

Louisiana Disaster Recovery and Mitigation Grant Implementation Manual

Chapter 11: Monitoring



Louisiana Division of Administration

**Office of Community Development –
Disaster Recovery**

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1. Introduction

Monitoring and evaluation of program performance and compliance by recipients of Community Development Block Grant – Disaster Recovery (CDBG-DR) and Community Development Block Grant – Mitigation (CDBG-MIT) funds is a requirement of the U.S. Department of Housing and Urban Development (HUD). The Louisiana Office of Community Development – Disaster Recovery (LOCD-DR), along with its subrecipients, is responsible for implementing a monitoring program that ensures adherence to statutory and regulatory requirements. “[The subrecipient] is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, subrecipients, or contractors does not relieve [the subrecipient] of this responsibility. [The subrecipient] is responsible for determining the adequacy of performance under subrecipient agreements and procurement contracts, and for taking appropriate action when performance problems arise....”¹

Federal Regulations:

¹ [24 CFR 570.501\(b\)](#)

This chapter outlines the framework and responsibilities for monitoring subrecipients.

It details how subrecipients will be monitored by LOCD-DR and serves as a guide for subrecipients to monitor their subrecipients by outlining key practices and regulatory requirements. This chapter provides information to help subrecipients establish monitoring processes, address deficiencies, and implement corrective actions as needed, supporting compliance with federal funding requirements and the achievement of program goals.

The methodology and tools described within this chapter provide guidance to subrecipients in developing their own Monitoring Plan and tools. The LOCD-DR Monitoring Plan closely mirrors the concepts described herein. Once the subrecipient understands the concepts within this chapter, it should develop a Monitoring Plan to review compliance with the requirements.

A sample Monitoring Plan is included as Exhibit 11-1. Exhibits 11-2 through 11-5 may be tailored for monitoring any state or local subrecipient’s (parish or municipality) implemented programs and projects, or subrecipients of subrecipients.

2. Definitions

Refer to these definitions of terms used within this chapter:

1. **Binding Agreement:** An agreement that, pursuant to state and HUD regulations, obligates the parties to expend or distribute federal funds and undertake responsibilities as set forth in the agreement.
2. **Concern:** A deficiency in program performance, which should be brought to the attention of the program participant, and if not properly addressed, could become a finding. Sanctions are not issued for concerns; however, specific corrective actions for improvement may be issued.
3. **Contract Administrator:** The individual responsible for ensuring that services outlined in the contract are performed adequately, within a specific timeframe, and within budget.
4. **Contractor:** An entity competitively selected to provide clearly specified goods or services. The contract price is established through the procurement process. CDBG-DR and CDBG-MIT funds are paid to the contractor as compensation for the satisfactory provision of the goods and services as specified in the contract.
5. **Corrective Action:** Required steps to be taken to resolve findings.
6. **Deficiency:** An inadequacy based on a statutory, regulatory, or program requirement.
7. **Finding(s):** A violation of a statutory, regulatory, or program requirement for which sanctions or other required corrective actions are issued.
8. **Monitored Entity:** The entity that is evaluated during a Monitoring Review.
9. **Project/Program:** The housing, infrastructure, economic development, or planning endeavor undertaken by the subrecipient.
10. **Recommendation:** A specific course of action issued for concerns that details areas of improvement in program performance.
11. **Subrecipient:** The parish or municipality that has a binding agreement in place with the LOCD-DR to administer the CDBG-DR and CDBG-MIT project(s) and/or program(s).

Subrecipients can also be a public or private non-profit agency, authority, or organization that is provided with CDBG-DR and CDBG-MIT funds through a state or local subrecipient for use in carrying out agreed-upon eligible activities.

3. Monitoring Roles and Responsibilities

Monitoring is a responsibility shared by the LOCD-DR and its subrecipients. These entities must conduct thorough monitoring activities to ensure adherence to executed agreements, compliance with applicable state and federal laws and regulations, and alignment with established project or program performance criteria.

The monitoring responsibilities for each party are outlined in Table 1 below, providing a detailed description of the roles and obligations necessary to maintain compliance and achieve program objectives. This collaborative effort is essential for ensuring the proper management and effectiveness of projects and programs funded through CDBG-DR and CDBG-MIT or other federal assistance.

Table 1: Monitoring Responsibilities

Monitor	Monitored Entity
<p>LOCD-DR</p>	<ul style="list-style-type: none"> • Subrecipients, including a sample of the subrecipient’s projects • Program/Project administrators, contractors, and subcontractors
<p>Subrecipient</p>	<ul style="list-style-type: none"> • Subrecipient’s programs/projects • Subrecipient’s subrecipient, including a sample of the subrecipient's programs/projects • Program/Project administrators, contractors, and subcontractors

4. LOCD-DR Monitoring Strategy

LOCD-DR staff may conduct either a desk review or on-site monitoring of the subrecipient at any time. These reviews may either be comprehensive—covering all aspects of the subrecipient’s program or targeted to specific areas of performance or compliance concern. Regardless of the

scope, the subrecipient is expected to fully cooperate by providing timely access to all relevant program records, files, and any other requested information. Monitoring activities will be guided by standardized tools and checklists, such as those included in Exhibits 11-2 and 11-3, to ensure consistency in evaluating subrecipient operations and project compliance.

4.1 Monitoring Philosophy & Objectives

LOCD-DR's monitoring strategy is grounded in proactive oversight, early engagement, and risk mitigation. The primary objectives are:

- Ensure compliance with CDBG-DR, CDBG-MIT, and other applicable requirements.
- Provide timely technical assistance to improve subrecipient performance.
- Detect and resolve deficiencies early.
- Promote transparency, accountability, and successful project outcomes.

4.2 Core Monitoring Strategy

- **Start Early**
 - Initiate monitoring activities in the early stages of project implementation.
 - Use the startup phase to provide guidance and clarify compliance expectations.
- **Deliver Technical Assistance**
 - Offer hands-on support and clarify regulatory requirements.
 - Use findings from desk and on-site reviews to tailor assistance.
- **Conduct Follow-Up Reviews**
 - Re-assess areas of concern identified in initial reviews.
 - Confirm that corrective actions have been implemented effectively.
- **Maintain Ongoing Oversight**
 - Continue monitoring through project/program closeout.
 - Adapt frequency and scope based on risk and past performance.

4.3 Risk-Based Prioritization

- **Categorize Risk**
 - Classify projects as high, medium, or low risk using criteria such as funding size, past performance, complexity, and capacity.
- **Special Attention to High-Risk Projects**
 - Provide early, intensive technical assistance.
 - Increase review frequency and depth.
- **Allocate Resources Strategically**
 - Focus staff time and effort on projects with greater compliance risk or programmatic impact.

4.4 Overview of the LOCD-DR Monitoring Process

1. **Send Notification Letter:** The subrecipient is generally notified 30 days before the review begins.
2. **Hold Entrance Conference:** An entrance conference is conducted to initiate the monitoring process.
3. **Execute the Review:** The review assesses compliance and performance.
4. **Discuss Findings at an Exit Conference:** Upon completion, findings are discussed in an exit conference, ideally with the authorized representative present.

5. **Provide a Monitoring Report Letter:** A written report is sent to the subrecipient summarizing the review outcomes.
6. **Provide Technical Assistance:** Support is offered, as needed, to address findings or concerns.

4.5 Follow-Up and Reporting

During the review, LOCD-DR staff will work on-site with the subrecipient to resolve any identified issues where possible. If problems cannot be addressed during the review, they will be documented in a Monitoring Report Letter. This letter will outline the following:

1. **Areas of Merit:** Positive aspects or strengths identified during the review.
2. **Concerns:** Deficiencies in program performance that are not tied to statutory, regulatory, or program requirements. Concerns typically do not result in sanctions.
3. **Findings:** Violations of statutory, regulatory, or program requirements that require corrective actions or may result in sanctions.

4.6 Notice of Deficiency (Finding)

If findings are identified during LOCD-DR's monitoring activities, a structured corrective action is initiated to address and resolve the finding. The first step involves issuing a Notice of Finding(s) to the subrecipient via a Monitoring Report. This report will:

1. Clearly and objectively describe the identified deficiency.
2. Outline the specific corrective actions that the subrecipient must take to remedy the finding.
3. Provide a deadline for completing the corrective actions.
4. Explain the consequences of failing to remedy the finding, including potential administrative sanctions or legal actions.

4.7 Sanctions

If a finding remains unresolved within the prescribed timeframe, LOCD-DR will impose one or more sanctions. The choice of sanction(s) will depend on the objectives outlined in the

program, the type of deficiency, and its severity. Possible sanctions include, but are not limited to, the following:

1. **Required Administrative Change**

Example: If a consultant administering the program is performing poorly but the subrecipient retains the capacity to administer the grant, the subrecipient may be required to replace the consultant with a more qualified individual or organization.

2. **Suspension of Grant Payments**

Payments to the subrecipient may be temporarily halted until the deficiency is resolved.

3. **Reduction of Grant Amount**

The subrecipient's funding may be reduced to reflect the unresolved finding or concern.

4. **Termination of Grant**

In severe cases, the grant may be terminated entirely.

4.8 Purpose of Sanctions

The imposition of sanctions serves to:

1. **Encourage Prompt Resolution of Deficiencies**

Sanctions motivate subrecipients to take timely and appropriate action to resolve identified findings or concerns.

2. **Ensure Compliance with Program Requirements and Objectives**

Sanctions reinforce adherence to federal, state, and program-specific regulations, ensuring the proper use of CDBG-DR and CDBG-MIT funds.

3. **Protect the Integrity of the CDBG-DR and CDBG-MIT Programs**

Sanctions safeguard the program from misuse, fraud, or inefficiency, ensuring that resources are used effectively and responsibly.

4. **Require the Repayment of Disallowed Costs**

By mandating the repayment of ineligible or improperly used funds, sanctions ensure that public funds are restored and appropriately allocated.

5. **Disqualify Non-Compliant Subrecipients from Future Funding**

Preventing repeat offenses by disqualifying non-compliant subrecipients from future CDBG-DR and CDBG-MIT funding protects the program and ensures the fair allocation of resources.

6. **Pursue Legal Action for Persistent Non-Compliance**

In cases of severe or continued non-compliance, legal action by the state ensures the enforcement of regulations and the recovery of funds, demonstrating the seriousness of the program's accountability measures.

7. **Escalate Sanctions for Unresolved Findings or Concerns**

If deficiencies remain unaddressed, additional sanctions or legal actions may be applied, emphasizing the critical importance of compliance and protecting federal and state interests.

4.9 Monitoring Report

The Monitoring Report Letter becomes a formal part of the records maintained by LOCD-DR. As such, it is in the best interest of the subrecipient to minimize the number and scope of negative findings.

4.10 Response to Findings

LOCD-DR typically allows the subrecipient 30 to 45 days to respond to any findings noted in the Monitoring Report Letter. During this period, the subrecipient must:

1. **Describe Corrective Actions:** Outline the steps taken to resolve the findings based on the recommendations provided by LOCD-DR staff.
2. **Provide Additional Information:** Submit any new information or clarification that may not have been reviewed during the monitoring visit.

Once the response is received, LOCD-DR staff will evaluate whether the corrective actions and/or additional information are sufficient to clear the findings or address any concerns or deficiencies. It is essential that all findings are resolved prior to program or project closeout to ensure compliance and avoid further findings or concerns.

4.11 Monitoring Responsibility

LOCD-DR generally does not monitor programs or projects administered by a subrecipient's subrecipient. The responsibility for monitoring subrecipient programs lies with LOCD-DR's subrecipient. However, if LOCD-DR determines that a subrecipient has failed to perform adequate monitoring of its subrecipients, LOCD-DR may monitor a sample of the subrecipient's programs or projects.

5. Monitoring Tools

The monitoring tools included as exhibits in this manual are designed to guide monitors in conducting thorough and consistent reviews of subrecipients, contractors, projects, and programs. Each tool serves a specific purpose and is tailored to various monitoring scenarios.

5.1 Monitoring Tools Overview

1. Core Checklist (Exhibit 11-2)

- a. **Purpose:** Evaluate the overarching compliance and administrative requirements across programs or subrecipients.
- b. **Focus Areas:**
 - i. Financial management systems.
 - ii. Record keeping.
 - iii. Policies and procedures adherence.
- c. **Application:** Applies broadly to core functions and compliance areas of the entity being monitored.

2. Project Checklist (Exhibit 11-3)

- a. **Purpose:** Focus on project-specific compliance, such as housing rehabilitation, infrastructure improvements, or public facilities projects.
- b. **Focus Areas:**
 - i. Project planning and implementation.
 - ii. Compliance with environmental reviews.
 - iii. Performance metrics and outcomes.
- c. **Application:** Tailored to individual projects to ensure adherence to programmatic and regulatory requirements.

3. Contract Administration Form (Exhibit 11-4)

- a. **Purpose:** Assess contract-specific activities, including procurement, oversight, and performance.
- b. **Focus Areas:**
 - i. Contractor selection and procurement processes.
 - ii. Contract terms and conditions compliance.
 - iii. Monitoring of contractor performance and deliverables.
- c. **Application:** Focuses on contracts and contracted entities to ensure compliance with relevant regulations and expectations.

5.2 Key Considerations for Monitoring

Checklist Utilization

- 1. The activities of the contractor, subrecipient, project, or program determine which checklist sections are applicable.
- 2. Monitors should apply only the relevant portions of the checklists based on the scope of the review.

Contractors versus Subrecipients

1. Contractors may not be subject to all of the same federal, state, local, and CDBG-DR and CDBG-MIT administrative requirements that apply to subrecipients.
2. Monitoring for contractors should focus on procurement, deliverables, and contractual obligations rather than broader program administration requirements.

5.3 Core Checklist

The Core Checklist is a critical monitoring tool for evaluating compliance, administrative effectiveness, and the readiness of subrecipients in implementing CDBG-DR and CDBG-MIT programs. Both the subrecipient and LOCD-DR use the Core Checklist to ensure program and regulatory compliance at all levels.

5.4 Primary Functions of Core Checklist

1. **Policies and Procedures Review**
 - a. Determine whether policies and procedures meet minimum standards for compliance with HUD, state, and local regulations.
 - b. Evaluate the clarity, comprehensiveness, and implementation of these policies.
2. **Financial Management System Validation**
 - a. Verify the adequacy of financial controls and systems to ensure proper use and tracking of funds.
3. **Civil Rights Compliance**
 - a. Confirm adherence to civil rights requirements, including nondiscrimination and equal opportunity provisions.

5.5 Core Checklist Review Areas

1. **Financial Management Policies and Procedures**
 - a. Ensure that the entity has documented policies addressing the following:
 - i. Budgeting.
 - ii. Accounting systems.
 - iii. Internal controls.
 - iv. Cash management.

- b. Financial reporting:
 - i. Validate compliance with standards.

2. Procurement Policies and Procedures

- a. Confirm that procurement policies are consistent with federal, state, and local requirements, including the following:
 - i. Open and competitive bidding.
 - ii. Conflict-of-interest provisions.
 - iii. Cost reasonableness analysis.
- b. Review supporting documentation for recent procurements.

3. Contracting Policies and Procedures

- a. Assess the adequacy of policies for the following:
 - i. Drafting and executing contracts.
 - ii. Managing contractor performance.
 - iii. Ensuring compliance with federal and state contracting regulations.

4. Monitoring Policies and Procedures

- a. Verify that monitoring policies are in place to:
 - i. Identify and address compliance risks.
 - ii. Provide oversight of contractors and subrecipients.
 - iii. Ensure timely corrective actions when deficiencies are identified.

5. Financial Management System Validation

- a. Test the reliability of financial systems, including the following:
 - i. Segregation of duties.
 - ii. Timeliness and accuracy of financial reporting.
 - iii. Audit trails for expenditures.

6. Civil Rights Compliance

- a. Review policies and practices to ensure that they align with civil rights laws, including the following:
 - i. [Americans with Disabilities Act \(ADA\)](#).
 - ii. [Title VI of the Civil Rights Act of 1964](#).

- iii. [Section 504 of the Rehabilitation Act](#).
- b. Check for public notices, nondiscrimination policies, and outreach to diverse populations.

5.6 Using the Core Checklist for Technical Assistance

Early Identification: Use the Policies and Procedures sections to identify gaps or areas where technical assistance may be required early in program or project implementation.

Action Plans: Develop action plans or targeted training to address deficiencies and improve compliance.

5.7 Project Checklist

The Project Checklist is an essential tool used to monitor compliance for projects funded under CDBG-DR and CDBG-MIT programs. It serves to ensure that all projects meet programmatic and regulatory requirements prior to closeout. This checklist can be used for both desk reviews and on-site reviews, with the flexibility to adapt its sections based on the activities and contracts associated with each project.

5.8 Key Features of the Project Checklist

Compliance Areas Reviewed: The checklist covers the following compliance areas:

1. **Citizen Participation:** Review public outreach and involvement in the project.
2. **Financial Management:** Evaluate financial controls and fund utilization
3. **Procurement:** Assess procurement processes and documentation
4. **Contracting:** Review contract terms and contractor performance.
5. **Labor:** Examine compliance with labor laws, including the Davis-Bacon Act.
6. **Civil Rights:** Verify nondiscrimination and equal opportunity compliance.
7. **Environmental Review:** Confirm that environmental regulations are met.
8. **Acquisition and Relocation:** Review compliance with the Uniform Relocation Assistance Act.
9. **Property Management:** Assess the management and disposition of program assets.

10. **Monitoring:** Verify ongoing oversight and risk mitigation.
11. **Lead-Based Paint, Asbestos, and Mold:** Review environmental health and safety compliance.
12. **National Objective and Eligible Activities:** Confirm that the project aligns with HUD's National Objectives and eligible use requirements.

5.9 Selecting a Sample of Projects for Review

LOCD-DR should select a representative sample of the subrecipient's projects for review using the following guidelines:

1. **Minimum Sample Size**
 - a. At least four subrecipient projects should be reviewed.
 - b. If the subrecipient administers four or fewer projects, all projects should be reviewed.
2. **Diverse Program Categories**
 - a. Select at least one project from each program activity category (housing, infrastructure, economic development, and planning) where feasible.
 - b. If a subrecipient does not have projects in all four categories, document the methodology for selecting the sample.
3. **Non-Random Selection for Additional Projects**
 - a. Include projects with the following:
 - i. High risk or expanded scope.
 - ii. Unresolved findings or concerns.
 - iii. Similar characteristics to projects with previously identified findings or concerns.
 - iv. Oversight by specific subrecipient staff.

4. Random Selection Methods

- a. Use random sampling tools (e.g., Excel’s RAND function) to select a subset of projects from the population.

Table 2: Example Sample Selection

Subrecipient	Projects	Sample Selection
Subrecipient 1	3 Housing, 5 Infrastructure, 2 Planning	1 Housing, 2 Infrastructure, 1 Planning
Subrecipient 2	15 Infrastructure Projects	Select 4; broaden if deficiencies are revealed
Subrecipient 3	1 Housing Project	Review the 1 Housing Project/Program

5.10 Sampling Exceptions

High-Risk/Unresolved Projects: Projects with significant unresolved findings or concerns should be included in subsequent reviews.

Inactive Projects: Projects that have not started or have insufficient progress may be replaced in the sample.

5.11 Project Worksheets (Exhibit 11-3a)

Purpose: Used to document specific conclusions related to the following:

1. Procurement
2. Contracting
3. Labor compliance
4. Section 3 compliance

Execution: These worksheets support detailed assessments and provide the basis for findings and recommendations.

5.12 Ongoing Monitoring

1. As resources allow, continue to monitor additional projects from the subrecipient’s portfolio.

2. Ensure a different project is sampled with each review, except for high-risk projects with unresolved issues.

5.13 Contractor Sample

For each project, the monitor must select and review contractors to assess the adequacy of the subrecipient's administrative systems. This process involves examining procurement, contracts, invoices, and other associated documentation. The guidelines below outline the contractor sampling process and its application to different scenarios.

5.14 Guidelines for Contractor Selection

1. **Minimum Sample Size**
 - a. Two contractors per project should be reviewed.
 - b. If only one contractor is engaged, review that single contractor.
2. **Documentation of Selection Rationale**
 - a. Document the reasoning for selecting the specific contractors.
 - b. Factors influencing selection may include the following:
 - i. High-risk activities or unresolved deficiencies.
 - ii. Contractors with significant project roles or unique responsibilities.
3. **Subsequent Reviews**
 - a. If a project undergoes multiple reviews, select different contractors for each review cycle to ensure broader coverage.
4. **Expansion of Sample Size**
 - a. The monitor may include additional contractors if:
 - i. Initial testing reveals significant deficiencies.
 - ii. Retesting is required to confirm corrective actions.
5. **Projects Without Contractors**
 - a. For projects executed "in-house," review the subrecipient's internal activities.
 - b. Responses to the Project Worksheet should reflect the internal operations, records, and processes of the relevant division.

Table 3: Example of Contractor Sampling

Project	Contractors Engaged	Sampling Actions
Project 1	Contractor A, Contractor B, Contractor C	Select two contractors and execute the Project Worksheets.
Project 2	Contractor A	Execute the Project Worksheets for the one contractor .
Project 3	Public Works Division (In-House)	Execute the Project Worksheets by reviewing the Public Works Division's records .

5.15 Review Process

1. **Procurement Review**
 - a. Assess compliance with procurement policies.
 - b. Verify documentation of competitive bidding, cost analysis, and contractor selection.
2. **Contracts Review**
 - a. Ensure that contracts meet regulatory requirements, including the following:
 - i. Scope of work.
 - ii. Payment terms.
 - iii. Performance standards.
3. **Invoices and Financial Documentation**
 - a. Verify the proper documentation of invoices and payments.
 - b. Check for consistency with contract terms and approved budgets.
4. **Administrative Systems Testing**
 - a. Evaluate the subrecipient's processes for oversight, monitoring, and record keeping.

5.16 Key Considerations

Diverse Sampling: Ensure that selected contractors represent a range of project activities and risk levels.

In-House Activities: Adapt the review to focus on internal processes, documentation, and performance.

Documentation: Maintain thorough records of all sampling decisions, findings, and conclusions.

5.17 Selecting an Invoice Sample to Review

The Project Checklist includes a requirement to select a sample of invoices for each contractor being reviewed. The sample size is determined using Table 4, which aligns with the total population of invoices submitted. This ensures that the sample is representative and supports a thorough compliance verification of invoices.

Table 4: Sample Size Guidelines

Total Number of Invoices	Minimum Sample Size
> 200 invoices	65
100–199 invoices	20
50–99 invoices	10
20–49 invoices	5
< 20 invoices	3

5.18 Steps for Invoice Selection and Review

1. **Determine Population Size**
 - a. Identify the total number of invoices (or timesheet entries for in-house activities) submitted by the contractor.
2. **Determine Sample Size**
 - a. Use Table 4 to calculate the minimum number of invoices to be reviewed based on the population size.
3. **Select a Representative Sample**
 - a. Use a random selection method (e.g., Excel’s RAND function) to ensure unbiased sampling.
4. **Conduct the Review**
 - a. Verify that the selected invoices meet program requirements, including the following:

- i. Proper documentation
 - ii. Consistency with contract terms
 - iii. Evidence of approval and payment
- b. Check for any irregularities or deficiencies.
5. **Document Findings**
- a. Record observations for each invoice on the Project Worksheet.
 - b. Note any findings and recommend corrective actions, as necessary.

Table 5: Invoice Sampling

Project	Contractor	Population (invoices submitted)	Sample Size
Project 1	Contractor A	21 invoices	Select 5 invoices to review.
Project 2	Contractor C	51 invoices	Select 10 invoices to review.
Project 3	Contractor A	2 invoices	Review both invoices.
Project 4	Public Works Division (In House)	107 timesheet entries/receipts included in the subrecipient’s draw request	Review 20 timesheet entries/receipts.

5.19 Special Cases

Small Populations (< 20 invoices): Review all invoices if the population size is less than or equal to the sample size.

In-House Projects: Review timesheets, receipts, or other supporting documentation as if they were invoices to ensure proper internal controls.

5.20 Contractor Administration

Subrecipients are required to maintain a contract administration system to ensure that contractors comply with the terms, conditions, and specifications of their contracts or purchase

orders.¹ This is essential for maintaining program integrity and achieving compliance with federal regulations. See Chapter 4: Procurement of the Grant Implementation Manual.

Federal Regulations:

[¹ 2 CFR 200.318-200.327](#)

5.21 Key Requirements for Contractor Compliance

1. Maintain a Contract Administration System

- a. Subrecipients must establish and implement systems to:
 - i. Monitor contractor performance.
 - ii. Verify compliance with contract terms, conditions, and specifications.
 - iii. Ensure that deliverables are provided as outlined in the contract.

2. Review of Contractors

- a. Contractors implementing specific projects (e.g., construction contracts) are reviewed during the Project Review.
- b. Consultants or vendors engaged for multiple projects are tracked using the Contract Administration Form (Exhibit 11-4).

3. Documentation

- a. Use the Contract Administration Form to:
 - i. Track contractor performance and compliance over time.
 - ii. Document deliverables, payments, and adherence to contract terms.
 - iii. Record any issues, delays, or deviations from the contract.

5.22 Using the Contract Administration Form (Exhibit 11-4)

1. Purpose

- a. Provides a standardized format for tracking contractor performance and ensuring compliance with executed contracts.

2. Key Sections

- a. **Contract Information:** Includes contractor's name, contract number, start/end dates, and scope of work.

- b. **Performance Tracking:** Documents milestones, deliverables, and timelines.
 - c. **Payment Tracking:** Records invoices submitted, payments made, and remaining balances.
 - d. **Compliance Checks:** Tracks adherence to contract specifications, applicable regulations, and performance standards.
 - e. **Issues and Resolutions:** Documents any non-compliance, corrective actions, or unresolved concerns.
3. **Application**
- a. **For Project-Specific Contracts:** Incorporate into the Project Reviews to assess contractor compliance.
 - b. **For Multi-Project Consultants or Vendors:** Use to monitor long-term performance across multiple projects or services.

5.23 Best Practices for Contract Administration

- 1. **Regular Monitoring**
 - a. Conduct periodic reviews of contractor performance against contract terms.
 - b. Include site visits, desk reviews, or interviews as applicable.
- 2. **Clear Communication**
 - a. Maintain open communication with contractors regarding expectations, timelines, and performance metrics.
 - b. Provide feedback and address issues promptly to prevent escalation.
- 3. **Record Keeping**
 - a. Ensure that all contract-related documentation is up-to-date and accessible.
 - b. Store copies of contracts, amendments, performance reviews, and correspondence in a centralized system.
- 4. **Escalation Protocols**
 - a. Develop protocols for addressing non-compliance or performance deficiencies.
 - b. Escalate unresolved issues to appropriate management or oversight entities.

6. Recommended Subrecipient Monitoring Methodology

Each subrecipient is required to implement a structured approach to monitor their own subrecipients, consultants, contractors, and program activities. This includes ensuring compliance with CDBG-DR and CDBG-MIT requirements.

Subrecipient monitoring responsibilities include:

- Developing a Monitoring Plan (see Exhibit 11-1).
- Performing desk reviews and on-site monitoring of a sample of subrecipient projects.
- Documenting findings and providing technical assistance.
- Retaining all monitoring documentation for audit and LOCD-DR review.

6.1 Monitoring Process

- **Designate a Monitoring Coordinator:** Assign a staff member or consultant responsible for overseeing all monitoring activities and ensuring adherence to the Monitoring Plan.
- **Set a Monitoring Schedule:** Develop a schedule that ensures all projects and subrecipients are reviewed at appropriate intervals.
- **Use the Checklists to monitor:** Apply the LOCD-DR Compliance Monitoring Core Checklist (Exhibit 11-2) and Project Checklist (Exhibit 11-3) to review programmatic, financial, and regulatory compliance.
- **Draft Monitoring Report:** Document the results of each monitoring visit, including findings, concerns, and recommendations. Distribute the Monitoring Report and keep it on file for LOCD-DR review.
- **Provide Technical Assistance and Follow-Ups as Needed:** Offer training, written guidance, or other forms of support to address deficiencies. Ensure all corrective actions are tracked and completed in a timely manner.

- Continue the cycle for each project or program to ensure ongoing compliance and continuous improvement.

6.2 Subrecipient Monitoring Coordinator

To ensure effective oversight of federally funded activities, each subrecipient must designate a Monitoring Coordinator to lead the monitoring effort and ensure alignment with the subrecipient’s Monitoring Plan (see Exhibit 11-1). The monitoring process involves multiple key roles, including the Monitoring Coordinator, the Monitor, and—if applicable—an Administrative Consultant and Contract Administrator. This section outlines the responsibilities of each role in maintaining compliance and executing successful monitoring.

6.3 Responsibilities of the Monitoring Coordinator

The Monitoring Coordinator plays a pivotal role in ensuring that all monitoring activities are executed efficiently, timely, and in compliance with federal, state, and program-specific requirements. Responsibilities include:

- **Monitoring Oversight:** Ensure subrecipients, contractors, and consultants are monitored promptly following contract execution.
- **Schedule Management and Planning:** Maintain a comprehensive monitoring calendar that aligns with the Monitoring Plan and ensures coverage of all programs and projects.
- **Documentation and Tracking:** Ensure that all monitoring activities—including site visits, desk reviews, and corrective actions—are properly recorded and filed.
- **Escalation of Severe Issues:** Promptly notify LOCD-DR of any severe concerns or deficiencies discovered during reviews.
- **Technical Assistance Coordination:** Engage LOCD-DR for additional support or clarification, particularly when addressing complex or recurring issues.
- **Monitoring Plan Compliance:** Confirm that all reviews adhere to the approved Monitoring Plan’s scope, methodology, and frequency requirements.

6.4 Monitoring Administrative Consultants

When a subrecipient contracts with an administrative consultant to serve as the Monitoring Coordinator, the subrecipient must appoint a Contract Administrator to directly oversee the consultant's activities. This ensures accountability, compliance, and effective execution of the Monitoring Plan under third-party arrangements.

6.5 Responsibilities of the Monitor

The monitor plays a key role in the monitoring process and is responsible for the following activities:

1. Executing Monitoring Checklists
 - a. Utilize standardized checklists to ensure thorough and consistent evaluation of compliance, performance, and capacity.
2. Identifying Findings or Concerns and Corrective Actions
 - a. Pinpoint deficiencies or areas requiring improvement.
 - b. Determine the necessary corrective actions or technical assistance needed to address the identified findings or concerns.
3. Confirming Performance and Corrective Action
 - a. Verify the performance of the monitored entity.
 - b. Recommend appropriate corrective actions and confirm the development and implementation of a corrective action plan.
 - c. Conduct follow-up activities to ensure the resolution of deficiencies.
4. Drafting the Monitoring Report
 - a. Prepare a detailed Monitoring Report summarizing findings, corrective actions, and any recommendations.
 - b. Distribute the report to all applicable parties, including the subrecipient and LOCD-DR, as required.
5. Maintaining Documentation

- a. Ensure that all monitoring efforts, findings, corrective actions, and follow-up activities are thoroughly documented and retained within the project file.

6.6 Monitoring Prioritization and Scheduling

HUD guidance and LOCD-DR experience indicate that activities managed by subrecipients present elevated risk due to the potential for noncompliance, performance issues, or insufficient oversight. Therefore, all subrecipient-administered programs and projects should be classified as high risk and prioritized accordingly in the monitoring schedule.

To ensure compliance and program success:

- **Risk-Based Scheduling:** Subrecipients must prioritize which programs or projects receive earlier and more frequent reviews.
- **Minimum Review Requirement:** At least one on-site review is required for each project or program prior to closeout. This review should verify compliance, assess program performance, and resolve any outstanding concerns.
- **Ongoing Oversight:** Additional desk reviews or technical assistance may be conducted throughout the program lifecycle based on project complexity, dollar amount, or risk level.

6.7 Monitoring Approach

Subrecipients must prioritize oversight and initiate monitoring promptly after executing a binding agreement with their subrecipients. The primary goals of this initial review are to:

- Confirm the subrecipient's early performance and compliance, and
- Identify technical assistance needs to proactively address potential challenges.

6.8 Monitoring Tools

To ensure consistency and thoroughness in the subrecipient monitoring process, the following tools should be utilized:

- **Core Checklist (Exhibit 11-2):** This checklist is designed to facilitate the initial review of subrecipients, focusing on compliance, performance, and operational readiness.

- **Project Checklist (Exhibit 11-3):** After completing the initial review using the Core Checklist, subrecipients should monitor a sample of their subrecipients' projects to assess project-specific compliance and performance.

6.9 Prioritizing On-Site Reviews

The subrecipient should prioritize on-site reviews based on project complexity, funding amount, and the potential for compliance challenges. Projects involving construction, multiple contractors, or large budgets should receive earlier and more frequent monitoring attention. While all projects require monitoring, emphasis should be placed on programs or activities that are more administratively complex or have historically presented challenges.

6.10 Performance Monitoring

The complexity and volume of projects managed by a single entity often create challenges in effective planning and implementation. Without sufficient oversight and strategic planning, projects may take years to complete after initial approval. To address these challenges, subrecipients are encouraged to adopt performance-based strategies to streamline project execution and improve outcomes.

Key Challenges

1. **Numerous and Diverse Projects:** Managing multiple projects with varying scopes and requirements demands significant coordination.
2. **Delays Due to Insufficient Planning:** A lack of well-defined goals and oversight can result in extended timelines and stalled progress.

Recommendations for Improvement

1. **Establish Goals and Timelines**
 - a. Define clear and achievable objectives for each project.
 - b. Develop project-specific timelines with milestones to track progress.
2. **Implement Performance Measures**
 - a. Identify key performance indicators to evaluate project efficiency, resource utilization, and milestone achievement.

- b. Use these measures to assess progress regularly and make data-driven adjustments.

3. Monitor and Track Progress

- a. Regularly review each project's performance against its goals.
- b. Document and address challenges or delays to ensure that projects remain on track.

Benefits of Performance Measurement

1. **Improved Oversight:** Provides transparency and accountability throughout the project life cycle.
2. **Timely Decision-Making:** Enables proactive identification of issues, allowing for timely intervention.
3. **Enhanced Program Capacity:** Strengthens the ability to manage complex projects effectively, ensuring that resources are allocated efficiently.

7. Record Keeping

All monitoring efforts must be documented to ensure compliance and accountability. These records must be maintained in the appropriate file corresponding to the subrecipient, project, or program being monitored. Proper documentation supports transparency and facilitates future reviews, audits, or evaluations.

7.1 Key Requirements

Maintain Comprehensive Records

1. All monitoring efforts, including reports, findings, corrective actions, and follow-ups, must be documented thoroughly.
2. Records should include detailed observations, supporting evidence, and conclusions drawn during the monitoring process.

File Organization

1. Documentation should be stored in the applicable subrecipient, project, or program file.
2. Each file must be clearly labeled and readily accessible for monitoring or audit purposes.

Refer to Chapter 3: Records Management

1. The Records Management chapter provides detailed guidance on records management practices, including the following:
 - a. Required retention periods.
 - b. File organization standards.
 - c. Access and confidentiality protocols.

8. LOCD-DR Exhibits

Exhibit	Description
Exhibit 11-1	Sample Subrecipient Monitoring Plan
Exhibit 11-2	Compliance Monitoring Core Checklist Template
Exhibit 11-3	Compliance Monitoring Project Checklist Template
Exhibit 11-3a	Supplemental Worksheets for Project Checklist
Exhibit 11-4	Sample Contract Administration Form
Exhibit 11-5	Monitoring Report Template
Exhibit 11-6	HUD Office of Community Planning and Development (CPD) Green Building Retrofit Checklist Template