for compliance with federal regulations regarding the use of federal funds and implementation of the program. The monitoring process is oriented towards resolving problems and offering related administrative support. To that end, the City may require corrective actions of the Subrecipient (and maintains its right to pursue all legal remedies to ensure compliance/performance pursuant to the Subrecipient Agreement).

Routine Desk Reviews

In accordance with the approved Monitoring Strategy and corresponding schedule, the administering department is responsible for conducting desk reviews of Subrecipients. This may occur with the review of submitted vouchers for reimbursement, which can be documented by completing and attaching the Desk Review checklist to the voucher and supporting documentation. Vouchers are submitted no more frequently than once a month.

Onsite Monitoring Visits

In accordance with the approved Monitoring Strategy and corresponding schedule, the administering department is responsible for conducting Onsite Monitoring of Subrecipients. Remotely conducted visits may be authorized by the Program Manager. It is recommended to conduct this site visit either towards the end of the contract term (after at least half of the contractual term has passed) or if issues arise, as noted.

The five basic steps to the formal monitoring visit include:

1. 15-day written notification in advance of the monitoring visit – Explains the purpose of the visit, confirms date, scope of monitoring and outlines the information that will be needed to collected the review.
2. Entrance Conference – Introduces monitoring visit purpose, scope and schedule.
3. Documentation and Data Gathering – The City will review and collect data as requested in the 15-day notification and document conversations held with staff, which will serve as the basis for conclusions drawn from the visit. This includes reviewing client files, financial records, and agency procedures.
4. Exit Conference – At the end of the visit the City will meet again with the key agency representatives to present preliminary results, provide an opportunity for the agency to correct misconceptions and report any corrective actions already in the works.
5. Follow-Up Letter within 30 days of the Exit Conference – The City will forward a formal written notification of the results of the monitoring visit pointing out problem areas and recognizing successes. The agency will be required to respond within 30 days in writing if any problems or concerns are noted or if documentation requests are made.

1. Prepare for Site Visit:

- Department personnel should review regulations, policy guidance, and relevant exhibits from HUD Community Planning and Development (CPD) Grantee Monitoring Handbook when applicable. HUD's monitoring exhibits can be found here: https://www.hud.gov/programs_offices/administration/hudclips/handbooks/cpd/6509.2
- Department personnel should familiarize itself with the entity it is monitoring, its contractual obligations to the City, current activities, and past performance. Staff should review the Subrecipient Agreement, relevant policies and procedures, and any reports or correspondence.

- Department personnel should review the results of the pre-monitoring or desk review.
- Department personnel should speak with other staff members who are working on, or have worked on, the project/program under review to identify any issues that have arisen, strengths and weaknesses in the project and/or funding entity. This will help City staff to target monitoring efforts accordingly.

2. Schedule the Onsite Visit:

- Call the Subrecipient to explain the purpose of the visit and to schedule the visit. Once scheduled, a formal notification correspondence should follow at minimum 15-days before the planned visit. This letter should include:
 - Confirmation of the date and time for the review;
 - Name of the staff performing the review;
 - Elements of the program to be monitored;
 - Information needed for review during the visit (files and records); and
 - Staff needed for interviews or other assistance.
- If the monitoring visit will involve unit inspections, specify which units will be inspected and ask that the Subrecipient make arrangements with the affected tenants, as applicable.

3. Entrance Conference:

- Meet with Executive Director or other top official and any additional staff that they include. Explain the purpose, scope, and schedule for the monitoring; describe the monitoring process and follow-up procedures; and emphasize the responsibilities of the funded entity to respond to any required corrective actions upon conclusion of the monitoring process. Maintain a sign-in sheet to document the individuals present.

4. Conduct Staff Interviews:

- Conduct staff interviews on the program or project to determine how the project/program is being administered, confirm that there have been no significant changes since the last report or site visit, and identify any areas of concern that staff may want to draw attention to. The monitor should solicit staff assistance in locating documents and engage the staff to ensure that monitoring is complete. The monitor may also discuss any preliminary observations.

5. Select Files for Review:

- Department personnel may select files for monitoring visit prior to the site visit, or once onsite. In selecting files for review, personnel should consider:
 - Sample Size:

- Dependent on scope of work.
- Risk Factors: In addition to the randomly selected files, review specific files for any unit/project/beneficiary that has been:
 - Identified as out-of-compliance during the desk review; and
 - Any file that has been the object of a complaint.

6. *Review Files:*

- Use HUD Monitoring Checklists as applicable to the program and National Objective: https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/6509.2
- The file review should be conducted with two goals in mind: (1) to ensure that program/project is compliant with federal, state, and local requirements; and (2) to ensure that the funded entity's documentation of compliance is sufficient.
- Staff should take good notes during the file review and begin to form a preliminary assessment of findings. Notes will form the basis of the monitoring letter.
- If the initial sampling of files identifies a potential compliance or performance problem:
 - Review a larger sample of files to determine if the problem is widespread;
 - Interview program/project staff about the specific issue uncovered to determine if the monitor is missing information;
 - Conduct onsite inspection of units, if applicable; and
 - Interview residents/beneficiaries, if available.

7. *Exit Conference:*

- Provide an adequate overview of the issues identified to ensure that the funded entity is not surprised by any issues identified when the report is issued.
- Give the funded entity an opportunity to correct any misconceptions or misunderstandings, and to provide additional information, as needed.
- Be sure to include positive feedback in addition to any necessary negative feedback. Keep in mind that funded entities are often mission-driven organizations that do important work. Positive feedback is important to communicate those things the funded entity is doing well and to help build an effective long-term relationship.
- Describe next steps and let the funded entity know when the monitoring report is likely to be received.

Follow-up from the Onsite Visit:

1. *Analyze Results of the Review:*

- Upon returning to the office, Department personnel should:
 - Discuss any issues or concerns with appropriate staff;
 - Research any regulatory requirements where there might be a concern about compliance; and
 - Identify what corrective actions were used if other organizations had similar problems or concerns, in order to ensure consistence among all funded entities.
- Use HUD's framework for analyzing monitoring results. HUD uses three categories to analyze results of monitoring reviews:
 - Findings: areas of statutory or regulatory noncompliance that must be addressed immediately. Findings always require corrective actions.
 - Concerns: issues that are not instances of statutory or regulatory noncompliance but may result in noncompliance if they are not addressed. Examples include:
 - Operating procedures are not in place;
 - Staff unsure about requirements; and/or
 - Files are in disarray.
 - Observations: comments about areas where funded entity can improve program performance.
- Identify areas where funded entity demonstrates strong performance and good management and compliance. Positive feedback encourages continued quality performance.

2. Determine Appropriate Corrective Actions:

- Corrective actions are the steps that must be taken to correct instances of noncompliance, poor management, or poor performance identified during monitoring.
- The monitor must specify corrective actions for violations of statutes and regulations. The monitor may also direct the funded entity to take corrective actions for other deficiencies. Set a realistic timeframe to correct each situation and be sure to document that timeframe in writing to the Subrecipient, in accordance with the below guidance.
- A matrix of corrective actions is included in the table below. In the event you are contemplating corrective actions beyond technical assistance or an onsite review, engage the Law Department prior to undertaking such actions.

RISK LEVEL	TYPE OF RESPONSE	POSSIBLE CORRECTIVE ACTIONS
Low	Desk Review, Onsite Review	<ul style="list-style-type: none"> • Offer training or technical assistance • Divide expected outputs and/or outcomes into weekly or monthly benchmarks, if deemed helpful
Medium	Increase number of Monitoring Visits	<ul style="list-style-type: none"> • Withhold payments until compliance is achieved • Mandate training or technical assistance

		<ul style="list-style-type: none"> • Increase reporting requirements • More frequent monitoring
Serious	Sanctions	<ul style="list-style-type: none"> • Suspend funds until the issues are cleared • Do not allow entity additional funds • Terminate the contract • Seek further sanctions if suspect fraud or abuse • Legal referral in order to recoup funds distributed

3. *Issue Initial Monitoring Report/Letter:*

- Within 30 days of the onsite visit, send a monitoring letter or report to the funded Subrecipient's executive director.
- The monitoring report/letter must include:
 - Program or project name, address, and contract number;
 - Names of City staff and funded entity staff who participated in the monitoring process;
 - Description of program or project elements that were monitored;
 - All conclusions about areas of good performance, poor performance, and noncompliance;
 - Where there is poor performance and/or noncompliance, use a constructive tone and format to identify findings, areas of concern, and observations. For each instance:
 - Specify what corrective action the funded entity must take, by when, and what documentation is needed to demonstrate the corrective action;
 - Cite the regulatory or statutory basis for all findings;
 - Describe the consequences if corrective actions are not corrected; and
 - Identify opportunities and resources for technical assistance, if appropriate.

Follow-up from the Initial Monitoring Report:

Department personnel may need to follow-up with additional correspondence, and/or meetings to clear corrective actions. Once a funded entity's response to the monitoring report has been received, the monitor reviews the response and determines if the funded entity has successfully completed its required corrective actions. This should happen within 15 days of receiving the response.

If the follow-up response is not satisfactory, follow-up correspondence should be sent to the funded entity which specifies additional actions that are required and the date for completing those actions. This correspondence should be generated within 15 days of determining that the entity did not complete its required corrective actions. If the funded entity does not meet the due date for the corrective action, the monitor should contact the entity, documenting this correspondence. In this follow-up, the monitor should try and identify the cause of the delay in responding, provide any assistance that might be needed to correct the finding(s), identify a new due date if appropriate, and express concern about the funded entity's failure to respond. The monitor may choose to send a follow-up letter to document this conversation, restating the actions that are required, the date for completing the actions, and the consequences of continued unsatisfactory efforts to correct the problems.

Based on the number of issues identified during the initial visit, the monitor may wish to conduct an additional onsite visit to verify the completion of corrective actions or the implementation of new procedures. Once personnel determine that the organization has successfully completed all required corrective actions, a close-out letter should be issued to the funded entity that documents the monitoring findings have been corrected. A copy of the close out letter must be placed in the monitoring file for that entity.

Special Monitoring Considerations:

Neighborhood Revitalization Strategy Areas (NRSAs)

For any Subrecipient performing public service activities that are not subject to the 15% public service cap, the Subrecipient must be an approved Community Based Development Organization (CBDO) prior to entering the Subrecipient Agreement, and 100% of all clientele served must reside in a HUD-approved NRSA and must be reported by each approved NRSA.

Program Income

Program income, as defined in 24 CFR 570.500, includes, but is not limited to, the following:

- Any fees charged to a participant in the CDBG funded program;
- Payments of principal and interest on loans made using CDBG funds, except as provided in 24 CFR 570.500(a)(3); and
- Interest earned on program income pending its disposition.

If applicable, program income shall be recorded separately and returned to the City of Cincinnati for disposition. Upon approval by the City, income from the Project may be retained by Subrecipient provided that pre-approval from the City was obtained and the details of such program income are memorialized in the funding agreement. Program income is to be tracked in an interest-bearing account and spent in advance of an entitlement funds for the program. Such income will be subject to guidelines for use of such income in accordance with HUD regulations.

5. Closeout Reporting

ACTION ITEM: Prepare Closeout Report for Each Subrecipient

- ✓ Each Subrecipient Agreement must be closed out by a process that allows the Grantee to confirm that all work required under the Agreement has been completed. This includes resolving all financial, administrative, and performance elements for the program/project funded with CDBG.
- ✓ At such time that the Subrecipient Agreement is ready for closeout, Department personnel will initiate closeout procedures. At this time, personnel should request that each Subrecipient submit a closeout report to document final performance as well as indicate financial status (including program income), and a final request for payment.
- ✓ Though property is not typically funded with the City's CDBG programs, if such has been purchased with CDBG funds, a final inventory of property greater than \$25,000 should also be inventoried and reported.

Helpful Reminders & References

Programmatic close-out will consist of, but may not be limited to, the following:

- Review and verification of Subrecipient National Objective completion;
- Review of overall accomplishment and performance outcomes, including, but not limited to:
 - Activity documentation as outlined in the Scope of Work in the funding agreement,
 - Personnel files,
 - Overall success of the program, including challenges,
 - Inventory control files, and
 - Evaluation of activity and program accomplishment.

Financial close-out will consist of, but will not be limited to the following:

- Review and verification of information submitted in the final drawdown request;
- Review of Subrecipient record keeping system;
- Accounting records and ledgers;
- Source documentation (invoices, timesheets, canceled checks, etc.);
- Budget documentation (modifications, etc.);
- All costs expended;
- Evidence of no equipment purchases; and/or
- Evaluation of activity financial accomplishment.

Appendices

CDBG Subrecipient - Invoice Checklist (2 Pages)

Subrecipient Site Visit Monitoring Documentation (2 Pages)

CDBG Subrecipient Close Out Report (3 Pages)

Sample Demographic Form (1 Page)

Sample Time and Labor Time Sheets (2 Pages)

CBDO Application (4 Pages)

CDBG Subrecipient - Invoice Checklist (Desk Review)

Subrecipient:

Funding Agreement number:

Invoice Period:

Contract Expiration:

Program Manager:

Section 1. Invoicing for Reimbursement – all requests for reimbursement must be on official letterhead with the word “Invoice” or submitted on City claims voucher Form 37 and should include:

- ☐ City contract number
 - ☐ Name and address of Subrecipient
 - ☐ Indicate administering City department
 - ☐ Invoice date
 - ☐ Invoice number
 - ☐ Period covered
 - ☐ Indicate whether or not invoice or voucher is a partial or final payment
 - ☐ Summary of work completed - must be services approved in the contract
 - ☐ Total amount requested
 - ☐ Remaining funding balance
 - ☐ Signature of Subrecipient’s authorized signatory (may be submitted electronically)
-

Section 2. Supporting Documentation – source documentation must explain the basis of the costs incurred as well as show the actual dates and amounts of expenditures and align with the budget in the funding agreement. Examples include but are not limited to:

1. Sufficient Documentation for Personnel Costs:

- ☐ Payroll registers i.e. - copy of payroll check/payroll service documents
- ☐ CDBG time record - time records should be signed by employee and supervisor for staff performing services on the scope of work (Sample time and labor sheet provided for reference; may provide to Subrecipient for use)
- ☐ Costs in supporting documentation add up to invoiced amounts, and invoiced amounts correspond to contract budget line items

Note: Personnel costs must align with approved hourly rate, percentage of time, and number of positions as listed in the funding agreement and individuals implementing the program. Payroll tax is allowable.

2. Sufficient Documentation for Non-Personnel Expenses:

- ☐ A copy of the invoice and a cancelled check **OR** A copy of dated receipts/bills purchased to run the program
- ☐ Costs in supporting documentation add up to invoiced amounts, and invoiced amounts correspond to contract budget line items

3. Program Income

In most cases, our programs do not generate program income, in which case the contract should specify that there shall be no program income. Unless specifically allowed in the contract, the subrecipient may not charge participation fees. In some limited cases (such as small business loans), program income may be generated.

If program income is generated, check for the following:

- ☐ Ensure program income is spent in advance of any entitlement funds – check with Community Development Administrator for confirmation
- ☐ Documentation of bank statements since program income must be in a separate interest-bearing account
- ☐ If program income is spent, must check to ensure the funds were spent on allowable costs per the funding agreement
- ☐ If program income is generated and the contract does not specifically allow the Program Income to stay with the Subrecipient, the Subrecipient must return the program income to the City – check with Community Development Administrator for how to process properly

Program Manager

Date

Subrecipient Site Visit Monitoring Documentation

Subrecipient: _____

Contract No.: _____

Date of Monitoring Visit: _____

Program Monitor(s): _____

Subrecipient Representative: _____

Subrecipient Representative: _____

Subrecipient Representative: _____

Subrecipient Representative: _____

Subrecipient Representative: _____

CDBG MONITORING VISIT REPORT – For City Use Only

	DATE COMPLETE	CITY INITIAL
1. Subrecipient monitoring letter sent		
2. Receipt of signed certified mail notice, if applicable		
3. Review contract file		
4. Interview program representative		
5. Onsite review		
6. Exit conference		
7. Appendix A – included and complete		
8. Report letter prepared		
A. Approval letter**		
B. Letter and finding(s) mailed **		
9. Subrecipient's response received		
10. City approval of Subrecipient response (close out)		

**Lapse time from line 6 to line 8a and 8b should not be longer than 30 working days.

Check one:

☐ Desk Review ☐ Onsite Visit

Contract Term: _____

Project Title: _____

Subrecipient Name: _____

Address: _____

Phone #: _____

Approved Date: _____ Approved Amount: \$ _____

Date of Last Expenditure Report: _____

Program Monitor's Signature

Date

Management's Review Signature

Date

CDBG Subrecipient Close Out Report

**Community Development Block Grant
Subrecipient Close Out Report per 24 CFR 91.520**

Section 1: To Be Completed by City Staff

Subrecipient:	
Contract Number:	
Contract Amount:	
Total of all costs paid:	
Program Name:	
IDIS Number(s):	
National Objective:	
Public Service Category:	
Contract Term:	

I. Brief Program Overview

II. Challenges and Successes to meeting Performance Outcomes or Objectives:

Section 2: To Be Completed by Provider for review by City Staff

III. Performance Outcomes / Objectives (cumulative total during contract period)

Outcome Statement	Performance Measure	Number to be Measured During Term	Number to Achieve Measure During Term	% to Achieve Measure During Term
Initial				
[Outcome Statement #1]	[Performance Measure #1]			
	[Performance Measure #2]			
[Outcome Statement #2]	[Performance Measure #3]			
Intermediate				
[Outcome Statement #3]	[Performance Measure #5]			
[Outcome Statement #4]	[Performance Measure #6]			
	[Performance Measure #7]			

Long-Term	
[Outcome Statement #5]	[Performance Measure #8]
	[Performance Measure #9]
	[Performance Measure #10]

IV. Demographic Totals (cumulative total during contract period)

Age	
Category	% of current program clients
0 – 10 years old	
11 – 20 years old	
21 – 40 years old	
41 – 60 years old	
61 – 80 years old	
80 + years old	
Age Unknown	
Gender	
Category	% of current program clients
Male	
Female	
Gender Non-conforming	
Gender Unknown	
Household Income Levels ¹	
Category	% of current program clients
Extremely Low Income clients (household income equal to or less than 30% AMI) as established by HUD.	
Very Low Income clients (household income above 30% AMI – equal to or less than 50% AMI) as established by HUD.	
Low Income client (household income above 50% AMI – equal to or less than 80% AMI) as established by HUD.	
Clients with income in excess of 80% AMI	
Race	
Category	% of current program clients
Black/African-American	
White/Caucasian	
Asian	
Native Hawaiian or Pacific Islander	
American Indian or Alaskan Native	
Multi-Racial	
Other	
Race Unknown	
Ethnicity	
Category	% of current program clients
Hispanic	
Non-Hispanic	
Ethnicity Unknown	

*Sample Demographic Form***The City of Cincinnati's Community Development Block Grant Program**

Please complete this form so the City can accurately report demographic information to the U.S. Department of Housing and Urban Development. We appreciate your cooperation.

Print Name: _____

Current Address: _____

Please **select one** of the options below that best describes your Race/Ethnicity:

White		American Indian/Alaskan Native & White	
Black/African American		Asian & White	
Asian		Black/African American & White	
American Indian/Alaskan Native		American Indian/Alaskan Native & Black	
Native Hawaiian/Other Pacific Islander		Other Multi-Racial	

Are you of Hispanic origin: _____ Yes _____ No

Female Head of Household: _____ Yes _____ No

Head of Household age: _____

Using the Household Size, please circle on the chart below the LOWEST income level for that household size under which the household income falls. For example, if a household of 2 individuals earns \$30,000 in a year, circle the limit "\$34,200".

Household Size: _____ **Household Annual Income:** _____

Income Limit Category	1 Person	2 People	3 People	4 People	5 People	6 People	7 People	8 People
≤Extremely Low (30%) Income Limits	\$17,950	\$20,500	\$23,050	\$25,600	\$27,650	\$29,700	\$31,750	\$33,800
≤ Low (50%) Income Limits	\$29,900	\$34,200	\$38,450	\$42,700	\$46,150	\$49,550	\$52,950	\$56,400
≤Moderate (80%) Income Limits	\$47,850	\$54,650	\$61,500	\$68,300	\$73,800	\$79,250	\$84,700	\$90,200

Income Limits effective June 1, 2021

Self-Certification of Annual Income by Beneficiary (Names will not be reported)

I certify that this information is complete and accurate. I agree to provide, upon request, documentation on all income sources to the Program Administrator. The information provided above is subject to verification by HUD at any time, and Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony and assistance can be terminated for knowingly and willingly making a false or fraudulent statement to a department of the United States Government.

Applicant's Signature

Date

-or- Provider Certification of Annual Income of Beneficiary

I certify that the above information was provided to me by a beneficiary and verbally confirmed to me to be complete and accurate by the subject individual. The information provided above is subject to verification by HUD at any time, and Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony and assistance can be terminated for knowingly and willingly making a false or fraudulent statement to a department of the United States Government.

Signature

Date

Sample Time and Labor Time Sheets

PERSONNEL ACTIVITY REPORT INSTRUCTIONS

Background

2 CFR Sub-part E - Cost Principles, part §200.430: Compensation—personal services (8i) provides Standards for Documentation of Personnel Expenses. Agencies that submit salaries and wages to Federal and states, in part, that:

(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis
- (v) Comply with the established accounting policies and practices of the non-Federal entity; and
- (vi) [Reserved]

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

(viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:

PERSONNEL ACTIVITY REPORT

1. Recipient Name:

2. Recipient Address:

3. Employee Name:

4. Employee Title:

5A. Start Date

5B. End Date

Fund Code	Activity Performed	Activity Code	Total Hours	Day of the Week																															
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
				Hours Worked																															
HUD-OHC-FY20	One on One: Pre-purchase counseling	HC0001	0																																
HUD-OHC-FY20	Administrative	HC0006	0																																
HUD-OHC-FY20	Training	HC0003	0																																
HUD-OHC FY20	Marketing	HC0004	0																																
Special Needs Grant #	Administrative	SN0001	0																																
			0																																
	Leave Without Pay		0																																
	Holiday		0																																
	Compensated Leave		0																																
	Other (Specify)		0																																
	Total Hours (Worked and Leave Taken)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Legend:

HUD HC Activity Code	Description	What is included?
HC0001	One-on-One Counseling	Pre-purchase homebuyer counseling; resolving or preventing mortgage delinquency; helping with home maintenance or financial management; helping with locating, securing or maintaining residence; and seeking shelter or services for homeless people.
HC0002	Group Counseling	Pre-purchase homebuyer education workshop; resolving/Preventing mortgage delinquency workshop; post-purchase workshop for home maintenance and financial management; rental workshops; financial literacy workshops; fair housing workshops; and predatory lending workshops.
HC0003	Training	Training directly pertaining to the federal award.
HC0004	Marketing & Outreach	Organize, attend, and/or participate in special events and promotions advocating housing counseling.
HC0005	Travel	Travel directly pertaining to the federal award.
HC0006	Administrative	Daily administrative duties including but not limited to reviewing files of clients and completing client reports.
HUD Special Needs Activity Code	Description	What is included?
SN0001	Administrative	Daily administrative duties including but not limited to reviewing files of clients and completing client reports.

I certify and attest that the allocation of time reported on this personnel activity report is an accurate and truthful disclosure of the work performed for the sources of funding identified herein.

Employee Name & Signature

Date

Supervisor Name & Signature

Date

CBDO Application

Application for Organizations Qualifying as a HUD-Defined Community Based Development Organization (CBDO) – Calendar Year 2022

Agency Name: _____

Agency Contact and their information: _____

Please specify the organization's area(s) of operation:

The City of Cincinnati Department of Community and Economic Development, as administrator of certain Community Development Block Grant funded programs, requires Community Based Development Organization (CBDO) designation in order to apply and be awarded funds for certain programs, specifically Hand Up Initiative and Project Lift.

The agency will undertake one or more of the following eligible activities (check all that apply):

- ☐ Neighborhood revitalization projects – which include activities of sufficient size and scope to have an impact on the decline of a geographic location within the City of Cincinnati (but not the entire City of Cincinnati) designated in comprehensive plans, ordinances, or other local documents; or
- ☐ Community economic development projects – which include activities that increase economic opportunity, principally for persons of low-and moderate-income, or that stimulate or retain businesses or permanent jobs, and projects that consist of one or more such activities that are clearly needed to address a lack of affordable housing accessible to existing or planned jobs; or
- ☐ Energy conservation projects – which include activities that address energy conservation, principally for the benefit of the low- and moderate-income residents of the City of Cincinnati.

CBDO Criteria

(Background) A qualified Community Based Development Organization (CBDO) is an organization which meets all the criteria under HUD Regulation 24 CFR 570.204(c)(1).

Your organization must check all 8 boxes below to qualify under this regulation.

An entity that does not meet this criteria may also qualify as an eligible entity if it meets one of the requirements in HUD Regulation 24 CFR 570.204(c)(2).

(Instructions) Read each 8 criteria below. Check the corresponding box that apply to your organization. If all 8 criteria are not met, skip to the next section, HUD Regulation 24 CFR 570.204(c)(2).

HUD Regulation 24 CFR 570.204(c)(1): *Must* meet all eight components and must submit all required documents listed in “Required Supporting Documentation.” Please review and check all the boxes below as they apply.

- ☐ Is an association or corporation organized under State or local law to engage in community development activities (which may include housing and economic development activities) primarily within an identified geographic area of operation within the jurisdiction of the City of Cincinnati; and
- ☐ Has as its primary purpose the improvement of the physical, economic, or social environment of its geographic area of operation by addressing one or more critical problems of the area, with particular attention to the needs of persons of low and moderate income; and
- ☐ May be either non-profit or for-profit, provided any monetary profits to its shareholders or members must be only incidental to its operations; and
- ☐ Maintains at least 51 percent of its governing body's membership for low- and moderate-income residents of its geographic area of operation, owners or senior officers of private establishments and other institutions located in and serving its geographic area of operation, or representatives of low- and moderate-income neighborhood organizations located in its geographic area of operation; (See Board Member Profile Form which must be completed that lists each Board member and 51% completes the Self Certification Form) and
- ☐ Is not an agency or instrumentality of the City of Cincinnati and does not permit more than one-third of the membership of its governing body to be appointed by, or to consist of, elected or other public officials or employees or officials of an ineligible entity; and
- ☐ Requires the members of its governing body to be nominated and approved by the general membership of the organization, or by its permanent governing body; and
- ☐ Is not subject to requirements under which its assets revert to the City of Cincinnati upon dissolution; and
- ☐ Is free to contract for goods and services from vendors of its own choosing.
- ☐ One or more of these criteria do not apply to the organization applying for CBDO certification

OR

HUD Regulation 24 CFR 570.204(c)(2): A CBDO that does not meet the criteria in Section 1 may also qualify as an eligible entity under this section if it meets one of the following requirements and must submit all required documents listed in “Required Supporting Documentation,” including evidence for the following

- ☐ Is an entity organized pursuant to section 301(d) of the Small Business Investment Act of 1958 (15 U.S.C. 681(d)), including those which are profit making; OR
- ☐ Is an SBA approved Section 501 State Development Company or Section 502 Local Development Company, or an SBA Certified Section 503 Company under the Small Business Investment Act of 1958, as amended; OR
- ☐ Is a Community Housing Development Organization (CHDO) under 24 CFR 92.2, designated as a CHDO by the HOME Investment Partnerships program participating jurisdiction, with a geographic area of operation of no more than one neighborhood, and has received HOME funds under 24 CFR 92.300 or is expected to receive HOME funds as described in and documented in accordance with 24 CFR 92.300(e).

REQUIRED SUPPORTING DOCUMENTATION:

These three items are required for all organizations applying as a HUD-defined CBDO, regardless of CBDO qualification criteria:

- ☐ Project Description – please describe the services (current or proposed) to be funded with the Community Development Block Grant (CDBG) funds.
- ☐ Articles of Incorporation (provide copy) – Must identify the activities that the agency performs and the geographic area of operation.
- ☐ By-Laws (provide copy) – Must include a statement of the community economic activity and the geographic area of operation.
- ☐ Roster of the governing body for the most recent calendar year (i.e. Board of Trustees)

For organizations that qualify as a CBDO under HUD Regulation 24 CFR 570.204(c)(1):

- ☐ A list of the governing body (“Board Member Profile Form”), of which 51% of its membership meet the following criteria:
- Low- and moderate-income residents (or presumed low- and moderate-income resident) of the agency’s geographic area of operation; **OR**

- Owners or senior officers of private establishments and other institutions located in and serving the agency's geographic area of operation; **OR**
- Representatives of low- and moderate-income neighborhood organizations located in the agency's geographic area of operation.

☐ Self-certification forms for each Board Member meeting the 51% criteria:

- Self-certification form for each low- and moderate-income resident (or presumed low- and moderate-income resident) of the agency's geographic area of operation; **OR**
- Self-certification form for each business owner and/or senior officer of a private establishment and other institutions located in and serving the agency's geographic area of operation; **OR**
- Self-certification form for each neighborhood organization representative located in the agency's geographic area of operation

For organizations that qualify as CBDO under HUD Regulation 24 CFR 570.204(c)(2):

☐ Evidence that the organization is an entity organized pursuant to section 301(d) of the [Small Business Investment Act of 1958 \(15 U.S.C. 681\(d\)\)](#), or evidence that the organization is an SBA approved Section 501 State Development Company or Section 502 Local Development Company, or an SBA Certified Section 503 Company under the [Small Business Investment Act of 1958](#), as amended

OR

☐ Community Housing Development Organization (CHDO) certification letter from the City of Cincinnati